

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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[Registration No. 197401002677 (19727-P)]

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

The above proposal will be tabled as Special Business at the Forty-Fifth Annual General Meeting ("45th AGM") of Pegasus Heights Berhad ("PHB" or "the Company") to be held at Centerpoint Seremban Convention Hall, Lot 2-01, 2-02 and 2-03, 2nd Floor Centerpoint Seremban, Lot 9149, Jalan Dato Siamang Gagap, 70100 Seremban, Negeri Sembilan, Malaysia on 27 July 2020 at 9.00 a.m. The Notice of the 45th AGM and the Proxy Form are set out in the Annual Report 2019 of PHB for the financial year ended 31 December 2019 and is also available to be downloaded from the Company's website at www.pegasusheights.com.

You are advised to complete and deposit the Proxy Form at the registered office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not less than forty-eight (48) hours before the time stipulated for holding the meeting or any adjournment thereof. The return of the completed Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Saturday, 25 July 2020 at 9.00 a.m.

Date and time of the 45th AGM : Monday, 27 July 2020 at 9.00 a.m. or at any adjournment thereof.

This Circular is dated 26 June 2020

DEFINITIONS

For the purposes of this Circular, except where the context otherwise requires, the following definitions shall apply:

| | |
|------------------------|---|
| “Act” | : Companies Act 2016 as amended from time to time and includes every statutory modification or any re-enactment thereof for the time being in force |
| “AGM” | : Annual General Meeting |
| “Audit Committee” | : The Audit Committee of PHB |
| “Board” | : The Board of Directors of PHB |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad |
| “Circular” | : The circular to shareholders dated 26 June 2020 in relation to the Proposal |
| “CHSB” | : Consistent Harvest Sdn Bhd [Registration No. 200201004782 (572445-H)] |
| “CPL Solutions” | : CPL Solutions Sdn. Bhd. (<i>formerly known as Pegasus Heights Constructions Sdn Bhd</i>)[Registration No. 201401041134 (1117288-V)] |
| “Director” | : Shall have the meaning given in Section 2(1) of the the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of PHB or any other company which is a subsidiary of PHB or a holding of PHB |
| “EPS” | : Earnings per Share |
| “LPD” | : 2 June 2020, being the latest practicable date prior to the printing of this Circular and the cut-off date for the information disclosed in this Circular |
| “Listing Requirements” | : Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time |
| “Major Shareholder(s)” | : A person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) 10% or more of the total number of voting shares in the company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company, and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, such major shareholder of the company or any other company which is its subsidiary or holding company. |

For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act

DEFINITIONS (CONT'D)

| | |
|-----------------------|--|
| "NA" | : Net assets attributable to ordinary equity holders of PHB |
| "NIMSB" | : Naim Indah Marketing Sdn Bhd [Registration No. 201401041182 (1117336-K)] |
| "NIPSB" | : Naim Indah Properties Sdn Bhd [Registration No. 201401041139 (1117293-A)] |
| "Pegasus Heights F&B" | : Pegasus Heights F&B Sdn Bhd [Registration No. 201601011502 (1182433-V)] |
| "Pegasus Food Court" | Pegasus Food Court Sdn Bhd [Registration No. 201901024920 (1334249-T)] |
| "Person Connected" | <p>: Pursuant to Paragraph 1.01 of the Listing Requirements, a person connected in relation to a Director or Major Shareholder is a person who falls under any one of the following categories:</p> <ul style="list-style-type: none">(a) a family member of the Director or Major Shareholder which shall include the spouse, parent, child (including adopted child and stepchild), brother, sister, and the spouse of the child (including adopted child and stepchild), brother or sister;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;(c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;a(f) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Director or Major Shareholder. |

DEFINITIONS (CONT'D)

| | |
|---|---|
| “PHB Capital” | : PHB Capital Sdn Bhd [Registration No. 201901034785 (1344115-M)] |
| “PHB” or “the Company” | : Pegasus Heights Berhad [Registration No. 197401002677 (19727-P)] |
| “PHB Group” or “the Group” | : PHB and its subsidiaries |
| “PHB Share(s)” or “Share(s)” | : Ordinary Shares in PHB |
| “Proposed Renewal of Shareholders’ Mandate” | : Proposed renewal of shareholders’ mandate pursuant to Paragraph 10.09 of Chapter 10 of the Listing Requirements for PHB to enter into RRPT |
| “Related Party(ies)” | : A Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major shareholder(s) of PHB |
| “RRPT(s)” | : A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries |
| “RM” and “sen” | : Ringgit Malaysia and sen, respectively |
| “Shareholders” | : Shareholders of PHB |
| “Shareholders Mandate” | : The Shareholders’ Mandate for PHB Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with the Related Parties for which approval from the shareholders was obtained during the 44 th AGM held on 1 June 2019 |
| “Substantial Shareholder(s)” | : A person who has interest or interests in one or more voting Shares in the Company and the nominal amount of that Share, or aggregate of the nominal amount of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting Shares in the Company |

