



www.nestcon.my

NESTCON BERHAD

(202001008684 (1365004-W))
(Incorporated in Malaysia)

2-10, Jalan Kenari 13B
Bandar Puchong Jaya
47170 Puchong, Selangor

TEL : 03-8090 7988

The properties above do not belong to Nestcon Berhad. Consents have been obtained from their owners to feature the images of the respective properties in this Prospectus.



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(202001008684 (1365004-W))
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P R O S P E C T U S

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NESTCON BERHAD

(202001008684 (1365004-W))
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) PUBLIC ISSUE OF 160,955,400 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:
- 32,192,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 32,192,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
 - 80,475,400 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
 - 16,096,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AND

- (II) OFFER FOR SALE OF 32,192,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.28 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

This Prospectus has been registered by the Securities Commission Malaysia ("SC"). The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 135.

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SC UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

Adviser, Sponsor, Underwriter
and Placement Agent



M & A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Financial Adviser



ECO ASIA CAPITAL ADVISORY SDN BHD
(201801022562 (1284581-H))

THIS PROSPECTUS IS DATED
8 JUNE 2021

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), will be lodged with the Registrar of Companies, who takes no responsibility for its contents. In view of the temporary closure of operation by the Registrar of Companies during the Total Lockdown on 1 June 2021, the Prospectus will be lodged within 30 days from the end of the lockdown based on the initiative announced by the Registrar of Companies on 1 June 2021.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Securities are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 17 February 2021. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The valuation utilised for the purpose of the Listing should not be construed as an endorsement by Bursa Securities, on the value of the subject assets.

The Securities Commission Malaysia ("**SC**") has on 21 May 2021 approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC based on the audited combined financial statements for the financial year ended 31 December 2019. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and

- (iii) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus/Opening of Application	8 June 2021
Closing Date/Closing of Application	17 June 2021
Balloting of Application	21 June 2021
Allotment/Transfer of IPO Shares to successful applicants	28 June 2021
Date of Listing	29 June 2021

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used in this section are defined under "Definitions" commencing from page vii.

All references to "Nestcon" and "Company" in this Prospectus are to Nestcon Berhad (202001008684 (1365004-W)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) Demand for our services;
- (ii) Our business strategies;
- (iii) Our future plans;
- (iv) Our future earnings, cash flows and liquidity; and
- (v) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) The ongoing Covid-19 pandemic and possible similar future outbreak;
- (ii) The economic, political and investment environment in Malaysia; and
- (iii) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"Nestcon Builders"	:	Nestcon Builders Sdn Bhd (201301033505 (1063335-M))
"Nestcon Infra"	:	Nestcon Infra Sdn Bhd (200101021201 (556959-W))
"Nestcon" or "Company"	:	Nestcon Berhad (202001008684 (1365004-W))
"Nestcon Group" or "Group"	:	Nestcon and its subsidiaries, collectively

GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Acquisitions"	:	Acquisition of Nestcon Builders and Acquisition of Nestcon Infra, collectively
"Acquisition of Nestcon Builders"	:	Acquisition by Nestcon of the entire equity interest of Nestcon Builders for a purchase consideration of RM33,264,500.04 which was wholly satisfied by the issuance of 277,204,167 new Shares at an issue price of RM0.12 per share, which was completed on 18 March 2021
"Acquisition of Nestcon Infra"	:	Acquisition by Nestcon of the entire equity interest of Nestcon Infra for a purchase consideration of RM24,679,399.92 which was wholly satisfied by the issuance of 205,661,666 new Shares at an issue price of RM0.12 per share, which was completed on 18 March 2021
"Act"	:	Companies Act, 2016
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	:	M&A Securities
"Application"	:	Application for IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	Printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM"	:	Automated teller machine
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of Nestcon
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))

DEFINITIONS (Cont'd)

"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act"	:	Securities Industry (Central Depositories) Act, 1991
"CIDB"	:	Construction Industry Development Board of Malaysia
"Client A"	:	A private limited company incorporated and based in Malaysia and which is involved in civil engineering works, construction, property development & real estate investment, investment holding & related services
		Client A is a wholly-owned subsidiary of a public company listed on the Main Market of Bursa Securities. The holding company of Client A is an integrated infrastructure developer domiciled in Malaysia, with extensive international operations in the UK and Singapore, as well as businesses and projects under development in other countries including Indonesia, Australia, Japan, Jordan and China. The holding company of Client A and its subsidiaries are involved in utilities, cement manufacturing and trading, construction, property investment and development, hotel operations, management services and others, and IT and e-commerce related business
		We are unable to disclose the identity of Client A by virtue of a confidentiality agreement executed with Client A in relation to the Railway Project
"Closing Date"	:	Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
"CMSA"	:	Capital Markets and Services Act, 2007
"Constitution"	:	Our constitution
"Covid-19"	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and it is a global pandemic
"Datuk Ir. Dr. Lim"	:	Datuk Ir. Dr. Lim Jee Gin, our Promoter and Group Managing Director
"Depository Rules"	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and tax

DEFINITIONS (Cont'd)

"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"EXSIM Group"	:	EXSIM Development Sdn Bhd and its group of companies
"FYE"	:	Financial year(s) ended/ending 31 December, as the case may be
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR"	:	Protégé Associates Sdn Bhd (200401037256 (675767-H)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Strategic Analysis of the Construction Industry in Malaysia" dated 8 May 2021
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application as listed in Section 16.6
"Internet Share Application"	:	Application for IPO Shares through an online share application service provided by Internet Participating Financial Institution
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"IPO Price"	:	Issue/offer price of RM0.28 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
"Issue Share(s)"	:	New Share(s) to be issued under the Public Issue
"ISO"	:	International Organisation for Standardisation
"IT"	:	Information technology
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM103.01 million comprising 643,822,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	:	Comprising the Public Issue, Offer for Sale and Listing, collectively

DEFINITIONS (Cont'd)

"LPD"	:	8 May 2021, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M & A Securities Sdn Bhd (197301001503 (15017-H))
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MCO"	:	The 2020 Malaysia movement control order, commonly referred to as the MCO, implemented as a preventive measure by the Government of Malaysia in response to the Covid-19 pandemic in the country, which began from 18 March 2020 and unless otherwise specified, includes all its subsequent phases
"MFRS"	:	Malaysian Financial Reporting Standards
"MITI"	:	Ministry of International Trade and Industry Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"Nestcon Hailong"	:	Nestcon Hailong Sdn Bhd (201701041771 (1255944-K)) (struck off in December 2020)
"Offer for Sale"	:	Offer for sale of 32,192,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered under our Offer for Sale
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	Allocation of 32,192,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"Promoter(s)"	:	Datuk Ir. Dr. Lim and Ong Yong Chuan, collectively
"Prospectus"	:	This prospectus dated 8 June 2021 in relation to our IPO
"Public Issue"	:	Public issue of 160,955,400 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies

DEFINITIONS (Cont'd)

"SC"	:	Securities Commission Malaysia
"Selling Shareholder(s)"	:	Datuk Ir. Dr. Lim and Ong Yong Chuan who are undertaking the Offer for Sale, collectively
"Share(s)"	:	Ordinary share(s) in Nestcon
"sq ft"	:	Square foot
"Supplier A"	:	<p>A private limited company incorporated and based in Malaysia and which is involved in the quarry business & related services.</p> <p>Supplier A is a 50.01% subsidiary of a public company listed on the Main Market of Bursa Securities. Both Supplier A and Client A have the same holding company. Please refer to the definition of Client A for further description of the holding company</p> <p>We are unable to disclose the identity of Supplier A by virtue of a confidentiality agreement executed with Client A in relation to the Railway Project</p>
"Supplier B"	:	<p>A private limited company incorporated and based in Malaysia and which is involved in the manufacture & sale of ready-mix concrete & hiring of vehicles</p> <p>Supplier B is a 93.39% subsidiary of a public company listed on the Main Market of Bursa Securities. Both Supplier B and Client A have the same holding company. Please refer to the definition of Client A for further description of the holding company</p> <p>We are unable to disclose the identity of Supplier B by virtue of a confidentiality agreement executed with Client A in relation to the Railway Project</p>
"Underwriting Agreement"	:	Underwriting agreement dated 3 May 2021 entered into between Nestcon and M&A Securities for the purpose of our IPO
"UK"	:	United Kingdom
"USA"	:	United States of America
CURRENCY:		
"RM" or "sen"	:	Ringgit Malaysia and sen respectively

TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"CCC"	:	Certificate of completion and compliance, a document issued by the submitting person who is either a professional architect or professional engineer to certify that the building is completed in accordance with the approved building plans and is safe and fit for occupation
"CMGD"	:	Certificate of making good defects, issued by the project's architect on behalf of the client to the contractor, after identified defects have been rectified upon expiry of the DLP
"CPC"	:	Certificate of practical completion, issued by the project's architect on behalf of the client to the contractor, when the contractor has completed its assigned obligations and handed the work to the client
"DLP"	:	Defect liability period, a period of time after a project has been completed where the developer is obliged to return to the site to remedy defects, if any
"IBS"	:	Industrialised building system, a construction method that utilises structural components, or a building system that involves pre-fabricated components and on-site installation
"LAD"	:	Liquidated and ascertained damages, which are damages due to a client, calculated at a rate as stated in the contract when a contractor fails to deliver the completed work within the period stipulated in the said contract agreement
"Letter of Award"	:	A formal award of a project by a client to the contractor
"M&E"	:	Mechanical and engineering
"Master Work Programme"	:	Master work programme details the work activities at work site, sequence of work and identified key milestones of a project according to project requirements and specifications
"QESH"	:	Quality, environment, safety and health
"QLASSIC"	:	Quality Assessment System in Construction, a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS7:2006). QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
"SOHO"	:	Small office home office

PROJECTS

This following is a brief description of the projects undertaken by our Group:

- "Grand Project" : Construction of one block of 21-storey commercial building (315 units) of SOHO and one block of 14-storey commercial building (168 units) of SOHO, with other relevant facilities in Mukim Damansara, Selangor known as *The Grand*, which is currently ongoing
- "Embayu Project" : Construction of 2 blocks of 15-storey apartments (455 units) and 1 block of 10-storey apartments (195 units) with relevant facilities in Shah Alam, Selangor known as *Embayu Damansara West*, which is currently ongoing
- "Kuchai Sentral Project" : Construction of one block of 39 storey serviced apartments (408 units) and one block of 43-storey serviced apartments (526 units) with other relevant facilities in Mukim Petaling, Kuala Lumpur known as *Kuchai Sentral*, which is currently ongoing
- "Melaka Gateway Project" : Land reclamation works at a mixed development tourism and commercial hub at the Straits of Melaka known as *Melaka Gateway*, which has been completed
- "Mossaz and Paxtonz Project" : Construction of one block of 5-storey office building and one block of 40-storey office building (1,117 units) known as *Mossaz* and one block of 23-storey office building (844 units) known as *Paxtonz* with other relevant facilities in Mukim Sungai Buloh, Selangor, which is currently ongoing
- "Nest Residence Project" : Construction of one block of 36-storey serviced apartments (618 units) with other relevant facilities in Mukim Petaling, Kuala Lumpur known as *Nest Residence*, which has been completed
- "Nest2 Project" : Construction of one block of apartment suite (346 units), hotel (72 units) and 37-storey office building with other relevant facilities, which is currently ongoing
- "Nidoz Project" : Earthworks, piling, retaining wall and construction of two blocks of 41-storey apartments (651 units) with other relevant facilities in Mukim Petaling, Kuala Lumpur known as *Nidoz Residences*, which has been completed
- "Nouvelle Industrial Park Project" : Piling and construction of 47 units of terraced factory units with other relevant facilities in Mukim Kapar, Selangor known as *Nouvelle Industrial Park @ Meru*, which has been completed
- "Peaks Project" : Construction of 3 units of bungalow in Mukim Cheras, Selangor, which has been completed

PROJECTS (Cont'd)

- "Petalz Project" : Earthworks, piling, retaining wall and basement structural works and construction of 2 blocks of 29-storey serviced apartment building (565 units), 2-storey basement car parking, 7-storey carparking podium with other relevant facilities in Mukim Petaling, Jalan Kelang Lama, Kuala Lumpur known as *Petalz Residences*, which has been completed
- "Railway Project" : Earthworks and related works for 3 identified sections of a railway project in Johor, which is currently ongoing
- "Scarletz Project" : Construction of one 50-storey commercial office building (604 units) and one 38-storey commercial office building (604 units) with other relevant facilities in Kuala Lumpur known as *Scarletz Suites*, which is currently ongoing
- "Panorama Project" : Construction of one block of 30-storey service apartments (237 units) and one block of 30-storey serviced apartments (236 units) with other relevant facilities in Mukim Petaling, Selangor known as *Panorama Residences*, which is currently ongoing

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality/ Profession	Gender
Mohd Noor bin Setapa	Independent Non-Executive Chairman	R3H Kampung Warisan Jalan Jelatek 53100 Kuala Lumpur	Malaysian/ Director	Male
Datuk Ir. Dr. Lim	Group Managing Director	6, Jalan Sungai Merbau 32/76A Kelab Golf Dan Resort Bukit Kemuning 40460 Shah Alam Selangor	Malaysian/ Director	Male
Ong Yong Chuan	Executive Director	16, Jalan LP 8/4 Taman Lestari Perdana 43300 Seri Kembangan Selangor	Malaysian/ Director	Male
Lim Joo Seng	Finance Director	8, Jalan BK 6B/11 Bandar Kinrara 47180 Puchong Selangor	Malaysian/ Director	Female
Nor Azzam bin Abdul Jalil	Independent Non-Executive Director	9, Jalan LE 2/4 Lake Edge Bandar Metro Puchong 47100 Puchong Selangor	Malaysian/ Director	Male
Yeoh Sheong Lee	Independent Non-Executive Director	17, Jalan 20/8 46300 Petaling Jaya Selangor	Malaysian/ Accountant	Male

AUDIT COMMITTEE

Name	Designation	Directorship
Yeoh Sheong Lee	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Nor Azzam bin Abdul Jalil	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Nor Azzam bin Abdul Jalil	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Yeoh Sheong Lee	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (*Cont'd*)

NOMINATING COMMITTEE

Name	Designation	Directorship
Nor Azzam bin Abdul Jalil	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Yeoh Sheong Lee	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Yeoh Sheong Lee	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Nor Azzam bin Abdul Jalil	Member	Independent Non-Executive Director
Datuk Ir. Dr. Lim	Member	Group Managing Director

COMPANY SECRETARIES

: Teo Soon Mei (SSM PC No. 201908000235) (MAICSA 7018590)
(Chartered Secretary and Chartered Governance Professional, Fellow of the Malaysian Institute of Chartered Secretaries and Administrators and Master of Corporate Governance)

Ng Shu Fern (SSM PC No. 201908001840) (MAICSA 7062881)
(Chartered Secretary and Chartered Governance Professional, Associate of the Malaysian Institute of Chartered Secretaries and Administrators)

7-1, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur

Telephone: +603-7982 2010

REGISTERED OFFICE

: 7-1, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur

Telephone: +603-7982 2010

HEAD OFFICE

: 2-10, Jalan Kenari 13B
Bandar Puchong Jaya
47170 Puchong
Selangor

Telephone: +603-8090 7988

EMAIL ADDRESS AND WEBSITE

: Website: www.nestcon.my
Email address: ir@nestcon.my

1. CORPORATE DIRECTORY (Cont'd)

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING : Ecovis Malaysia PLT (201404001750 (LLP0003185-LCA)) & (AF 001825)

9-3, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur

Telephone: +603-7981 1799

Partner's name: Chua Kah Chun
(Chartered Accountant, Fellow of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants)
Approved number: 2696/09/2021(J)

SOLICITORS FOR OUR LISTING :

Teh & Lee
A-3-3 & A-3-4
Northpoint Offices
Mid Valley City
1, Medan Syed Putra Utara
59200 Kuala Lumpur

Telephone: +603-2283 2800

ISSUING HOUSE AND SHARE REGISTRAR :

Tricor Investor & Issuing House Services Sdn Bhd
(197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone: 03-2783 9299

INDEPENDENT MARKET RESEARCHER :

Protégé Associates Sdn Bhd (200401037256 (675767-H))
Suite C-09-12, Plaza Mont' Kiara
2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Telephone: +603-6201 9301

Managing Director's name: Seow Cheow Seng
(Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia)

ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT :

M & A Securities Sdn Bhd (197301001503 (15017-H))
45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone: 03-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

FINANCIAL ADVISER : Eco Asia Capital Advisory Sdn Bhd (201801022562
(1284581-H))
Lot 1904, 19th Floor
Tower 1, Faber Towers
Jalan Desa Bahagia, Taman Desa
58100 Kuala Lumpur

Telephone: +603-7971 1822

Managing Director's name: Khoo Chee Siang
*(Chartered Accountant, Fellow of the Association of
Chartered Certified Accountants and Member of the
Malaysian Institute of Accountants)*
MIA membership number: CA 21553

LISTING SOUGHT : ACE Market

SHARIAH STATUS : Approved by Shariah Advisory Council of SC

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2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

No. of Shares to be issued and amount to be raised under Public Issue (Shares / RM)	160,955,400 / RM45,067,512
No. of Shares to be offered and amount to be raised under Offer for Sale (Shares / RM)	32,192,000 / RM9,013,760
Enlarged no. of Shares upon Listing	643,822,000
IPO Price per Share	RM0.28
Market capitalisation (calculated based on our IPO Price and enlarged no. of Shares upon Listing)	RM180,270,160

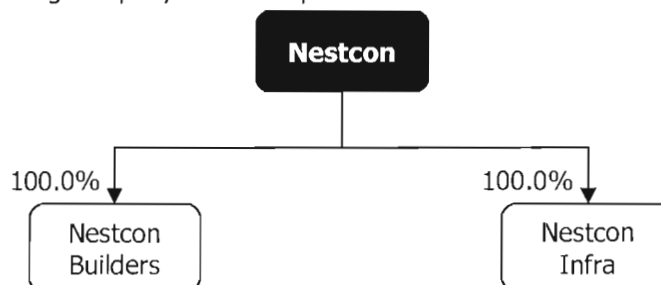
Further details of our IPO are set out in Section 4.

Our Promoters' entire shareholdings after IPO will be held under moratorium for 6 months from the date of Listing. Further details on the moratorium on our Shares are set out in Section 3.2.

2.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 10 March 2020 as a private limited company under the name of Nestcon Sdn Bhd. On 3 September 2020, we converted into a public limited company and adopted our present name.

Our Company was incorporated to facilitate our Listing and our principal activity is that of an investment holding company. Our Group structure as at LPD is as follows:



Through our subsidiaries, we are principally involved in construction services for building and civil engineering and infrastructure projects.

2. PROSPECTUS SUMMARY (Cont'd)

We have 10 years of operating history in the construction industry in Malaysia. Nestcon Infra and Nestcon Builders have since 2011 and 2014 respectively, been registered as Grade 7 (or commonly known as G7) contractors with CIDB for the categories of B04 (Building General Works), CE21 (General Civil Engineering Works) and M15 (Mechanical Works). As G7 contractors under CIDB, the highest grade issued by CIDB, we can undertake projects of any size and of unlimited amounts within Malaysia. In addition, both our subsidiaries are also registered as G7 contractors under Sijil Perolehan Kontrak Kerajaan, which meets the requirements and guidelines of Ministry of Finance, Malaysia allowing us to participate in government awarded contracts.

We are capable of constructing:

- (a) various types of buildings such as residential, commercial, industrial and leisure properties; and
- (b) various types of civil engineering and infrastructure works such as earthworks, roadworks and drainage works.

Our Group typically acts as a main contractor and / or principal works contractor or a subcontractor for our construction projects. Our revenue breakdown by segments are as follows:

	Audited							
	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Building segment	166,047	87.0	159,886	73.4	246,791	58.4	199,447	57.9
Civil engineering and infrastructure segment	21,764	11.4	54,396	25.0	175,933	41.6	145,032	42.1
Others ⁽²⁾	3,046	1.6	3,482	1.6	62	(1)-	-	-
	190,857	100.0	217,764	100.0	422,786	100.0	344,479	100.0

Notes:

(1) Represents less than 0.1%.

(2) Being rental income from the rental of heavy machineries to our clients.

During FYE 2017 to FYE 2020, our building segment contributed more than 55.0% of our revenue. Within this segment, more than 15.0% of the revenue was derived from the construction of residential properties in Klang Valley. Moving forward, the building segment will continue to contribute largely to our revenue as the unbilled order book from this segment constitutes 73.5% of our total order book as at LPD. Based on the unbilled order book for our building segment as at LPD of RM891.40 million, RM664.10 million or approximately 74.5% is for the construction of mixed development properties in Klang Valley.

The revenue contribution from our civil engineering and infrastructure segment has increased gradually from 11.4% in FYE 2017 to 42.1% in FYE 2020. Moving forward, our Group plans to further expand into civil engineering and infrastructure segment as we believe that our country's on-going economic development will spur the demand for such projects, where government-led initiatives will focus on civil engineering and infrastructure projects involving ground treatment, highways, bridges and transportation infrastructure, major water and sewer reticulation works as well as renewable energy.

As at LPD, our unbilled order book from this segment is RM321.35 million, representing 26.5% of our total unbilled order book. Our civil engineering and infrastructure projects are mainly centred in Klang Valley and southern region of Peninsular Malaysia.

Further details of our Group and our business model are set out in Sections 6 and 7.

2. PROSPECTUS SUMMARY (Cont'd)

2.3 IMPACT OF COVID-19 AND MCO

Due to the Covid-19 pandemic, the Government had imposed the MCO which temporarily suspended our operations at both our project sites and head office. The impact of the above has halted the construction activities of our on-going projects for approximately 8 to 10 weeks beginning from 18 March 2020, which may result in our clients claiming LAD for delays in completion of the projects. In this respect, we have applied to 6 clients for extension of time for the completion of our on-going projects with no imposition of LAD on us, as follows:

Project	Completion date	
	Contracted	Extension of time given
Grand Project	August 2020	August 2021
Scarletz Project	August 2021	November 2021
Panorama Project	September 2021	December 2021
Mossaz and Paxtonz Project	August 2022	October 2022
Railway Project	Between April 2020 to November 2020 for different sections of the project	July 2021
Provision of elevated roadworks at Damansara Perdana, Selangor	February 2021	August 2021

Given the temporary suspension of activities, our financial performance for FYE 2020 was affected in terms of delayed revenue recognition for the periods where our construction activities were halted. This have resulted in lower revenue for FYE 2020 as compared to FYE 2019, but higher compared to FYE 2018.

The Government announced another MCO ("**MCO 2.0**") which was effective on 13 January 2021, which transitioned to conditional MCO or recovery MCO. Thereafter, another MCO 3.0 was implemented effective 12 May 2021 for the whole country following increases in the number of Covid-19 cases. However, this did not materially impact our operation as exemption was granted by MITI for us to operate as usual.

On 28 May 2021, the Government subsequently announced a full MCO, also known as total lockdown ("**FMCO**") effective 1 June 2021. Following the announcement of the FMCO, we have temporarily suspended our operations at both our project sites and our head office with personnel from head office working remotely. We had on 1 June 2021 submitted applications to MITI to operate our ongoing civil engineering and infrastructure projects and have received approvals to continue our construction activities for 7 out of 15 contracts on 1 June 2021. However, construction works for our building construction segment will not be able to resume during this period. We will continue to monitor any new developments and announcements from relevant authorities, as to when we can fully resume operations at all project sites. Assuming the current FMCO will last around 8 to 10 weeks like the initial MCO which took effect on 18 March 2020, our Board considers that such suspension would not have a material impact on our business operation and financial condition. Nonetheless, the final effects of the Covid-19 pandemic are difficult to assess at this stage and any prolonged Covid-19 pandemic may have negative effect on the Malaysian economy and property development industry as a whole.

If the Government shall impose tighter restrictions which affect the progress of our construction activities, we shall apply to our clients for further extension of time to complete our on-going projects with no imposition of LAD on us.

2. PROSPECTUS SUMMARY (Cont'd)

As at LPD, we have complied with the latest standard operating procedures imposed by the Government, and all our on-going projects are progressing. We have also not experienced any termination or cancellation of any of our ongoing projects, and as such our Group is expected to continue recognising revenue in the immediate FYE 2021.

Further details on the impact and measures to commence and continue our operations are set out in Section 7.8.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (a) We have a proven track record of 10 years in the construction industry. By leveraging on our experience, we have been proposing and providing our clients with value added services such as alternative design through value engineering to achieve cost and/or time savings;
- (b) We are led by our Group Managing Director, Executive Directors and other key senior management, all of whom have valuable experience in the construction industry; and
- (c) We are committed to delivering quality projects. We have developed and implemented an Integrated Management System that is assessed by AGM Certification Sdn Bhd and accredited with internationally recognised standards.

Further details of our competitive strengths are set out in Section 7.15.

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 24 months from the date of our Listing:

- (a) Establishing our own on-site IBS casting yard to produce hollow core slabs, half slabs and precast bathroom units on a suitable project site. The on-site casting yard within the project site is expected to provide savings in terms of supply chain costs as we are able to reduce transportation costs from external off-site casting yard that we would have to otherwise incur; and
- (b) Improve our profile by tendering for more construction projects in the high-rise buildings segment and other building segments such as purpose-built and industrial buildings as well as to expand our civil engineering and infrastructure project portfolio by participating in the construction of large-scale solar photovoltaic projects.

Further details of our business strategies are set out in Section 7.16.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

2. PROSPECTUS SUMMARY (Cont'd)

- (a) We may be adversely affected by the wider macroeconomic effect of the ongoing Covid-19 pandemic and possible similar future outbreaks of viruses. While the final effects of the Covid-19 pandemic are difficult to assess at this stage, it is possible that it will have substantial negative effect on the Malaysian economy and property development industry including our Government infrastructure spending. Any negative effect on the economies and markets where we operate in may decrease the demand for our services and have a material adverse effect on our Group;
- (b) There is no assurance of continuity from one project to the next project as it is common for jobs to be awarded based on competitive bidding. The continuity of our order book is not assured as there is a risk that we may not be able to secure every contract that we tender for and any significant decline in our order book will adversely affect our long term sustainability and growth. In addition, certain major clients such as Client A and EXSIM Group contribute significantly to our order book. Client A and EXSIM Group contributed 32.2% and 34.5% of our revenue for FYE 2020, respectively. The unbilled portion of our contracts with Client A and EXSIM Group represents 7.8% and 46.4% of our order book respectively as at LPD;
- (c) Our financial performance may be impaired if there are any unanticipated increase in costs associated with our construction projects such as lower than anticipated productivity, conditions at the work sites differing materially from what was anticipated at the time we bid for the contract, higher costs of materials and labour, delay in the availability of financing and political or social disruptions, amongst others;
- (d) Our failure to complete our projects within the stipulated contract period could result in our clients imposing LAD on us. We are dependent on many external factors inherent in the construction industry including, inter alia, the timely receipt of requisite licences, permits or regulatory approvals, availability of construction materials, equipment and labour, availability of financing and satisfactory performance of any subcontractors appointed;
- (e) Our operations depend on the availability of an adequate supply of construction materials at competitive prices as our construction materials are price sensitive;
- (f) We are dependent on the services of our subcontractors to complete our contracts particularly those requiring specialised licences such as M&E engineering works, piping and plumbing works, external painting works and water proofing works. As our subcontractors have no direct contractual relationship with our clients, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors;
- (g) We are dependent on the property development industry and Government infrastructure spending in Malaysia. Any adverse changes in Government policies vis-à-vis the property market and infrastructure spending such as housing, land and development policies as well as policies and stimulus for economic development that drives up spending for construction services could adversely affect the performance of the property industry and construction activities in Malaysia; and
- (h) Our business may be adversely affected as we face competition in the construction industry from competitors which may have greater resources than us or have specialised expertise in certain segments.

2. PROSPECTUS SUMMARY (*Cont'd*)

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Mohd Noor bin Setapa	Independent Non-Executive Chairman
Datuk Ir. Dr. Lim	Group Managing Director
Ong Yong Chuan	Executive Director
Lim Joo Seng	Finance Director
Nor Azzam bin Abdul Jalil	Independent Non-Executive Director
Yeoh Sheong Lee	Independent Non-Executive Director
Key senior management	
Yee Chee Sing	Project Director (Civil Engineering and Infrastructure Division)
Lau Hoe Cheong	General Manager, Tender and Contracts (Civil Engineering and Infrastructure Division)
Khoo Chun How	Senior Manager, Tender and Contracts (Building Division)
Lim Kie Nyap	Senior Project Manager (Building Division)
Wong Wai Peng	Group Finance Manager

Further details of our Directors and key senior management are set out in Section 5.

