PEGASUS HEIGHTS BERHAD

ANNUAL REPORT 2020


ASIA PACIFIC PROPERTY AWARDS
DEVELOPMENT
in association with
American Standard
2019-2020
ASIA PACIFIC PROPERTY AWARDS
ARCHITECTURE
in association with
GROHE
AWARD WINNER
2019-2020
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ASIA PACIFIC PROPERTY AWARDS
ARCHITECTURE
in association with
GROHE
AWARD WINNER
2019-2020
Artist's Impression

EXPERIENCE **THE LIFESTYLE**

SHOPPING REDESCOVERED

Centerpoint Seremban is a new exciting retail and lifestyle mall designed to provide great exposure for retailers and convenience to shoppers, Centerpoint Seremban facilitates multiple vehicular ingress/egress with two drop-off points to ensure a hassle-free entry to the mall.

Centerpoint Seremban is strategically located in the central business district of Seremban in one of the most vibrant hubs of the city, and is also the only shopping mall in Ampangan. It's an exciting place for the whole family to shop.

Entertainment ◂

Leisure ◂

Lifestyle ◂

Dining ◂

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LEASING INQUIRIES:
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Tel: +606-763 9889 | Fax: +606-763 9998
Email: info@centerpointseremban.com

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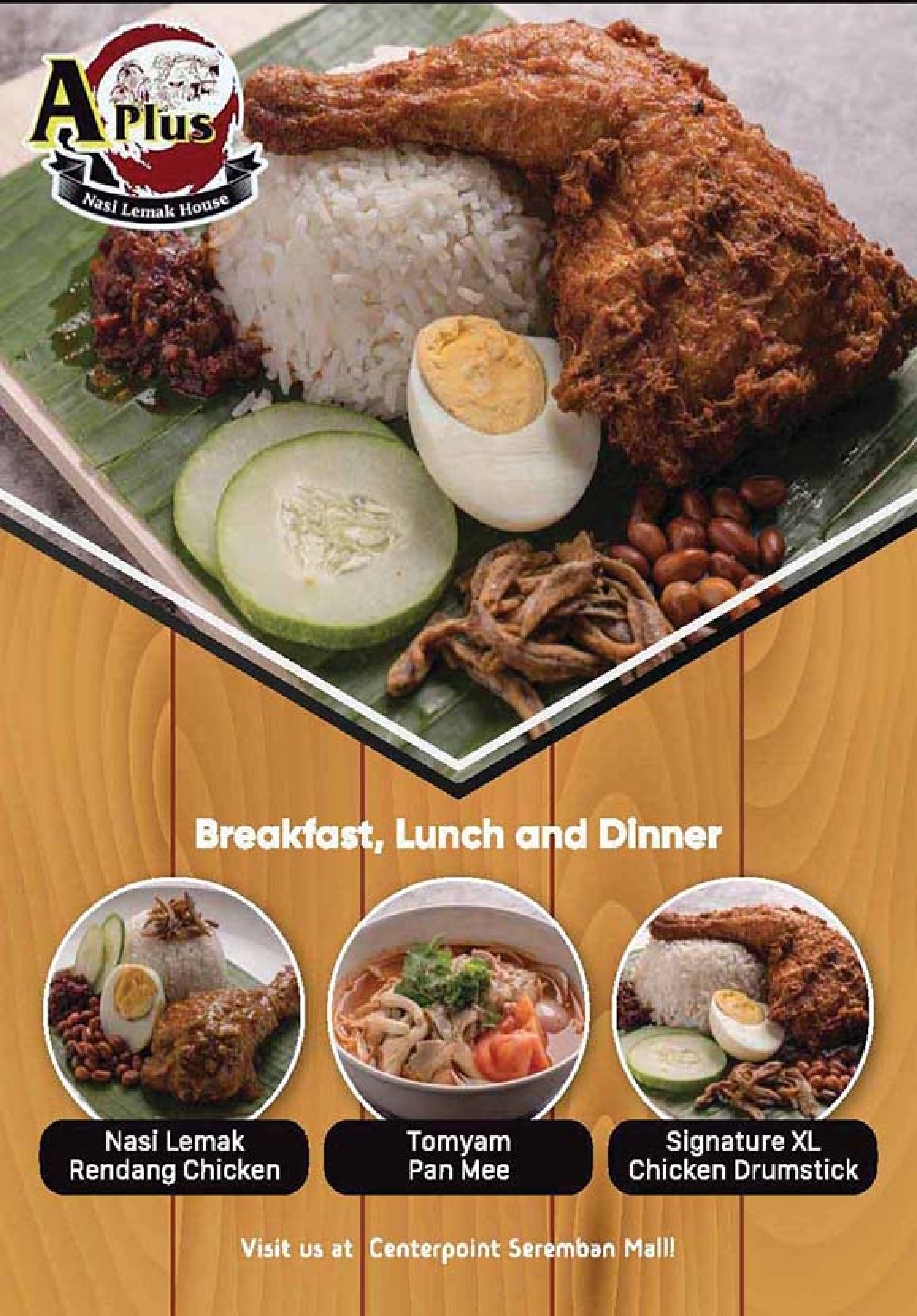
A Plus
Nasi Lemak House
Breakfast, Lunch and Dinner
Nasi Lemak
Rendang Chicken
Tomyam
Pan Mee
Signature XL
Chicken Drumstick
Visit us at Centerpoint Seremban Mall!

Signature ROASTERS

KEDAI AYAMAS
More Than Just Chicken

* The product images shown are for illustration only.
* Other terms & conditions apply refer to www.kedaiayamas.my.

KEDAI AYAMAS CENTERPOINT SEREMBAN SHOPPING MALL

LOT G-07, JALAN DATO SIAMANG GAGAP,
70100 SEREMBAN, NEGERI SEMBILAN

PEGASUS HEIGHTS BERHAD

PEGASUS HEIGHTS BERHAD – OPPORTUNITY IN ADVERSITY

Pegasus Heights Berhad ("Pegasus Heights") is a Malaysia-based investment company established on 1st August 1974. It has 4 core operations, namely:

- Owner and operator of Centerpoint Seremban Mall
- Trading activities
- Project Management Consultancy for property development and design & build
- Food and beverage franchise operations.

Pegasus Heights is committed to leveraging our core capabilities in identifying investment opportunities and management of our properties to ensure that we maximise value creation for all of our stakeholders.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Independent Non-Executive Chairman

Dato' Sri Lee See Yang
Executive Director

Toh Hong Chye
Executive Director

Chin Pak Loong
Executive Director

Andrew Ho Tho Kong
Independent Non-Executive Director

Low Yen Hoon
Independent Non-Executive Director

AUDIT COMMITTEE

Andrew Ho Tho Kong
Chairman

Low Yen Hoon
Member

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Member

NOMINATION COMMITTEE

Low Yen Hoon
Chairperson

Andrew Ho Tho Kong
Member

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Member

REMUNERATION COMMITTEE

Low Yen Hoon
Chairperson

Andrew Ho Tho Kong
Member

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Member

SHARE ISSUANCE SCHEME ("SIS") COMMITTEE

Toh Hong Chye
Chairman

Dato' Sri Lee See Yang
Member

Tiew Chee Ming
Member

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 4464

REGISTERED OFFICE

E-10-4, Megan Avenue 1
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Fax : (603) 2181 0516

AUDITORS

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The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
W.P. Kuala Lumpur, Malaysia
Tel : (603) 2279 3088
Fax : (603) 2279 3099

COMPANY SECRETARY

Chin Wai Yi
(MAICSA No. 7069783 /
SSM PC No. 202008004409)

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
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Selangor, Malaysia
Tel : (603) 7890 4700
Fax : (603) 7890 4670