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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Registered Office:
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

26 June 2020

Board of Directors:

| | |
|---|---|
| Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar | <i>(Independent Non-Executive Chairman)</i> |
| Toh Hong Chye | <i>(Executive Director)</i> |
| Dato' Sri Lee See Yang | <i>(Executive Director)</i> |
| Chin Pak Loong | <i>(Executive Director)</i> |
| Andrew Ho Tho Kong | <i>(Independent Non-Executive Director)</i> |
| Low Yen Hoon | <i>(Independent Non-Executive Director)</i> |

To: The Shareholders of Pegasus Heights Berhad

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

1. INTRODUCTION

The Company had at the 44th AGM held on 1 June 2019, obtained the Shareholders' Mandate from its shareholders for PHB Group to enter into recurrent related party transactions of a revenue or trading nature with Related Parties in the ordinary course of business which are necessary for the Group's day-to-day operations.

The authority conferred by the said Shareholders' Mandate shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 45th AGM, unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

PHB had on 27 May 2020 announced to Bursa Securities that it proposes to seek the approval of its shareholders for a renewal of the mandate to allow PHB Group to enter into RRPT.

The purpose of this Circular is to provide you with the relevant information of the Proposed Renewal of Shareholders' Mandate, and to seek your approval for the ordinary resolution to be tabled at the forthcoming 45th AGM of the Company. The Notice of the 45th AGM together with the Form of Proxy are set out in the Annual Report of PHB for the financial year ended 31 December 2019.

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SHAREHOLDERS OF PHB ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING 45TH AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

Pursuant to Paragraph 10.09(2) of the Listing Requirements provides that a listed issuer may seek a mandate from its shareholders in respect of RRPT(s) subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the prescribed threshold as follows:-
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT(s) is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT(s) is 1% or more,whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such directors or major shareholder, must not vote on the resolution to approve the RRPT(s). An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the RRPT(s); and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT(s) entered into by the listed issuer, exceeds the estimated value of the RRPT(s) disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Transactions entered into between a listed issuer and its subsidiaries are excluded from the requirements under Chapter 10 of the Listing Requirements.

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2.1 Principal Activities of PHB Group

The principal activities of PHB is investment holding and the provision of management and administrative services while the principal activities of its subsidiary companies as at the LPD are set out in the table below:

| Name | Effective equity interest (%) | Principal Activities |
|------------------------------------|-------------------------------|--|
| Subsidiary companies of PHB | | |
| CHSB | 100 | Property management. |
| CPL Solutions | 100 | Property development and investment holding |
| NIMSB | 100 | General trading. |
| NIPSB | 100 | Property management, leasing and renting property. |
| Pegasus Food Court | 100 | Food and beverage related services. |
| Pegasus Heights F&B | 100 | Food and beverage related services. |
| PHB Capital | 100 | Trading business |

Due to the diversity of PHB Group, it is anticipated that PHB Group would, in the normal course of business, continue to enter transactions with the Related Parties, details of which are set out in Sections 2.3 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed Renewal of Shareholders' Mandate to allow PHB Group to enter transactions in the normal course of business within the classes of Related Parties set out in Section 2.3 below. The RRPTs are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders. Such mandate will enable the Group to enter the RRPT(s) without the necessity, in most instances, to make the otherwise announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPT(s) will also be subject to the review procedures set out in Section 2.4 below.

2.2 Validity Period of the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders of PHB at the 45th AGM, will be subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time such mandate it will lapse, unless by a resolution passed at the next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a General Meeting,

whichever is earlier.

Thereafter, approval from shareholders will be sought for the renewal of the Proposed Renewal of Shareholders' Mandate.