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Nationality	⁽¹⁾ Before IPO				⁽²⁾⁽³⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Ir. Dr. Lim	Malaysian	413,565,558	85.6	-	-	385,993,758	60.0	-	-
Ong Yong Chuan	Malaysian	69,301,042	14.4	-	-	64,680,842	10.0	⁽⁴⁾ 300,000	0.05

Notes:

- (1) Based on the share capital of 482,866,600 Shares before IPO.
- (2) Based on the enlarged share capital of 643,822,000 Shares after IPO.
- (3) After Public Issue and Offer for Sale.
- (4) Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Act and assuming his spouse will fully subscribe for her entitlements under the Pink Form Allocations.

Further details of our Promoters and substantial shareholders are set out in Section 5.

2. PROSPECTUS SUMMARY (*Cont'd*)

2.9 UTILISATION OF PROCEEDS

The gross proceeds to be raised by our Company from the Public Issue of RM45.07 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
Establish our IBS facility for our building division	6,000	13.3	Within 24 months
Acquire machineries and equipment for our business expansion in the civil engineering and infrastructure division	6,615	14.7	Within 24 months
Upgrade software and systems	1,000	2.2	Within 12 months
Repayment of bank borrowings	16,500	36.6	Within 3 months
Working capital	10,953	24.3	Within 12 months
Estimated listing expenses	4,000	8.9	Within 1 month
Total	45,068	100.0	

Note:

(1) From the date of listing of our Shares.

There is no minimum subscription to be raised from IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

The gross proceeds from the Offer for Sale of approximately RM9.01 million shall accrue entirely to the Selling Shareholders.

2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The selected financial and operational information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

2.10.1 Combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 2017 to FYE 2020:

	FYE 2017	FYE 2018	FYE 2019	FYE 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	190,857	217,764	422,786	344,479
GP	17,584	27,334	37,876	33,283
PBT	8,549	14,374	22,182	19,211
PAT	5,943	9,901	15,767	14,301
PAT attributable to owners of our Company	5,483	7,455	14,587	14,301
Basic EPS (sen) ⁽¹⁾	1.14	1.54	3.02	2.96
Diluted EPS (sen) ⁽²⁾	0.85	1.16	2.27	2.22
GP margin (%) ⁽³⁾	9.2	12.6	9.0	9.7
PBT margin (%) ⁽⁴⁾	4.5	6.6	5.2	5.6
PAT margin (%) ⁽⁴⁾	3.1	4.5	3.7	4.2

2. PROSPECTUS SUMMARY (Cont'd)

Further details on the financial information are set out in Sections 12 and 13.

Notes:

- (1) Calculated based on PAT attributable to owners of our Company divided by our number of Shares in issue before IPO.
- (2) Calculated based on PAT attributable to owners of our Company divided by our enlarged number of Shares in issue after IPO.
- (3) Calculated based on GP over revenue.
- (4) Calculated based on PBT or PAT over revenue.

There were no exceptional items during the financial years under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications.

2.10.2 Pro forma statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Group based on our audited combined financial statements as at 31 December 2020 to show the effects of the Acquisitions, IPO and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

	Audited	I	II	III
	As at 31 December 2020	After Acquisitions	After I and IPO	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	106,969	106,969	106,969	120,584
Total current assets	235,561	235,561	280,628	246,884
TOTAL ASSETS	342,530	342,530	387,597	367,468
EQUITY AND LIABILITIES				
Share capital	*	57,944	103,011	101,469
Invested equity	10,400	-	-	-
Reorganisation reserve	-	(47,544)	(47,544)	(47,544)
Retained earnings	61,845	61,845	61,845	59,758
TOTAL EQUITY	72,245	72,245	117,312	113,683
Total non-current liabilities	36,145	36,145	36,145	36,145
Total current liabilities	234,140	234,140	234,140	217,640
TOTAL LIABILITIES	270,285	270,285	270,285	253,785
TOTAL EQUITY AND LIABILITIES	342,530	342,530	387,597	367,468

2. PROSPECTUS SUMMARY (Cont'd)

	Audited	I	II	III
	As at 31 December 2020	After Acquisitions	After I and IPO	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
No. of Shares in issue	(1)	482,866,600	643,822,000	643,822,000
(NL)/NA per Share (RM)	(*)	0.15	0.18	0.18

Notes:

* Less than RM1,000.

(1) Our Company was incorporated on 10 March 2020.

2.10.3 Key financial ratios

The key financial ratios of our Group for FYE 2017 to 2020 are as follows:

	Audited			
	31 December 2017	31 December 2018	31 December 2019	31 December 2020
Trade receivables turnover (days)	223	100	47	68
Trade payables turnover (days)	193	138	99	152
Current ratio (times)	0.9	0.9	1.0	1.0
Gearing ratio (times)	0.7	1.4	1.1	1.1
Net current (liabilities)/ assets (RM'000)	(16,117)	(6,155)	987	1,421

The net current liabilities position as at 31 December 2017 and 31 December 2018 was primarily attributable to:

- (a) Higher percentage of retention sum receivables from our building segment in FYE 2017, approximately 33.1% or RM36.89 million of our total trade receivables consist of retention sum which are classified as non-current assets vis-à-vis 30.2% (RM29.36 million) for FYE 2018 and 22.4% (RM26.20 million) for FYE 2019. The retention sum receivables for FYE 2017 was mainly attributable to our first building construction project, Petalz Project that was completed in May 2017, but its retention sum has yet to be fully released in FYE 2017. This coupled with the Nest Residence Project and Nidoz Project which commenced in FYE 2016, further increased our retention sum receivables in FYE 2017;
- (b) Temporary timing differences mainly arising from the Nest Residence Project when progress billings raised by us to clients was higher than the costs incurred plus recognised profits. This resulted in contract liabilities of RM15.71 million as at 31 December 2017. Although the progress billings were captured as trade receivables, a portion of such progress billings were retained as retention sum (i.e. non-current asset). As such, our current liabilities increased more than our current assets in FYE 2017;
- (c) Short-term financing facilities such as bank overdraft, factoring payable and advances from Directors to partially finance our construction contracts which generally require 1 to 3 years to complete; and

2. PROSPECTUS SUMMARY (Cont'd)

- (d) Acquisition of property, plant and equipment (i.e. non-current asset) which resulted in the increase of current lease liabilities and payment in cash in FYE 2017 and FYE 2018.

Further details on the key financial ratios are set out in Section 12.8.

2.10.4 Operational highlights

Since the commencement of our business in 2010 and up to LPD, we have completed over 20 contracts comprising:

- (a) 8 building construction contracts in the Klang Valley with total contract value of approximately RM837.83 million; and
- (b) 21 civil engineering and infrastructure construction contracts throughout Malaysia with total contract value of approximately RM143.81 million.

Our total unbilled order book is approximately RM1,212.75 million as at LPD, comprising RM891.40 million from 7 building construction contracts and RM321.35 million from 15 civil engineering and infrastructure construction contracts.

2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Further details of our dividend policy are set out in Section 12.16.

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3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 17 February 2021, approved our admission to the Official List of the ACE Market and the Listing. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Submit the following information with respect to the moratorium on the shareholdings of the promoter to Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares. 	Complied
(b)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(c)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
(d)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Nestcon on the first day of Listing;	To be complied
(e)	Ensure any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to the Listing;	Complied
(f)	In relation to the Public Issue to be undertaken by Nestcon, to announce at least 2 Market Days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of Nestcon arising from the Public Issue, if any. 	To be complied
(g)	Nestcon / M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Nestcon to the Official List of the ACE Market.	To be complied

3. APPROVALS AND CONDITIONS (Cont'd)**3.1.2 SC approval**

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 21 May 2021, approved our resultant equity structure pursuant to our Listing under the equity requirement for public listed companies. The approval from the SC is subject to Nestcon allocating shares equivalent to at least 12.5% of its enlarged number of issued shares at the point of listing to Bumiputera investors to be approved by MITI. In addition, Nestcon is to make available at least 50% of the balloting portion for subscription by Bumiputera public investors.

The effect of our Listing on our equity structure is as follows:

Category shareholders	of	As at incorporation		After Listing	
		No. of Shares	%	No. of Shares	%
Bumiputera		-	-	⁽¹⁾ 97,071,400	15.1
Non-Bumiputera		100	100.0	546,750,600	84.9
Malaysian		100	100.0	643,822,000	100.0
Foreigners		-	-	-	-
Total		100	100.0	643,822,000	100.0

Note:

- ⁽¹⁾ Based on the assumption that the Shares allocated to our Bumiputera Director under the Pink Form Allocations and Bumiputera investors shall be fully subscribed as follows:

Category	No. of Shares	%
Nor Azzam bin Abdul Jalil (our Independent Non-Executive Director)	500,000	0.1
Bumiputera public investors via balloting	16,096,000	2.5
Private placement to identified Bumiputera investors approved by MITI	80,475,400	12.5
Total	97,071,400	15.1

The Shariah Advisory Council of SC had, vide its letter dated 31 March 2021 classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2019.

3. APPROVALS AND CONDITIONS *(Cont'd)*

3.1.3 MITI approval

The MITI had, vide its letter dated 28 April 2021, taken note and has no objection to our Listing.

3.1.4 Waiver

M&A Securities had on behalf of our Company sought relief from the SC to waive the requirements to comply with the following provisions of the Prospectus Guidelines:

No	Guidelines/Relief sought	SC's decision
(a)	<p>Paragraph 9.05, Division 1, Part II of the Prospectus Guidelines</p> <p>Relief from having to submit the audited interim financial report which is required to be provided, if the date of the prospectus issuance is later than 6 months after the end of the most recent financial year, as well as any other consequential disclosures required.</p>	<p>Approved on 9 June 2020, subject to:</p> <p>(i) The date of the most recent audited financial statements disclosed in the prospectus should not exceed 9 months from the date of submission of the application for registration of prospectus to the SC;</p> <p>(ii) The unaudited interim financial statements, with the relevant management's discussion and analysis should be submitted together with the application for the registration of prospectus to the SC; and</p> <p>(iii) If the audited financial information disclosed in the prospectus is required to be updated, then the updated prospectus should be submitted to the SC at least 14 market days prior to the confirmation of registration of the said prospectus by the SC.</p>
(b)	<p>Paragraphs 5.10 and 5.11, Part II Contents of Prospectus, Division I Equity</p> <p>Relief to redact the name of one major customer and to describe it as "Client A".</p> <p>Relief to redact the name of one major supplier and to describe it as "Client A's group of related companies".</p>	<p>Approved on 29 September 2020.</p>

3. APPROVALS AND CONDITIONS (Cont'd)

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1A)(b) of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Promoters. The moratorium shall apply to the entire shareholdings of our Promoters for a period of 6 months from the date of our admission to the ACE Market.

Details of our Promoters and their Shares which will be subject to the abovesaid moratorium, are set out below:

Promoters	⁽¹⁾ No. of Shares	⁽²⁾ %
Datuk Ir. Dr. Lim	385,993,758	60.0
Ong Yong Chuan	64,680,842	10.0
	450,674,600	70.0

Notes:

(1) After Offer for Sale.

(2) Based on the enlarged share capital of 643,822,000 Shares after IPO.

The moratorium has been fully accepted by our Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by our Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 8 June 2021 and will remain open until 5.00 p.m. on 17 June 2021. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/ Opening of Application	8 June 2021
Closing Date/Closing of Application	17 June 2021
Balloting of Application	21 June 2021
Allotment/Transfer of IPO Shares to successful applicants	28 June 2021
Date of Listing	29 June 2021

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(i) Public Issue

A total of 160,955,400 Issue Shares, representing approximately 25.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

32,192,000 Shares, representing approximately 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 16,096,000 Shares made available to public investors; and

(bb) 16,096,000 Shares made available to Bumiputera public investors.

(b) Eligible Directors, employees and persons who have contributed to the success of our Group

32,192,000 Shares, representing approximately 5.0% of our enlarged share capital, are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

(c) Private placement to Bumiputera investors approved by MITI

80,475,400 Shares, representing approximately 12.5% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

4. DETAILS OF OUR IPO (Cont'd)

(d) Private placement to selected investors

16,096,000 Shares, representing approximately 2.5% of our enlarged share capital, are reserved for private placement to selected investors.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

The allocation of Issue Shares to selected Bumiputera investors shall be subject to the allocation as approved by MITI. Any unsubscribed Issue Shares under this allocation shall firstly be reallocated to institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via balloting.

Upon completion of our Public Issue, our share capital will increase from RM57.94 million comprising 482,866,600 Shares to RM103.01 million comprising 643,822,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

(ii) Offer for Sale

Our Selling Shareholders will undertake an offer for sale of 32,192,000 Offer Shares, representing approximately 5.0% of our enlarged share capital at our IPO Price. The Offer for Sale shall be undertaken by way of private placement to selected investors.

Further details of our Selling Shareholders are set out in Section 4.3.2.

Our Offer for Sale is subject to the terms and conditions of this Prospectus.

(iii) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM103.01 million comprising 643,822,000 Shares shall be listed on the ACE Market.

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4. DETAILS OF OUR IPO (Cont'd)

4.3.2 Selling Shareholders

Details of our Selling Shareholders are as follows:

Name/ Residential address	Material relationship with our Group	⁽¹⁾ Before IPO		Offer Shares offered		After IPO	
		No. of Shares	(⁽²⁾)%	No. of Shares	(⁽²⁾)%	No. of Shares	(⁽³⁾)%
Datuk Ir. Dr. Lim / 6, Jalan Sungai Merbau 32/76A Kelab Golf Dan Resort Bukit Kemuning 40460 Shah Alam Selangor	Promoter, major shareholder and Group Managing Director	413,565,558	85.6	27,571,800	5.7	385,993,758	60.0
Ong Yong Chuan/ 16, Jalan LP8/4 Taman Lestari Perdana 43300 Seri Kembangan Selangor	Promoter, major shareholder and Executive Director	69,301,042	14.4	4,620,200	0.9	64,680,842	10.0

Notes:

- (1) After completion of Acquisitions but prior to Public Issue.
- (2) Based on the share capital of 482,866,600 Shares before IPO.
- (3) Based on the enlarged share capital of 643,822,000 Shares after IPO.

The Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fees estimated at approximately RM0.19 million relating to the Offer Shares. The Offer Shares are not underwritten by our Underwriter.

Further details of our Selling Shareholders, who are also our Promoters, substantial shareholders and Directors can be found in Sections 5.1 and 5.2.

4. DETAILS OF OUR IPO (Cont'd)**4.3.3 Pink Form Allocations**

We have allocated 32,192,000 Issue Shares under the Pink Form Allocations to our eligible Directors, employees and persons who have contributed to the success of our Group as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Eligible Directors	4	3,500,000
Eligible employees	128	12,500,000
Persons who have contributed to the success of our Group	35	16,192,000
	167	32,192,000

Entitlements which are not accepted by certain eligible Directors, employees and persons who have contributed to the success of our Group will be reallocated to the other eligible Directors as set out in the table below and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Datuk Ir. Dr. Lim (our Group Managing Director) and Ong Yong Chuan (our Executive Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Mohd Noor bin Setapa	Independent Non-Executive Chairman	500,000
Lim Joo Seng	Finance Director	2,000,000
Nor Azzam bin Abdul Jalil	Independent Non-Executive Director	500,000
Yeoh Sheong Lee	Independent Non-Executive Director	500,000
		3,500,000

(b) Allocation to our eligible employees

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of Issue Shares allocated to our eligible employees are based on their seniority, position, their length of service and their respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) Full time employee of at least 18 years of age.

4. DETAILS OF OUR IPO (*Cont'd*)

Included in the allocation to our eligible employees are the proposed allocations to our key senior management are as follows:

Name	Designation	No. of Issue Shares allocated
Yee Chee Sing	Project Director (Civil Engineering and Infrastructure Division)	1,000,000
Lau Hoe Cheong	General Manager, Tender and Contracts (Civil Engineering and Infrastructure Division)	1,000,000
Khoo Chun How	Senior Manager, Tender and Contracts (Building Division)	1,000,000
Lim Kie Nyap	Senior Project Manager (Building Division)	1,000,000
Wong Wai Peng	Group Finance Manager	1,000,000
		5,000,000

(c) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, contractors and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

4.3.4 Placement and underwriting arrangement

Our Underwriter will underwrite 64,384,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 96,571,400 Issue Shares and 32,192,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will be placed out by our Placement Agent and will not be underwritten.

Any of our Issue Shares not subscribed by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement.

Any of our Issue Shares not subscribed or accepted by Bumiputera investors approved by MITI under the private placement as stated in Section 4.3.1(i)(c) above shall firstly be reallocated to institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares will be made available for subscription by the Bumiputera general public via the balloting process.

However, if all Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations (if any) will be made available for application by the Malaysian Public. Any remaining Issue Shares which are not subscribed by the Malaysian Public or Pink Form Allocations will then be made available to selected investors under private placement. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

4. DETAILS OF OUR IPO (*Cont'd*)

4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	482,866,600	57,943,977
To be issued under our Public Issue	160,955,400	45,067,512
Enlarged share capital upon our Listing	643,822,000	103,011,489

Our Offer for Sale will not have effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each Share held.

4. DETAILS OF OUR IPO (*Cont'd*)

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation when tendering for new construction projects and to retain and attract new, skilled employees from the construction industry;
- (c) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) Our pro forma NA per Share as at 31 December 2020 after Acquisitions, IPO and utilisation of proceeds of RM0.18, calculated based on our pro forma NA after Acquisitions, IPO and utilisation of proceeds as at 31 December 2020 of approximately RM113.68 million and enlarged share capital of 643,822,000 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of approximately 12.61 times based on our EPS of approximately 2.22 sen for FYE 2020, calculated based on our PAT attributable to owners of our Company for FYE 2020 of RM14.30 million and enlarged share capital of 643,822,000 Shares upon Listing;
- (c) Our historical financial track record as follows:

	FYE 2017	FYE 2018	FYE 2019	FYE 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	190,857	217,764	422,786	344,479
GP	17,584	27,334	37,876	33,283
PAT attributable to owners of our Company	5,483	7,455	14,587	14,301

- (d) Our competitive strengths as set out in Section 7.15; and
- (e) Our business strategies and prospects as set out in Section 7.16.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4. DETAILS OF OUR IPO (*Cont'd*)

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 643,822,000 Shares upon Listing, our total market capitalisation will be RM180.27 million.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.28
Pro forma NA per Share as at 31 December 2020 after Acquisitions and before IPO	0.15
Pro forma NA per Share as at 31 December 2020 after Acquisitions, IPO and utilisation of proceeds	0.18
Increase in pro forma NA per Share attributable to existing shareholders	0.03
Dilution in pro forma NA per Share to our new public investors	0.10
Dilution in pro forma NA per Share as a percentage of our IPO Price	35.7%

Further details of our pro forma NA per Share as at 31 December 2020 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	⁽¹⁾ No. of Shares received	Total consideration	Average effective cost per Share
		RM'000	RM
Datuk Ir. Dr. Lim	413,565,558	49,628	0.12
Ong Yong Chuan	69,301,042	8,316	0.12
	482,866,600	57,944	

Note:

⁽¹⁾ Issued under the Acquisitions and includes the 100 subscriber shares issued upon the incorporation of our Company and 667 Shares issued for cash to Datuk Ir. Dr. Lim.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisitions or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4. DETAILS OF OUR IPO (Cont'd)**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM45.07 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
Establish IBS facility for our building division	(a)	6,000	13.3	Within 24 months
Acquire machineries and equipment for our business expansion in the civil engineering and infrastructure division	(b)	6,615	14.7	Within 24 months
Upgrade software and systems	(c)	1,000	2.2	Within 12 months
Repayment of bank borrowings	(d)	16,500	36.6	Within 3 months
Working capital	(e)	10,953	24.3	Within 12 months
Estimated listing expenses	(f)	4,000	8.9	Within 1 month
Total		45,068	100.0	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

Notes:

⁽¹⁾ From the date of Listing.

(a) Establish IBS facility for our building division

We have allocated RM6.00 million to establish our own IBS facility by setting up an on-site casting yard to produce hollow core slabs, half slabs and precast bathroom units in a suitable project site. We will need to purchase the following machineries for this purpose:

Type of machinery and equipment	Usage	Purchase quantity	Total cost RM'000
Hollow core plant - extruder	The main equipment used to produce hollow core slabs, half slabs and precast bathroom	1	2,000
Concrete batching plant	To produce concrete	1	1,000
Casting base	The casting mould used in the production of the hollow core slabs	4	700
Base mould	The casting mould used in the production of half slabs	1	250
Mould for precast bathroom unit	The mould used in the production of precast bathroom units	4	400

4. DETAILS OF OUR IPO (Cont'd)

Type of machinery and equipment	Usage	Purchase quantity	Total cost
Semi portal gantry crane	Lifting and handling of hollow core slabs	2	400
Related accessories	Various miscellaneous items such as cables, wires, lifting equipment, blade saws, magnetic slide former slab transportation equipment and covering equipment, to be used in the production of hollow core slabs, half slabs and precast bathroom units	-	1,250
			6,000

All the above machineries and equipment will be purchased locally and will be utilised for our future projects.

Our Group has been using aluminium formwork system, which is an on-site casting IBS that uses aluminium formwork for multi-storied buildings. This system has been adopted in the typical tower floors of all of our high-rise building construction projects.

Moving forward, the IBS facility that we plan to establish is to produce precast products i.e. hollow core slabs, half slabs and precast bathroom units. These precast products will be used to supplement the aluminium formwork system that we currently use.

Precast hollow core slabs can be used as concrete flooring for parking podium to expedite the construction of parking podium as they can be installed quickly and safely on-site in variable weather conditions, thus reducing the time required to construct the parking podium by approximately 40% compared to conventional beam slabs. Other than faster construction time, the use of precast hollow core slabs also reduces dependency of on-site labour. Additionally, precast hollow core slabs also have higher fire resistance quality, better insulation and thermal properties as compared to conventional beam slabs.

Precast half slabs and precast bathroom units can be used for tower blocks. The advantage of using these precast products is that the construction of the bathroom can be done simultaneously with the construction of the building, which will result in faster construction time. In addition, the precast bathroom unit is constructed as an entire self-contained unit which results in better waterproofing compared with the traditional method of construction.

The core products of our IBS setup comprising precast hollow core slab, half slabs and precast bathroom units will ensure continuity of production process for our casting yard as these precast products will be used at different stages of construction, i.e. precast hollow core slabs are used for constructing parking podium while half slabs and precast bathroom units are used during the tower construction stage.

4. DETAILS OF OUR IPO (Cont'd)

Generally, such precast products are produced off-site at designated casting yard and delivered to the project site for installation. The on-site casting yard is expected to provide savings in terms of supply chain costs as we are able to reduce transportation costs from external off-site casting yard. Depending on the distance between the off-site casting yard to the project site, the average transportation costs within Klang Valley for precast hollow core slab is approximately RM7 per square metre, which represents approximately 11% of the total purchase price of the precast hollow core slab. As such, having an on-site casting yard for precast products will result in savings of at least 10% in transportation costs whilst reducing the construction time.

In addition, the machineries acquired for such casting/ fabrication process can be redeployed to other project sites in the future. Please refer to Section 7.16.1 for further details. We do not expect any potential disruptions from the ongoing Covid-19 and MCO on our future plan to establish the IBS facility as the machineries and equipment required will be purchased locally, and we have allocated 24 months from our Listing Date to implement this plan. However, the exact timing of such purchase will depend on the final acceptance of our IBS proposal by one of our major clients. Our on-site casting yard will be set up on an identified section of their 61 acres land which has been earmarked for a mixed township development, spanning 10 to 12 years from 2020 and with estimated gross development value of RM9 billion. As at LPD, we have 6 ongoing contracts with the said client within the vicinity of this mixed township development.

We have presented our IBS proposal to the said client and the proposal has been evaluated by the said client's consulting engineer. We have also received promising outcome from the technical discussions held with them. Based on further discussions with the said client, the development project which will be utilising the IBS method is currently in the design stage and is expected to be launched in early 2022. As such, the final acceptance of our IBS proposal is expected by fourth quarter 2021.

We have obtained quotations for the purchase of new machineries and equipment, and we have also been sourcing for the above used and/or pre-owned machineries and equipment and obtaining quotation for the cost to repair and make good such pre-owned machineries and equipment. As we have already undertaken planning work to set up the IBS facility, we expect our on-site casting yard to be operational no later than 24 months from the Listing Date.

If the actual cost exceeds the amount allocated, the deficit will be funded from our internally-generated funds and/or bank borrowings. The RM6.00 million allocated is the estimated costs to set up our IBS facility, if there are any excess, the excess will be reallocated to our working capital.

(b) Acquire machineries and equipment for our business expansion in the civil engineering and infrastructure division

We intend to utilise RM6.62 million of the proceeds to purchase various machineries and equipment to support our business expansion for the civil engineering and infrastructure segment. We have taken into consideration our scope of work for our ongoing civil engineering and infrastructure projects as well as our order book and tender book in determining the following machineries and equipment to be purchased.

All the following machineries and equipment will be purchased locally.

4. DETAILS OF OUR IPO (Cont'd)

Type of machinery and equipment	Usage	Purchase quantity	Total cost
			RM'000
Excavator	Digging of trenches, holes, foundations and handling of soil and rocks	3	2,067
Off road dump trucks and off road mining dump trucks	To transport large volumes of loose materials such as sand, gravel or demolition waste in the construction sites	15	4,548
			6,615

As at LPD, our current fleet of machinery and equipment is insufficient to serve our ongoing projects and we have been renting machinery and equipment on periodic basis. The machineries and equipment to be purchased will be used for our ongoing projects and reduce our dependency on rented machinery and equipment.

Moreover as at LPD, we have 40 tenders for civil engineering and infrastructure projects across Malaysia with a total tender sum of RM1,880.39 million, which are still pending decision from client. These tendered projects, if awarded to us, will further increase the usage of our machinery and equipment. Please refer to Section 7.16.2(c) for further details on our expansion plans into civil engineering and infrastructure projects.

We do not expect any potential disruptions from the ongoing Covid-19 and MCO on our plans to acquire these machineries and equipment as they will be purchased locally, and it will be used for our ongoing projects. We have allocated 24 months from our Listing Date to purchase it.

If the actual cost of the capital expenditure exceeds the amount allocated, the deficit will be funded from our internally-generated funds and/or bank borrowings. The RM6.62 million allocated is the estimated costs for the purchase of the above machineries and equipment for our civil engineering and infrastructure segment, if there are any excess, the excess will be reallocated to our working capital.

(c) Upgrade software and systems

We have allocated RM1.00 million to upgrade our software and systems. Our current back office systems such as accounting system, purchasing system are not integrated. We intend to upgrade to an integrated resource planning system to facilitate our business expansion. The integrated resource planning system will enable us to streamline our processes, eliminate redundant process through automation, centralised our data and improve planning and reporting work.

(d) Repayment of bank borrowings

We have allocated RM16.50 million to partially repay our bank borrowings in the following priority:

- (i) RM7.00 million to repay our factoring facility from AmBank (M) Berhad. As at LPD, the outstanding amount of this facility was RM10.48 million. Such facility was previously taken for the Scarletz Project. We decided to repay this facility as the Scarletz Project will be completing in November 2021 and it also carries a higher interest rate as compared to our other banking facilities; and

4. DETAILS OF OUR IPO (Cont'd)

- (ii) RM9.50 million will be used to reduce our overdraft balances from OCBC Bank (Malaysia) Berhad and United Overseas Bank (Malaysia) Bhd. As at LPD, our outstanding overdraft from the OCBC Bank (Malaysia) Berhad and United Overseas Bank (Malaysia) Bhd amounts to RM14.92 million and RM7.88 million respectively. This facility was previously taken to finance our working capital. We decided to repay these balances to reduce our financing cost.

Based on the above, the expected annual interest savings is approximately RM1.08 million based on the interest rate of 6.5% per annum and 6.6%-6.7% per annum for the factoring facility and overdraft balances respectively. However, the actual interest savings may vary depending on the then applicable interest rate.

(e) Working capital

A total of RM10.95 million will be used to supplement our general working capital requirements. The proposed allocations of the proceeds are set out below:

Working capital	RM'000
Payment to subcontractors and suppliers for purchase of building materials	8,000
Maintenance costs and purchase of consumables and spare parts for construction machinery and equipment	2,953
	10,953

Subcontractors cost and purchase of building materials are our largest cost of sales item (collectively contributing between 80.7% to 85.7% in FYE 2017 to FYE 2020) and as such, we have allocated more than half of the proceeds earmarked for working capital requirements to pay our subcontractors and suppliers.