PRINCIPAL SOLICITORS

David Lai & Tan

PRINCIPAL PLACE OF BUSINESS

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Berjaya Central Park
No. 105, Jalan Ampang
50450 Kuala Lumpur
W.P. Kuala Lumpur, Malaysia
Tel : (603) 2181 3553
Website : www.pegasusheights.com

PRINCIPAL BANKERS

CIMB Bank Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad

CORPORATE STRUCTURE

PEGASUS HEIGHTS BERHAD

PEGASUS HEIGHTS BERHAD & GROUP OF COMPANIES

- 100% Consistent Harvest Sdn Bhd
- 100% Pegasus Heights F&B Sdn Bhd
- 100% Naim Indah Marketing Sdn Bhd
- 100% Naim Indah Properties Sdn Bhd
- 100% CPL Solutions Sdn Bhd
- 100% Pegasus Heights Food Court Sdn Bhd
- 100% PHB Capital Sdn Bhd

CHAIRMAN'S NOTE

Opportunity in Adversity

The year started with a big bang with the unexpected and very sudden change in government. Before the market could analyze and digest the impact from the change, the full force of the Covid-19 pandemic, which started in China at the end of 2019, hit countries around the globe, including Malaysia.

This brought about a dramatic change in the way of life as economic activity came to a standstill, as country after country announced lockdowns and closure of borders. Malaysia imposed its movement control order ("**MCO**") in mid-March and closed it borders to foreign travelers. The movement restrictions lead to closure of all non-essential services. Malaysia recorded a GDP contraction of 17.1% in the second quarter and 8.3% in the first half of 2020. Full year GDP contracted 5.6% for 2020. Just about every segment of the economy was affected with the food and beverage, hotel, travel, retail and other tourism related segments bearing the brunt.

The Group was not spared by the movement restrictions as visitor numbers to our mall, Centerpoint Seremban, was affected, as well as our food and beverage outlets. As a result, some of the existing tenants were unable to weather the situation and closed their outlets. In spite of this, we managed to maintain our overall occupancy rates above 2019 levels. This was managed via our community and sustainability program where we worked with tenants to provide rental waivers during the MCO period. We understand that supporting the community will enable a more sustainable eco-system surrounding our mall.

In early November, the mall was inundated by flood waters which submerged the basement carpark and knocked out the power room. This led to the closure of the mall for over 3 months for rectification and relocation works for the power room. The mall closure provided the Group the opportunity to upgrade the road surrounding the mall to improve traffic flow and increase the number of parking lots.

Throughout this time, the management team rose to the challenge and continued in their efforts to unlock the value of the mall. As a result, we have successfully secured The Coffee Bean & Tea Leaf as our newest tenant.

Our food and beverage outlets have reconfigured their operations to cater to home and office deliveries. Currently, most of the outlets are now merchants under Foodpanda and they are also in the progress of registering as merchants under Grab Food. This is in view of the 'new normal' where online food deliveries are likely to increase.

The Group's efforts in diversifying have started to bear fruits, with the trading segment continuing to grow. Revenue increased 485.0% amidst challenging economic conditions.

The Project Management segment has turned the corner with the acquisition of ChinPakLoong Architect ("**CPLA**"). Profit after tax of RM1.87m was achieved during the period of movement restrictions where the construction industry was unable to operate. Whilst the outlook continues to be challenging, especially with the second MCO we remain cautiously optimistic on the overall performance of the Project Management Consultancy ("**PMC**") segment.

We wish to thank our stakeholders for all their support and understanding. All this was made possible with the commitment and dedication from the management and staff during this unusually challenging period. I would also like to take this opportunity to extend our appreciation to my fellow Board members for their guidance, counsel and advice.

We look forward to your continued support as we forge ahead with our long-term strategy of driving sustainable growth and value for our shareholders.

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

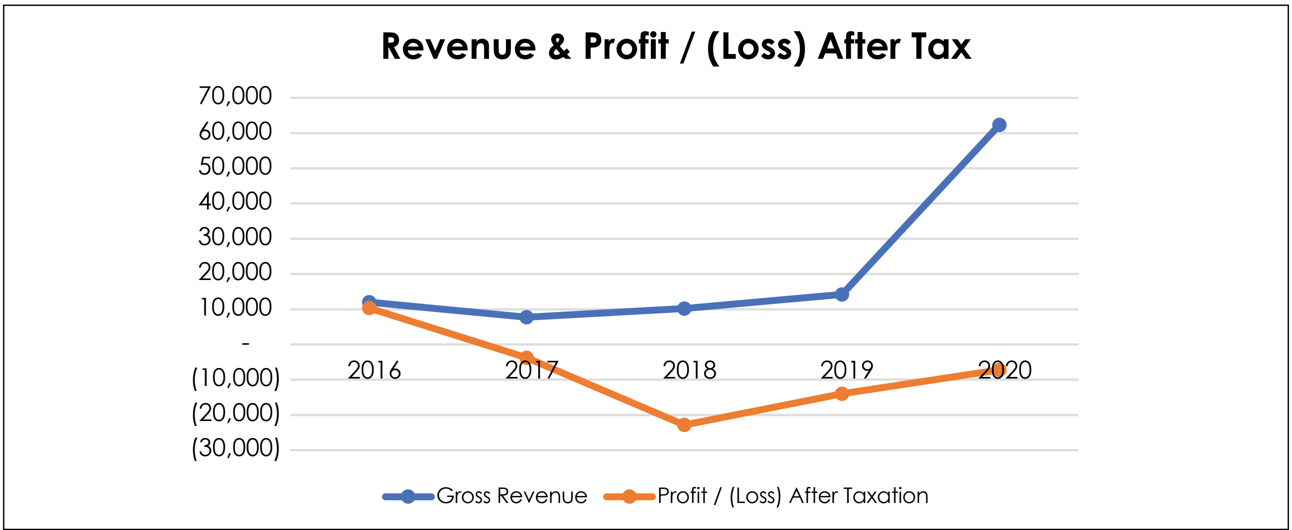
MANAGEMENT REVIEW

The year in review was a black swan which lasted through most of 2020. The Covid-19 pandemic swept through the world with countries announcing border closures and travel restrictions. Malaysia implemented the Movement Control Order ("**MCO**") in March 2020 which lasted six weeks. Malaysia recorded a GDP contraction of 17.1% in the second quarter and 5.6% for the full year – which was worse than the financial crisis in 2008 and 2009.

Nevertheless, the Group navigated these unprecedent challenges by leveraging on its strengths, responding swiftly to the changing landscape and relying on its diversified business segments.