2.3 Classes of Related Parties and Nature of RRPT(s)

The nature of the RRPT with Related Parties of which approval is being sought under the Proposed Renewal of Shareholders' Mandate shall include, but are not limited to those described below:

| Nature of Transaction undertaken by/ provided | Mandated Related Transacting Party | Transacting Company within the Group | Estimated aggregate value as disclosed in the Circular to shareholders dated 30 April 2019 (RM) | Actual value of transaction(s) from date of the last AGM on 1 June 2019 up to the LPD (RM) | Estimated value of transaction from the date of the forthcoming AGM to the date of next AGM (RM) | Interested Major Shareholder/ Director | Nature of relationship |
|---|---|--------------------------------------|---|--|--|--|---|
| Renting of office premises from Richmond Virginia Tobacco Sdn Bhd | Richmond Virginia Tobacco Sdn Bhd (Landlord) | PHB Group (Tenant) | 150,000 | 160,536 [^] | 250,000 | Mr. Toh Hong Chye | Mr. Toh Hong Chye is the Executive Director and Substantial Shareholder of PHB. He is also the director and shareholder of Richmond Virginia Tobacco Sdn Bhd. |

[^] The reason for deviation of the actual value of transactions of less than 10% from the estimated value as disclosed in the previous year's mandate was due to renting of additional space by the Group.

Description of the Property:

| Description | Postal Address | Total Areas (Sq. Ft.) | Rental Value | Period of Tenancy | Ownership |
|-------------|--|-----------------------|--------------------|-----------------------------------|-----------------------------------|
| Office Lot | 1-40-1, Menara Bangkok Bank, Berjaya Central Park, No.105 Jalan Ampang, 50450 Kuala Lumpur | 1,359 | RM10,872 per month | 1 June 2018 – 31 May 2020 | Richmond Virginia Tobacco Sdn Bhd |
| Office Lot | 1-40-2, Menara Bangkok Bank, Berjaya Central Park, No. 105, Jalan Ampang, 50450 Kuala Lumpur | 400 | RM3,200 per month | 1 January 2020 – 31 December 2020 | Richmond Virginia Tobacco Sdn Bhd |

2.4 Review Methods or Procedures for the Recurrent Related Party Transactions

The Company has set out the procedures to ensure the RRPTs are undertaken on an arm's length basis and on the Group's normal commercial terms, which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

To monitor the RRPT(s), the following review and disclosure procedures have been implemented as follows:

- (i) the Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholders' mandate and will also be advised of the review and disclosure procedures;
- (ii) The transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) Some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (iv) The management of the PHB Group is cognizant that all RRPT(s) are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, or where there have not been any similar or substantially similar transactions between PHB Group and unrelated third parties, the terms of the transactions for the products or services will be in accordance to the usual business practices of the Group to ensure that the RRPT(s) is not detrimental to the PHB Group;
- (v) Where RRPT(s) is one with a value equal to or in excess of RM1.0 million, it will be reviewed and approved by the Directors of the Company who has no interest in the transaction. Where the RRPT(s) is one with a value below RM1.0 million, it will be reviewed and approved by the Executive Director or the Board;
- (vi) Records will be maintained by the respective companies to capture all RRPT(s) which are entered pursuant to the shareholders' mandate;
- (vii) The annual internal audit plan shall incorporate a review of all RRPT(s) entered into pursuant to the shareholders' mandate to ensure that relevant approvals are obtained and the procedures in respect of such transactions are adhered to;
- (viii) The Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPT(s) have been complied with; and
- (ix) The Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

2.5 Disclosure in Annual Report

A disclosure will be made in the Company's Annual Report pursuant to the Proposed Renewal of Shareholders' Mandate and in the annual reports of the Company for the subsequent years that the Proposed Renewal of Shareholders' Mandate continues to be in force in accordance with the Listing Requirements, which requires a breakdown of the aggregate value of the recurrent related party transactions made during the financial year, based on, amongst others, the following information:-

- a) the type of RRPT(s) made; and
- b) the names of the Related Parties involved in each type of RRPT made and their relationship with the Company.

2.6 Statement by Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.4 above and is of the view that the procedures are sufficient to ensure that the RRPT(s) are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Audit Committee is of view that PHB Group has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner, and the frequency of review of these procedures and processes is once a year.

2.7 Amount Due and Owing by the Related Parties

As at the financial year ended 31 December 2019, there is no amount due or owing to the Company by its Related Parties arising from the RRPTs which exceeded the credit term of more than one (1) year.

3. RATIONALE OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will enable the PHB Group to carry out RRPT(s) necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channeled towards attaining other corporate objectives.