The allocation of proceeds for our working capital requirements will reduce our dependency on external financing and allow us to undertake more construction projects concurrently. Please refer to Section 7.16.2 for further details.

(f) Estimated listing expenses

An amount of RM4.0 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	2,511
Fees payable to authorities	16
Underwriting, placement and brokerage fees	1,290
Printing, advertising fees and contingencies ⁽²⁾	183
	4,000

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

4. DETAILS OF OUR IPO (Cont'd)

If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

4.9.2 Offer for Sale

The Offer for Sale will raise gross proceeds of approximately RM9.01 million which will accrue entirely to our Selling Shareholders.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.10.2 Placement fees

Our Placement Agent will place out a total of 96,571,400 Issue Shares and 32,192,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be borne entirely by the Selling Shareholders.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 64,384,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 64,384,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.4.

The salient terms in the Underwriting Agreement are as follows:

Conditions precedent

1.1 The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("**Conditions Precedent**"):

- (a) The acceptance of the listing proposal from Bursa Securities, the clearance of registrable Prospectus from SC and the lodgement of registrable Prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of the Prospectus to the public;

4. DETAILS OF OUR IPO (Cont'd)

- (b) The issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date thereof or such extension as consented by the Underwriter;
- (c) There having been, as at any time thereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;
- (d) The issue, offer and subscription of the Issue Shares in accordance with the provisions thereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
- (e) All necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
- (f) The Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (g) The delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Directors and our shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph 1.1(c);
- (h) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
- (i) The Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market without undue delay.

4. DETAILS OF OUR IPO (Cont'd)

- 1.2 In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

Termination

- 1.3 Notwithstanding anything herein contained, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
- (a) There is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares; or
 - (b) There is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or
 - (c) There shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group; or
 - (d) There shall have occurred, happened or come into effect any of the following circumstances:
 - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

4. DETAILS OF OUR IPO (*Cont'd*)

- (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (iii) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the allotment of the Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
 - (iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
 - (e) There is failure on the part of our Company to perform any of their respective obligations herein contained; or
 - (f) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
 - (g) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.
- 1.4 Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of our obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and our undertaking to indemnify the Underwriter.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

4. DETAILS OF OUR IPO (*Cont'd*)

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Central Depositories Act and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

	⁽¹⁾ Before IPO			⁽²⁾⁽³⁾ After IPO		
	Direct	Indirect		Direct	Indirect	
Name	Nationality	No. of Shares	%	No. of Shares	No. of Shares	%
Datuk Ir. Dr. Lim	Malaysian	413,565,558	85.6	-	385,993,758	60.0
Ong Yong Chuan	Malaysian	69,301,042	14.4	-	64,680,842	10.0
					⁽⁴⁾ 300,000	0.05

Notes:

- (1) After completion of Acquisitions but before Public Issue and Offer for Sale.
- (2) After Public Issue and Offer for Sale.
- (3) Based on enlarged share capital of 643,822,000 Shares after IPO.
- (4) Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Act and assuming his spouse will fully subscribe for her entitlements under the Pink Form Allocations.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

5.1.2 Profiles of Promoters and/or substantial shareholders

The profiles of our Promoters who are also our Executive Directors are set out in Section 5.2.2.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation are as follows:

Name	As at incorporation			⁽¹⁾ After Acquisitions			⁽²⁾⁽³⁾ After IPO			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Datuk Ir. Dr. Lim	100	100.0	-	413,565,558	85.6	-	-	385,993,758	60.0	-
Ong Yong Chuan	-	-	-	69,301,042	14.4	-	-	64,680,842	10.0	⁽⁴⁾ 300,000
										0.05

Notes:

- ⁽¹⁾ After completion of Acquisitions but before Public Issue and Offer for Sale.
- ⁽²⁾ After Public Issue and Offer for Sale.
- ⁽³⁾ Based on enlarged share capital of 643,822,000 Shares after IPO.
- ⁽⁴⁾ Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Act and assuming his spouse will fully subscribe for her entitlements under the Pink Form Allocations.

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	⁽¹⁾ Before IPO			⁽²⁾⁽³⁾ After IPO		
		Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
Mohd Noor bin Setapa	Independent Non- Executive Chairman/ Malaysian	-	-	-	500,000	0.1	-
Datuk Ir. Dr. Lim	Group Managing Director/ Malaysian	413,565,558	85.6	-	385,993,758	60.0	-
Ong Yong Chuan	Executive Director/ Malaysian	69,301,042	14.4	-	64,680,842	10.0	⁽⁴⁾ 300,000
Lim Joo Seng	Finance Director/ Malaysian	-	-	-	2,000,000	0.3	-
Nor Azzam bin Abdul Jalil	Independent Non- Executive Director/ Malaysian	-	-	-	500,000	0.1	-
Yeoh Sheong Lee	Independent Non- Executive Director/ Malaysian	-	-	-	500,000	0.1	-

Notes:

- ⁽¹⁾ After completion of Acquisitions but before Public Issue and Offer for Sale.
⁽²⁾ After Public Issue and Offer for Sale.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (3) Based on enlarged share capital of 643,822,000 Shares after IPO and assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.
- (4) Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Act and assuming his spouse will fully subscribe for her entitlements under the Pink Form Allocations.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

Mohd Noor bin Setapa, a Malaysian male aged 57, is our Independent Non-Executive Chairman. He was appointed to our Board on 15 April 2021. He is a member of our Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee.

In 1986, he obtained a Quantity Surveying Diploma from Universiti Teknologi Malaysia. He graduated with a Bachelor of Science in Quantity Surveying from the Glasgow Caledonian University, Scotland in 1999. He subsequently obtained a Master of Science in Management from the Robert Gordon University, Scotland in 2007.

Upon obtaining his diploma in 1986, he began his career as a Quantity Surveyor with Coastal Resources Sdn Bhd where he was involved in the preparation and completion of tender submissions and contract documents. In 1988, he was promoted to Project Manager where he was responsible for monitoring and managing construction site activities.

He left the Coastal Resources Sdn Bhd in 1992 and subsequently established Benteng Dunia Sdn Bhd and served as its Managing Director where he was responsible for daily operations, charting business strategies and its corporate development. The company was involved in the provision of construction services, such as the KTM double tracking project from Tanjong Pagar, Singapore to Kulai, Johor, via a joint venture with two other companies. In 1997, he exited Benteng Dunia Sdn Bhd as Managing Director and shareholder. He then left for Scotland in 1998 to further his studies full time.

Upon finishing his degree in 1999, he began to provide oil and gas related advisory work on a freelance basis from 2000 to 2005. In 2006, he enrolled in a masters programme, where he studied full time before graduating in 2007. From 2008 to 2012, he continued to provide oil and gas related advisory work on a freelance basis.

In 2013, he joined Metra LLC as its Chief Executive Officer, a company in Oman which is involved in asset integrity (such as management and maintenance of corporate assets) for companies operating in the oil and gas industry. He was responsible for the overall implementation of the company's strategic plans as well as the overall planning and business development activities. He left the company in 2019.

He currently sits on the board of directors of several private companies.

Datuk Ir. Dr. Lim Jee Gin, a Malaysian male aged 47, is our Group Managing Director. He was the first Director of our Company since inception. He is a member of our Risk Management Committee. He is responsible for charting our business strategies and managing our corporate development.

He obtained his Bachelor of Engineering (Civil) (Hons) and Master of Science (Project Management) from Universiti Putra Malaysia in 1999 and 2003 respectively. In 2016, he completed his Doctor of Philosophy (Business Administration) from City University of Science and Technology, Malaysia. For his Master of Science and Doctor of Philosophy, both his thesis were focused on IBS, i.e. "Important criteria for IBS from the perspective of major project participants" and "Appropriate strategic management approaches for enhancing project performance through adoption of the IBS in the Malaysian construction sector". He is a registered Professional Engineer with Practising Certificate (P. Eng) since 2006, a Corporate Member of the Institution of Engineers Malaysia (MIEM) since 2006 and a Chartered Fellow of The Chartered Association of Building Engineers, UK since 2020.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Upon graduation in 1999, he began his career as a Project Engineer with Sunway PMI-Pile Construction Sdn Bhd, where he was responsible for implementing quality management system while coordinating and supervising construction activities. He was transferred to Sunway Precast Industries Sdn Bhd as Project Engineer in May 2000 and was involved in pre-construction and planning activities from the initial design stage up to site implementation. During his tenure with the Sunway group of companies, he was involved in the construction of government quarters for teachers using full IBS method and was also involved in scheduling of the precast components' plant production output, manpower and logistics to the project sites.

He left Sunway Precast Industries Sdn Bhd to join Rekabina Jaya Sdn Bhd in October 2000 as a Project Engineer, where he participated in various construction projects ranging from civil engineering to building construction works. During his tenure there, he was responsible for project bids and tender submission, project planning and scheduling, preparation of project documents as well as liaising with relevant authorities, customers, project consultants and subcontractors.

He left in 2003 to join ABV Builders Sdn Bhd as a Construction Manager where he was responsible for the overall planning and coordination of construction activities as well as contract administration and execution of building and infrastructure construction projects. He left to join Nagano Holdings Sdn Bhd in 2004 as a Project Director and was responsible for the management of construction activities on project sites, including the planning and coordinating of project activities. He subsequently joined Nestcon Infra in 2009 as a 10% shareholder and served as a Director of the company, where he played an instrumental role in managing the business development and strategies of the company while overseeing its daily operations. He subsequently increased his shareholdings in the company to 51% in 2016 and was appointed as Managing Director of the company. He acquired the remaining 49% equity interest in Nestcon Infra in 2019.

In 2013, he co-founded Nestcon Builders to venture into the provision of building construction services. Since then, he has successfully completed a number of civil engineering, infrastructure and building construction projects in our Group.

Ong Yong Chuan, a Malaysian male aged 46, is our Executive Director. He was the first Director of our Company since inception. He is responsible for the overall implementation of our Group's strategic plans as well as the overall planning and business development activities of our Group's building construction projects. He graduated with a Bachelor of Engineering (Civil) (Hons) from Universiti Putra Malaysia in 1999.

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

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

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2013, he co-founded Nestcon Builders to venture into the provision of building construction services. In 2014, he left Baxtium Construction Sdn Bhd and joined Nestcon Builders as a Director where he is responsible for Nestcon Builders' business strategies and business development activities. He also oversees the company's building construction projects.

Lim Joo Seng, a Malaysian female aged 47, is our Finance Director. She was appointed to our Board on 26 August 2020. She is responsible for our Group's financial functions, which include financial planning, review and reporting. She graduated from Macquarie University in Sydney, Australia with a Bachelor of Commerce (Accounting) in 1998. She is a member of the Certified Public Accountants of Australia and the Malaysian Institute of Accountants, both since 2003.

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

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

In 2017, she left XinRen Aluminium Holdings Limited and has since been providing financial advisory work on a freelance basis. She was appointed as an Independent Non-Executive Director of Nexion Technologies Limited, a company listed on the Hong Kong Stock Exchange in 2017. She joined our Group in her current position in December 2019.

Nor Azzam bin Abdul Jalil, a Malaysian male aged 56, is our Independent Non-Executive Director. He was appointed to our Board on 26 August 2020, and is also the Chairman of our Remuneration Committee and Nominating Committee. He is also a member of our Audit Committee and Risk Management Committee.

He graduated with a Bachelor of Business Administration (Finance) from George Washington University, USA in 1987. Upon his graduation, he was employed as an Executive Trainee by Bank of Commerce (M) Berhad. In 1991, he was promoted as Assistant Vice President responsible for managing the bank's Nostro accounts. In 1993, he moved to the corporate banking department as a Credit Officer and was promoted to Head of Japanese Desk in 1995.

In 1999, after the merger of Bank of Commerce (M) Berhad and Bank Bumiputra Malaysia Berhad to Bumiputra-Commerce Bank Berhad, he was redesignated as Business Center Manager where he was responsible to set-up and manage a business center in Klang Valley. In 2000, he was seconded to Tokyo, Japan branch of Bumiputra-Commerce Bank Berhad as General Manager to manage the day-to-day operations of the branch.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

He returned to Malaysia in 2005 to be Chief Executive Officer of Commerce Tjari Bank Berhad and was transferred to CIMB Bank Berhad as Regional Director IV (responsible for the South Selangor and Negeri Sembilan branches) in 2006. He was subsequently promoted to Senior Vice President/Regional Director I (responsible for the Kuala Lumpur branches) in 2010. He remained with the CIMB group and was promoted several times before leaving CIMB Bank Berhad in 2016. His last position with the bank was Acting Head of Consumer Sales and Distribution, responsible for driving retail banking and enterprise banking businesses. He joined Kuwait Finance House (Malaysia) Berhad in the same year as Deputy Chief Executive Officer, where he was responsible for assisting in driving the overall strategic direction of the bank's business.

In 2017, he left Kuwait Finance House (Malaysia) Berhad to join his family business, Voxel Imaging Sdn Bhd, a visual effects and production company for film and television as well as end-to-end production for corporate and commercial clients. He currently manages the financial and investment aspects of the company.

He is currently Independent Non-Executive Chairman of 2 public listed companies, namely Revenue Group Berhad and Ocean Vantage Holdings Berhad. He also holds directorship in private limited company.

Yeoh Sheong Lee, a Malaysian male aged 47, is our Independent Non-Executive Director. He was appointed to our Board on 26 August 2020 and serves as Chairman of our Audit Committee and Risk Management Committee. He is also a member of our Remuneration Committee and Nominating Committee.

He graduated with a Bachelor of Business from Swinburne University of Technology in Melbourne, Australia in 1997. He is a member of the Certified Public Accountants of Australia since 2001, member of Malaysian Institute of Accountants since 2003 and obtained his practicing certificate from Malaysian Institute of Accountants since 2011 as well as his audit license since 2012.

He began his career with Ernst & Young in the Audit Department in 1998 where he was involved in statutory audits for clients in various industries as well as in special assignments relating to financial due diligence, limited review and profit forecast. He left and joined Chew & Associates, a public accounting firm, in 2004 as an Assurance and Advisory Director where he was responsible for leading, managing and coordinating audit, accounting and tax engagements with clients from various industries. He was subsequently made a partner of the firm in 2012 and is now the Head of Audit and Advisory Department in the firm.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Mohd Noor bin Setapa

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u> Mtrans Logistics & Transportation Solutions Sdn Bhd	Management consultancy activities, information technology service, activities and service activities incidental to land transportation	Non-Executive Director	22 May 2017	-	95.0	-
Terbitalam Sdn Bhd	Dormant, there is no future plan for the company	Non-Executive Director	7 November 1994	-	40.0	(1)60.0
Digital Integrity Inspection Master Sdn Bhd	Assets and portfolio management, activities of consultants other than architecture, engineering and management consultants	Non-Executive Director	5 October 2018	-	95.0	-
<u>Past involvement</u> Yusri Maju Sdn Bhd	Construction and engineering services, logistic supplier and distribution of petroleum products	Non-Executive Director	12 April 2020	28 September 2020	-	-
T7 Global Berhad	Investment holding company involved in the provision of support services to the oil and gas companies	Independent and Non-Executive Director	3 April 2019	30 June 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Bumikomniaga (M) Sdn Bhd	Civil construction and logistic supplier	Non-Executive Director	3 October 2018	20 December 2019	-	-

Note:

(1) Deemed interested by virtue of the shareholdings of his siblings pursuant to Section 8 of the Act.

(b) Datuk Ir. Dr. Lim

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Present involvement Picoland Sdn Bhd	Property development	Non-Executive Director	10 April 2019	-	60.0	-
Midasdes Sdn Bhd	Property development	Non-Executive Director	28 June 2018	-	10.0	-
Nescaya EZ Scheme Sdn Bhd (formerly known as Nestcon Gemilang Sdn Bhd)	Money lending service	Non-Executive Director	15 September 2017	-	50.0	-
Nestcity Jaya Sdn Bhd (formerly known as Nestcon Jaya Sdn Bhd)	Investment holding but yet to commence business	Non-Executive Director	19 June 2017	-	60.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Nestcity Cemerlang Sdn Bhd (formerly known as Nestcon Cemerlang Sdn Bhd)	Property development	Non-Executive Director	19 June 2017	-	50.0	-
Nestcity Development Sdn Bhd (formerly known as Nestcon Development Sdn Bhd)	Property development	Non-Executive Director	27 April 2016	-	60.0	-
Nestcity Property Sdn Bhd (formerly known as Nestcon Holdings Sdn Bhd)	Property development	Non-Executive Director	3 March 2016	-	60.0	-
Nagano Development Sdn Bhd	Property development	Non-Executive Director	15 August 2005	3 September 2020	43.3	-
Jurutera Perunding Pesona Rekabina Sdn Bhd	Civil and structural engineering consultancy services	Non-Executive Director	25 November 2014	-	(1)70.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Past involvement						
Watch & You Sdn Bhd	Retail sale and repair of watches, clocks and its parts	Non-Executive Director	8 June 2016	23 July 2019	-	-
Dekairos Sdn Bhd	Retail sale and repair of watches, clocks and its parts	Non-Executive Director	17 October 2018	30 April 2019	-	-
Jurutera Perunding Alphareka Sdn Bhd	Civil and structural engineering consultancy services	Non-Executive Director	15 December 2010	9 January 2017	-	-
Nagano Holdings Sdn Bhd	Civil engineering and infrastructure works	Non-Executive Director	15 December 2004	7 February 2017	-	-
Perunding Ajjava Sdn Bhd	Civil and structural engineering consultancy services	Non-Executive Director	3 January 2018	21 May 2020	-	-
EPSB Ultraco Nagano JV Sdn Bhd	Project management services	Non-Executive Director	17 July 2017	12 February 2020	-	-
Nescaya Etika Sdn Bhd (formerly known as Nestcon Engineering Sdn Bhd)	Construction of buildings	Non-Executive Director	3 March 2016	9 September 2020	-	-
Nestcon Hailong Sdn Bhd	Dissolved on 24 December 2020. Previously involved in assembling and erecting of prefabricated constructions and hiring of machineries	Non-Executive Director	16 November 2017	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Note:

(1) In the midst of disposing 30.0% shareholdings to a third party. As at LPD, the transfer of shares is yet to be effected.

(c) Ong Yong Chuan

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Present involvement Super Bolt Hardware Sdn Bhd	Trading in hardware and machinery	Non-Executive Director	25 October 2010	-	25.0	(3)75.0
Pembinaan Memang Cekap Sdn Bhd ⁽¹⁾	Contractor for general construction	Non-Executive Director	10 October 2011	-	51.0	-
BTH Technologies Sdn Bhd ⁽¹⁾	Precast contracting business, property investment and general trading	Non-Executive Director	4 March 2011	13 March 2014	30.0	-
Baxtium Construction Sdn Bhd ⁽²⁾	Contracting business and general trading	Non-Executive Director	28 November 2008	13 March 2014	20.0	-
Binacon Ye Construction	Ceased operations	Partner	14 September 2005	-	-	-

Past involvement

Nil

Notes:

(1) In the midst of strike-off.

(2) Ong Yong Chuan had agreed vide a settlement agreement to dispose all his shares in the company to a third party and to resign as director of the company. As at LPD, the transfer of shares is yet to be completed/effected.

(3) Deemed interested by virtue of the shareholdings of his siblings and sister-in-law pursuant to Section 8 of the Act.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(d) Lim Joo Seng	Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
						Direct	Indirect
	Present involvement Nexion Technologies Limited	Information communication technology solutions provider focusing on cyber infrastructure and cyber security solutions	Independent Non-Executive Director	31 May 2017	-	-	-
	Lynkmax Pte Ltd	Dormant, intended for the development of software and programming activities; IT consultancy	Non-Executive Director	13 December 2019	-	-	-

Past involvement

Nil

(e) Nor Azzam bin Abdul Jalil

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Present involvement Voxel Communications Sdn Bhd	Media content production	Executive Director	18 February 2019	-	-	-
Voxel Imaging Sdn Bhd	Media content production	Executive Director	30 November 2018	-	-	-
Revenue Group Berhad	Investment holding company involved in the provision of cashless payment solutions	Independent Non-Executive Chairman	1 December 2017	-	0.1	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Ocean Vantage Holdings Berhad	Investment holding company involved in the provision of support services to the oil and gas companies	Independent Non-Executive Chairman	14 August 2019	-	< 0.1	-
Past involvement						
Sunway South Quay Sdn Bhd	Real estate developer	Non-Independent Non-Executive Director	25 July 2016	8 February 2017	-	-
Flora Bliss Property Development Sdn Bhd	Acquiring, dealing and trading in real property	Non-Independent Non-Executive Director	25 July 2016	8 February 2017	-	-
Principal Asset Management Berhad	Investment management company	Non-Independent Non-Executive Director	4 December 2013	26 May 2016	-	-
(f) Yeoh Sheong Lee						
Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
Present involvement						
Excels Sdn Bhd	Property investment	Executive Director	8 December 2017	-	50.0	-
Sierra Esa Sdn Bhd	Property investment	Executive Director	1 October 2010	-	25.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Yeoh Eng Cheang Company Sdn Bhd	Cultivation of oil palms	Non-Executive Director	19 September 2020	-	1.2	-
Access Plantation Sdn Bhd	Investment holding and cultivation of oil palms	Non-Executive Director	29 September 2009	-	3.3	-
C & A Corporate Solutions Sdn Bhd	Investment holding and provision of corporate advisory services	Executive Director	30 December 2008	-	25.0	-
Setiawalk Commerce Sdn Bhd	Property investment	Executive Director	21 July 2008	-	20.0	-
C & A Tax Consultants Sdn Bhd	Provision of tax consultation and related services	Executive Director	1 July 2008	-	25.0	-
Qirin Holdings Sdn Bhd	Property investment	Executive Director	24 February 1996	-	26.2	-
Chew and Associates	Audit & tax services, consultancy and accounting services	Partner	1 July 2012	-	Not applicable	Not applicable
Bukit Kretam Sdn Bhd	Cultivation of oil palms	Non-Executive Director	19 September 2020	-	-	-

Past involvement

Nil

As at LPD, the directorships of our Directors in other companies are in compliance with the Listing Requirements.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Save as disclosed in Section 11, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.4 Directors remuneration and benefits

The remuneration of our Executive Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2020 and FYE 2021 are as follows:

	RM'000					Total
	Directors' fees	Salaries	(1) Bonuses	Other emolument	Benefits-in-kind	
FYE 2020						
Datuk Ir. Dr. Lim	-	742	-	93	17	852
Ong Yong Chuan	-	390	-	62	24	476
Lim Joo Seng	-	300	-	37	-	337
Nor Azzam bin Abdul Jalil	12	-	-	1	-	13
Yeoh Sheong Lee	12	-	-	1	-	13
Proposed for FYE 2021						
Mohd Noor bin Setapa	38	-	-	4	-	42
Datuk Ir. Dr. Lim	-	742	-	91	17	850
Ong Yong Chuan	-	460	-	56	24	540
Lim Joo Seng	-	300	-	37	-	337
Nor Azzam bin Abdul Jalil	42	-	-	4	-	46
Yeoh Sheong Lee	42	-	-	4	-	46

Note:

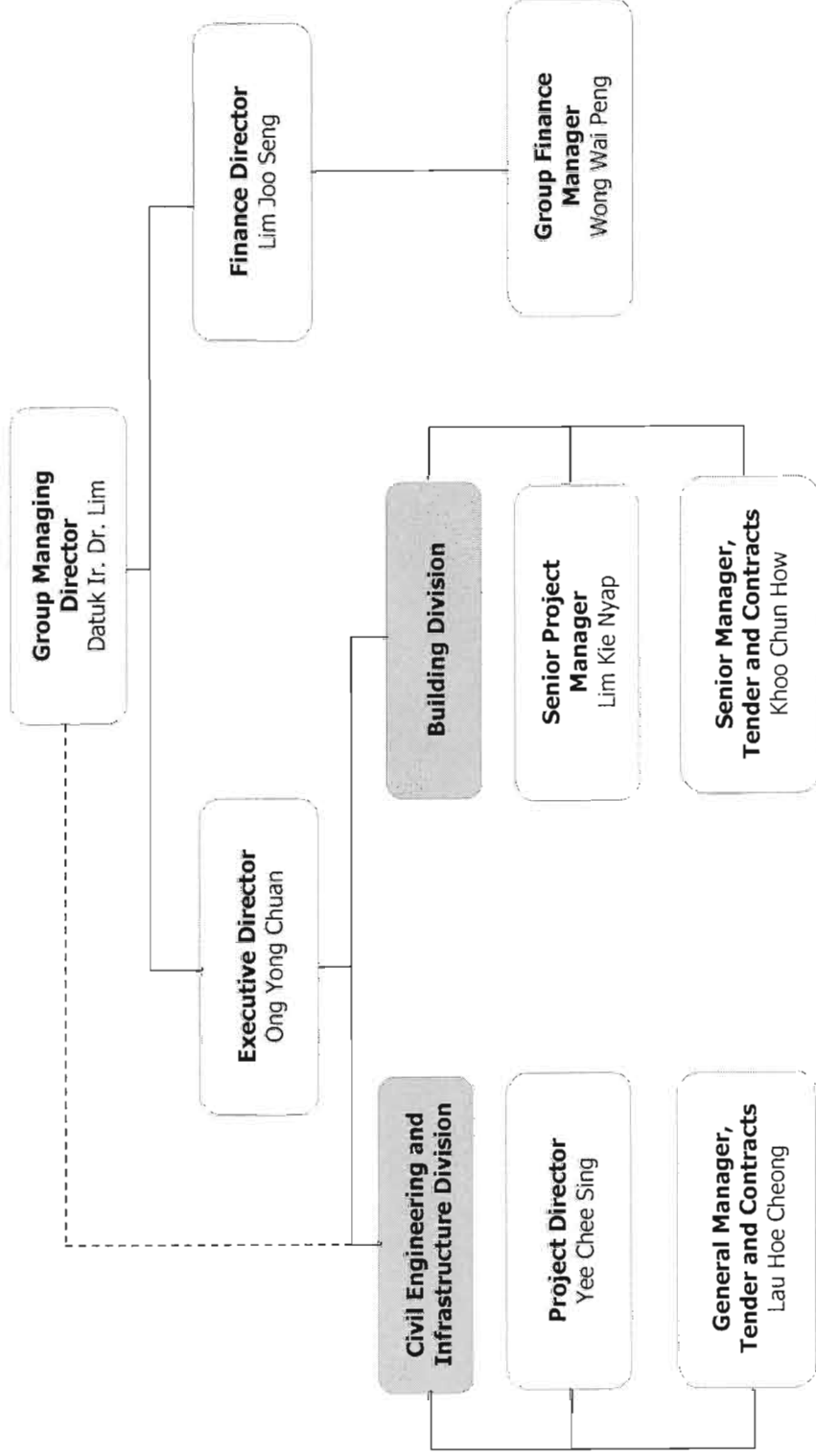
(1) The bonuses for FYE 2021 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	⁽¹⁾ Before IPO			⁽²⁾⁽³⁾ After IPO				
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Ir. Dr. Lim	Group Managing Director/ Malaysian	413,565,558	85.6	-	-	385,993,758	60.0	-	-
Ong Yong Chuan	Executive Director/ Malaysian	69,301,042	14.4	-	-	64,680,842	10.0	(4)300,000	0.05
Lim Joo Seng	Finance Director / Malaysian	-	-	-	-	2,000,000	0.3	-	-
Yee Chee Sing	Project Director/ Malaysian	-	-	-	-	1,000,000	0.2	-	-
Lau Hoe Cheong	General Manager of Tender and Contracts/ Malaysian	-	-	-	-	1,000,000	0.2	-	-
Khoo Chun How	Senior Manager of Tender and Contracts/ Malaysian	-	-	-	-	1,000,000	0.2	-	-
Lim Kie Nyap	Senior Project Manager/ Malaysian	-	-	-	-	1,000,000	0.2	-	-
Wong Wai Peng	Group Finance Manager/ Malaysian	-	-	-	-	1,000,000	0.2	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Notes:

- (1) After completion of Acquisitions but before Public Issue and Offer for Sale.
- (2) After Public Issue and Offer for Sale.
- (3) Based on enlarged share capital of 643,822,000 Shares after IPO.
- (4) Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Act and assuming his spouse will fully subscribe for her entitlements under the Pink Form Allocations.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.3.3 Profiles of key senior management

Save for the profiles of Datuk Ir. Dr. Lim, Ong Yong Chuan and Lim Joo Seng, which are set out in Section 5.2.2, the profiles of the other key senior management of our Group are as follows:

Yee Chee Sing, a Malaysian male aged 40, is Project Director in our Civil Engineering and Infrastructure Division. He is primarily responsible for the planning, coordination, and management of our civil engineering and infrastructure constructions activities. He is also responsible for the implementation of our management systems on project sites. He graduated from Universiti Malaya with a Bachelor of Engineering (Civil) (Hons) in 2006.