Financial Results and Key Performance Indicators	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**
Revenue	12,015	7,740	10,179	14,240	62,366
(Loss) / Profit before taxation	3,277	(3,551)	(21,571)	(13,878)	(6,634)
Profit / (Loss) after taxation	10,334	(3,801)	(22,851)	(13,914)	(7,228)
Basic Earnings / (Loss) per share (sen)	1.20	(0.44)	(1.44)	(0.30)	(0.07)
Total asset	126,607	124,885	114,733	146,088	160,042
Total equity	75,007	72,683	93,751	138,884	152,775
Net asset per share	0.09	0.08	0.05	0.02	0.01

Revenue and Profit

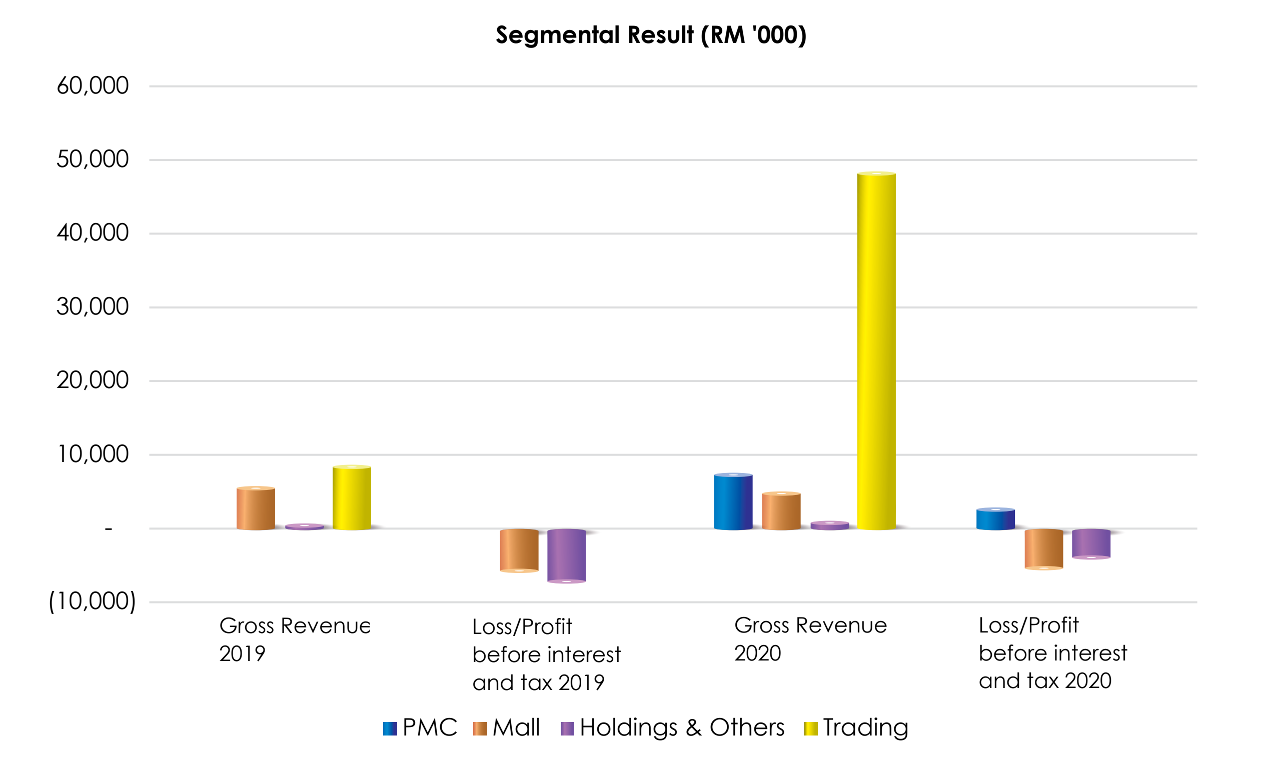


The Group recorded a gross revenue growth of 337.9% to RM62.4 million. This was mainly attributed to the contribution from the trading and PMC segment. Loss after tax improved sharply by 48.1% to RM7.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Business Segments

By Segments	Gross Revenue			(Loss) / Profit Before Tax		
	FY 2020 RM'000	FY 2019 RM'000	Changes (%)	FY 2020 RM'000	FY 2019 RM'000	Changes (%)
Rental Income	4,939	5,625	(12.2)	(5,378)	(6,774)	20.6
Trading	48,586	8,305	485.0	(17)	(9)	(88.9)
Project Management Consultancy ("PMC")	7,526	-	-	2,447	-	-
Holding company	1,315	310	324.2	(3,686)	(7,095)	48.0
Total	**62,366**	**14,240**	**338.0**	**(6,634)**	**(13,878)**	**52.2**

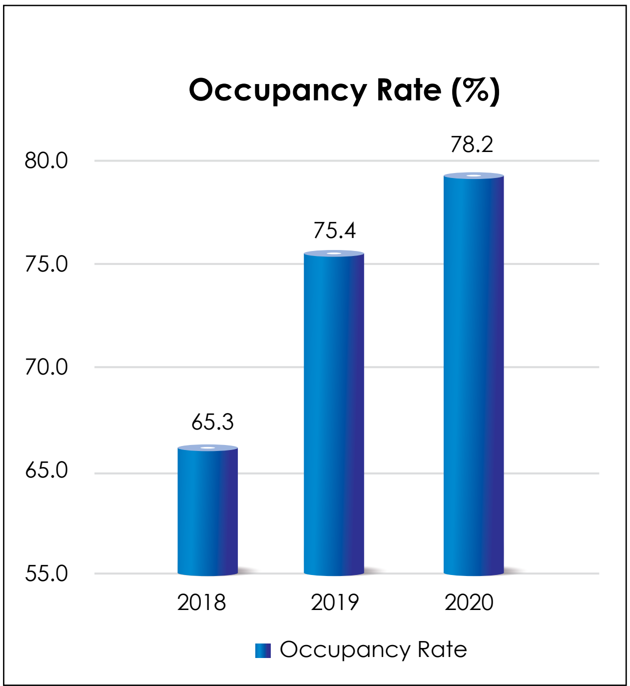


Rental income from the core asset, Centerpoint Seremban, decline slightly due to the rental rebate assistance scheme provided to tenants during the MCO period. In addition, rental income stopped after the flood which occurred in November as the mall was shut to facilitate repair and rectification works; and relocation of the power transformer and switchboard room. Overall rental income declined 12.2% to RM 4.9 million.

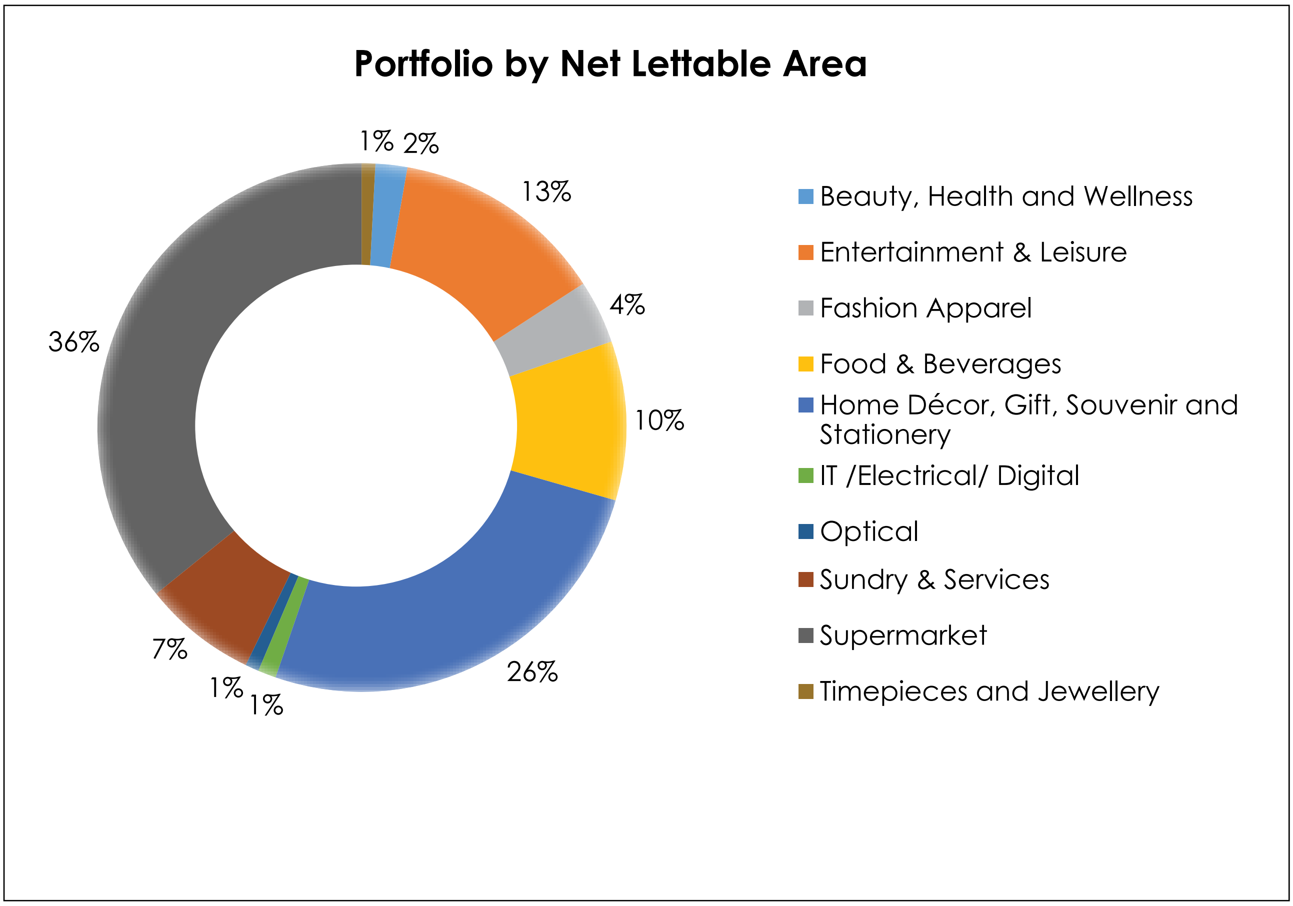
Management also took the opportunity to do upgrading works during the mall closure to improve traffic flow around the mall as well as increase parking capacity. Loss before tax improved slightly 20.6% due to lower refurbishment cost incurred in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The pandemic coupled with the movement restrictions also caused several smaller tenants to close. Nevertheless, the overall occupancy rate improved slightly to 78.2% at the end of 2020 as Management remained focused on securing new tenants and took the opportunity to refresh the tenant mix.