The RRPT(s) carried out within the PHB Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, the RRPT(s) are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPT(s).

4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any effect on the earnings per share, NA, gearing, issued share capital of the Company, substantial shareholders' shareholdings in the Company, EPS and dividend of the Group.

Nevertheless, the Proposed Renewal of Shareholders' Mandate is in relation to transactions which related to the PHB Group's day to day operation and hence, it will impact PHB Group's financial performance.

5. INTEREST OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the other Directors and/or Substantial Shareholders and person connected to them as defined in the Listing Requirements, has any interest, direct or indirect in the Proposed Renewal of Shareholders' Mandate.

The shareholdings of the Interested Director and Substantial Shareholder as at LPD are as follows:

| | Direct | | Indirect | |
|--|-------------------|-------|-------------------|---|
| | No. of PHB Shares | % | No. of PHB Shares | % |
| <u>Interested Director</u> | | | | |
| Toh Hong Chye | 822,735,784 | 8.225 | - | - |
| <u>Interested Substantial Shareholder</u> | | | | |
| Toh Hong Chye | 822,735,784 | 8.225 | - | - |

Accordingly, Mr. Toh Hong Chye ("Interested Director") who is interested in the Proposed Renewal of Shareholders' Mandate, has abstained and will continue to abstain from deliberation and voting at the relevant Board Meetings of PHB on the relevant resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

The Interested Substantial Shareholder, namely Mr. Toh Hong Chye who is interested in the Proposed Renewal of Shareholders' Mandate, has abstained and will continue to abstain from deliberation and voting at 45th AGM of PHB on the relevant resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

The Interested Director and Substantial Shareholder named above will undertake to ensure that the Persons Connected with him will abstain from voting on the resolution approving the Proposed Renewal of Shareholders' Mandate at the forthcoming 45th AGM in respect of his direct and/or indirect shareholdings.

6. APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming 45th AGM to be convened.

Save for the approval of the shareholders of PHB, there are no other approvals required for the Proposed Renewal of Shareholders' Mandate.

7. DIRECTORS' RECOMMENDATION

Having considered the rationale for the abovementioned Proposed Renewal of Shareholders' Mandate, the Board (save Mr. Toh Hong Chye who is the interested Director in the Proposed Renewal of Shareholders' Mandate) is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the shareholders and PHB Group.

The Board recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the 45th AGM to be held on 27 July 2020.

8. 45th AGM

The ordinary resolution to approve the Proposed Renewal of Shareholders' Mandate is set out as Special Business in the Notice of 45th AGM contained in the Company's Annual Report 2019 for the financial year ended 31 December 2019.

The 45th AGM will be held at Centerpoint Seremban Shopping Mall, 33, Jalan Dato Siamang Gagap, Betaria Business Centre, 70100 Seremban, Negeri Sembilan, Malaysia on 27 July 2020 at 9.00 a.m. or at any adjournment thereof.

You are advised to complete and deposit the Form of Proxy at the registered office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not less than forty-eight (48) hours before the time stipulated for holding the meeting or any adjournment thereof.

The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to the Appendix I for further information.

Yours faithfully

For and on behalf of the Board

PEGASUS HEIGHTS BERHAD

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar

Independent Non-Executive Chairman

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of PHB who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or incorrect.

2. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, the PHB Group has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular:

- a) The Business Acquisition Agreement dated 31 October 2019 entered into between Pegasus Heights Berhad, CPL Solutions Sdn Bhd (formerly known as Pegasus Heights Constructions Sdn Bhd) and Chin Pak Loong;
- b) The Profit Guarantee and Stakeholder's Agreement dated 31 October 2019 entered into between Pegasus Heights Berhad, CPL and Messrs. David Lai & Tan in relation to the Proposed Acquisition; and
- c) The Deed Poll dated 7 May 2019 executed by Pegasus Heights Berhad constituting the warrants issued pursuant to the Rights Issue.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board has no knowledge of any proceeding pending or threatened against PHB Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the PHB Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

(i) Material Commitments

As at the LPD, the Board is not aware of any material capital commitments incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

(ii) Contingent Liabilities

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable may have a material impact on the financial position or business of the Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders of PHB at the Registered Office of PHB at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming 45th AGM:

- (i) The Constitution of PHB; and
- (ii) The audited financial statements of PHB Group for the past two (2) financial year ended 31 December 2018 and 31 December 2019; and
- (iii) The unaudited consolidated financial statements of the Company for the financial year ended 31 December 2019.

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