He began his career in 2006, as a Project Engineer with Mudajaya Corporation Berhad where he was involved in overseeing and coordinating site activities which include material delivery and quality control to ensure it is in accordance with project specifications. He left in 2009 to join Putra Perdana Construction Sdn Bhd as a Site Engineer. His responsibilities with the company include preparation of periodic work programmes as well as liaising and corresponding with clients and other parties in the company's projects.

In 2012, he left and joined Nagano Holdings Sdn Bhd as a Project Manager where he was involved in the planning and coordination of construction activities. He was also involved in contract administration and execution, as well as the implementation of quality systems on project sites. He left to join Nestcon Infra as a Project Director in 2017.

Lau Hoe Cheong, a Malaysian male aged 46, is the General Manager of Tender and Contracts in our Civil Engineering and Infrastructure Division. He is responsible for overseeing the tendering and implementation of contract to ensure projects are carried out in accordance with our policies and procedures. He graduated from Universiti Sains Malaysia with a Bachelor of Science (Housing, Building and Planning) (Hons) in Construction Management in 1999.

He began his career in 1999 as a Junior Quantity Surveyor with Geahin Engineering Sdn Bhd where he was involved in the preparation of progress reports, material ordering as well as preparation of tender submissions. He left in 2000 to join Sincere Concept (M) Sdn Bhd as a Quantity Surveyor where he was involved in the preparation and completion of tender submissions and contract documents, and processing of payment applications. He left in 2001 and joined Project Bumi Bina Sdn Bhd (now known as TCS Construction Sdn Bhd) as a Senior Quantity Surveyor where he oversaw suppliers and subcontractors' tenders and contract terms. He was also responsible for conducting valuation of work executed as well as preparation of monthly progress claims.

In 2005, he left and joined Nagano Holdings Sdn Bhd as a Contract Manager where he was involved in establishing cost control procedures including project cash flow and preparation of final project accounts. He left in 2018 and joined Nestcon Infra in his current capacity.

Khoo Chun How, a Malaysian male aged 40, is the Senior Manager of Tender and Contracts under our Building Division. He is primarily responsible for overseeing the tendering and contract functions of our building construction projects. He obtained an Engineering Diploma (Quantity Surveying) from Federal Institute of Technology Malaysia in 2003.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

He began his career with Bina Goodyear Berhad in 2003 as an Assistant Contract Executive where he was responsible for preparation of progress report, quantity taking off as well as material ordering. He left in 2009 and joined Conlay Construction Sdn Bhd as a Contract Executive where he was responsible for the preparation of tender submissions and processing of payment applications. He left in 2010 and joined BTH Technologies Sdn Bhd in 2011 as a Project Manager where he was responsible for site management activities in relation to pre-cast construction method and costing analysis relating pre-cast components. He left in 2013 and joined Nestcon Builders in 2014 as a Contract Manager where he was responsible for contract tendering, main contract and subcontract management as well as main contract and subcontract claims. He was promoted to his current position in 2017.

Lim Kie Nyap, a Malaysian male aged 47, is the Senior Project Manager of our Building Division. He is primarily responsible for the planning, coordinating, and management of our building construction activities. He obtained a Diploma in Civil Engineering from Bedford Technical College, Malaysia in 1999.

He began his career in 1992 after leaving secondary school as a Site Supervisor of Teknik Cekap Sdn Bhd, where he was involved in coordinating the company's site activities which include material ordering and quality control. He left and joined Panbuilt Sdn Bhd in 1994 as a Site Supervisor. He was later promoted to a Senior Site Supervisor in 1996 and was involved in the implementation of work programmes and safety policies at the company's construction sites.

He left the company in 1999 and joined Fairway Terrace Sdn Bhd as a Senior Site Supervisor where he was responsible for the planning and coordination of company's construction activities. He left to join Bina Goodyear Berhad in 2005 as a Site Agent where he was in charge of construction site activities as well as coordinating site progress work between subcontractor and the M&E contractor. He left to join Aconbel Sdn Bhd in 2007 as a Senior Site Agent, responsible for coordinating site progress work and the implementation of quality system on site.

In 2009, he left and joined Baxtium Construction Sdn Bhd as an Architecture Manager where he was involved in the planning and coordination of the company's construction activities. He subsequently left in 2013 and joined Nestcon Builders as a Project Manager. He was promoted to his current position in 2017.

Wong Wai Peng, a Malaysian female aged 47, is our Group Finance Manager. She is primarily responsible for our financial planning and review, and financial reporting functions.

She obtained the London Chamber of Commerce and Industry's Higher Diploma in Accounting from Systematic College in 1994 and later obtained a Bachelor of Science (Hons) in Applied Accounting from ACCA, Oxford Brookes University in 2004.

She joined Lee & Associates in 1996 as an Audit Assistant after completing her first level of the ACCA program, where she was involved in statutory audit works on private and public listed companies. She was subsequently promoted to Audit Senior in 1999. She left the firm in 2000 and joined Biolitec (M) Sdn Bhd as a Senior Accounts and Administration Executive where she was responsible for handling the full set of accounts and daily financial accounting operations, amongst others. She continued to pursue the ACCA program on a part time basis and obtained her Bachelor degree in 2004.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

She left the company in 2005 and joined Carlsberg Brewery Malaysia Berhad as an Accounts Executive where she was promoted several times namely, to Assistant Manager in 2009 and Manager, Management Accounts in 2012. During her tenure there, she was responsible for local and global reporting including preparation of management accounts, statutory accounts and annual report, annual budgets and forecasts.

She left and joined New Hoong Fatt Holdings Berhad in 2016 as its Finance Manager where she was responsible for the Group's treasury function including cash management and funding requirements. She was also overseeing the Group's financial planning and reporting, budgeting, implementation of accounting policies and procedures. She left and joined our Group in March 2020 in her current position.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group as at LPD:

(a) Khoo Chun How

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Nil						
<u>Past involvement</u>						
CK Rekabena Sdn Bhd	Construction and renovation works	Director	6 August 2013	10 September 2020	-	-

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Group Managing Director and Executive Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2020 and FYE 2021 are as follows:

	(1)Remuneration band	
	FYE 2020 (Paid)	(2)FYE 2021 (Proposed)
	RM'000	
Yee Chee Sing	200 – 250	200 – 250
Lau Hoe Cheong	200 – 250	200 – 250
Khoo Chun How	200 – 250	200 – 250
Lim Kie Nyap	250 – 300	250 – 300
Wong Wai Peng	150 – 200	200 – 250

Notes:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.
- (2) The bonuses for FYE 2021 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (d) To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (e) To review and approve our annual business plans, financial statements and annual reports;
- (f) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group;
- (g) To ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- (h) To ensure the integrity of our Group's financial and non-financial reporting; and
- (i) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of our Company, where one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

All our other Directors were only appointed to our Board in year 2020 and 2021, and have served for less than one year as at LPD. All our Directors will retire and be eligible for re-election at our forthcoming first annual general meeting. The members of our Board are set out in Section 5.2.

In view that revisions were made to the Malaysian Code on Corporate Governance on 28 April 2021, the Board will endeavour to comply with the revised recommendations by 31 December 2021.

5.4.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. The Audit Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (d) To consider the major findings of internal investigations and management's response; and
- (e) To perform such other functions as may be requested by our Board.

The recommendations of our Audit Committee are subject to the approval of our Board.

The members of our Audit Committee as at LPD are as follows:

Name	Designation	Directorship
Yeoh Sheong Lee	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Nor Azzam bin Abdul Jalil	Member	Independent Non-Executive Director

Our Nominating Committee will review the composition, performance and effectiveness of our Audit Committee annually.

5.4.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To recommend a remuneration framework for our Group Managing Director, Executive Directors and key senior management for our Board's approval to ensure corporate accountability and governance with respect to our Board's remuneration and compensation. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefits-in-kind;
- (b) To recommend specific remuneration packages for our Group Managing Director, Executive Directors and key senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;
- (c) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Group Managing Director, Executive Directors and key senior management;
- (d) To implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management; and
- (e) To perform any other functions as defined by our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Nor Azzam bin Abdul Jalil	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Yeoh Sheong Lee	Member	Independent Non-Executive Director

5.4.4 Nominating Committee

The Nominating Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) To evaluate the effectiveness of our Board and the relevant Board committees;
- (d) To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole and the effectiveness of each Director. The annual assessment to be conducted would be based on objective performance criteria approved by our Board;
- (e) To ensure that all Directors receive appropriate continuous training in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- (f) To assist our Board to assess and evaluate circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving declaration of the same from our Director and thereafter, to inform our Audit Committee of the same. After deliberation with our Audit Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest; and
- (g) To ensure an appropriate framework and succession planning for our Board, including our Group Managing Director and Executive Directors.

The recommendations of our Nominating Committee are subject to the approval of our Board.

The members of our Nominating Committee as at LPD are as follows:

Name	Designation	Directorship
Nor Azzam bin Abdul Jalil	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Yeoh Sheong Lee	Member	Independent Non-Executive Director

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.4.5 Risk Management Committee

Our Board has the overall responsibility for risk oversight and risk management within our Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout our Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee include the following:

- (a) To oversee and recommend the risk management policies and procedures of our Group;
- (b) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (c) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (d) To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (e) To review the risk profile of our Group including all our subsidiaries and to evaluate the measures taken to mitigate the business risks;
- (f) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite; and
- (g) To oversee any investigation of activities which are within its terms of reference.

The recommendations of our Risk Management Committee are subject to the approval of our Board.

The members of our Risk Management Committee as at LPD are as follows:

Name	Designation	Directorship
Yeoh Sheong Lee	Chairman	Independent Non-Executive Director
Mohd Noor bin Setapa	Member	Independent Non-Executive Chairman
Nor Azzam bin Abdul Jalil	Member	Independent Non-Executive Director
Datuk Ir. Dr. Lim	Member	Group Managing Director

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

There are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management.

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) In the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) Has any unsatisfied judgment against him.

6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON NESTCON

Our Company was incorporated in Malaysia under the Act on 10 March 2020 as a private limited company under the name Nestcon Sdn Bhd. On 3 September 2020, we converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD.

Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM57,943,976.66 comprising 482,866,600 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
10 March 2020	100	RM10.00/ Subscribers' shares	10.00
25 August 2020	667	RM66.70/ Cash	76.70
18 March 2021	482,865,833	RM57,943,899.96/ Consideration for the Acquisitions	57,943,976.66

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM103,011,489 comprising 643,822,000 Shares.

6.2 DETAILS OF OUR ACQUISITIONS

In preparation for our Listing, we have undertaken the Acquisitions. On 28 August 2020, we entered into the following agreements:

- (a) Conditional sale and purchase agreement with Datuk Ir. Dr. Lim and Ong Yong Chuan to acquire the entire equity interest in Nestcon Builders comprising 2,400,000 ordinary shares for a purchase consideration of RM33.26 million which was satisfied by the issuance of 277,204,167 new Shares to Datuk Ir. Dr. Lim and Ong Yong Chuan at an issue price of RM0.12 each; and
- (b) Conditional sale and purchase agreement with Datuk Ir. Dr. Lim to acquire the entire equity interest in Nestcon Infra comprising 8,000,000 ordinary shares for a purchase consideration of RM24.68 million which was satisfied by the issuance of 205,661,666 new Shares to Datuk Ir. Dr. Lim at an issue price of RM0.12 each.

6. INFORMATION ON OUR GROUP (Cont'd)

Details of the vendors of Nestcon Builders and Nestcon Infra and the number of Shares issued to them under the Acquisitions are as follows:

Nestcon Builders Vendors	Shareholdings in Nestcon Builders		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Datuk Ir. Dr. Lim	1,800,000	75.0	24,948,375.00	207,903,125
Ong Yong Chuan	600,000	25.0	8,316,125.04	69,301,042
	2,400,000	100.0	33,264,500.04	277,204,167

The purchase consideration for the Acquisition of Nestcon Builders of RM33.26 million was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Nestcon Builders as at 31 December 2019 of RM33.26 million.

Nestcon Infra Vendor	Shareholdings in Nestcon Infra		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Datuk Ir. Dr. Lim	8,000,000	100.0	24,679,399.92	205,661,666

The purchase consideration for the Acquisition of Nestcon Infra of RM24.68 million was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Nestcon Infra as at 31 December 2019 of RM24.68 million.

The Acquisitions were completed on 18 March 2021. Thereafter, Nestcon Builders and Nestcon Infra became our wholly-owned subsidiaries.

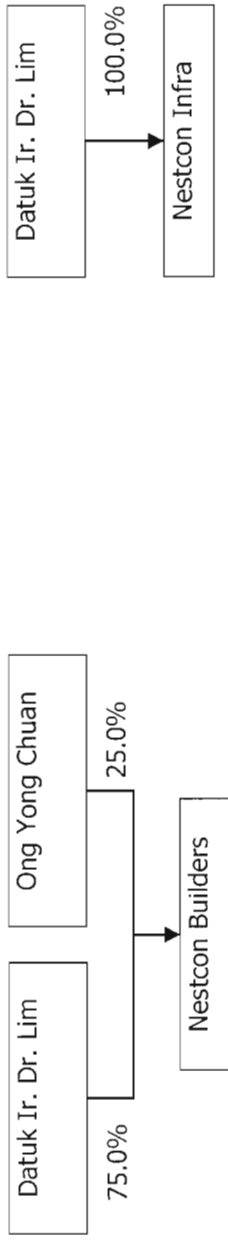
The new Shares issued under the Acquisitions rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

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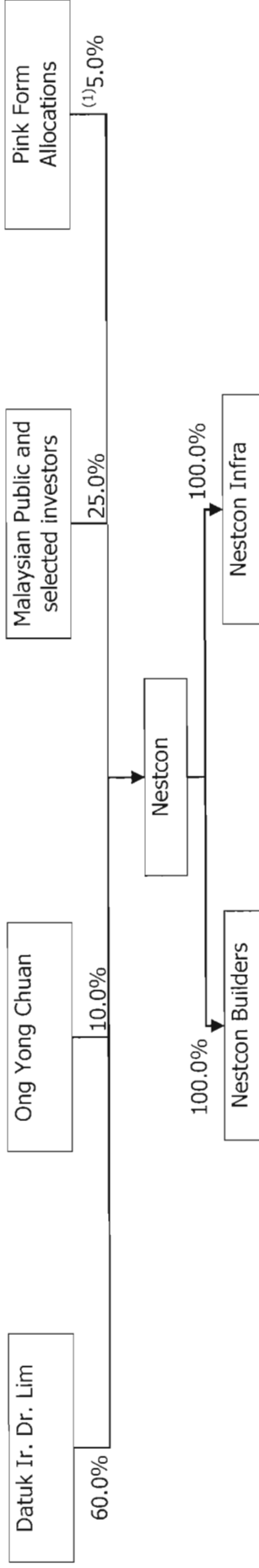
6. INFORMATION ON OUR GROUP (Cont'd)

6.3 GROUP STRUCTURE

Before Acquisitions



After Acquisitions and IPO



Note:

(1) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

As at LPD, we do not have any associated companies. Details of our subsidiaries are summarised as follows:

Company	Date/ Place of incorporation	Principal place of business	Issued share capital RM	Effective equity interest %	Principal activities
Nestcon Builders	24 September 2013/ Malaysia	Malaysia	2,400,000	100.0	Construction works
Nestcon Infra	22 August 2001/ Malaysia	Malaysia	8,000,000	100.0	Construction works

Details of the share capital of our subsidiaries are set out in Section 15.2.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2017 to FYE 2020 and up to LPD:

- (a) Sale and purchase agreement dated 3 October 2018 between Nestcon Infra and Nagano Holdings Sdn Bhd for the purchase of one unit of double-storey superlink terrace house identified as Parcel No. 199 Type A erected on land held under Geran No. 337336, Lot 38963, Parcel No. 199, Town of Kundang, District of Gombak, State of Selangor for a total cash consideration of RM768,000.00, which was completed on 27 March 2019;
- (b) Sale and purchase agreement dated 14 November 2018 between Nestcon Infra and Goh Zheng Cong and Tee Siew Mun for the disposal of one unit of double-storey town house bearing address E-06-2, Primer Garden Town Villas, Jalan Hijau Pelangi U9/55, Cahaya SPK, Seksyen U9, 40150 Shah Alam, Selangor for a cash consideration of RM820,000.00, which was completed on 28 March 2019;
- (c) Sale and purchase agreement dated 11 July 2019 between Nestcon Infra and Xtreme Meridian Sdn Bhd for the purchase of one unit of serviced apartment identified as B-11-07 together with accessory parcels distinguished as car park no. Podium 3, 99, 99A & 110 erected on land held under Master Title No. Hakmilik Pajakan Mukim 6395, Lot 18152, Section 2 in the Town of Ulu Kelang, District of Gombak, State of Selangor for a total cash consideration of RM1,532,720.00;
- (d) Sale and purchase agreement dated 28 August 2020 between our Company, Datuk Ir. Dr. Lim and Ong Yong Chuan for the Acquisition of Nestcon Builders, which was completed on 18 March 2021;
- (e) Sale and purchase agreement dated 28 August 2020 between our Company and Datuk Ir. Dr. Lim for the Acquisition of Nestcon Infra, which was completed on 18 March 2021;
- (f) Sale and purchase agreement dated 30 April 2021 between Nestcon Infra and Wong Ee Lyn for the disposal of one unit of double-storey town house bearing address E-06-1, Primer Garden Town Villas, Jalan Hijau Pelangi U9/55, Cahaya SPK, Seksyen U9, 40150 Shah Alam, Selangor for a cash consideration of RM680,000.00, which is pending completion; and
- (g) Underwriting agreement dated 3 May 2021 between our Company and M&A Securities for the underwriting of 64,384,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

6.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year/period up to LPD, there were:

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(a)	Nestcon Builders	CIDB	14 October 2020/ 10 October 2023	Certificate of Registration in respect of Grade G7 for categories of: B04 (Construction work on building) B14 (Paint works) B24 (Building maintenance works)	(i) The certificate is non-transferable; (ii) The contractor shall not participate in any tender or execute any construction after the expiry of this certificate and until such time this certificate has been renewed; (iii) The contractor shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside the registered category; and (iv) The contractor shall apply for renewal of registration within 60 days prior to the expiry date as specified in this certificate.	Complied
				CE01 (Road and pavement construction) CE21 (Civil engineering construction) CE34 (Pre-cast concrete installation work) CE36 (Earthworks)		

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(b)	Nestcon Builders	CIDB	14 October 2020/ 10 October 2023	M15 (Miscellaneous mechanical equipment Certificate of Governmental Procurement Works ("SPKK Certificate") in respect of Grade G7 for categories of: B (Buildings) CE (Civil engineering) ME (Mechanical and Electrical)	(i) This certificate shall not be used as a license for commencing or undertaking any construction works. This certificate can only be used for government procurement works or other government agency procurement works; (ii) This certificate should be provided together with Certificate of Registration when the company tenders for government contracts; (iii) This certificate should be renewed together with the Certificate of Registration issued by CIDB; (iv) The company or certificate holder shall not lend, lease, transfer, allow or cause this certificate to be used by other persons not named in this certificate for the purpose of obtaining government procurement works; and (v) The contractor shall not be involved in tender or any construction works after the expiry of this certificate and until such time this certificate has been renewed.	Complied
(c)	Nestcon Infra	CIDB	9 March 2021/ 21 January 2024	Certificate of Registration in respect of Grade G7 for categories of:	(i) The certificate is non-transferrable; (ii) The contractor shall not participate in any tender or execute any construction after the expiry of this certificate and until such time this certificate has been renewed;	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
				B04 (Construction work on building)	(iii) The contractor shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside the registered category; and	
				CE01 (Road and pavement construction)		
				CE02 (Bridges and jetties construction)	(iv) The contractor shall apply for renewal of registration within 60 days prior to the expiry date as specified in this certificate.	
				CE03 (Marine structures)		
				CE06 (Drainage, irrigation and flood control structures)		
				CE08 (Slope protection and stabilisation system)		
				CE10 (Piling work)		
				CE13 (Signage installation)		
				CE21 (Civil engineering construction)		
				CE34 (Pre-cast concrete installation work)		

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(d)	Nestcon Infra	CIDB	13 November 2017/ 3 December 2020 ⁽¹⁾	CE36 (Earthworks) M15 (Miscellaneous mechanical equipment)	(i) This certificate shall not be used as a license for commencing or undertaking any construction works. This certificate can only be used for government procurement works or other government agency procurement works;	Complied
				SPKK Certificate in respect of Grade G7 for categories of: B (Buildings) CE (Civil engineering) ME (Mechanical and Electrical)	(ii) This certificate should be provided together with Certificate of Registration when the company tenders for government contracts;	
					(iii) This certificate should be renewed together with the Certificate of Registration issued by CIDB;	
					(iv) The company or certificate holder shall not lend, lease, transfer, allow or cause this certificate to be used by other persons not named in this certificate for the purpose of obtaining government procurement works; and	
					(v) The contractor shall not be involved in tender or any construction works after the expiry of this certificate and until such time this certificate has been renewed	

6. INFORMATION ON OUR GROUP (Cont'd)

Note:

(1) CIDB had on 28 January 2021 notified Nestcon Infra that, for SPKK Certificate, shareholders of a company which possesses SPKK Certificate cannot own more than 5% equity interest in any other company which possesses the same. In view that SPKK Certificate had been renewed for Nestcon Builders (refer item (b)) and due to Datuk Ir. Dr. Lim's interest in Nestcon Infra and Nestcon Builders, the SPKK Certificate for Nestcon Infra will not be renewed. We had on 26 February 2021 and 7 April 2021 appealed to CIDB for the renewal application.

We only require SPKK Certificate to tender for construction works directly awarded by the Government. As none of our ongoing order book and tender book consists of any such projects as at LPD, the non-renewal of said SPKK Certificate will not have a material impact on our business. In the event our appeal to renew the said SPKK Certificate is unsuccessful and we wish to tender for a feasible project directly awarded by the Government, we will use Nestcon Builders's SPKK Certificate for the tender submission.


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Registration No : 202001008684 (1365004-W)

6. INFORMATION ON OUR GROUP (Cont'd)

6.8 TRADEMARKS

Save as disclosed below, our Group does not own any other trademark:

Trademark	Application No.	Class/ Description	Status
	2017066125	Class 37/ Property development services (construction); building construction; construction services; construction consultation; civil engineering construction; building repair and maintenance.	⁽¹⁾ Registered

Note:

- ⁽¹⁾ This trademark was registered by Nestcon Holdings Sdn Bhd. Nestcon Holdings Sdn Bhd had agreed to transfer all rights, title and interests of the said trademark to Nestcon Infra vide a deed of assignment dated 10 June 2020 ("**DOA**"). Nestcon Infra had on 10 September 2020 submitted such DOA to the Intellectual Property Corporation of Malaysia ("**MYIPO**") to register the title of the Trademark under Nestcon Infra's name. As at LPD, although such registration by Nestcon Infra is yet to be effected by MYIPO, however, Nestcon Infra, at all material times upon the date of the DOA, shall be the owner of the trademark and Nestcon Holdings Sdn Bhd is merely holding the trademark as a bare trustee for the benefit of Nestcon Infra.

6. INFORMATION ON OUR GROUP (Cont'd)

6.9 PROPERTY, PLANT AND EQUIPMENT

6.9.1 Properties owned by our Group

The properties mentioned below were purchased from our existing and prospective clients for investment purposes while taking it as an opportunity to build good client relationship by supporting their property development projects. We finance such purchases through our internally generated funds and bank borrowings. All of the said properties are currently vacant. Our strategy for investment properties is to dispose them in the secondary market or to deploy them for our own use such as for staff accommodation, if suitable. The timing for the disposal of these properties will depend on the market value of the investment properties, impact of real properties gain tax and whether we are able to identify suitable purchasers for these properties. Pending the disposal of such properties, we may rent those properties out to suitable tenants. As at LPD, we have engaged property agents to dispose all of the investment properties stated below.

We remain focused on our business as a construction company. It is not our Company's policy to acquire properties in our client's property development projects as a precondition for securing contracts. As such, moving forward, we only intend to purchase additional properties if we require them as offices or site offices for our ongoing and/or future projects. We will take into consideration our cash flow and gearing position, loan commitments, sufficiency of working capital as well as business expansion plans before purchasing such properties.

The summary of the material properties owned by our Group as at LPD are set out below:

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Beneficial owner	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited
							NBV as at 31 December 2020
(a)	B-11-07, Block B Astoria Ampang Jalan Ampang 50450 Kuala Lumpur ⁽¹⁾	Serviced apartment on 11 th floor/ Investment property/ Leasehold of 99 years expiring on 25 January 2094 (Approximately 73 remaining years as at LPD)/ Building	Nestcon Infra	Not applicable/ 1,505	11 July 2019/ 11 September 2020	Charged to Public Bank Berhad	1,145

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Beneficial owner	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited
							NBV as at 31 December 2020 RM'000
(b)	E-06-1, Primer Garden Town Villas Jalan Hijau Pelangi U9/55 Cahaya SPK, Seksyen U9 40150 Shah Alam Selangor ⁽¹⁾	Ground and first floor (lower unit) of a 3-storey town house/ Investment property/ Leasehold of 99 years expiring on 27 December 2108 (Approximately 88 remaining years as at LPD)/ Building	Nestcon Infra	2,343/ 2,305	22 October 2012/ 9 October 2015	Nil	652
(c)	G-01-1, Primer Garden Town Villas Jalan Hijau Pelangi U9/55 Cahaya SPK, Seksyen U9 40150 Shah Alam Selangor ⁽¹⁾	Ground and first floor (lower unit) of a 3-storey town house/ Investment property/ Leasehold of 99 years expiring on 27 December 2108 (Approximately 88 remaining years as at LPD)/ Building	Nestcon Infra	2,343/ 2,305	22 October 2012/ 9 October 2015	Nil	721
(d)	13, Jalan Anggun 3C Taman Anggun 3 Rawang -Kota Emerald 48000 Selangor ⁽²⁾	Double-storey superlink terrace house/ Investment property/ Freehold/ Building	Nestcon Infra	1,540/ 2,200	3 October 2018/ 22 November 2016	Nil	742
Total							3,260

Notes:

- (1) Acquired from our previous clients and was financed via borrowings and internally generated funds.
(2) Acquired from our prospective client and was financed fully via internally generated funds.

6. INFORMATION ON OUR GROUP (Cont'd)

The properties owned by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

6.9.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Address	Landlord/ Tenant	Description/ Existing use	Built-up area sq ft	Period of tenancy / Rental per annum
(a)	2-8, Jalan Kenari 13B Bandar Puchong Jaya 47170 Puchong Selangor	Lee Kok Lee and Liew Wei Kuen/ Nestcon Infra	2nd floor office unit located in a 3-storey shop offices/ Nestcon Infra's office	1,400	1 April 2020 to 30 March 2023/ 18,000
(b)	2nd & 3rd Floor of 1350 A, B, Lagenda 48 Taman Lagenda Putra 81000 Kulai Johor	Ng Wai Kay @ Ng Chee Kong/ Nestcon Infra	2nd and 3rd floor office unit located in a 3-storey shop offices/ Nestcon Infra's office	2,200	19 March 2021 to 18 March 2022/ 14,400
(c)	2-10, Jalan Kenari 13B Bandar Puchong Jaya 47170 Puchong Selangor	Datuk Ir. Dr. Lim/ Nestcon Builders	2nd floor office unit located in a 3-storey shop offices/ Nestcon Builders' office	2,800	1 January 2020 to 31 December 2021/ 60,000
(d)	1-8, Jalan Kenari 13B Bandar Puchong Jaya 47170 Puchong Selangor	Lee Kok Lee and Liew Wei Kuen/ Nestcon Infra	1st floor office unit located in a 3-storey shop offices/ Nestcon Infra's office	1,400	1 July 2020 to 30 June 2023/ 20,400

6. INFORMATION ON OUR GROUP (Cont'd)

In addition to the above, our Group has also rented vacant land for temporary storage of machineries and residential properties to accommodate our workers near our project sites. Such properties are rented on a temporary basis until completion of the respective project.