Location	33, Jalan Dato Siamang Gagap, Betaria Business Centre, 70100 Seremban, Negeri Seremban
Title	Leasehold
Tenure	99 years expiring on 8 Jan 2093
Usable Area	480,261.9 sq ft
Net Lettable Area	206,095 sq ft
Car Park	564 bays
Valuation 2020	RM110 million
Tenants	42
Occupancy rate	78.2% (2020)



MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

Trading revenue is the biggest revenue contributor of the Group. The segment grew 485.0% to RM48.6 million. Our trading segment is mainly involved in trading of home appliances. During the year, the segment managed to secure several new customers which helped contribute to the strong growth.

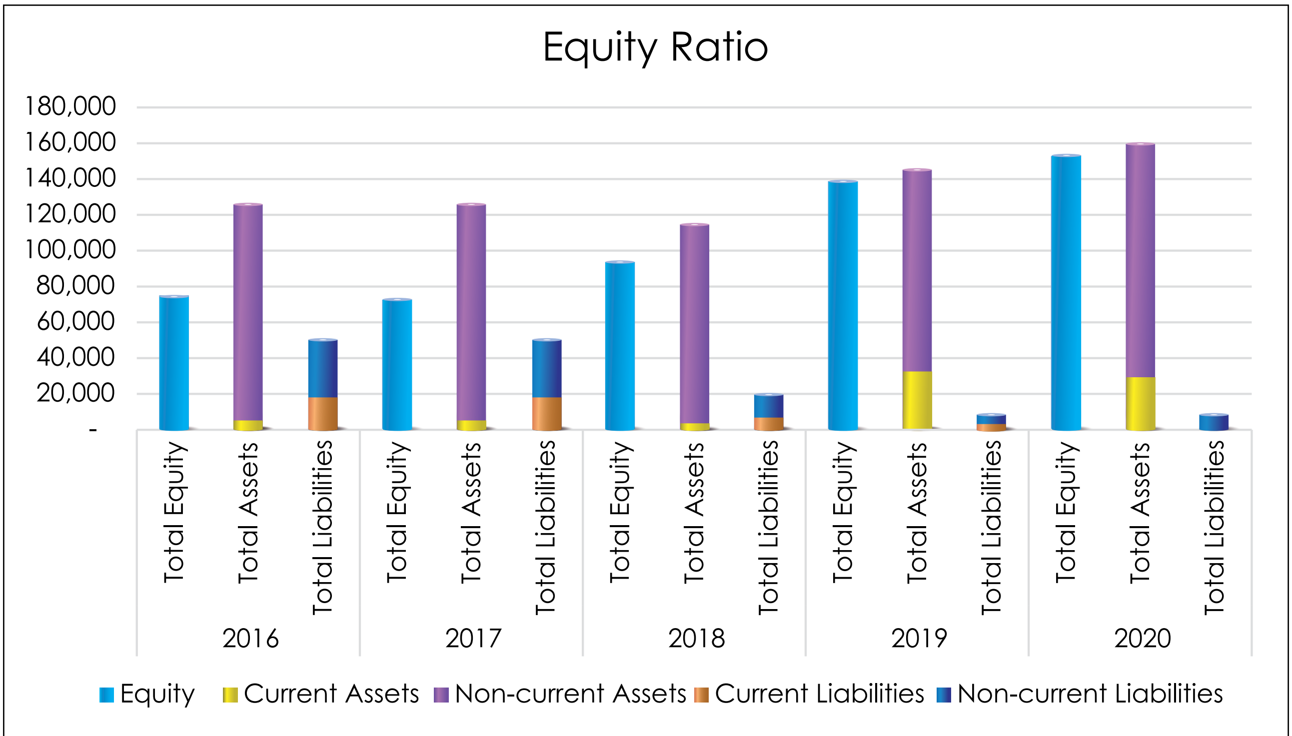
The acquisition of ChinPakLoong Architect ("**CPLA**") revitalized the PMC segment. PMC recorded RM7.5 million and RM2.4 million in revenue and profit before tax respectively. With the addition of CPLA the Group enhance its consultancy and advisory capabilities and design and build hence able to provide an "one-stop" service to our customers. CPLA is actively building its business pipeline and is expected to be one of the engines of growth for the Group.

Financial Capital

The overall financial position of the Group further improved in the year under review. The acquisition of CPLA, was completed via issuance of new shares. This further improve the Group's equity position and revitalise the PMC segment of the Company. As a result, the Group's financial result has further improved from the previous year.

The acquisition exercise has improved the overall financial position of the Group. Total assets and total equity of the Group have increased by 9.6% to RM160.0 million and 10.0% to RM152.8 million, respectively.