The properties rented by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

6.9.3 Acquisition of properties

Save as disclosed below, we have not entered into any agreements to acquire any properties during FYE 2017 to FYE 2020 and up to LPD:

No.	Date of purchase	Postal address/ Title No.	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of CCC	Audited	
						NBV as at 31 December 2020	Purchase value
						RM'000	RM'000
(a)	3 October 2018	13, Jalan Anggun 3C Taman Anggun 3 Rawang -Kota Emerald 48000 Selangor/	Double-storey superlink terrace house/ Investment property/ Freehold/ Building	1,540/ 2,200	22 November 2016	742	768
		Geran No. 337336 Lot 38963, Parcel No. 199 Town of Kundang District of Gombak, Selangor					
(b)	11 July 2019	B-11-07, Block B Astoria Ampang Jalan Ampang 50450 Kuala Lumpur/	Serviced apartment on 11 th floor/ Investment property/ Leasehold of 99 years expiring on 25 January 2094 (Approximately 73 remaining years as at LPD)/ Building	Not applicable/ 1,505	11 September 2020	1,145	1,533
		Pajakan Mukim 6395 Lot 18152, Section 2 Town of Ulu Kelang District of Gombak, Selangor					

6. INFORMATION ON OUR GROUP (Cont'd)**6.9.4 Regulatory requirements and environmental issues**

As at LPD, there are no laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our Group's business or operations.

6.9.5 Material capital expenditures and divestitures**(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for FYE 2017 to FYE 2020 and up to LPD:

Capital expenditures	At cost				1 January
	FYE 2017	FYE 2018	FYE 2019	FYE 2020	2021 up to
	RM'000	RM'000	RM'000	RM'000	LPD
Land and building	318	556	196	854	45
Building equipment	3,327	4,311	3,393	1,279	-
Computer and software	64	96	47	158	27
Furniture and fittings	90	34	8	42	3
Machinery	5,760	24,535	5,417	5,456	1,637
Motor vehicles	7,207	5,069	4,224	2,708	-
Office equipment	95	105	20	53	13
Renovation	401	61	-	27	-
Tools and equipment	256	451	1,548	349	18
Investment properties	-	-	1,267	651	-
	17,518	35,218	16,120	11,577	1,743

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures, particularly for building equipment and machineries are mainly driven by the construction projects awarded to us during the relevant year as well as for replacement purposes. Our primary capital expenditures are associated with the acquisition of building equipment and machineries for use in our construction projects, such as tower cranes, material handling equipment, backhoes, scaffolding, aluminium formworks, bulldozers and excavators and other related construction equipment and machineries required by our projects.

The purchase of motor vehicles is for day-to-day use in our project sites.

6. INFORMATION ON OUR GROUP (Cont'd)**(b) Material capital divestitures**

Save for the divestitures disclosed below, there were no other capital divestitures (including interests in other corporations) made by us for FYE 2017 to FYE 2020 and up to LPD:

Capital divestitures	At cost				1 January
	FYE 2017	FYE 2018	FYE 2019	FYE 2020	2021 up to
	RM'000	RM'000	RM'000	RM'000	LPD
Machinery	50	452	1,090	-	432
Motor vehicles	-	-	815	70	-
Tools and equipment	-	15	-	-	92
Investment properties ⁽¹⁾	-	-	745	-	-
Building equipment	-	-	-	454	-
	50	467	2,650	524	524

Note:

- ⁽¹⁾ Refers to disposal of one unit of double-storey town house bearing address E-06-2, Primer Garden Town Villas, Jalan Hijau Pelangi U9/55, Cahaya SPK, Seksyen U9, 40150 Shah Alam, Selangor to third parties with a loss on disposal of RM0.02 million.

The above capital divestitures were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.9.6 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

6.9.7 Material construction equipment and machineries

Our Group's material construction equipment and machineries are as follows:

No.	Material construction equipment and machineries	Year of manufacture	Units	Audited NBV as at 31 December 2020
				RM'000
1.	Excavator – used for excavation activities	2013 to 2019	46	10,242

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Material construction equipment and machineries	Year of manufacture	Units	Audited NBV
				as at 31 December 2020 RM'000
2.	Aluminium formwork system – a temporary mould to cast permanent concrete structure	2014 to 2020	(1)-	8,675
3.	Offroad mining dump truck - to transport/ haul large volumes of loose materials within the construction sites	2013 to 2020	61	(2) 5,407
4.	Luffing crane – to lift and load building materials	2014 to 2020	7	7,991
5.	Off road articulated dump truck – to transport/ haul mass volumes of loose materials over rough terrain within the construction sites	2004 to 2013	29	4,312
6.	Bulldozer – to spread soil, rough grading and site clearing	1987 to 2018	23	3,635
7.	Self-climbing platform – temporary working platform and temporary protection for external façade during construction activities	2018	2	3,039
8.	Roller – compact soil, gravel, concrete, or asphalt in the construction of roads and foundations	2004 to 2018	22	2,677
9.	Static pump – pump ready-mixed concrete to work areas	2014 to 2019	16	1,849
10.	Licensed tipper truck – to transport/ haul large volumes of loose materials within the construction sites and across construction sites including public roads	2018 to 2019	14	1,882
11.	Grader and back pusher – to create smooth and level surface and maintenance of road	1997 to 2019	12	2,047
12.	Placing boom – to place fresh concrete into all required horizontal and vertical reinforced concrete structure element	2017 to 2019	5	1,527
13.	Passenger hoist – to carry employees between floors	2017 to 2020	4	776

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Material construction equipment and machineries	Year of manufacture	Units	Audited NBV as at 31 December 2020 RM'000
14.	Diesel forklift – lift and transport construction materials from one place to another	2016 to 2019	8	354
15.	Jumpform (steel formwork system) – a temporary mould to cast permanent concrete structure	2015	6	151
16.	Air compressor airman – convert normal air into a denser, high pressurised air	2017 to 2020	7	269
17.	Backhoe – transport, load and unload construction materials and excavation activities	2016	1	128
18.	Screed pump – mix and deliver fine concrete or blended mix of cement, sand and additives	2018	2	100
Total				55,061

Notes:

- (1) Unquantifiable in units.
- (2) Included in the category of motor vehicles within our property, plant and equipment.

All the equipment and machineries listed above are currently being utilised for our ongoing projects.

6.10 EMPLOYEES

As at LPD, we have a total workforce of 392 employees, which consists of permanent and contractual employees. Local employees accounted for approximately 75.5% of total workforce while the remaining 24.5% were foreign workers. All of our foreign workers have valid working permits.

We are dependent on foreign workers for our building division. However, our Group has taken mitigation measures to reduce the dependency on foreign workers by sub-letting trade works to subcontractors particularly those which require specialised trade works. Our future plan of establishing an IBS facility will also reduce our dependency on foreign workers as IBS is less labour intensive. Please refer to Section 9.2.3 for the risk of our dependency on foreign workers.

6. INFORMATION ON OUR GROUP (Cont'd)

The breakdown of our employees as at 31 December 2020 and LPD are as follows:

Category of employees	No. of employees	
	As at 31 December 2020	As at LPD
Director	3	3
Key management	5	5
Project division ⁽¹⁾	227	221
Contract and tenders and procurement divisions	17	17
Quality assurance, health, safety and environment divisions	17	16
Finance, accounting, human resource and administration divisions	16	15
Surveying division	9	9
Machinery division	10	10
	304	296
Construction site worker ⁽²⁾	104	96
	408	392

Notes:

(1) Consists of 153 and 141 contractual employees as at 31 December 2020 and as at LPD respectively. The contractual employees are mainly machine operators that we engage on a contract to contract basis. The building division and civil engineering and infrastructure division operate independently. As at LPD, there has been no secondment or interchange of project staff between the 2 divisions. However, if required, the project staff under the building division can be seconded to the civil engineering and infrastructure division and vice versa.

(2) All our construction site workers are foreign workers.

There were no significant changes in the number of employees of our Group for FYE 2020 and up to LPD.

None of our employees belong to any labour union and as at LPD, there is no material dispute between our management and our employees. Over FYE 2017 to FYE 2020, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

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7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our history began in August 2001 when Nestcon Infra was incorporated as a private limited company under the name of Triple Seven Club Sdn Bhd by Yap Kim Long and Yap Sin Fatt. On 28 September 2006, Triple Seven Club Sdn Bhd changed its name to Nagano Bumi Sdn Bhd. In 2009, the company undertook a reorganisation of its shareholding structure in tandem with its proposed commencement of business. Under the reorganisation, Yap Sin Fatt exited as shareholder and director, and our Group Managing Director, Datuk Ir. Dr. Lim together with Muhammad Johan bin Johari and Hakimi bin Hanapi became shareholders of Nagano Bumi Sdn Bhd and were concurrently appointed as directors of the company alongside Yap Kim Long.

Leveraging on their experience in the construction industry, Nagano Bumi Sdn Bhd commenced operations in 2010 when it secured a RM12.0 million project to provide earthworks and infrastructure works for a state sponsored agropolitan project, a poverty eradication initiative based on the agriculture platform under East Coast Economic Region.

Nestcon Infra's key focus was in providing earthworks and infrastructure services during this period. In 2013, as part of the company's overall strategy to venture into building construction, Nestcon Builders was incorporated by Yap Kim Long, Yap Sin Fatt, Datuk Ir. Dr. Lim (our Group Managing Director) and Ong Yong Chuan (our Executive Director) as a private limited company under the name Nagano Builders Sdn Bhd. Nestcon Builders secured its first building construction project in 2014 for the Petalz Project where it was appointed as contractor for earthworks, piling, retaining wall and basement structural works. Nestcon Builders was subsequently awarded as main contractor for the Petalz Project in the same year, for the construction of main building and external works of the project. In 2015, Nestcon Builders further expanded its building construction portfolio to include industrial buildings when it was awarded as main contractor for the Nouvelle Industrial Park Project for the piling and construction of main building and external works of the project.

Between 2016 and 2019, both Nestcon Infra and Nestcon Builders undertook a shareholding reorganisation. Yap Kim Long, Muhammad Johan bin Johari and Hakimi bin Hanapi exited as shareholders and directors of Nestcon Infra in 2016 to pursue their personal interests and Datuk Ir. Dr. Lim and Yap Sin Fatt took over their shareholdings, resulting in their respective shareholdings of 51.0% and 49.0% in the company. Yap Sin Fatt subsequently also exited as shareholder and director of Nestcon Infra in 2019 to pursue his personal interest, and his shareholdings of 49.0% were taken over by Datuk Ir. Dr. Lim. Yap Sin Fatt was mainly involved in the supervision of earthworks project and also in charge of our construction machineries and equipment. Our key senior management was able to assume his role and his exit did not significantly adversely impact our Group.

In 2016, Yap Kim Long and Yap Sin Fatt also exited as shareholders and directors of Nestcon Builders to pursue their personal interests in other fields and their shareholdings were taken over by Datuk Ir. Dr. Lim resulting in his shareholdings of 75.0% in the company. In line with the said restructuring, our subsidiaries rebranded and adopted their current names, Nestcon Infra and Nestcon Builders, in June 2017 and July 2017, respectively.

In 2017, Nestcon Infra expanded its infrastructure portfolio to include land reclamation works when it secured the Melaka Gateway Project with contract value of RM11.70 million.

7. BUSINESS OVERVIEW (Cont'd)

In 2018, Nestcon Infra was awarded a contract by Client A to provide earthworks and related works for an identified section of the Railway Project. In 2019, Nestcon Infra further secured two additional contracts from Client A to provide earthworks and related works for two other identified sections of the Railway Project. Since the commencement of the Railway Project up to FYE 2019, we have recognised total revenue of RM172.86 million in respect of Client A.

Nestcon Builders on the other hand, continued to focus in high-rise building construction and secured three projects between 2018 and 2019 as main contractor, namely the Grand Project, Scarletz Project and Panorama Project with total contract value of approximately RM400.00 million.

In 2019, Nestcon Infra further expanded its infrastructure portfolio when it secured an elevated roadworks project with contract value of RM85.00 million for a new mixed development in Damansara Perdana, Selangor which consist of serviced apartments, shopping mall, hotel and office blocks. Within the same development, Nestcon Builders was awarded as main contractor for two of the serviced apartments (Mossaz and Paxtonz Project), which is our largest high-rise building construction project up to LPD with contract sum of RM400.00 million.

Throughout the years, our Group has put in place quality management to assist us in our quality control and assurance measures. In 2017, both Nestcon Infra's and Nestcon Builders' quality management system and occupational health and safety management system, were assessed and accredited with the ISO 9001:2015, and OHSAS 18001:2007 under the scope "building construction works, civil engineering works and infrastructure works", respectively by AGM Certification Sdn Bhd. Both companies' environmental management systems were also assessed and accredited with ISO 14001:2015 in 2017 by AGM Certification Sdn Bhd under the scope "civil engineering works and infrastructure works". In 2020, our anti-bribery management system was assessed and accredited with the ISO 37001:2016, IDT certification as part of our efforts to prevent, detect and respond to bribery and comply with anti-bribery laws.

7.2 KEY ACHIEVEMENTS AND MILESTONES

Year	Achievement or Milestones
2010	<ul style="list-style-type: none"> Nestcon Infra commenced operations and secured its first earthworks and infrastructure works contract
2013	<ul style="list-style-type: none"> Nestcon Builders was incorporated to venture into the building construction segment
2014	<ul style="list-style-type: none"> Nestcon Builders secured its first building construction contract, namely the Petalz Project
2017	<ul style="list-style-type: none"> Nestcon Builders and Nestcon Infra were rebranded and adopted their current names Nestcon Infra expanded its infrastructure portfolio to include land reclamation works via its appointment for the Melaka Gateway Project

7. BUSINESS OVERVIEW (Cont'd)

Year	Achievement or Milestones
	<ul style="list-style-type: none"> Nestcon Builders' and Nestcon Infra's integrated management system were assessed and accredited with ISO 9001:2015, OHSAS 18001:2007 (updated to ISO 45001:2018 in year 2020) and ISO 14001:2015 certifications by AGM Certification Sdn Bhd
2018	<ul style="list-style-type: none"> Nestcon Infra secured a contract to provide earthworks and related works for an identified section of the Railway Project Nestcon Builders secured contracts for three high-rise building construction, namely the Grand Project, Scarletz Project and Panorama Project
2019	<ul style="list-style-type: none"> Nestcon Infra further secured two additional contracts to provide earthworks and related works for two identified sections of the Railway Project Nestcon Infra expanded its infrastructure construction portfolio to include elevated roadworks Nestcon Builders was awarded its largest high-rise building construction contract up to LPD with contract sum of RM400.00 million (Mossaz and Paxtonz Project)
2020	<ul style="list-style-type: none"> Our anti-bribery management systems were assessed and accredited with ISO 37001:2016, IDT certification by AGM Certification Sdn Bhd

We have also received a number of awards from organisations and associations in the industry. In 2017, Nestcon Builders was recognised as one of the Top 10 Achievers during the SME100 Awards under the Fast Moving Companies organised by SME & Entrepreneurship Magazine, while Nestcon Infra received the Asia Pacific Entrepreneur Excellence Award in 2018 from Enterprise Asia. In addition, Nestcon Builders also received the Golden Bull Award under the Super Golden Bull category in 2019.

7.3 DESCRIPTION OF OUR BUSINESS

Our Group is principally involved in the provision of construction services throughout Malaysia. Our subsidiaries, Nestcon Infra focuses on civil engineering and infrastructure works whilst Nestcon Builders, focuses on building construction works. Construction services for buildings are categorised under the real estate construction market while construction services for civil engineering and infrastructure works are categorised under the civil engineering and specialised trade works market. We are capable of constructing:

- (a) various types of buildings such as residential, commercial, industrial and leisure properties; and
- (b) various types of civil engineering and infrastructure works such as earthworks, roadworks and drainage works.

7. BUSINESS OVERVIEW (Cont'd)

We participate in construction projects either as a main contractor and/ or principal works contractor or a subcontractor. The roles performed by us as a main contractor or a principal works contractor are similar, distinguishable by the awarding party whereupon main contractor is appointed by the project owner/ project developer whereas principal works contractor is appointed by a project's appointed main contractor. As a subcontractor, we are appointed by the main contractor to undertake specific trade works of a project.

As a main contractor, we play a central role in planning and managing the overall construction project to ensure timely completion of projects within the contract period. Over the course of our operations, we engage and coordinate with suppliers and subcontractors to provide materials and selected services that include supply and installation of construction materials, deployment of construction machinery and equipment, and managing and supervising other specialised trade works such as M&E engineering works, piping and plumbing works, external painting works, water proofing works and other related works.

As a main contractor, our roles and responsibilities are vital in ensuring timely delivery of construction projects while achieving the required standards of quality, environmental, safety and excellence to the project owner/ project developer which can be summarised as follows:

- (a) Plan, manage, supervise and monitor the entire construction activities;
- (b) Coordinate and develop shop drawings from construction drawings provided by project consultants;
- (c) Deliver value engineering solutions and cost-benefit analyses;
- (d) Prepare master works programme, which details the required work activities, sequence and project milestones according to the project requirements and specifications;
- (e) Deploy construction machinery and equipment to the project sites and procure construction materials in accordance with project milestones and requirements;
- (f) Engage, manage and supervise subcontractors to perform respective portions of the construction works;
- (g) Prepare and implement the project QESH plan according to the construction progress; and
- (h) Perform final inspection, testing and commissioning jointly with the clients' representatives at the end of the construction works and handing over to our client prior to demobilising resources from the project site.

We generally participate in construction projects via tenders at the invitation of project owners/ property developers and project consultants.

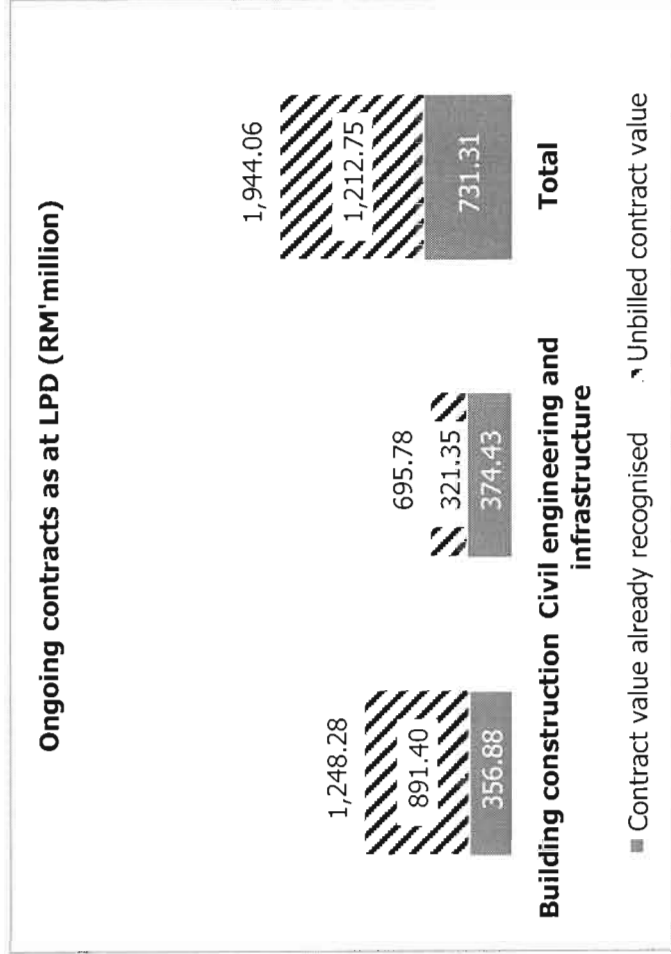
In addition to construction services, we provide rental of construction machineries and equipment to our clients when there is available capacity. These machineries and equipment are rented based on prevailing market rates and the rental tenure may be on daily or monthly basis based on the availability of our machineries and equipment when not being used at our project sites. Further details on our Group's material machineries and equipment are set out in Section 6.9.7.

7. BUSINESS OVERVIEW

7.3.1 Ongoing and completed contracts

(a) Ongoing contracts

As at LPD, we have 22 ongoing contracts. The total value of our ongoing contracts and unbilled contract value as at LPD are illustrated in the chart below:



We have 7 ongoing contracts in our building construction segment as at LPD. 2 of our ongoing contracts, with combined contract value of RM583.00 million were awarded by the EXSIM Group. The other 5 contracts in our building construction segment were awarded by 5 other clients. We are the main contractor for all of our ongoing building construction contracts, except for 2 which we are the principal works contractor.

For our civil engineering and infrastructure segment, we have 15 ongoing contracts, of which 3 contracts (Railway Project) were awarded by Client A and 5 contracts were awarded by EXSIM Group. The other 7 contracts in our civil engineering and infrastructure segment were awarded by 5 other clients, and mainly relates to provision of earthworks and related works with contract period ranging from 2 to 38 months. We are the main contractor for 6 of our ongoing civil engineering and infrastructure contract and principal works contractor for 3 of our ongoing civil engineering and infrastructure contract and subcontractor for the remaining contracts.

Based on the above, the total contract value of our ongoing contracts undertaken for EXSIM Group (namely Scarletz Project, Mossaz and Paxtonz Project, 1 elevated roadworks project at Damansara Perdana, Selangor, 1 rock blasting and other general works project at Damansara Perdana, Selangor, 2 road, drainage and water reticulation works projects at Damansara Perdana, Selangor and 1 rock stabilisation works project at Damansara Perdana, Selangor) amounted to RM750.72 million, of which RM562.98 million remain unbilled as at LPD. This unbilled portion represents 46.4% of our total unbilled order book of RM1,212.75 million as at LPD.

7. BUSINESS OVERVIEW (Cont'd)

We are unable to disclose the details and value of the contracts from Client A, however, as at LPD, the unbilled portion of the contracts represents 7.8% of our total unbilled order book of RM1,212.75 million as at LPD.

We set out in the table below ongoing projects with contract value above RM50.00 million:

Project details/ Brief work scope	Role	Client name	Contract sum / Unbilled contract value as at LPD (RM'000)	Contract period	DLP	Stage of completion (% as at LPD)
<u>Building construction segment</u>						
(i) Grand Project/ Construction of one block of 21-storey commercial building (315 units) of SOHO and one block of 14-storey commercial building (168 units) of SOHO, with other relevant facilities	Main contractor	Mediaraya Sdn Bhd	124,133/ 8,728	May 2018 to (3)March 2021	30 months from issuance of CPC	93.0
(ii) Scarletz Project/ Construction of one 50-storey commercial office building (604 units) and one 38-storey commercial office building (604 units) with other relevant facilities	Main contractor	EXSIM Group	583,000/ 435,769	February 2019 to November 2021	27 months from issuance of CPC	50.5
(iii) Mossaz and Paxtonz Project/ Construction of one block of 5-storey office building and one block of 40-storey office building (1,117 units) and one block of 23-storey office building (844 units)	Main contractor					

7. BUSINESS OVERVIEW (Cont'd)

Project details/ Brief work scope	Role	Client name	Contract sum / Unbilled contract value as at LPD (RM'000)	Contract period	DLP	Stage of completion (% as at LPD)
(iv) Panorama Project/ Construction of one block of 30- storey service apartments (237 units) and one block of 30-storey serviced apartments (236 units) with other relevant facilities	Principal contractor	LLC Infra Sdn Bhd (a subsidiary of LLC Berhad)	96,500/ 38,147	July 2019 to December 2021	24 months from the date of CPC or the date of CMGD, whichever is later	60.5
(v) Kuchai Sentral Project/ Construction of one block of 39 storey serviced apartments (408 units) and one block of 43-storey serviced apartments (526 units) with other relevant facilities	Main contractor	Altimas Sdn Bhd (a subsidiary of Menta Land Sdn Bhd)	241,800/ 221,030	April 2020 to March 2023	24 months from the issuance of CPC	8.6
(vi) Embayu Project/ Construction of 2 blocks of 15- storey apartments (455 units) and 1 block of 10-storey apartments (195 units) with relevant facilities in Shah Alam, Selangor known as <i>Embayu Damansara West</i>	Main contractor	Premier Baycity Sdn Bhd (an indirect subsidiary of PRG Holdings Berhad)	113,750/ 98,656	August 2020 to June 2022	30 months from the issuance of CPC	13.3
(vii) Nest2 Project/ Construction of one block of apartment suite (346 units), hotel (72 units) and 37-storey office building with other relevant facilities	Principal contractor	Nescaya Etika Sdn Bhd (formerly known as Nestcon Engineering Sdn Bhd)	89,097/ 89,070	June 2021 to August 2023	24 months from the issuance of CPC	(2)-

7. BUSINESS OVERVIEW (Cont'd)

Project details/ Brief work scope	Role	Client name	Contract sum / Unbilled contract value as at LPD (RM'000)	Contract period	DLP	Stage of completion (% as at LPD)
Civil engineering and infrastructure segment						
(i) Railway Project/ Earthworks and related works for 3 identified sections of a railway project in Johor	Principal works contractor	Client A	(1)-	Between May 2018 to July 2021 for different sections of the project	(1)-	(1)-
(ii) Provision of elevated roadworks at Damansara Perdana, Selangor	Main contractor	EXSIM Group	85,000/ 46,697	(4)March 2019 to August 2021	12 months from the issuance of the CPC	(4)45.1

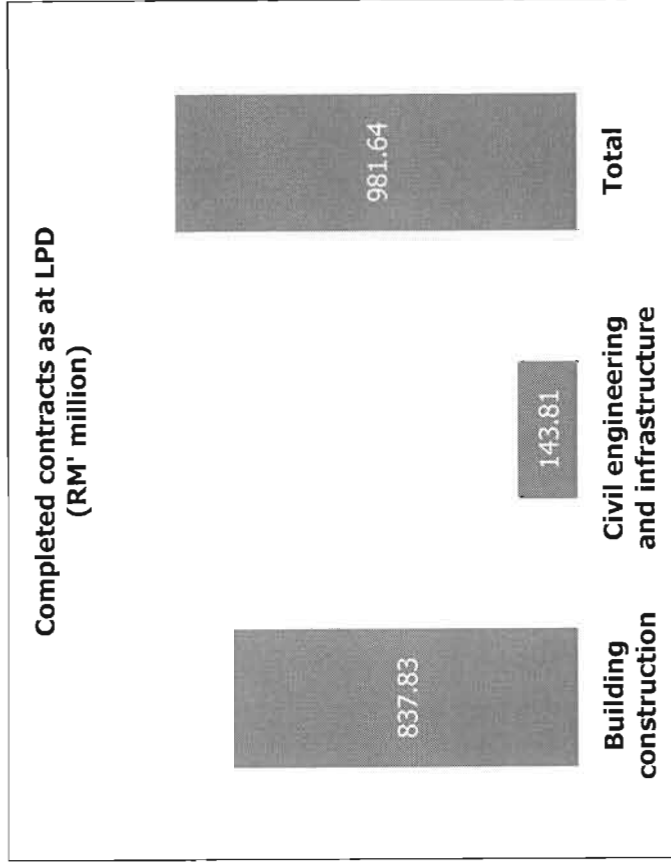
Notes:

- (1) We are unable to disclose details of the project based due to the confidentiality agreement with Client A.
- (2) Representing less than 1.0%. As at LPD, we have started preliminary works such as setting up of tower crane foundation.
- (3) We have submitted the application to extend the completion date of the project due to the MCO. Please refer to Section 7.8 for further details.
- (4) This project consists of construction works for 4 roads, i.e., Road 1, Road 5, Road 6 and Road 7. As at LPD, the Group's construction works were for Road 5 and Road 6 only as the client required a refinement of design for Road 1 and Road 7 and the relevant authorities' approval has yet to be obtained by our client.
- There was a delay in work progress on Road 5 and Road 6 due to delay in obtaining approval from the relevant authorities to commence the construction works and unforeseen underground utilities works such as TNB cable, sewer pipe and gas pipe which required relocation prior to commencement of the Group's construction works. Extension of time has been granted by client to hand over Road 5 and Road 6 to 30 August 2021. Nevertheless, the overall completion for the entire project has been tentatively agreed at 18 months upon finalisation of design and approval obtained from the relevant authorities for Road 1 and Road 7.

7. BUSINESS OVERVIEW (Cont'd)

(b) Completed contracts

Since the commencement of our business in 2010, we have completed over 20 contracts, both in the civil engineering and infrastructure segment as well as the building construction segment. The total value of these completed contracts since our commencement up to LPD is illustrated in the chart below:



We completed 8 contracts in our building construction segment, of which 6 contracts were awarded by EXSIM Group. The other 2 contracts in our building construction segment were awarded by 2 other clients. We were the main contractor for all the completed building construction contracts.