The Group is in a relatively strong financial position to survive the Global pandemic, and is positioned to capitalize on opportunities to increase the growth of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

RISK ASSESSMENT

The management has performed a risk assessment, reviewed and assessed key risk areas which may affect the Group's strategic priorities. A summary of the risks are as follows:

No	Risk Areas	Details
1	Market Risk	External factors such as increase in online retail, globalization, domestic and global economic conditions, competition from other malls, political changes and corporate and public reputation.
2	Pandemic Risk	External cause due to large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographical area and cause significant economic, social, and political disruptions.
3	Competition	Higher e-commerce adoption has enabled more retailers, including mom and pop retailers, to leverage technology and thus minimizing the need to have a physical store. This represents the biggest competition risk to the mall. Apart from e-commerce, the surrounding malls within a 2km radius are key competitors. These malls provide shoppers with alternative shopping destinations. The Group is cognizant of this and is constantly looking at putting in new attractions to ensure that shopping experience is enhanced. This will help to increase shopper and tenant reliance to the Mall.
4	Operational Risk	Operational risk arises from failure of internal processes, operational procedures or external events. The risk is mitigated by having standard operating procedures that are adhered to and reviewed on a regular basis, as well as updated to address new developments. Internal audit is carried out by conducting half yearly reviews on various standard operating procedures to ensure the policies and procedures are complied with accordingly.
5	Tenant Risk	Centerpoint faces the risk of non-renewal of tenancies, cancellation of tenancies and the risk of letting out available space. We are subject to the following: • Tenants may choose not to renew or lack the financial capacity to renew • Existing tenants may be facing financial crunch and may choose to close down operations • We may experience a delay to let vacant space which will affect rental income and occupancy rates • We may have to accept terms which are less favorable than the terms of the current tenancies due to market competition The occurrence of any of these events will adversely impact our rental income and occupancy rates. To mitigate this risk, we are currently in the phase to rejuvenate the mall by improving occupancy rate and quality of tenants concurrently. However, given current market conditions, the rental rates may not be optimal, which will have an impact on rental income.
6	Credit and Financial Risk	Timely and regular payment collections from tenants and customers are critical to ensure the financial sustainability of the Group. Currently, we have in place a credit policy where collections are constantly monitored, and processes are administered to ensure credit risk exposure is minimized. This includes a stringent credit evaluation process for all new customers and regular review of credit profile for existing customers.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

No	Risk Areas	Details
7	Fraud Risk	Fraud risk arises from potential intentional deception from stakeholders, with a purpose to gain an unjust advantage from the Group. The risk could negatively impact the financial position and reputation of the Group. Clear standard operating procedures will help to provide 'check and balance' for the Group's operations.
8	Security Risk	Risk involving the safety and security of all operational units. • Shopper security and safety is paramount to the Group. We have in place a security workforce from a reputable security company. We also have an in-house security department to oversee the mall security and safety. • The mall also performs regular cleaning and sanitizing procedures to ensure cleanliness of the mall and safeguarding the health of the tenants, shoppers and visitors. • Surveillance and alarm systems have also been installed through the mall to provide additional monitoring throughout the day.
9	Human Resource Risk	Risk of high turnover or loss of talent and manpower which may affect the Group. Our human resource department is constantly looking to strengthen the team. This includes ensuring sufficient staff welfare and benefits which will help in staff retention and attracting new talent. In addition, we perform annual reviews of every employee and provide training to enhance skill sets of our workforce.
10	Force Majeure Risk	Accidents or events resulting from natural causes, without human intervention or agency (Act of God), and one that could not have been prevented by reasonable foresight or care, for example, floods, lightning, earthquake, or storms. This risk could have an adverse impact on the Group's operational ability. The Group realises the helplessness in the face of such events and would actively seek insurance coverage, where applicable, to minimise potential damages.

PROSPECTS

The full effects from the Covid-19 pandemic which started in the first quarter of 2020 have yet to fully manifest. Whilst the group managed to navigate the first MCO in 2020, effects from second MCO are likely to have a deeper impact. Coupled with the impact from the flood which hit Centerpoint Seremban in November, the property and F&B segments have borne the brunt of the impact to date.

The flood waters filled the basement carpark and knocked out the power transformer and switchboard room. Hence, the mall was left without power. After discussions with the tenants, the Group decided to temporarily shut the mall for repair and rectification works. The entire exercise of rectifying the basement carpark, relocation of the power room and replacement of the transformers and switchboards to the ground level took three and a half months. During the temporary closure, management also took the opportunity to enhance traffic flow surrounding the mall and increase the number of visitor parking lots.

Centerpoint Seremban reopened on 20 February 2021. During this period, all rental was waived. In spite of all the challenges, the Group remains focused on unlocking the value of the mall. Whilst several tenants had to close their outlet due to the pandemic, the focus on securing more tenants remains, as evidenced by the slight increase in occupancy rate at the end of 2020 to 78.2%. In addition, the closure of these tenants has enabled the Group to refresh the tenant mix. The latest addition is The Coffee Bean & Tea Leaf, which is expected to commence operations in the second quarter of 2021.

The Food and Beverage ("**F&B**") segment has been affected by the twin effects of the pandemic and mall closure. Notwithstanding these setbacks, we are continuing our efforts in increasing our home and office food delivery service in view of the reopening of the mall and to cater to the new 'social norm' post pandemic. The opening of the fifth franchise restaurant has been delayed in light of the current situation as well as to focus on the existing outlets.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The trading business has continued to grow amidst the challenging economic environment. We remain cautiously optimistic as we continue to expand our customer base.

The PMC segment has turned around after the acquisition of CPLA. Management remains focused in building up the project pipeline in 2021 and is confident that CPLA will be able to achieve the profit guarantee.

The Group will continue to exercise due care in order to preserve and enhance shareholders' values. The Board and the management will continue to access all business opportunities with prudence and leverage on its core strengths and competencies built over the years, to improve the profitability of the Group.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to express our appreciation to all our business partners and shareholders for their continuing support to our business and we are looking forward to further mutual growth and success in the coming years. We would also like to commend and thank the Group's personnel for their dedication and commitment in this unprecedented challenging environment.

TOH HONG CHYE
EXECUTIVE DIRECTOR

SUSTAINABILITY REPORT

Sustainability Statement

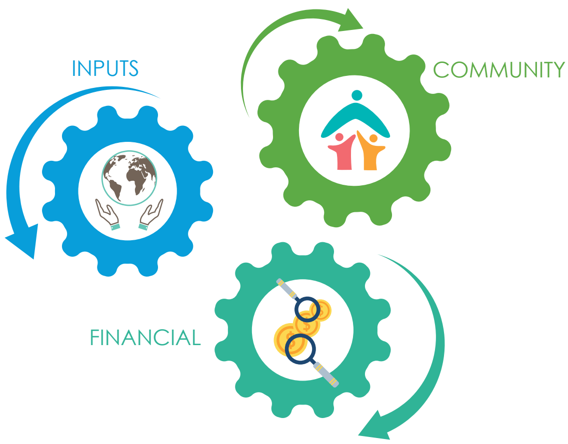
Pegasus Heights Berhad ("**Pegasus Heights**") recognizes that its sustained growth is co-dependent on economic, environmental and social growth of our stakeholders. Our business strategies take into account the risk and opportunities affecting the organization and industry while taking into account the evolving stakeholders' expectations on sustainable practices. The information in this report provides an overview of our sustainability practices for the financial year ended 2020.

Sustainable Commitment

We remain committed in ensuring our business activities are performed with high standards of social and environmental conduct to maximize long-term value creation for all stakeholders. This includes ensuring assets under our portfolio and our businesses are carried out in a manner that generates positive environmental outcomes in creating a desirable shopping destination, impact sourcing, best business practices and supporting our local businesses and communities.

Our commitment extends to the day-to-day operations with high work ethics and values to achieve short and long-term goals. This includes engaging actively with our business partners and employees.

COMMITMENT TO SUSTAINABILITY

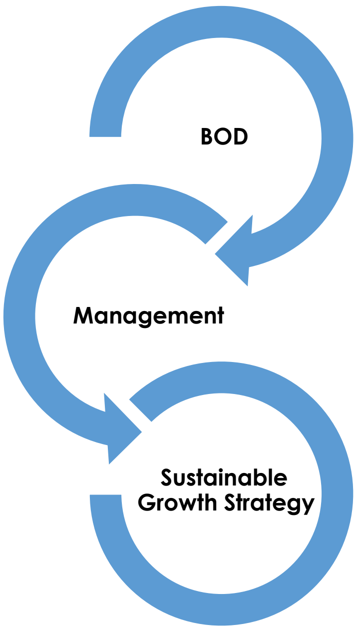


Governance Structure

Our Board of Directors set out the overall business strategy and its performance. The management team is tasked with executing the strategy in a sustainable manner. This process is continuously being monitored and refined as we strive towards achieving our economic, environmental and social goals.

A strong governance structure enables us to implement our sustainable strategy across the Group, strengthen relations with stakeholders as well as ensure overall accountability.

GOVERNANCE STRUCTURE



CONTINUOUS ASSESSMENT

SUSTAINABILITY REPORT
(Cont'd)

Stakeholders' Engagement

Constant engagement with stakeholders helps keep us abreast of their current situation and provides a feedback loop in putting in place a wholistic strategy in enhancing the value of the group and achieving our overall sustainable growth strategy. We have taken various initiatives to actively engage with our stakeholders by creating multiple effective communication channels that facilitates the communication between our stakeholders.

This has enabled us to identify and understand our stakeholders' needs and concerns, leading to more effective growth strategies. The chart below are our stakeholders who have direct or indirect involvement with the Group.

ENGAGEMENT
- Shopping events
- Feedback form
- Social media engagement
- Concierge services

FOCUS
- Meeting shopping needs
- Quality of services and facilities
- Comfortable shopping environment
- Safety and accessibility

ENGAGEMENT
- Meetings
- Complaints or feedbacks
- Whistleblowing

FOCUS
- Sound payments practices
- No 'kick-backs' from sourcing

ENGAGEMENT
- Direct meeting and email exchanges
- Site visits
- Regular feedback meetings

FOCUS
- Sound payments practices
- No 'kick-backs' from sourcing

STAKEHOLDERS

ENGAGEMENT
- Meeting and discussion
- Training
- Annual performance review
- Annual dinner

FOCUS
- Career progression
- Employee development
- Compensation and benefits

ENGAGEMENT
- General Meeting
- Announcements to Bursa
- Circulars
- Company's website
- Advertisement of notice

FOCUS
- Investor engagement
- Timely and transparent reporting
- Performance and financial results
- Business operations

ENGAGEMENT
- Site visit
- Meetings
- Renewal of certification

FOCUS
- Safety assurance on premises and equipment
- Compliance with SOPs issued by authorities

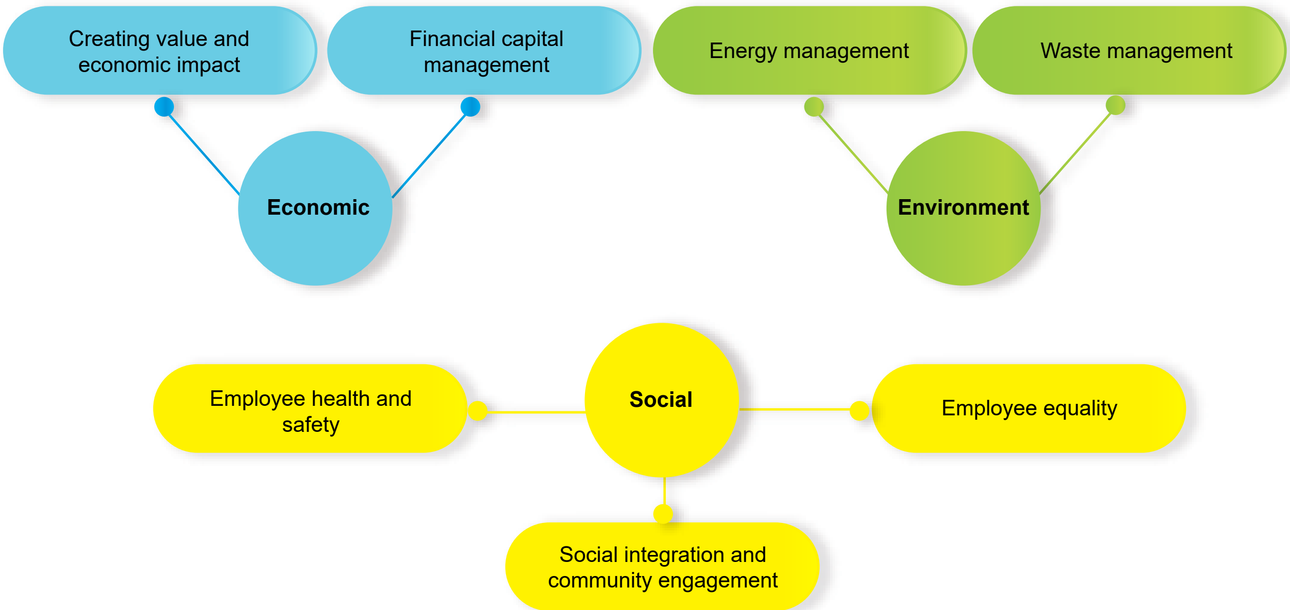
ENGAGEMENT
- Festive events
- Community gatherings

FOCUS
- Lifestyle enhancements

SUSTAINABILITY REPORT
(Cont'd)

Environment, Social and Governance (ESG)

The Group's sustainability effort continues to make significant strides in transparency and accountability . As the following diagram illustrates, sustainability is managed throughout the company based on the ESG factors.



Economic

Creating Value and Economic Impact

Supporting the local communities is one of the keys to success to our business. Thus creating an environment that enables our tenants to be successful will increase value to our stakeholders. To this end the Group has implemented the following:

- Improve the tenant mix
- Acquired and enlarged our portfolio of food and beverage tenants and business franchise
- Perform upgrading and rectification works to maintain the quality of the shopping experience
- Promote employment from the local community

The measures that have been implemented has resulted in increasing footfalls to the mall and thus increasing the occupancy rate to 78.2% as at the end of 2020.

In addition, the Group also moved very quickly at the onset of the MCO to offer conditional rental rebate to our tenants, for the period from April 2020 to June 2020. Working hand in hand with our tenants we sought a solution to cushion the impact from the closure of their operations as well as lower visitor traffic to the mall in order to support their long-term sustainability.

Full rental waivers were given in early November to all tenants when the mall closed In November after flood waters knocked out the power room. The waiver was given during the closure for three and a half months. During this period the Group also took the opportunity to upgrade the road surrounding the mall and expanded the car park in order to give a better experience to the shoppers.

Financial Capital Management

Sustainable financial capital management is a priority in order to achieve the growth goals. Increasing value for our stakeholders requires a flexible capital management framework. This framework requires an optimization in terms of offering an affordable cost of capital while offering liquidity for asset enhancements and potential expansion. Thus, the business performance must be viewed with a long-term perspective, thereby looking beyond short-term gains (or losses) and focusing on long term stakeholder value creation.

Environment

Energy Management

Energy utilization is one of the major cost components for the Group. Hence optimization is a key focus as lower energy consumption has both a positive effect on the environment and increasing profitability.

The Group has taken a practical approach and is continually looking at other opportunities to enhance energy efficiency. To this end we have implemented the following:

- Replaced traditional light bulbs with LED light bulbs
- Installed motion sensors on all our escalators
- Installed smart AHU temperature control settings

In addition, the Group reviews tenants' fit-out designs in the mall to ensure their lighting and power density are in line with the Group's sustainability strategy.

Water Management

Water consumption is an essential part of our business operations. The Group recognizes the importance of using water responsibly to protect our sources as well as prevent any potential damages caused by water stress. As such we have instituted sustainable use of water as an integral part of our operations. The Group continues to improve water efficiency by monitoring water consumption and implementing water-saving measures and initiatives. Water-saving measures are established across the Group throughout the design, development and operation processes. The key water-saving initiatives implemented include:

- Installing water-saving devices
- Ensured that all building system operations' schedules and settings are maintained
- Ensured building systems' maintenance is carried out effectively to maintain equipment efficiency
- Monitored water usage to identify and fix any wastage and leakage

Waste Management

We are committed to managing the waste generated at our properties. The collection and disposable of waste is carried out by licensed contractors. We encourage our tenants and visitors to recycle by providing recycling bins at prominent and high traffic areas throughout our properties. We have four sets of recycling bins in our mall to separate and manage waste accordingly. Paper and paperboard waste generated from our mall is collected at a designated location within the mall and later recycled through our appointed waste collector.