For our civil engineering and infrastructure segment, we completed 21 contracts, of which 2 contracts were awarded by EXSIM Group. The other 19 contracts in our civil engineering and infrastructure segment were awarded by 13 other clients. We were mainly principal works contractor for these completed contracts.

The total contract value of the completed contracts undertaken for EXSIM Group, amounted to RM705.17 million and they are mainly attributable from the Petalz Project, Nouvelle Industrial Park Project and Nidoz Project. This represented 71.8% of our total revenue from our completed contracts.

7. BUSINESS OVERVIEW (Cont'd)

We set out in the table below completed projects with contract value above RM10.00 million:

Project details / Brief work scope	Client name	Contract sum (RM'000)	DLP	Status of retention sum
<u>Building construction segment</u>				
(i) Petalz Project : <ul style="list-style-type: none"> • Provision of earthworks, piling, retaining wall and basement structural works • Construction of 2 blocks of 29-storey serviced apartment building (565 units), 2-storey basement car parking, 7-storey carparking podium with other relevant facilities 	EXSIM Group	705,171	June 2017	Released
(ii) Nouvelle Industrial Park Project: <ul style="list-style-type: none"> • Provision of piling works • Construction of 47 units of terraced factory units with other relevant facilities 			November 2019	Released
(iii) Nidoz Project <ul style="list-style-type: none"> • Construction of two blocks of 41-storey apartments (651 units) with other relevant facilities • Provision of earthworks and piling 	Nagano Development Sdn Bhd	162,561	September 2022	Pending release of the remaining 50.0% of the retention sum upon expiry of DLP
(iv) Nest Residence Project ⁽¹⁾			March 2020	Released
			August 2021	Pending release of the remaining 50.0% of the retention sum upon expiry of DLP

7. BUSINESS OVERVIEW (Cont'd)

Project details / Brief work scope	Client name	Contract sum (RM'000)	DLP	Status of retention sum
Civil engineering and infrastructure segment				
(i) Site cleaning and earthworks, temporary platform, flood mitigation and surface water drainage for Besut Setiu Agropolitian located at Panchur Bederu, Terengganu	Pembinaan SPK Sdn Bhd	12,014	July 2013	Released
(ii) Provision of earthworks at Cahaya SPK, Shah Alam, Selangor	S.J. Properties Sdn Bhd	11,355	November 2014	Released
(iii) Nidoz Project - Provision of earthworks and retaining wall	EXSIM Group	36,441	December 2018	Released
(iv) Provision of earthworks for power plant located at Alor Gajah, Melaka	Loh & Loh Constructions Sdn Bhd (a subsidiary of LLC Berhad)	15,547	October 2019	Released

Note:

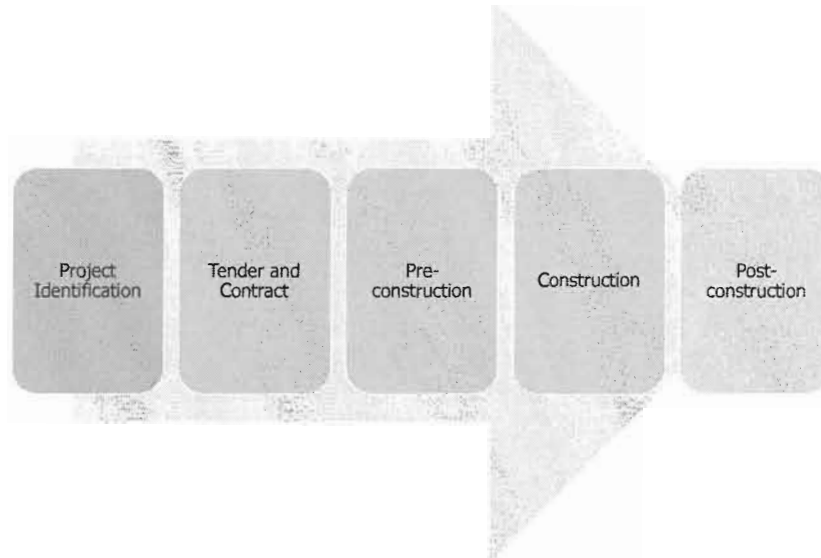
- (1) Nest Residence Project was awarded by our related party, Nagano Development Sdn Bhd. The GP margin for our Group's building segment for FYE 2017 to FYE 2020 ranged from 7.1% to 10.1%. We were able to earn a higher GP margin (15.4%) for this project due to our proposed value engineering which reduced construction cost and resulted in higher profit earned.

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7. BUSINESS OVERVIEW (Cont'd)

7.4 BUSINESS PROCESSES

The following details our Group's business process:



(a) Project identification

We identify potential projects via recommendations from project consultants such as architects and engineers, referrals and direct invitations from our existing and past clients and other property owners/ property developers, as well as through tender notices. We will conduct preliminary evaluations on the potential projects, focusing on the financial feasibility of the project such as capital requirements and potential returns of the project, risk assessment on the financial position of the potential clients, prospects of the projects based on current market demand, the required and availability of skilled resources for the project as well as our current order book.

(b) Tender and contract

If a project is deemed feasible, our Tender and Contracts Department will liaise with the client to prepare a tender proposal based on the project and clients' requirements and is responsible for the overall costing of the tender submission. On selected tender projects, we are also required to complete pre-tender qualification exercises for clients to evaluate our previous track record and financial strengths.

A tender bond will be submitted together with the tender documents to provide assurance to client that we will undertake the contract in accordance with the terms and conditions as stipulated in the tender documents upon client's acceptance of our proposal.

Our finalised proposal will have to be approved internally by our Tender Committee before submission of the tender to the client.

7. BUSINESS OVERVIEW (Cont'd)

Once a tender is submitted, there will be a tender interview with the client to present our proposal and provide clarification on technical details and commercial terms. The tender interview also allows us to gather additional information on our clients' specific needs and requirements. We may submit revised tenders if there are changes made and/or new requirements being imposed following the tender interview. If a tender proposal is successful, the client will issue a letter of award followed by signing of contract.

Upon acceptance of the letter of award from client, the tender bond will be returned to us in exchange for a performance bond. A performance bond provides assurance to our client on the satisfactory completion of the project by our Group. On the contrary, clients may call on our tender bond if we reject the project after the client has issued a letter of award to us.

(c) Pre-construction

Upon acceptance of the letter of award from client, our Tender and Contracts Department will provide the project information and client's requirements to our project team to initiate project planning.

Our project team will be led by a project head, who will be responsible for assembling a project team that will be overseeing the management and implementation of various aspects of the project such as construction activities, quality control, QESH, time management, project costing, procurement of construction materials, supplies and deployment of construction machinery and equipment and appointment of subcontractors.

During the pre-construction phase, detailed planning activities will be carried out with the clients and various consultants to ensure successful delivery of the project, where we will be involved in planning various activities such as value engineering (where applicable), preparation of project QESH plan, project quality plan, Master Work Programme, project budget, construction methodology and resource planning. Our project team will also be responsible for preparing, submitting and procuring relevant permits and/or approvals from the local authorities and will be based on the project site throughout the construction period.

Our project team will also work together with our Tender and Contracts Department who is responsible for sourcing quotations from our approved suppliers as well as making purchases from the project's nominated supplier, if required. They are also responsible for sourcing and appointing subcontractors that meet our Group's technical, cost and quality requirements from our list of approved subcontractors to provide relevant services such as the supply and installation of construction materials, machinery and equipment as well as other specialised trade works.

During the subcontracting process, apart from nominated subcontractors, our Tender and Contracts Department will source and call for tenders and/or quotations from our approved subcontractors list. Upon closing of the tender and/or submission of quotations, our Tender and Contracts Department will evaluate the received quotations and tenders. Tender clarifications and negotiations will be carried out to identify subcontractors that meet our requirements, prior to issuance of letter of award and/or work order to the appointed subcontractors.

7. BUSINESS OVERVIEW (Cont'd)

(d) Construction

Construction activities will commence once we have obtained the required permits and/or approvals from the local authorities, where applicable.

We act as the project manager and we are also involved in the construction activities. Our project team will prepare a Master Work Programme which sets out the work activities, sequence of works and project milestones in accordance with the project requirements and specifications. Individual tasks in the project will be closely monitored in accordance with the timeline planned in the Master Work Programme. This is to avoid idling and to ensure construction works are completed in a timely manner. Technical support and value engineering input, where applicable, will be provided to our clients to ensure cost effectiveness and methodology efficiency and time saving. Our project team will coordinate and develop shop drawings and coordination drawings from construction drawings provided by project consultants.

During the construction works phase, our project team will act as the site administrator to devise a detailed construction plan, monitor, coordinate and supervise subcontractors, liaise with clients and consultants as well as monitoring of construction activities. Our project team will set up site facilities, plan, coordinate and allocate required resources, enforce site management system throughout the project and liaise with the utility provider for utility relocation and temporary diversion, where applicable. We carry out the construction of building structural works using reinforced concrete such as foundations, slabs, beams and walls for the building segment. We also undertake civil engineering and infrastructure works such as land clearing, earthworks, bridges, retaining wall and drainage works.

Depending on the nature of project, availability of our internal resources, cost effectiveness, licensing/ specialist requirements, we will outsource certain parts of the construction works to subcontractors. During the construction stage, the activities that are subcontracted to third parties mainly includes M&E engineering works, piping and plumbing works, external painting works and water proofing works.

Our Tender and Contracts Department will coordinate the transfer and/or procurement of the construction machinery and equipment and construction materials needed for the project site in accordance with the Master Work Programme. Construction works that are done on-site are evaluated by our Tender and Contracts Department as part of interim claims progress and to resolve contractual issues, if any.

Our QESH Department will monitor the project site to ensure compliance to the quality, site occupational safety, health and environmental guidelines and policies. Project QESH plan will be developed and implemented in accordance with the construction activities to ensure safe working environment.

7. BUSINESS OVERVIEW (Cont'd)

We normally receive monthly progress payments from our clients throughout the duration of the project. Our Tender and Contracts Department will submit monthly progress claim for the project to our client's consultants. Thereafter, we will arrange a project site visit together with the consultants to verify the progress of the construction work done. Based on the joint assessment, the consultants will proceed to prepare the monthly progress claim recommendation based on the amount of work done. Such recommendation will be submitted to the project architect and/or superintendent officer and/or client for certification of payment.

Similarly, our subcontractors are also required to submit their progress claims to us for our evaluation on monthly basis. Upon verification of the subcontractor's progress claim against the actual work done, progress certificate will be issued. Payment to subcontractors will be processed and released based on the subcontractors' contracts and/or work orders.

Our project team will carry out final inspection, testing and commissioning jointly with the client or client's representatives at the end of construction works and prior to demobilising resources from the project site. The project head will be responsible for compiling the final project documentation which includes as-built drawings, warranties, and operations and maintenance manuals and a complete set of final project documents will be presented to the client during the handover stage by our project team. Once this is completed, the project team will proceed to demobilise resources from the project site in stages.

A project is deemed completed when the project's architect issues a CPC. Upon receipt of the CPC, we will submit our final claim which will include claim for partial release of the retention sum, with the remaining retention sum to be retained by our client until the end of the DLP and upon issuance of CMGD.

(e) Post construction

The DLP will commence upon receipt of the CPC. Upon receiving reports on defects identified by the client during the DLP, our Project Department will, at the subcontractors' costs, investigate and rectify the issues by getting our respective subcontractors to rectify the defects. The duration of the DLP generally ranges from 12 to 27 months after the issuance of the CPC.

A CMGD will be issued upon expiry of the DLP and completion of the rectification of identified defects. We also extend joint warranties or guarantees together with relevant suppliers in respect of selected proprietary systems, materials and goods installed, such as external paint works and water proofing works beyond the DLP, subject to terms of the contract. Any defects that are identified during this period will be rectified by our respective subcontractors if the defects are due to defective materials or workmanship.

We generally submit the draft final accounts with all the required supporting documents within 6 to 12 months after the issuance of the CPC. The final accounts shall be completed and issued by the project's architect and/or superintendent officer and/or client in accordance with the terms of the contract.

7. BUSINESS OVERVIEW (Cont'd)

Generally, our clients are entitled to retain 10.0% of each progress billing, as retention sum, up to a maximum of 5.0% of the contract sum. When a maximum limit of 5.0% of the contract sum has been retained, no further amount shall be retained by the client. Our client will retain the entire retention sum throughout the contract period until the issuance of CPC, where half of the total retention sum will be released to us. The remaining half of the retention sum will be retained by our client until the end of the DLP, and upon issuance of the CMGD. The remaining retention sum may be utilised by our client to remedy defects if we fail to rectify the defects within the agreed period.

Similarly, we also retain 10.0% of each certified work done against our subcontractors as retention sum, up to a maximum of 5.0% of the awarded subcontract value. We will release the retention sum to our subcontractors of which half of the retention sum will be released upon the issuance of the CPC, whilst the remaining half will be released at the end of the DLP and upon the issuance of the CMGD.

For the FYE 2017 to FYE 2020, we have not incurred any LAD.

7.5 PRINCIPAL MARKETS

Our Group's revenue for FYE 2017 to FYE 2020 was generated from our business activities in Malaysia.

7.6 SALES AND MARKETING

We do not have a designated sales and marketing department. Our Group Managing Director and Executive Director, with support from our Tender and Contracts Department, work together to seek for new projects from past, existing and potential new clients such as property owners/property developers, and project consultants such as architects and engineers. Our Tender and Contracts Department also monitors and sources for new projects from open tenders for public sector projects, where information is made available through notices in major newspapers and websites of relevant government agencies. In addition, we also work together with contractors that we have worked with in the past, to identify new opportunities in the industry.

7.7 TECHNOLOGY USED OR TO BE USED

Our Group uses a number of licensed computer software for project management, supply chain management, claims and contract management, asset management and cost-benefit analysis to facilitate our business processes. The table below lists the major types of computer software used:

Software	Description
AutoCAD LT	A computer-aided design and drafting software application to create two-dimensional drawings.
Microsoft Project	A project management software which is used to develop project plans, assigning of resources, progress tracking, project budgeting and analysing workloads.

7. BUSINESS OVERVIEW (Cont'd)

Software	Description
Speedbrick Compose	A cloud-based software which allows contractors to manage their supply-chain management process. It connects the site operators and project management office on material management issues and keeps tracks of material site request, purchase and delivery orders. It also provides a single view of project material performance and helps users stay within construction budget.
Speedbrick Echo	A cloud-based software which allows contractors to manage the contracts, progress claims and monitor deadlines and financial performance.
Fleet Maintenance Pro	A fleet maintenance software which is used for inventory tracking, preventive maintenance scheduling, repair tracking, managing work orders, daily inspection checklists, inventory management, fuel and metre imports and customisable reports.
Hilti – ON!Track	An asset management system to track the tools and equipment on the project sites.

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7. BUSINESS OVERVIEW (Cont'd)

7.8 INTERRUPTIONS IN BUSINESS

Save as disclosed below, our Group has not experienced any interruption that had significant effect on our operations during the past 12 months preceding LPD.

Impact of Covid-19 and MCO on our Group

Due to the recent outbreak of the Covid-19 pandemic, the Government announced a MCO, which took effect from 18 March 2020. As a result, we temporarily suspended our operations at both our project sites and head office, with our personnel from head office working remotely. Nonetheless, under an exemption announced by MITI on 10 April 2020, we had on 22 April 2020 received approval from MITI to resume operations on Nestcon Infra's on-going projects. On 4 May 2020, we further received approval from MITI to resume operations on Nestcon Builders' on-going projects.

Prior to resumption of operations, we were required to perform Covid-19 testing on all our site construction workers (including our subcontractors' site construction workers) to ensure they are not infected with the virus. We gradually resumed works from 4 May 2020 starting with our Railway Project and we fully resumed operations at all project sites on 25 May 2020. Subsequently, some of our site construction workers on one of our project sites, the Scarletz Project, were detected positive for Covid-19 on 25 December 2020. Operations at the said project site were immediately suspended, all site construction workers were instructed to practise self-quarantine and Covid-19 test was also carried out on all site construction workers. Disinfection and sanitisation work was undertaken at the project site and we resumed operations at Scarletz Project site on 4 January 2021, upon receiving approval from the Ministry of Health.

As at LPD, we have complied with the latest standard operating procedures imposed by the Government, and all our on-going projects have fully resumed activities.

The impact of the above has halted the construction activities of our on-going projects for approximately 8 to 10 weeks beginning from 18 March 2020. Although our construction activities were temporarily suspended for that period, our Board considers that such temporary suspension would not have a material impact on our business operation and financial condition. This is because most of the costs we incur for our business operations are variable costs, which mainly consists of subcontractors' costs. As such, we will only incur such costs when we are carrying out our construction activities. As for the fixed costs, we still had to incur approximately RM2.50 million per month for staff cost and wages, upkeep and maintenance, finance costs and rental expenses during the business suspension period. There was no significant impact on our employees as we did not reduce the number of employees nor reduce their salaries as a result of Covid-19 and MCO.

However, the temporary suspension of our operations as mentioned above will affect our Group's financial performance as we expect a delay in our revenue recognition which will result in lower revenue for FYE 2020, as compared to FYE 2019, but higher compared to FYE 2018.

7. BUSINESS OVERVIEW (Cont'd)

The Government announced another MCO ("MCO 2.0") which was effective on 13 January 2021 which transitioned to conditional MCO or recovery MCO. Thereafter, another MCO 3.0 was implemented effective 12 May 2021 for the whole country following increases in the number of Covid-19 cases. However, this did not materially impact our operation as exemption was granted by MITI for us to operate as usual. We have complied with the latest standard operating procedures imposed by the Government for all our project sites and office. As such, we do not foresee the need for any extension of our contract period. In the event the Government shall impose tighter restrictions which affect the progress of our construction activities, we shall apply to our clients for further extension of time to complete our on-going projects with no imposition of LAD on us.

On 28 May 2021, the Government subsequently announced a FMCO, also known as total lockdown effective 1 June 2021, where all social and economic activities are not allowed to operate with exemptions given to selected industries. During this period, construction activities are limited to works such as repair and maintenance as well as construction of public infrastructure such as tunnels, slopes, bridges and viaducts, highways (those which are at least 80% completed), Mass Rapid Transit, Light Rail Transit, The East Coast Rail Link, hospitals, and workers' residence at construction sites.

Following the announcement of the FMCO, we have temporarily suspended our operations at both our project sites and our head office with personnel from head office working remotely. We had on 1 June 2021 submitted applications to MITI to operate our ongoing civil engineering and infrastructure projects and have received approvals to continue our construction activities for 7 out of 15 contracts on 1 June 2021. However, construction works for our building construction segment will not be able to resume during this period.

We will continue to monitor any new developments and announcements from relevant authorities, as to when we can fully resume operations at all project sites. Assuming the current FMCO will last around 8 to 10 weeks like the initial MCO which took effect on 18 March 2020, our Board considers that such suspension would not have a material impact on our business operation and financial condition. Nonetheless, the final effects of the Covid-19 pandemic are difficult to assess at this stage and any prolonged Covid-19 pandemic may have negative effect on the Malaysian economy and property development industry as a whole.

Today, we have not encountered any foreign workers shortage for our project. The work permits of our foreign workers are renewable on yearly basis and we have not encountered any difficulties to renew their work permits thus far except for 2 foreign workers whose work permits expired on 6 January 2021, which were subsequently renewed on 2 February 2021.

Moving forward, we do foresee a shortage of foreign workers for our upcoming projects if the Covid-19 pandemic is prolonged and tighter restrictions are imposed by the Government as no incoming foreign workers are allowed by the Government yet. In addition, the existing foreign workers with working permits expired may not be willing to extend their employment in Malaysia. In this regard, our proposed IBS facility is intended to reduce our dependency on foreign workers.

7. BUSINESS OVERVIEW (Cont'd)

Measures to commence and continue our business operations

As part of the requirements to commence our operations, all our site construction workers (including our subcontractors' site construction workers) have undergone Covid-19 testing to ensure that they are not infected with the virus. We had incurred approximately RM0.25 million on Covid-19 tests for all the subcontractors' site construction workers at our project sites, and such costs incurred will be reimbursed by our subcontractors. Meanwhile, we did not incur any costs for the Covid-19 tests for our employees and site construction workers as it was covered under the Prihatin Screening Programme implemented by the Social Security Organisation under the Ministry of Human Resources.

We have also implemented new Covid-19 safety and health instructions and procedures, and social distancing guidelines imposed by the Government, relevant authorities and local councils. These new Covid-19 standard operating procedures include the following:

- (i) requiring all our employees to declare their health conditions and travel history prior to returning to our office and project sites;
- (ii) implementation of movement control routing;
- (iii) ensuring all our employees, construction workers and visitors wear face masks at all times, regularly sanitise their hands and practise social distancing;
- (iv) measuring and recording the body temperature of our employees, construction workers and visitors daily;
- (v) regular sanitising of our office, project sites and staff accommodations;
- (vi) setting up quarantine zones and isolated quarantine cabins at project sites;
requiring all employees and construction workers to visit nearby hospitals for diagnosis and treatment immediately if they have developed any Covid-19 symptoms and have not recovered after being in quarantine for 3 days; and
- (vii) reminding all employees and construction workers of the importance of health protection, good hygiene practises and social distancing.

The total costs for the implementation of the Covid-19 standard operating procedures above is estimated to be approximately RM0.30 million annually (of which RM0.20 million has been incurred up to LPD) which is not material to our Group.

In the event of an outbreak of Covid-19 at our project sites, our standard operating procedures include the following:

- (i) immediate suspension of all construction activities at the infected project site for at least 14 days and notifying the Ministry of Health of the outbreak;
- (ii) conduct Covid-19 test for all site construction workers and practise self-quarantine;
- (iii) any infected construction workers will be quarantined based on instructions from the Ministry of Health; and
- (iv) the project site including construction machinery and equipment at the site will be disinfected.

7. BUSINESS OVERVIEW (Cont'd)

Following the detection of Covid-19 at the Scarletz Project site, we also performed Covid-19 testing on all our other Klang Valley site construction workers (including our subcontractors' site construction workers) to ensure they are not infected with the virus. Arising from this, we incurred a total costs of RM0.07 million for the Covid-19 tests, quarantine accommodation, disinfection and sanitisation and transportation costs, which are not material to our Group.

Impact of Covid-19 and MCO on our supply chain

During the MCO and conditional MCO period, our suppliers' and subcontractors' operations were also temporarily suspended. We were working closely with them before we resumed operations to ensure that there will be timely delivery of construction materials, no shortage in supply of construction materials and labour, and continuation of services by our subcontractors once we resume our operations at our project sites.

In the event our suppliers and/or subcontractors are required to temporarily terminate their operations due to Covid-19 infection cases in the future, we believe our business operations will not be significantly impacted as we have 39 alternative suppliers and 32 alternative subcontractors from our approved list that meets our requirements to ensure consistent and stable supply of construction materials, labour and subcontractors' services.

Despite the outbreak of Covid-19 and imposition of MCO, MCO 2.0, MCO 3.0 and FMCO, we have not experienced any disruption to the supply chain upon resumption of our operations at all project sites.

Impact of Covid-19 and MCO on our projects

Due to the MCO and conditional MCO, the initial work plan for our Group's on-going projects has been deferred. The suspension of our operations may also result in our clients claiming LAD for delays in completion of the projects. In this respect, we have applied to 6 clients and received extension of time for the completion of our on-going projects with no imposition of LAD on us, as follows:

Project	Completion date	
	Contracted	Extension of time given
Grand Project	August 2020	August 2021
Scarletz Project	August 2021	November 2021
Panorama Project	September 2021	December 2021
Mossaz and Paxtonz Project	August 2022	October 2022
Railway Project	Between April 2020 to November 2020 for different sections of the project	July 2021
Provision of elevated roadworks at Damansara Perdana, Selangor	February 2021	August 2021

In view of the recently implemented FMCO, we will assess the period lost due to the temporary suspension of construction activities and applying for extension of time from our clients. As at LPD, we have received extension of time for all our projects which completion were inadvertently delayed due to the Covid-19 pandemic. We have also not experienced any termination or cancellation of any of our ongoing projects as at LPD.

7. BUSINESS OVERVIEW (Cont'd)

Under the Pertubuhan Akitek Malaysia's standard form of building contracts which we have signed with our clients, in the occurrence of a force majeure event, we are entitled to apply to clients for extension of time to complete the projects. The Covid-19 pandemic is deemed to be a force majeure event.

The Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (Covid-19) Act 2020 ("**Covid-19 Act**"), which was gazetted on 23 October 2020, amongst others suspend the contracted obligation of the construction related contracts between period 18 March 2020 to 31 December 2020. The operation of such provision is extended to 30 June 2021 pursuant to the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (Covid-19) (Extension of Operation) Order 2021.

Despite the outbreak of Covid-19 and imposition of MCO, we have not experienced any termination or cancellation of any of our on-going projects up to LPD. In addition, there has not been any reduction in the contracted value or contracted terms of our on-going projects up to LPD.

As at LPD, we have 11 building tenders and 40 civil engineering and infrastructure tenders with tender sum amounting to RM964.65 million and RM1,880.39 million respectively, which are still pending decision. These tenders are pending for decision, which may be delayed due to MCO 2.0. We have also received 1 tender invitation for our building segment and 5 tender invitations for our civil engineering and infrastructure segment. Due to MCO 2.0, we were informed by the respective project owner that the tender closing date will be deferred until further notice.

Due to the outbreak of Covid-19, there may be postponement of tenders for new construction projects in the construction industry but we believe that this is temporary and in the long run, the Covid-19 pandemic will not have any adverse impact on our prospects and our ability to replenish our order book.

Nonetheless, there can be no assurance that the outbreak of Covid-19 can be effectively controlled in Malaysia, and as such, its final implications are difficult to estimate at this stage. However, any escalation and prolonged situation of the Covid-19 pandemic will cause economic uncertainties and this could potentially affect us. Please refer to Section 9.1.1 for further details.

7.9 SEASONALITY

Our operations and sales are not subject to any seasonality factors. However, the demand for properties and construction services in Malaysia may be affected by global and local economic conditions and government policies, which may affect construction activities.

7. BUSINESS OVERVIEW (Cont'd)**7.10 MAJOR CLIENTS**

Our Group's clients are all based in Malaysia. Our top 5 clients according to their revenue contribution for FYE 2017 to FYE 2020 are as follows:

No.	Name	Revenue		Main services provided	Length of relationship Years
		RM'000	%		
FYE 31 December 2020					
1.	EXSIM Group	118,931	34.5	Construction works for Nidoz Project, Scarletz Project, Mossaz and Paxtonz Project and provision of elevated roadworks at Damansara Perdana, Selangor	7
2.	Client A ⁽¹⁾	110,967	32.2	Construction works for Railway Project	3
3.	Mediaraya Sdn Bhd	43,302	12.6	Construction works for Grand Project	3
4.	LLC Infra Sdn Bhd	32,035	9.3	Construction works for Panorama Project	4
5.	Altimas Sdn Bhd	10,975	3.2	Construction works for Kuchai Sentral Project	2
		316,210	91.8		
FYE 31 December 2019					
1.	EXSIM Group	185,532	43.9	Construction works for Nidoz Project, Scarletz Project and Mossaz and Paxtonz Project	6
2.	Client A ⁽¹⁾	151,472	35.8	Construction works for Railway Project	2
3.	Mediaraya Sdn Bhd	42,650	10.1	Construction works for Grand Project	2
4.	Nagano Development Sdn Bhd ⁽²⁾	28,748	6.8	Construction works for Nest Residence Project	4
5.	LLC Infra Sdn Bhd	6,763	1.6	Construction works for Panorama Project	3
		415,165	98.2		

7. BUSINESS OVERVIEW (Cont'd)

No.	Name	Revenue		Main services provided	Length of relationship
		RM'000	%		Years
FYE 31 December 2018					
1.	EXSIM Group	69,574	32.0	Construction works for Nidoz Project	5
2.	Nagano Development Sdn Bhd ⁽²⁾	66,607	30.6	Construction works for Nest Residence Project	3
3.	Client A ⁽¹⁾	21,386	9.8	Construction works for Railway Project	1
4.	Mediaraya Sdn Bhd	21,258	9.8	Construction works for Grand Project	1
5.	Hai Feng Shipping Sdn Bhd	9,941	4.6	Construction works for Melaka Gateway Project	2
		188,766	86.8		
FYE 31 December 2017					
1.	EXSIM Group	123,975	65.0	Construction works for Petalz Project, Nidoz Project and Nouvelle Industrial Park Project	4
2.	Nagano Development Sdn Bhd ⁽²⁾	41,584	21.8	Construction works for Nest Residence Project	2
3.	LLC Infra Sdn Bhd	15,547	8.1	Provision of earthworks for a power plant located in Alor Gajah, Melaka	1
4.	Syabas Tiara Sdn Bhd	2,541	1.3	Removal of soil located at Gua Musang, Kelantan	2
5.	Boon Shang Transport Sdn Bhd	1,842	1.0	Removal of soil located at Temusu Mukah, Sarawak	1
		185,489	97.2		

Notes:

- (1) A private limited company incorporated and based in Malaysia and which is involved in civil engineering works, construction, property development & real estate investment, investment holding & related services.

7. BUSINESS OVERVIEW (Cont'd)

Client A is a wholly-owned subsidiary of a public company listed on the Main Market of Bursa Securities. The holding company of Client A is an integrated infrastructure developer domiciled in Malaysia, with extensive international operations in the UK and Singapore, as well as businesses and projects under development in other countries including Indonesia, Australia, Japan, Jordan and China. The holding company of Client A and its subsidiaries are involved in utilities, cement manufacturing and trading, construction, property investment and development, hotel operations, management services and others, and IT and e-commerce related business. We are unable to disclose the identity of Client A by virtue of a confidentiality agreement executed with Client A in relation to the Railway Project.

- (2) A related party by virtue of the interest of our Group Managing Director. Please refer to Sections 10.1 and 11.1 for further details.

Revenue contribution from our major clients varies from year to year given the nature of our business being conducted on a contract basis. We may not secure similar contracts in terms of size and scope with the same clients every year. As at LPD, we have 3 ongoing contracts from Client A in relation to the Railway Project, and 7 ongoing contracts from EXSIM Group for the Scarletz Project, Mossaz and Paxtonz Project and an elevated roadworks project at Damansara Perdana, Selangor, 1 rock blasting and other general works project at Damansara Perdana, Selangor, 2 road, drainage and water reticulation works projects at Damansara Perdana, Selangor and 1 rock stabilisation works project at Damansara Perdana, Selangor. For FYE 2020, Client A and EXSIM Group also contributed 32.2% and 34.5% of our revenue, respectively. While we are not dependent on our major clients for our business continuity as our contracts with them are secured on a contract by contract basis, Client A and EXSIM Group are expected to contribute significantly to our Group's revenue and profit for FYE 2020 up to FYE 2022 due to the timing and progress of their contracts.

Although our top 5 clients for FYE 2020 accounted for 91.8% of our revenue, we have also secured contracts from other clients such as Premier Baycity Sdn Bhd, China Communications Construction Company (M) Sdn Bhd, China Communications Construction (ECRL) Sdn Bhd, Lion Tin Sdn Bhd, Sunway Construction Sdn Bhd, MMC Engineering Sdn Bhd and Nescaya Etika Sdn Bhd, which collectively account for 23.7% of our order book as at LPD. The revenue contribution from these clients will come on-stream from FYE 2021 and for up to 3 years thereafter. Please refer to Section 9.1.2 for further details on our concentration on certain major clients.

7.11 TYPES, SOURCES AND AVAILABILITY OF INPUT

The main components of our cost of sales are subcontractors' costs, construction materials and direct labour costs.

The table below sets out our major cost components for FYE 2017 to FYE 2020:

Cost components	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾
Subcontractors cost	106,998	61.7	94,850	49.8	223,856	58.2	171,376	55.1
Purchase of materials	38,385	22.2	58,798	30.9	105,910	27.5	88,551	28.4
Direct labour cost	7,322	4.2	12,792	6.7	17,159	4.4	16,199	5.2
Preliminaries ⁽²⁾	20,568	11.9	23,990	12.6	37,985	9.9	35,070	11.3
	173,273	100.0	190,430	100.0	384,910	100.0	311,196	100.0

7. BUSINESS OVERVIEW (Cont'd)**Notes:**

- (1) As a percentage of total cost of sales.
- (2) Preliminaries include hire of vehicles, rental of equipment and premises, upkeep expenses, fuel & diesel, utilities, projects levy, insurances, depreciation of property, plant and equipment and costs related to safety, health and welfare.

As a main contractor or principal works contractor, we engage subcontractors to carry out selected parts of our construction activities, particularly those which require other specialised trade works such as M&E engineering works, piping and plumbing works, external painting works and water proofing works. In addition, we also engage subcontractors to carry out works which include supply and installation of construction materials, machinery and equipment with the objective of reducing the amount of workforce required and to lower our operating costs. Our subcontractors and suppliers are selected based on our developed internal policies and procedures.

Our construction materials comprise mainly steel materials such as steel bars and wire mesh, ready-mixed concrete, sanitary wares, tiles, cement, grout and adhesives, timber and plywood, hollow section and galvanised iron pipes, electrical items, bricks, diesel, and quarry products. These construction materials are widely available from local suppliers, including suppliers nominated by our clients. The prices for construction materials such as steel materials, concrete and cement may be subject to price fluctuations as a result of demand and supply conditions. For the purchases of construction materials, we generally take into account our suppliers' lead times to prevent potential major disruptions to our construction progress. We generally purchase construction materials on a project or per purchase order basis.

We have not faced acute shortages or major price differentials for any of our required construction materials as well as major price differentials for our labour wages during FYE 2017 to FYE 2020 which has materially affected our financial performance. In addition, we have not experienced major cost differentials for any of our subcontract agreements during FYE 2017 to FYE 2020 which has materially affected our financial performance.

7.12 MAJOR SUPPLIERS AND SUBCONTRACTORS

All our suppliers and subcontractors are based in Malaysia.

7.12.1 Major suppliers

Our Group's top 5 suppliers according to total purchases for FYE 2017 to FYE 2020 are as follows:

No.	Name	Purchase value		Main products sourced	Length of relationship Years
		RM'000	%		
FYE 31 December 2020					
1.	Supplier A and Supplier B ⁽¹⁾	25,693	29.0	Sand and stone and ready-mixed concrete used for the Railway Project for Client A	3
2.	LLC Infra Sdn Bhd	6,998	8.0	Steel and concrete	2
3.	Makin Juta Sdn Bhd	5,080	5.7	Steel and reinforcing fabric of steel	7

7. BUSINESS OVERVIEW (Cont'd)

No.	Name	Purchase value		Main products sourced	Length of relationship
		RM'000	%		Years
4.	Emas Kiara Marketing & Engineering Sdn Bhd	4,290	4.8	Woven geotextile	2
5.	Cemix Concrete (M) Sdn Bhd	3,698	4.2	Concrete	7
		45,759	51.7		

FYE 31 December 2019

1.	Supplier A and Supplier B ⁽¹⁾	35,491	33.5	Sand and stone and ready-mixed concrete used for the Railway Project for Client A	2
2.	Cemix Concrete (M) Sdn Bhd	6,723	6.4	Concrete	6
3.	Chin Hin Concrete (KL) Sdn Bhd	4,411	4.2	Concrete	6
4.	Electrolux Home Appliances Sdn Bhd	4,394	4.1	Washing machine, dryer, hood and hob	4
5.	Engtex Marketing Sdn Bhd	4,391	4.1	Steel, bricks, drainage culvert, cement, mesh and glazeware	6
		55,410	52.3		

FYE 31 December 2018

1.	Cemix Concrete (M) Sdn Bhd	6,648	11.3	Concrete	5
2.	Lifomax Woodbuild Sdn Bhd	5,108	8.7	High tensile reinforcement steel bar, bricks and mesh	5
3.	Makin Juta Sdn Bhd	3,159	5.4	Steel, hardware and scaffolding	5
4.	Chin Hin Concrete (KL) Sdn Bhd	2,931	5.0	Concrete	5
5.	Kean Soon Marketing Sdn Bhd	2,416	4.1	Steel and mesh	4
		20,262	34.5		

7. BUSINESS OVERVIEW (Cont'd)

No.	Name	Purchase value		Main products sourced	Length of relationship
		RM'000	%		Years
FYE 31 December 2017					
1.	Cemix Concrete (M) Sdn Bhd	5,189	13.7	Concrete	4
2.	Makin Juta Sdn Bhd	3,464	9.1	Steel, hardware and scaffolding	4
3.	Syn Tai Hung Trading Sdn Bhd	2,899	7.7	Steel, bricks, drainage pipe culvert, cement and concrete	4
4.	Gerak Jalinan Sdn Bhd	2,724	7.2	Diesel	2
5.	Buildcon Concrete Sdn Bhd	2,148	5.7	Concrete	1
		16,424	43.4		

Note:

- (1) Both Supplier A and Supplier B are private limited companies incorporated and based in Malaysia. Supplier A is involved in the quarry business & related services whilst Supplier B is involved in the manufacture & sale of ready-mix concrete & hiring of vehicles.

Supplier A and Supplier B are 50.01% and 93.39% subsidiaries of a public company listed on the Main Market of Bursa Securities. Supplier A, Supplier B and Client A have the same holding company. Please refer to the definition of Client A for further description of the holding company. We are unable to disclose the identity of Supplier A and Supplier B by virtue of a confidentiality agreement executed with Client A in relation to the Railway Project.

Our Group has established a long-standing relationship with several of these companies and we believe that the relationships forged will be beneficial to our purchasing and cost efficiency. The suppliers are also selected based on several criteria such as the quality of their products and the reliability of suppliers. We are not dependent on any single major supplier as in the event we are unable to source for our supplies from the above suppliers, we are still able to source the products from other suppliers in the local market.

7.12.2 Major subcontractors

Our Group's top 5 subcontractors according to total subcontractors costs for FYE 2017 to FYE 2020 are as follows:

No.	Name	Subcontractor cost		Type of services provided	Length of relationship
		RM'000	%		Years
FYE 31 December 2020					
1.	Geohan Sdn Bhd	14,972	8.7	Piling works	2

7. BUSINESS OVERVIEW (Cont'd)

No.	Name	Subcontractor cost		Type of services provided	Length of relationship Years
		RM'000	%		
2.	Nehemiah Reinforced Soil Sdn Bhd	8,793	5.1	Reinforced earth wall	3
3.	Tech Max Construction Sdn Bhd	8,324	4.9	Architecture trade work	2
4.	Great Broz Resources Sdn Bhd	7,931	4.6	Temporary strutting and sheet piling works	3
5.	Intim Reno Sdn Bhd	6,296	3.7	Carpentry works	5
		46,316	27.0		

FYE 31 December 2019

1.	Great Broz Resources Sdn Bhd	19,107	8.5	Temporary strutting and sheet piling works	2
2.	Geohan Sdn Bhd	16,738	7.5	Piling works	1
3.	Ideal Glass & Aluminium Works Sdn Bhd	14,037	6.3	Aluminium and glazing works	5
4.	Unimec Engineering Sdn Bhd	9,820	4.4	Air conditioning and mechanical works	5
5.	Intim Reno Sdn Bhd	8,363	3.7	Carpentry works	4
		68,065	30.4		

FYE 31 December 2018

1.	Niagacom Sdn Bhd ⁽¹⁾	11,996	12.6	Reinforced concrete structure works	3
2.	Hektaria Sdn Bhd	7,570	8.0	Drainage and road works	3
3.	PLP Electrical Engineering Sdn Bhd	6,443	6.8	Electrical services	3
4.	Hongley Glass Sdn Bhd	5,087	5.4	Glass and aluminium works	2
5.	S Plus A Steel Construction Sdn Bhd	4,660	4.9	Earthworks	1
		35,756	37.7		

FYE 31 December 2017

1.	Niagacom Sdn Bhd ⁽¹⁾	50,559	47.2	Piling and reinforced concrete structure works	2
2.	PLP Electrical Engineering Sdn Bhd	2,724	2.5	Electrical services	2

7. BUSINESS OVERVIEW (Cont'd)

No.	Name	Subcontractor cost		Type of services provided	Length of relationship Years
		RM'000	%		
3.	Elite Alliance Engineering Sdn Bhd	1,477	1.4	Temporary strutting and sheet piling works	2
4.	Nilam Suci Sdn Bhd	1,263	1.2	Infrastructure road works	2
5.	First Steel Construction Sdn Bhd	1,260	1.2	Metal and general works	3
		57,283	53.5		

Note:

(1) Niagacom Sdn Bhd is a subcontractor nominated by our client for the Nidoz Project.

Save for Niagacom Sdn Bhd which contributed to 47.2% and 12.6% of our total subcontractors cost for FYE 2017 and FYE 2018, none of our top 5 major subcontractors accounted for more than 10% of our total subcontractors cost for FYE 2017 to FYE 2020.

We are not dependent on any single major subcontractor as we work with a large pool of subcontractors in the local market. We do not enter into any long-term agreement with our subcontractors and suppliers, as our subcontractors and supply contracts are usually on contract-to-contract basis which covers the requirements of the relevant contract.

7.13 QUALITY CONTROL MANAGEMENT**7.13.1 Integrated management system**

Our Group is committed to delivering quality construction services that meet the expectations and requirements of our clients, while protecting the safety and health of parties involved and minimising the environmental impact arising from construction activities. To this end, we have developed and implemented an integrated management system, which combines the components of a quality management system, occupational health and safety management system and environmental system.

As a testament to our quality commitment, the quality management system, occupational health and safety management system and environmental management system of both Nestcon Infra and Nestcon Builders were assessed and accredited with the ISO 9001:2015, OHSAS 18001:2007 (updated to ISO 45001:2018 in year 2020) and ISO 14001:2015 in 2017 by AGM Certification Sdn Bhd. Nestcon Infra was accredited under the scope of "infrastructure and civil engineering works" while Nestcon Builders was accredited under the scope "building construction works, civil engineering works and infrastructure works".

7.13.2 Quality assessment

QLASSIC is a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard ("CIS 7"). Developed by CIDB and introduced in 2006, QLASSIC was established to achieve the following objectives:

(a) To benchmark the quality of workmanship in construction industry;

7. BUSINESS OVERVIEW (Cont'd)

- (b) To establish a standard quality assessment on quality of workmanship of construction work;
- (c) To assess the quality of a workmanship of a construction project based on relevant approved standards;
- (d) To be used as a criterion to evaluate the performance of contractors based on quality of workmanship; and
- (e) To compile data for statistical analyses.

QLASSIC assessment is performed through a sampling approach which evaluates four main components namely, structural, architectural, M&E, and external works, with different weightages assigned to each component depending on the type of building being assessed. The scores of each component are then summed up to derive the overall QLASSIC score for a construction project.

As at LPD, we have participated in QLASSIC assessment for 3 of our residential building projects. We achieved a QLASSIC score of 70 for Petalz Project, 76 for Nest Residence Project and 79 for Nidoz Project.

7.13.3 Stringent partner selection

To ensure the quality of our services, we have put in place a set of standard procedures in selecting our subcontractors and suppliers. New domestic subcontractors and suppliers are evaluated prior to being invited for job tenders through pre-qualification submission such as company profile, track record and financial position. Existing domestic subcontractors and suppliers are invited for tender based on their track record and work history with our Group.

All selected subcontractors and suppliers are evaluated in terms of financial performance, production capabilities, ability to deliver products and services that meets our Group's quality requirements, and ability to deliver in a timely manner. In addition, we conduct periodic assessments on our subcontractors and suppliers to ensure their capabilities and information are up to date.

7.14 RESEARCH AND DEVELOPMENT

We do not engage in any research and development activity. Nevertheless, we regularly attend trade shows and exhibitions relating to the construction industry such as the Malaysian International Building Exposition and International Architectural, Interior Design and Building Exhibition Malaysia to identify the latest industry products, trend and technologies. From time to time, we also invite specialist suppliers and specialist subcontractors to provide product briefing to our staff.

7.15 COMPETITIVE STRENGTHS

7.15.1 Established track record in civil engineering, infrastructure and building construction works

We began our operations in 2010 when we secured our first project to provide earthworks and infrastructure services for a state sponsored project. Since then, we have established a track record in the construction industry in Malaysia and have completed over 20 construction projects, of varying sizes, scope of works and contract values.

7. BUSINESS OVERVIEW (Cont'd)

Both our subsidiaries are registered G7 contractors under CIDB, the highest grade issued by CIDB which allow us to undertake projects of any size and of unlimited amounts within Malaysia. In addition, both our subsidiaries are also registered as G7 contractors under Sijil Perolehan Kontrak Kerajaan, which meets the requirements and guidelines of the Ministry of Finance allowing us to participate in Government awarded contracts.

Over the last 10 years of experience in the construction industry, we have gained skills and knowledge by undertaking technical infrastructure projects namely the Railway Project and Scarletz Project. The Railway Project required us to work on a live railway track where the trains are still operating while the Scarletz Project entailed the construction of high rise buildings on a small plinth on a land measuring less than 1 acre. By leveraging on this experience, we have been proposing and providing our clients with value added services such as alternative design through value engineering to achieve cost and/or time savings.

Our project portfolio provides us with the platform to grow and sustain our business as a market player in the construction industry, while at the same time, serves as important reference for new and potential clients.

7.15.2 Qualified and experienced management and technical team

We are spearheaded by our Group Managing Director, Datuk Ir. Dr. Lim, who has approximately 22 years of engineering experience in respect of earthworks, civil engineering and infrastructure works, building construction and IBS, property development, civil and structural engineering consultancy and project management. Our Board is also represented by our Executive Director, Ong Yong Chuan, who has approximately 22 years of engineering experience in building construction. Under their leadership, our Group has successfully completed multiple building and infrastructure projects throughout Malaysia since 2010.

Further, our business operations are supported by our key senior management team which has collective experience and knowledge of the construction industry to lead our continual growth. In terms of technical expertise, we are supported by Yee Chee Sing (Project Director, Civil Engineering & Infrastructure Division), Lau Hoe Cheong (General Manager - Tender and Contracts, Civil Engineering & Infrastructure Division), Khoo Chun How (Senior Manager - Tender and Contracts, Building Construction Division) and Lim Kie Nyap (Senior Project Manager, Building Construction Division). Their experience in the construction industry ranges from approximately 15 to 29 years. In terms of our finance and accounting functions, we are supported by our Finance Director, Lim Joo Seng and Group Finance Manager, Wong Wai Peng who have approximately 23 and 26 years of experience in finance and accounts.

7.15.3 Commitment in maintaining good quality in our projects

Our Group is committed to providing our clients with quality services and to continuously improve in all aspects of our business. We have developed and implemented an Integrated Management System that is assessed by AGM Certification Sdn Bhd and accredited with internationally recognised standards, which include:

- ISO 9001: 2015 - Quality Management System
- ISO 14001: 2015 - Environmental Management System
- ISO 45001:2018 - Occupational, Health & Safety Management System

7. BUSINESS OVERVIEW (Cont'd)

We have fostered working relationships with various parties over the course of our operations, which include experienced personnel, suppliers and subcontractors which enable us to anticipate and identify potential challenges and delays in advance. It is our Group's commitment to ensure that our projects are well managed and completed on a timely manner while meeting our clients' requirements and specifications.

We have also deployed an IT operating system in respect of supply chain management, claim and contract management and asset management to streamline our daily operations and improve our operating efficiency. These initiatives are intended to improve our service quality and ensuring clients' satisfaction.

7.16 BUSINESS STRATEGIES AND PROSPECTS

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 24 months from the date of our Listing.

7.16.1 Establishing our own on-site IBS facility

In an environment of increased competitiveness, our Group's main focus is to simultaneously reduce cost, improve quality, reduce delivery times and embrace mass production principles.

From prior experience, our Group Managing Director, Datuk Ir. Dr. Lim has the relevant skills and knowledge of integrating, planning, monitoring, managing and controlling off-site and on-site activities in the context of IBS. Together with our project team, he has formulated a detailed and comprehensive strategy for effective adoption and implementation of IBS.

We have allocated RM6.00 million, or 13.3% of the proceeds from Public Issue to set up our own on-site casting yard at suitable project sites with approximately 5 to 10 acres to produce hollow core slabs, half slabs and precast bathroom units.

Precast hollow core slabs are mainly used as concrete flooring for parking podium. Based on our planned setup for 4 casting bases at 150 metres (length) x 1.2 metres (width) per casting base, we expect to produce on a daily basis, 168 square metres of hollow core slabs with standard measurement of 8 to 9 metres (length) x 1.2 metres (width) x 0.2 metres (thickness). This translates into a built up floor space of approximately 1,807 sq ft per day.

Half slabs and precast bathroom units form part of the setup as to ensure continuity of production process for our casting yard at different stages of construction phase. We plan to set up a table base mould of 120 metres (length) x 3 metres (width) which consists of 20 sets of base mould at 3 metres x 6 metres per set. The daily production from such set up is approximately 30 panels with standard measurement of 3 to 4 metres (length) x 2.4 metres (maximum width) x 0.065 to 0.09 metres (thickness). As for precast bathroom units, based on 4 precast bathroom unit base moulds, we will be able to produce 2 units per day.

As the hollow core slabs, half slabs and precast bathroom units produced will be mainly used for our future construction project located on the project site, we will be able to reduce transportation costs from external off-site casting yard that we would have to otherwise incur. In addition, the plant and equipment purchased for the casting yard can be redeployed to other project sites in the future by a straightforward process as the reset-up of the casting yard in new project sites is not complicated. The base mould, semi

7. BUSINESS OVERVIEW (Cont'd)

portal gantry cranes, batching plant and hollow core plant can be dismantled and transported to a future project site and/or yard for re-installation. The cost to be incurred for the relocation and set-up of a similar capacity casting yard is estimated to be approximately RM1.00 million while the estimated timeframe required for the set-up is approximately 4 to 6 months.

To set up this on-site casting yard, we will be subject to the approvals from authorities such as the local councils, Department of Environment and CIDB (IBS status).

The tentative timeline to set up this on-site casting yard is as follows:

Milestone	Description
T	Listing date
T + 4 months	Expected approval from local councils, Department of Environment and CIDB (IBS status)
T + 5 months	Commence purchase of the plant and equipment
T + 6 months	Expected completion of site preparation works
T + 12 months	Expected completion of setting up the casting yard
T + 15 months	Expected completion of setting up the concrete batching plant
T + 18 months	Testing and commissioning of casting yard
T + 21 months	Expected certificate of fitness for occupation for the casting yard

Such on-site casting yard will be set up on an identified section of our major client's land measuring a total of 61 acres, which has been earmarked for a mixed township development, spanning 10 to 12 years from 2020 and with estimated gross development value of RM9 billion. Although we have not secured this mixed township development contract, however we have 6 ongoing contracts with the said client within the vicinity of this mixed township development. The said client's land for setting up of such on-site casting yard will be leased to us upon finalisation of the mixed township development's phasing plan. In addition, we have submitted a proposal to the said client and received consent to set up an on-site casting yard subject to:

- (a) submission of a detailed proposal including the necessary approval from the relevant authorities; and
- (b) us indemnifying and keeping the said client indemnified against all liabilities, costs, charges, and expenses whatsoever incurred or suffered by them in respect of any claims, actions, proceedings commenced and/or prosecuted against them in relation to the setting up and operation of the IBS facility.

Our IBS venture is part of our efforts to reduce dependency on foreign workers while simultaneously improving quality and reducing delivery times. As such, if the said client retracts its consent in the future, the measures that we will take are as follows:

- (a) Identifying another suitable location to set-up a permanent off-site casting yard. The new set up is to be fully equipped with proper casting facilities and certifications to take external projects from public and private sectors;
- (b) Exploring joint ventures and/or partnerships with the state government, government-linked companies, government bodies and/or private project owners for the construction of low and/or medium cost apartments and single and double-storey terrace houses; and
- (c) Exploring collaboration with the existing pre-cast manufacturers.

7. BUSINESS OVERVIEW (Cont'd)

7.16.2 Improve our profile by tendering for more construction contracts

The number and size of construction contracts that we can undertake at any point in time depend largely on the availability of our working capital as:

- (a) A portion of our capital is locked up during the duration of a construction contract to match the bank guarantee issued as performance bond for the project. The amount of performance bond required for each project is generally 5.0% of the total contract sum. Based on the past 4 financial years under review up to the LPD, our performance bond amount ranges between RM5.52 million to RM12.09 million for the building construction projects whereas it ranges between RM0.41 million to RM17.02 million for the civil engineering and infrastructure projects. As the bank guarantee is usually secured by way of a pledge of fixed deposit, this affects our liquidity for the duration of the bank guarantee; and
- (b) During the course of our construction, there may be instances of mismatch in the timing of our cash flows due to time lags between making payments to our subcontractors and suppliers and receiving payments from our clients.

If we are to expand our business and secure more construction contracts, we must increase our available financial resources to satisfy the working capital required to undertake the construction contracts. We have therefore allocated RM10.95 million, or 24.3% of the proceeds from the Public Issue for our working capital purposes. We have also allocated RM6.62 million, or 14.7% of the proceeds from the Public Issue to acquire machineries and equipment to support our business expansion for the civil engineering and infrastructure segment.

By applying a portion of the proceeds from the Public Issue to satisfy the various working capital requirements associated with undertaking contract works, our Group will be in a better position to tender and expand our construction portfolio in the following segments:

(a) High-rise building

We have been securing high-rise building construction projects with higher contract values since our establishment. The Mossaz and Paxtonz Project is currently our largest high-rise project with a contract sum of RM400.00 million as at LPD. Moving forward, we will continue to replenish and grow our order book from the building construction segment, particularly the high-rise building segment which will enhance our revenue and increase our market share in the industry.

As at LPD, we have 11 tenders for building construction and related infrastructure works mainly in Klang Valley with a total tender sum of RM964.65 million, which are still pending decision from client. These tendered projects mainly relate to construction of high-rise residential and commercial buildings, and commercial units such as shophouses and factories. These tendered projects, if awarded to us, will further increase our order book.

Our involvement in high-rise condominium and serviced apartment projects such as Petalz Project, Nest Residence Project, and Nidoz Project serve as our key reference to secure future tenders as we are equipped with the required knowledge and technical skills to manage the construction of high-rise buildings. In addition, we already have an existing fleet of machinery and equipment suitable for the construction of high-rise buildings that we can mobilise.

7. BUSINESS OVERVIEW (Cont'd)

(b) Purpose-built and industrial buildings

We intend to extend our building construction portfolio to include purpose-built and industrial buildings. Purpose-built buildings refer to hospitals, schools and hotels while industrial buildings refer to factories and warehouses.

We believe our past expertise and experience in the construction of high-rise buildings will provide us with the required knowledge and technical skills for the construction of other buildings.

Our expansion into other building segments will enable us to further increase our revenue stream and project portfolio, as well as improve our Group's profile.

(c) Other infrastructure projects

We plan to further expand into civil engineering and infrastructure projects as we believe that our country's on-going economic development will spur the demand for such projects, where government-led initiatives will focus on civil engineering and infrastructure projects involving ground treatment, highways, bridges and transportation infrastructure, major water and sewer reticulation works as well as renewable energy. As at LPD, we have 40 tenders for civil engineering and infrastructure projects across Malaysia with a total tender sum of RM1,880.39 million, which are pending decision. These tendered projects mainly relate to site clearing, earthworks, construction of retaining walls, road and drainage works.

As an initial part of such expansion, we intend to penetrate into the renewable energy segment in particular the construction of large-scale solar photovoltaic ("LSSPV") projects, where we will focus on the provision of earthworks and related infrastructure works for project owners. LSSPV projects are large-scale solar photovoltaic plants where electricity generated from the LSSPV plant is supplied to the electricity grid.

In this respect, the Ministry of Energy and Natural Resources via the Energy Commission has opened a competitive bidding process for Large-Scale Solar Programme by Malaysian Electricity Industry to Attract Renewable Energy Investment ("LSS@Mentari"). The LSS@Mentari which started on 31 May 2020 is the fourth competitive bidding exercise held by Energy Commission where 1,000 megawatt of quota is up for tender, the biggest quota so far under the LSSPV programmes. These moves are aimed at reviving as well as stimulating the Malaysian economy that is affected by the Covid-19 pandemic.

As at LPD, we have also submitted a tender for the provision of earthworks for a LSSPV project, which was part of the third LSSPV competitive bidding exercise that was conducted in 2019 and is currently pending decision.

We believe that our plan to further expand into the civil engineering and infrastructure projects is supported by our country's on-going economic development. We believe that our existing key senior management team has the necessary knowledge and technical skills to handle and complete the targeted civil engineering and infrastructure construction projects. Moreover, we already have an existing fleet of machinery and equipment that we can mobilise quickly to further expand our infrastructure construction services.