Social

Employee Equality

Our people are our key asset in the delivery of our organizational goals. The Group's human capital management policies and practices are guided by its Code of Conduct, and applicable local laws and regulations.

We recognize that attracting and retaining the right talent is key in the continued success of an organization. To this end, we continue to enhance our recruitment strategy and improve our practices to provide our employees with a conducive work environment.

We subscribe to the principle of equal opportunity as regards to our hiring and promotion procedures. As an equal opportunity employer, we do not discriminate prospect employees and we endeavor to give everyone an equal chance which is based purely on performance and merit. All of our employees have equal opportunity to attend trainings that help to strengthen their knowledge and skills in their respective field. As at the end of 2020, approximately half of our employees are women.

Employee Health and Safety

Ensuring the health and safety of our visitors, tenants and employees is a top priority of Pegasus Heights. We undertake measures to ensure that our customers, tenants and employees are safe and taken care of at our premises. The Management has in place, adequate safety and health measures to avoid any potential safety hazards at our mall. We periodically review the procedures to comply with all relevant Acts and regulations under the Department of Occupational Safety and Health ("**DOSH**") and make the necessary changes, if needed, to mitigate any long-term risk. Apart from regular maintenance work on our mall, periodical inspection of lifts, escalators, fire system, electrical switch gears and other electrical equipment are also carried out regularly.

Employees involved in maintenance of our mall are required to attend refresher training programs conducted by Bomba and DOSH on safety and health regulations. Fire drills are also conducted regularly with the respective mall stakeholders.

The safety aspect is paramount when we prepare for the commencement of Asset Enhancement Initiatives, renovation or routine maintenance works. As a safety procedure, we ensure that all contractors and their workers go through safety briefings before any renovation and fit out works are allowed to commence. Regular on-site meetings and inspection are held to discuss the progress and related issues with the tenants and contractors to ensure safety and compliance.

The Group has a Business Continuity Plan ("**BCP**") that puts in place the prevention, detection, response and business recovery and resumption measures to minimize the impact of adverse business interruptions or unforeseen events on the Group's operations.

In the situation of a pandemic outbreak such as COVID-19, additional measures have been taken by the Group.

- Controlled building access to enable temperature screening
- Mandatory scanning of QR code via MySejahtera
- Providing sanitizers throughout the mall
- Hourly sanitation throughout the mall in areas including toilets, lifts, floors, doors, glass panels and handrails
- Flexible work plan where non-essential employees can work from home
- Segregation of employees via separate locations to minimize contact

SUSTAINABILITY REPORT
(Cont'd)

Social Integration and Community Engagement

Typically, during the year, we will host a variety of events to increase footfalls to the mall. In the beginning of 2020, we managed to organize a New Year Buffet Dinner event followed by 30-minute fireworks display to usher in the new year. We had the opportunity to host YB Dr Mohamad Rafie Bin Abdul Malek, Timbalan Pengarah JBPM Negeri, Tuan Abd Rahman Bin Ali and MPKK Dun Ampangan at the event.

During Chinese New Year, we organized Chap Goh Mei lunch together with senior citizens from old folks' home including Pusat Jagaan House of Megaways, Pusat Jagaan Warga Tua Mercy, Pusat jagaan Harian Warga Tua Seremban, Persatuan Kebajikan Perlindungan Jothiviyasar and Pertubuhan Kebajikan Kanak-Kanak Seremban.

Sadly, whilst we would have had more events throughout 2020, the pandemic and implementation of the MCO cut short the calendar of events for the year. The muted event calendar did not stop the Group from donating 175,000 pieces of 3-ply face masks during the year to Persatuan Amal Ibu Tunggal & Wanita Negeri Kelantan and Kerajaan Negeri Sembilan.

DIRECTORS' PROFILE

DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR
Independent Non-Executive Chairman

Age	: 68
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 7 October 2014
Board Committee membership	: • Member of the Audit Committee • Member of the Remuneration Committee • Member of the Nomination Committee

Qualification, Working Experience and Occupation

Dato' Abdel Aziz holds a Diploma in Agriculture Business from Universiti Pertanian Malaysia in 1975, BSc in Agriculture Business from Louisiana State University, United States of America in 1978 and MBA from the University of Dallas, United States of America in 1980.

From 1981 to 1983 he was the Executive Director of Showmasters (M) Sdn Bhd, an artiste management and concert promotion company. He subsequently joined BMG Music and was a General Manager from 1989 to 1997 and Managing Director from 1997 to 1999. Based on his vast experience and knowledge in growing companies, he shall provide his management expertise and skills in assisting the Group in the development and strategies in moving the Group to a higher level.

He was the Chairman of Performance and Artistes Rights Malaysia Sdn Bhd (PRISM), a collection society for performers of recorded music, and the Academy of Malaysian Music Industry Association (PAIMM) for more than 10 years until end of 2012 and January 2011, respectively.

Previously, he was a Director of Air Asia Group Berhad from 12 December 2001 to 11 October 2004 and acted as an Alternate Director from 11 October 2004. Subsequently, he was appointed as a Non-Executive Director of Air Asia Group Berhad on 20 April 2005. On 16 June 2008, he was re-designated as a Non-Executive Chairman and subsequently on 6 November 2013 as a Non-Independent Non-Executive Director.

Directorship of public companies and listed issuers

- Air Asia Group Berhad (Non-Independent Non-Executive Director)
- Yayasan Astro Kasih (Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILE
(Cont'd)

Dato' Sri Lee See Yang
Executive Director

Age	: 51
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 16 October 2017
Board Committee membership	: • Member of the Share Issuance Scheme Committee

Qualification, Working Experience and Occupation

Dato' Sri Lee See Yang founded Denby Sdn Bhd, which is a furniture wholesaler in Malaysia to distribute Sweet Dream mattress, after his graduation. He later expanded his business and established Vitalmore Enterprise Sdn Bhd, which is a local manufacturer of furniture. Besides local business ventures, he also has over 20 years of experience in the import and export trade industry.

He has more than 25 years of experience in business management and development. He is a committed and passionate businessman who has abundant experience in management, sales and business development. Dato' Sri Lee is also recognized for his expertise in mentoring and mediating between employees, conceptualising and executing new business directions and motives, and application of critical thinking and problem solving.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

TOH HONG CHYE
Executive Director

Age	: 46
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 9 November 2017
Board Committee membership	: • Chairman of the Share Issuance Scheme Committee

Qualification, Working Experience and Occupation

Toh Hong Chye holds a Master in Business Administration in Finance from the International Islamic University Malaysia. He is also a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

He founded H.C. Toh & Co., a non-audit firm, involved in company secretary, accounting and business advisory services for companies from various industries. His experience covers audit and assurance engagements, corporate reporting and compliance, taxation and wide-ranging overseas exposures. He had been involved in the successful implementation of several corporate exercises which include merger and acquisition and corporate debt restructuring exercises undertaken by private and public listed companies.

Directorship of public companies and listed issuers

- AppAsia Berhad (Executive Director)
- Sersol Berhad (Executive Director)
- Sinmah Capital Berhad (Non-Independent Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILE
(Cont'd)

CHIN PAK LOONG
Executive Director

Age	:	45
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	13 January 2020
Board Committee membership	:	-

Qualification, Working Experience and Occupation

Chin Pak Loong is a Member of the Malaysian Institute of Architects, Association of Consulting Architects Malaysia and Malaysian Green Building Confederation. He graduated with a Bachelor of Applied Science in Architectural Science and Bachelor of Architecture from Curtin University of Technology, Australia and has been registered with the Board of Architects Malaysia as a graduate architect since 2003, a professional architect since 2012 and professional interior designer since 2010.