7. BUSINESS OVERVIEW (Cont'd)

7.16.3 Prospects of our Group

We believe that our prospects in the construction industry are favourable taking into consideration our competitive strengths in Section 7.15, our future plans in Section 7.16 as well as the prospects of the construction industry as set out below.

According to the IMR Report, the construction industry contracted by 19.4% in 2020 with a market size of RM53.40 billion. This is a result of the Covid-19 pandemic and the implementation of MCO which had disrupted local construction activities with players continue to face challenges to restart work due to strict compliance to new standard operating procedures, disruption in supply of building materials as well as financial constraints. Due to the Covid-19 pandemic and MCO, the Government had announced a number of economic stimulus and assistance packages to preserve the public's welfare, support businesses and strengthening the economy. Among the announcement made include allocation of additional RM2.5 billion for contractors to carry out small and medium projects across the country under Budget 2021, the continuation of hiring incentive program under PERKESO (now known as PenjanaKerjaya) as well as the provision of several incentives to stimulate the property market such as the extension of full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers until 31 December 2025 and allocation of funds for construction of comfortable and quality housing.

While there have been renewed waves of positive Covid-19 cases and reimplementations of movement and travel restrictions at the start of 2021, the Malaysian economic outlook remains optimistic as all economic sectors including construction industry continues to operate. Growth in the industry is expected to come from government-led initiatives and spending particularly those relating to infrastructure and housing developments such as the East Coast Rail Link, Bandar Malaysia, Johor Bahru-Singapore Rail Transit System, Klang Valley Double Track and Pan Borneo Highway. A favourable interest rate environment and increased participation from the private sector via funding and investment structures and steady population claims are also expected to support the construction industry.

The Malaysian construction industry is expected to rebound in 2021 with a growth rate of 7.0% on the back of infrastructure activities. From 2021 to 2025, the construction industry is expected to grow at a compound annual growth rate of 7.3%, with a market size of RM75.92 billion in 2025.

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8. IMR REPORT

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Protégé
ASSOCIATES

BRAND FINANCE MARKET

The information in this Section 8 is based on market research conducted by Protégé Associates commissioned by Nestcon Berhad for the purpose of the IPO.

Date: 8 May 2021

The Board of Directors
Nestcon Berhad,
No. 02-10, Jalan Kenari 13B,
Bandar Puchong Jaya,
47180 Puchong,
Selangor Darul Ehsan.

Dear Sirs,

Strategic Analysis of the Construction Industry in Malaysia

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this 'Strategic Analysis of the Construction Industry in Malaysia' for inclusion in the prospectus of Nestcon Berhad ("**Nestcon**") in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

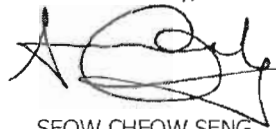
Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Mr. Seow Cheow Seng is the Managing Director of Protégé Associates. He has 21 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering Automotive, Construction, Electronics, Healthcare, Energy, IT, Oil and Gas, etc. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd, Malaysia Debt Ventures Berhad and Malaysia Technology Development Corporation Sdn Bhd.

We have prepared this report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true, balanced and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,



SEOW CHEOW SENG
Managing Director

8. IMR REPORT (Cont'd)



1.0 Introduction to the Construction Industry

Construction is a series of process with several stages of production, which converts raw materials through the use of labour and machineries to create various forms of buildings and infrastructures. The construction industry in Malaysia can generally be segmented into 2, namely, the real estate construction market and the civil engineering and specialised trade work market. Real estate construction refers to the construction of buildings for residential and non-residential purposes. Civil engineering mainly refers to the construction of infrastructures while special trade work is specialised construction work in building or non-building related project without responsibility for the entire project. Nestcon is involved in both segments of the construction industry whereby the company provides building construction services as well as undertakes civil engineering and infrastructure construction works.

2.0 Overview of the Construction Industry in Malaysia

The construction industry in Malaysia is considered to be largely domestic-oriented and is an important component within Malaysia's economy due to its strategic and extensive linkages with the rest of the economy. As such, the Malaysian Government's policies have been accommodative and supportive of the growth in the local construction industry which typically included proposed government projects as part of its development expenditure.

The local construction industry expanded from RM66.22 billion in 2018 to RM66.25 billion in 2019 as growth in the civil engineering and specialised trade work market helped to cushion the weaker performance in the real estate construction market due to the continuing property overhang situation. The share of the real estate construction market as well as the civil engineering and special trade work market in the local construction industry in 2019 stood at 44.7% and 55.3% respectively.

In 2020, the local construction industry contracted by 19.4% as a result of the coronavirus disease ("COVID-19") pandemic and implementation of lockdown measures, namely the movement control order, conditional movement control order and recovery movement control order. The COVID-19 pandemic and lockdown measures had disrupted local construction activities as most construction companies continue to face challenges to restart work due to strict standard operating procedures ("SOPs"), disruption in supply of building materials and financial constraints. A weaker economic outlook further dampened property demands.

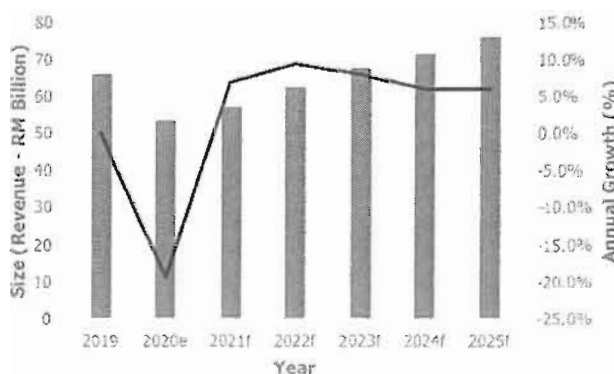
As a result, the Malaysian Government announced a number of economic stimulus and assistance packages to preserve rakyat's welfare, support businesses and strengthen the economy. These include the allocation of RM2.5 billion for G1 to G4 contractors to carry out small and medium projects across the country under Budget 2021, and the continuing hiring incentive program under PERKESO (now known as PenjanaKerjaya) whereby for sectors with high reliance on foreign workers, a special incentive of 60% of monthly wages will be provided whereby 40% will be channelled to the employers while 20% will be channelled as wage top up to the local worker replacing the foreign workers.

Figure 1: Historical Size (Revenue) and Growth Forecast for the Construction Industry in Malaysia, 2019-2025

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2019	66.25	-
2020 ^e	53.40	-19.4
2021 ^f	57.14	7.0
2022 ^f	62.56	9.5
2023 ^f	67.57	8.0
2024 ^f	71.62	6.0
2025 ^f	75.92	6.0

CAGR (2021-2025) (base year of 2020): 7.3%

Notes: At constant 2015 prices; ^f denotes forecast, ^e denotes estimate



Sources: DOSM and Protégé Associates

The local construction industry is expected to grow at an annual rate of between 6.0% and 9.5% during the period from 2021 to 2025. During this period, the growth in the local construction industry is expected to be supported by building and infrastructure construction activities that include the ongoing or upcoming mega projects such as the East Coast Rail Link ("ECRL"), Bandar Malaysia, Johor Bahru-Singapore Rail Transit System, Klang Valley Double Track and Pan Borneo Highway. The implementation of various infrastructure projects and affordable housing schemes are expected to continue providing the foundation for growth in

8. IMR REPORT (Cont'd)



construction activities in Malaysia from 2021 to 2025, where the size (revenue) of the construction industry in Malaysia is projected to reach RM75.92 billion in 2025.

The historical performance and growth forecast of the construction industry in Malaysia based on a combination of resources, including the data from the Department of Statistics Malaysia ("DOSM"), Construction Industry Development Board Malaysia ("CIDB"), Ministry of Finance Malaysia, Bank Negara Malaysia ("BNM") and the annual reports of public listed construction companies. Data is also gathered from further secondary and primary research works conducted. Searches on private construction companies are also conducted with the Companies Commission of Malaysia to gather more disclosures on their business performance. Primary research works are conducted with stakeholders in the local construction industry such as contractors, suppliers and customers to gather their insights on the industry. All the findings are collated, analysed and/or computed to ascertain the outlook of the construction industry in Malaysia.

2.1 Overview of the Property Market in Malaysia

Real estate construction activities are correlated with the growth in the property market. A higher demand for properties can lead to higher level of construction activities for real estate. In terms of project ownership, the construction of new buildings in Malaysia is dominated by the private sector. In 2020, private sector accounted for 84.1% of the value of real estate construction works done with the remaining belonging to the public sector (government and public corporation). Public corporation consists of statutory and non-statutory bodies that are set up under the laws passed by the Parliament Act or the State Legislative Assembly that can operate and manage the government programmes more independently.

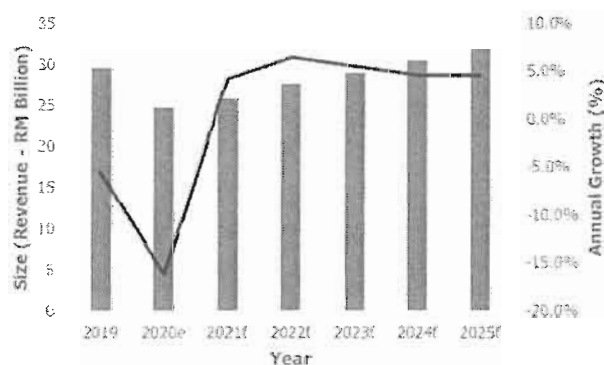
The real estate construction market has been experiencing a slowdown in recent years, with it being valued at RM24.80 billion in 2020, showing a contraction of 16.2% as compared to RM29.59 billion in 2019. The slowdown can be attributed to spiralling prices and home ownership issues, resulting in the Malaysian Government putting in place various measures and initiatives to curb speculative activities and promote responsible financing practices over the past years. Going forward, growth in the local real estate construction market is expected to be supported by affordable housing schemes. The size (revenue) of the real estate construction industry in the country is projected to reach RM31.75 billion in 2025. This represents a CAGR of 5.1% for the period from 2021 to 2025.

Figure 2: Historical Size (Revenue) and Growth Forecast for the Real Estate Construction Market in Malaysia, 2019-2025

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2019	29.59	-
2020 ^e	24.80	-16.2
2021 ^f	25.82	4.1
2022 ^f	27.49	6.5
2023 ^f	28.99	5.4
2024 ^f	30.35	4.7
2025 ^f	31.75	4.6

CAGR (2021-2025) (base year of 2020): 5.1%

Note: At constant 2015 prices; ^f denotes forecast, ^e denotes estimate



Sources: DOSM and Protégé Associates

In Budget 2021, the Malaysian Government has continued to step up efforts in ensuring that the 'rakyat' can own a house. Initiatives and measures related to 'increasing home ownership' announced in Budget 2021 include but are not limited to the following:

- Full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers is extended until 31 December 2025. The limit of duty stamp for first residential home is also increased up to RM500,000. This exemption is effective for sale and purchase agreement executed from 1 January 2021 to 31 December 2025. In addition, stamp duty exemption is also extended for another 5 years to loan agreements and instruments of transfer to rescuing contractors and the original house purchaser. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government;

8. IMR REPORT (Cont'd)

- A total of RM1.2 billion is provided for construction of comfortable and quality housing, including RM500 million to build 14,000 low cost housing units under the Program Perumahan Rakyat, RM315 million for the construction of 3,000 Rumah Mesra Rakyat by Syarikat Perumahan Nasional Berhad, RM125 million for the maintenance of low cost and medium-low stratified housing as well as assistance to repair dilapidated houses and those damaged by natural disasters, and RM310 million for the Malaysia Civil Servants Housing Programme; and
- Collaboration between the Malaysian Government and selected financial institutions to provide a Rent-to-Own Scheme, which will be implemented until 2022 and involves 5,000 PR1MA houses with a total value of more than RM1 billion and is reserved for first-time home buyers.

In addition to the above, The Employees Provident Fund will also continue the development of the Kwasa Damansara with an estimated gross development value of RM50 billion which includes commercial and residential properties as well as an innovation and medical hub. To ensure the welfare and well-being of military personnel, a total of RM500 million is allocated to maintain the facilities of the existing Rumah Keluarga Angkatan Tentera and the construction of 1,000 new units.

The Malaysian property market (that covers both primary and secondary markets) declined in 2020 in both total transaction volume and total transaction value. Total transaction volume increased from 328,647 in 2019 to 295,968 in 2020, where the residential segment accounted for 64.7% of total transaction volume, followed by agriculture (20.7%), commercial (6.8%), development land and others (6.2%) and industrial (1.6%) segment.

Total transaction value decreased from RM141.40 billion in 2019 to RM119.08 billion in 2020, where the residential segment accounted for 55.3% of total transaction value, followed by commercial (16.4%), industrial (10.7%), agriculture (10.5%) and development land and others (7.1%) segment.

Residential properties with prices of below RM300,001 per unit accounted for 118,050 or 61.7% of total transaction volume in the residential segment in 2020. This represented 39.9% of the total transaction volume in the Malaysian property market for the year. Residential properties at this price range are expected to remain dominant in the near future particularly with the efforts from the Malaysian Government to push for more availability of affordable housing. On a recent note, the local property market has received a boost following the unveiling of several incentives by the Malaysian Government to stimulate the property market under the Short-Term Economic Recovery Plan.

2.2 Overview of the Infrastructure Market in Malaysia

The infrastructure market in Malaysia mainly relates to civil engineering and specialised trade work activities within the country. Civil engineering mainly refers to the construction of infrastructures such as roads and highways, utility structures and buildings, and public infrastructures like bridges, airports, dams and railways. It also includes services such as earthworks, piling works, rock blasting works, reclamation works, landscaping, as well as construction of sewerage systems, water supply systems and flood control systems. Specialised trade works (also known as mechanical and electrical works) involve the construction of parts of buildings and civil engineering works without responsibility for the entire project, and includes air-conditioning systems, lifts and escalators, fire prevention and protection system, monitoring and security system as well as general electrical works.

In terms of project ownership, infrastructure projects in Malaysia are led by the Malaysian Government and public corporations. In 2020, the combined Malaysian Government's and public corporation's participation accounted for 75.4% of the total value of civil engineering works done with the remaining belonging to the private sector.

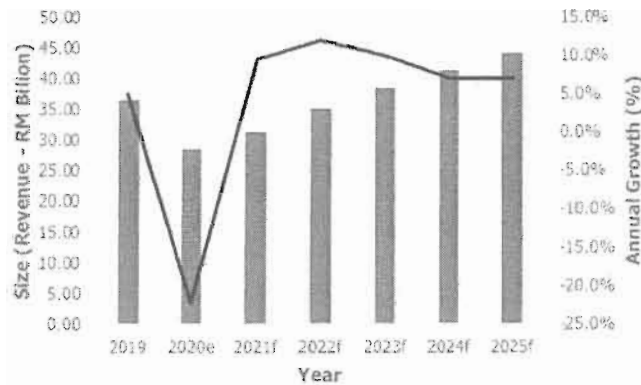
The civil engineering and specialised trade works market in Malaysia had been driving growth in the overall construction industry over the past years. The civil engineering and specialised trade works market in Malaysia was valued at RM28.59 billion in 2020, which was a 22.0% decrease from RM36.66 billion in the previous year. The decrease was mainly attributed to COVID-19 disrupting the economic activity within the country. Going forward, the size of the civil engineering and specialised trade works market in Malaysia is expected to reach RM44.17 billion in 2025.

8. IMR REPORT (Cont'd)



Figure 3: Historical Size (Revenue) and Growth Forecast for the Civil Engineering and Specialised Trade Works Market in Malaysia, 2019-2025

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2019	36.66	-
2020 ^e	28.59	-22.0
2021 ^f	31.31	9.5
2022 ^f	35.07	12.0
2023 ^f	38.58	10.0
2024 ^f	41.28	7.0
2025 ^f	44.17	7.0



CAGR (2021-2025) (base year of 2020): 9.1%

Note: At constant 2015 prices; ^f denotes forecast, ^e denotes estimate

Sources: DOSM and Protégé Associates

In Budget 2021, the Malaysian Government remained committed towards fiscal consolidation. Development expenditure allocation announced under Budget 2021 is channelled towards bridging urban-rural infrastructure gap, enhancing the living standards of the people and promoting economic development. A total of RM15 billion has been allocated for transport related projects which include the Pan Borneo Highway, the Gemas-Johor Bahru Electrified Double-Tracking Project and the Klang Valley Double Tracking Project Phase One. In addition, several key projects will also be continued including the Rapid Transit System Link from Johor Bharu to Singapore, and the MRT 3 in Klang Valley. Several large new projects worth approximately RM3.8 billion will also be implemented under Budget 2021 including the construction of the Second Phase of the Klang Third Bridge in Selangor, continuing the Central Spine Project with the new alignment from Kelantan to Pahang, upgrading the bridge across Sungai Marang in Terengganu, upgrading the Federal Road connecting Gerik to Kulim and construction of the Cameron Highlands Bypass road in Pahang. A sum of RM780 million will be allocated to continue development projects under the five regional corridors of economic development. These projects include the Rapid Transit Bus Transport System in Johor, construction of the Palekbang Bridge to Kota Bahru, construction of infrastructure and related components of the Special Development Zone Project in Yan and Baling in Kedah, the infrastructure project in Samalaju Industrial Area in Sarawak, and the continuation of the Sapangar Bay Container Port Expansion Project in Sabah.

It can be seen that the Malaysian Government has continued to give higher priority to projects which have higher economic and social effects. A sum of RM735 million has been allocated for school maintenance and upgrading works while a sum of RM150 million has been set aside for the Raw Water Transfer Project from Sungai Kesang and Tasik Biru to the Jus Reservoir in Jasin, Melaka. Sabah and Sarawak will also receive a Development Expenditure allocation of RM5.1 billion and RM4.5 billion respectively. The allocation are mainly for building and upgrading water, electricity, and road infrastructure, health and education facilities.

The budget allocated for the above construction projects is part of the total development expenditure of RM69.00 billion provided in Budget 2021. The economic sector encompassing agriculture and rural development, energy and public utilities, environment, trade and industry, and transport received the higher allocation of approximately RM39.03 billion while the social sector, security sector and general administration accounted for the balance of the allocation. Moving forward, the Malaysian Government and public corporations are expected to continue being the main contributors to growth in the local infrastructure market, in line with the PRIHATIN announcement by the Malaysian Government.

3.0 Competitive Landscape of the Construction Industry

The Malaysia government regulates the construction industry in Malaysia. It is mandatory for all contractors whether local or foreign to register with the Construction Industry Development Board Malaysia ("CIDB") before they participate in any construction works in Malaysia. The industry is highly competitive and fragmented with different grades of contractors capable of bidding for varying project according to their capabilities and levels of services. There are 3 main registration categories for registered contractors in Malaysia, namely the building construction category, the civil engineering construction category and the mechanical and electrical category. Contractors can register under one or more specialisation in each category depending on the intended construction activities that they are undertaking. As at 8 May 2021, there were 123,581 registered local contractors in Malaysia, each categorised by a grade ranging from G1 to G7.

8. IMR REPORT (Cont'd)**Figure 4: Number of Local Contractors in the Malaysian Construction Industry as at 8 May 2021**

Grade	Bidding Limit	Number of Contractors
G1	Not exceeding RM200,000	59,586
G2	Not exceeding RM500,000	23,994
G3	Not exceeding RM1,000,000	17,275
G4	Not exceeding RM3,000,000	5,338
G5	Not exceeding RM5,000,000	6,509
G6	Not exceeding RM10,000,000	2,033
G7	Unlimited	8,846

Source: CIDB

G7 contractors mainly comprise established contractors who are able to compete for and undertake projects of unlimited size as they have the required financial strength, track record, reputation and technical expertise to undertake larger scale projects. G7 contractors are able to undertake and manage the entire project on their own and may work with or sub-contract certain portion/process to smaller contractors to benefit from cost and time saving. They typically have existing work relationships and track record with many customers that they are able to leverage upon to attain new projects. Some would have been pre-qualified with certain of their customers, allowing them to participate in closed tenders, giving them an edge in winning the bid.

Figure 5: G7-Registered Local Contractors by State as at 8 May 2021

State	Number of G7-Registered Local Contractors
Johor	723
Kedah	235
Kelantan	162
Kuala Lumpur	1,647
Labuan	11
Melaka	188
Negeri Sembilan	225
Pahang	172
Perak	263
Perlis	29
Pulau Pinang	531
Putrajaya	29
Sabah	621
Sarawak	736
Selangor	3,057
Terengganu	217

Source: CIDB

Figure 6: Local Contractors Registered under the B04 Specialisation by Grade in Malaysia as at 8 May 2021

Grade	Number of Contractors	% of Total
G1	59,560	48.3%
G2	23,921	19.4%
G3	17,250	14.0%
G4	5,314	4.3%
G5	6,495	5.3%
G6	2,025	1.6%
G7	8,823	7.2%

Source: CIDB

Contractors that participate in the local real estate construction market are typically registered under the B04 specialisation with CIDB. B04 specialisation refers to construction work on building. Among the registered local contractors, 123,388 local contractors or 99.8% of total local contractors in Malaysia are registered under the B04 specialisation as at 8 May 2021. Hence, the level of competition in the local real estate construction market is high.

3.1 Industry Players Analysis

Nestcon is involved in the Malaysian construction industry via its two wholly-owned subsidiaries, namely Nestcon Builders Sdn Bhd and Nestcon Infra Sdn Bhd. Both subsidiaries are G7 contractors registered under the B04 specialisation. For the purpose of this report, Protégé Associates has used the following criteria when selecting other industry players in Malaysia for comparison with Nestcon:

- principally involved in the construction industry offering building construction and/or civil engineering and specialised trade works and derived more than 75% of its revenue from construction activities;
- have revenue of more than RM250 million for its latest available audited financial information;
- a public listed company on Bursa Malaysia Securities Berhad; and

8. IMR REPORT (Cont'd)

- registered as a G7 contractor or have at least a subsidiary that is a G7 contractor with CIDB with the B04 specialisation.

The criteria is used to further narrow down the list of industry players (from the total 8,846 registered local G7 contractors in Malaysia as at 8 May 2021) that can be selected for comparison with Nestcon. The criteria are used in order to select industry players that are deemed to be more similar to Nestcon in terms of upcoming revenue, type of company and principal activities of business entity. Given that Nestcon has a revenue of RM344.5 million for its financial year ended ("FYE") 31 December 2020, we have selected industry players with revenue more than RM250 million to allow for comparison with its counterparts that stand to generate upcoming revenue in the near and middle term which is closer to the one generated by Nestcon. We have selected existing public listed industry players for comparison purpose. Besides that, the use of the criteria for the inclusion of G7 contractor (or with at least a subsidiary that is a G7 contractor) with specialisation in B04 category enables the selection of its competing peers for the same type and value of construction jobs.

After taking into consideration the above criteria, Protégé Associates has selected five industry players namely GDB Holdings Berhad ("GDB"), Inta Bina Group Berhad ("Inta Bina"), MGB Berhad ("MGB"), Pesona Metro Holdings Berhad ("Pesona Metro") and TCS Group Holdings Berhad ("TCS") for comparison purpose. It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive. The list of industry players only serves as a reference for readers.

GDB Holdings Berhad

GDB is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activity of its subsidiary, Grand Dynamic Builders Sdn Bhd is in the provision of construction services. As at 31 December 2020, the order book of GDB stood at RM2.10 billion. For FYE 31 December 2020, all of GDB's revenue amounting to RM362.8 million was derived from its construction activities.

Inta Bina Group Berhad

Inta Bina is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activities of its subsidiary, Inta Bina Sdn Bhd are securing and carrying out construction contracts. The unbilled order book of Inta Bina stood at approximately RM1.08 billion as at 31 December 2020. For FYE 31 December 2020, all of Inta Bina's revenue amounting to RM280.3 million was derived from its construction activities.

MGB Berhad

MGB is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activities of its subsidiary, MGB Construction and Engineering Sdn Bhd are securing and carrying out construction contracts. The order book of MGB stood at approximately RM1.57 billion as at 15 July 2020. For FYE 31 December 2019, 78.7% of MGB's revenue amounting to RM595.1 million was derived from its construction activities.

Pesona Metro Holdings Berhad

Pesona Metro is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activity of its subsidiary, Pesona Metro Sdn Bhd is in the provision of construction services. The order book of Pesona Metro stood at RM0.9 billion as at 31 December 2020. For FYE 31 December 2019, 95.0% of Pesona Metro's revenue amounting to RM598.4 million was derived from its construction activities.

TCS Group Holdings Berhad

TCS is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activity of its subsidiaries namely TCS Construction Sdn Bhd and TCS Bina Sdn Bhd are in the provision of construction services. The order book of TCS stood at RM843.5 million as at 31 December 2020. For FYE 31 December 2020, all of TCS's revenue amounting to RM242.6 million was derived from its construction activities.

Figure 7: Comparison between Nestcon and Selected Industry Players in the Construction Industry in Malaysia

Indicator	Nestcon	GDB	Inta Bina	MGB	Pesona Metro	TCS
Information from FYE	31-12-2020	31-12-2020	31-12-2020	31-12-2019	31-12-2019	31-12-2020
Revenue	344,479	362,813	280,297	756,146	625,482	242,643

8. IMR REPORT (Cont'd)

Indicator	Nestcon	GDB	Inta Bina	MGB	Pesona Metro	TCS
(RM'000)						
Profit before Tax (RM'000)	19,211	33,787	12,940	20,905	17,745	25,877
Profit after Tax (RM'000)	14,301	24,524	8,101	12,481	13,642	16,169
Profit before Tax Margin ¹ (%)	5.6	9.3	4.6	2.8	2.8	10.7

Notes:

The above figures (which are based on the latest available audited financial information) only provide an indication and are not considered directly comparable as not all companies carry out activities which are completely similar to each other or in the same geographical area

¹ Profit before Tax Margin = Profit before Tax / Revenue

Sources: Nestcon, Bursa Malaysia Securities Berhad and Protégé Associates

3.2 Nestcon's Market Share Analysis

For FYE 31 December 2020, Nestcon generated revenue of RM344.5 million, equivalent to 0.6% share of the total size (revenue) of the construction industry in Malaysia of RM53.40 billion in 2020. Nestcon's revenue of RM199.4 million generated from building construction activities for FYE 31 December 2020 was equivalent to 0.8% share of the real estate construction market in Malaysia of RM24.80 billion in 2020.

4.0 Demand Conditions**Figure 8: Demand Conditions Affecting the Construction Industry in Malaysia, 2021-2025**

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2021-2022	2023-2024	2025
+	Government-Led Initiatives and Spending	High	High	High
+	A Favourable Interest Rate Environment	High	High	Medium
+	Increasing Push for Private Sector Participation via Funding and Investment Structures	Low	Medium	Medium
+	Steady Population Growth	Low	Low	Low
-	Subdued Property Demand and Slower or Lesser Construction Activities Due to the COVID-19 Pandemic and Lockdown Measures	High	Low	Low
-	Persistent Property Overhang Situation	Medium	Medium	Low
-	Stringent Policies Dampening Growth in the Property Market	Low	Medium	Medium

Source: Protégé Associates

Around half of the revised RM220 billion development allocation earmarked under the 11MP is for developing infrastructure that can spur more construction activities. The CIPF introduced by the Malaysian Government is also providing a clear policy direction in driving the local construction industry forward. The private sector is also expected to play a more active role, both directly and indirectly, in the future development of the construction industry in Malaysia by participating in crowdfunding platforms to provide housing schemes and the formation of infrastructure related real estate investment trusts.

The overnight policy rate has been relatively low in Malaysia and had been revised downward 4 times thus far in 2020 from 3.00% to 2.75% on 22 January 2020, from 2.75% to 2.50% on 3 March 2020, from 2.50% to 2.00% on 5 May 2020 and from 2.00% to 1.75% on 6 May 2021. This helps to keep borrowing cost at a relatively low level to spur more demand for properties. Besides that, total population of Malaysia which stood at 28.6 million in 2010 is projected to grow steadily to reach 41.5 million in 2040 leading to higher demand for housing. These 2 demand conditions can drive the demand for properties leading to higher building construction activities.

On the flip side, the COVID-19 pandemic and lockdown measures have dampened consumer demand for property with the prohibition on close contact due to social distancing measures further limiting property marketing and sales activities. The lockdown measures had also disrupted construction supply chain and activities, leading to slower recognition of revenue, and possibilities of postponing some new construction projects. Moreover, restrictive measures such as increase in the real property gain tax ("RPGT") for disposal of properties or shares in a real property company in the sixth and subsequent years from 5% to 10% for companies, non-citizens and non-permanent residents, as well as from 0% to 5% for Malaysian citizens and