He holds the Certificate of Registration for Architectural Consultancy Practice, Certificate of Professional Architect and the Certificate of Interior Designer (collectively referred to as "the Licenses"). The Licenses are renewable on an annual basis. He has close to two (2) decades of experience in architectural and interior design. He began his career with Overman and Zuideveld Architects Pty Ltd, Australia as a Design Architect in 2000. In 2001, he joined Prima Principia (M) Sdn Bhd (in collaboration with L.C. Ng Architects) as a Design Director, and joined Positive Trend Sdn Bhd (in collaboration with B+N Retail Group) as a Senior Project and Design Architect in the following year.

In 2004, he co-founded RDA Harris Space Sdn Bhd, a subsidiary of RDA Harris Architects Sdn Bhd and was appointed as an Associate Director/Managing Director. He later left his position in RDA Harris Space Sdn Bhd and co-founded MAA Space Sdn Bhd, a subsidiary of Arkitek MAA Sdn Bhd in 2007 and was appointed as a Managing Director. He relinquished his position as the Managing Director of MAA Space Sdn Bhd with effect from 1 November 2013 and founded CPLA and Inplusout Design and Build Sdn Bhd (principally involved in design and build project) in 2012 and 2013, respectively.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

ANDREW HO THO KONG
Independent Non-Executive Director

Age	:	54
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	30 April 2018
Board Committee membership	:	• Chairman of the Audit Committee • Member of the Nomination Committee • Member of the Remuneration Committee

Qualification, Working Experience and Occupation

Andrew Ho Tho Kong graduated with a Bachelor of Accountancy from National University of Singapore and is a fellow Chartered Accountant from the Institute of Singapore Chartered Accountants. He is also a Chartered Financial Analyst.

He has extensive experience with over 30 years in accounting, investment banking and private equity. Currently he is a Partner at Nautilus Capital Asia, a boutique corporate advisory house providing advisory services for initial public offerings (IPOs), buyouts, mergers and acquisitions, and fund raising.

Prior to founding Nautilus Capital Asia, he was the Acting CEO for Maybank Private Equity in 2012. Before his tenure with Maybank Private Equity, Andrew was a Director with Kenanga Investment Bank, from 2008 to 2011, where he headed the Private Equity Department and subsequently, the investment banking office.

Andrew Ho's experience extends to Venture Capital, with particular focus in the technology sector in the region. He served as Senior Vice President with Malaysia Venture Capital Company (MAVCAP). In addition, during his employment with the UEM Group from 2001-2007, he was attached to Optixlab, the private equity division for the UEM Group. While in the UEM Group he was also involved in Business Development with Time Engineering where he was primarily responsible for overseeing overseas acquisitions and partnerships for the group, and had oversight of the technology business strategy within the UEM Group companies.

Due to his industry experience, Andrew Ho is actively involved in numerous global volunteer programs administered by the CFA Institute; and also serves as a founding committee member of the National University of Singapore (NUS) Kuala Lumpur Alumni.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILE
(Cont'd)

LOW YEN HOON
Independent Non-Executive Director

Age	:	35
Nationality	:	Malaysian
Gender	:	Female
Date of Appointment	:	1 July 2019
Board Committee membership	:	• Member of the Audit Committee • Chairperson of the Nomination Committee • Chairperson of the Remuneration Committee

Qualification, Working Experience and Occupation

Low Yen Hoon is a Member of Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. She has over ten (10) years of experience in accounting and auditing, having worked in several audit firms such as Douglas Loh & Associates and K-Konsult Corporation Sdn Bhd.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

PROFILES OF KEY SENIOR MANAGEMENT

MANDY TOH GUAT KHEM

Director of Subsidiary / General Manager

Age	:	57
Nationality	:	Australian
Gender	:	Female
Date of Appointment	:	01 March 2018

Qualification, Working Experience and Occupation

Mandy Toh Guat Khem graduated from Japan with a Bachelor of Economics and is a member of Mortgage & Finance Association of Australia and Credit and Investments Ombudsman of Australia.

She has over ten (10) years of career experience in real estate & finance broking in Australia.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Sister of Toh Hong Chye, the Executive Director of the Company.

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

TIEW CHEE MING

Group Accountant

Age	:	32
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	01 November 2017

Qualification, Working Experience and Occupation

Tiew Chee Ming is a Member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.

He joined the company in year 2017 as an Accounts Manager where he is in charge of the financial department and later promoted to Group Accountant.

Directorship of public companies and listed issuers

AppAsia Berhad (Independent Non-Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

PROFILES OF KEY SENIOR MANAGEMENT (Cont'd)

CHAN CHEE WOEI
Contract Manager

Age	: 47
Nationality	: Malaysian
Gender	: Male
Date of appointment	: 1 December 2020

Qualification, Working Experience and Occupation

Chan Chee Woei graduated from the Nottingham Trent University, United Kingdom in 1999 and holds a Bachelor of Science in Quantity Survey.

He had been working in China since 2007 as a Contract Manager and Project Director in various companies. He was residing in Shanghai until he moved back to Kuala Lumpur in 2018.

He has more than twenty (20) years of experience and specializes in Quantity Survey, Contract Administration, Cost Management, Risk Management, Project Management and etc.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

SHAHRUNIZAM BIN MAT SAID
Technical Manager

Age	: 50
Nationality	: Malaysian
Gender	: Male
Date of appointment	: 13 January 2021

Qualification, Working Experience and Occupation

Shahrunizam Bin Mat Said graduated from MARA Institute of Advanced Skills in Architectural Draftsmanship in 1992. He began his career in various Architect firms and specializes in Architectural and Interior technical drawings.

He has more than twenty (20) years of experience and possesses sound technical knowledge in Architecture and Interior.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("**the Board**") of Pegasus Heights Berhad ("**the Company**") recognises the importance of corporate governance and is committed to ensuring that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance ("**the Code**") are observed and practised throughout the Company and its subsidiaries (collectively referred to as "**the Group**") so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

This statement is prepared in compliance with Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and it is meant to be read together with the Corporate Governance Statement and Corporate Governance Report. The Corporate Governance Report provides details on how the Company has applied each practices as set out in the Code for the financial year ended 31 December 2020, a copy of which is available on the Company's website.

The Board will continue to take measures to improve compliance with the principles and recommended best practices in the ensuing years.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has considered and discussed a wide range of matters during the financial year ended 31 December 2020, including strategic decisions and reviewing of risk associated matters in the business. The Board is aware that decisions made for the business of the Group would affect a broad range of our stakeholders. While the Board seeks to ensure that the decisions were taken in a way that was fair and consistent with the Group's values, the Board also recognised the importance of balancing these with the need to support the long-term future of the business.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has established various committees where specific powers of the Board are delegated to the relevant Board Committees.

The Board has a formal schedule of matters reserved for deliberation as set out below, to ensure good governance is in place for the Group:-

a) Conflict of interest issues relation to a substantial shareholder or a Director including approving related party transactions
b) Material acquisition and disposition of assets not in the ordinary course of business including significant capital expenditures
c) Strategic investments, mergers and acquisitions and corporate exercises
d) Limits of authority
e) Treasury policies
f) Risk management policies
g) Key human resource issues
h) Business plans

II. BOARD COMPOSITION

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage on different thought, perspective, cultural and geographical background, age, ethnicity and gender which will ensure that the Group has a competitive advantage.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

In evaluating the suitability of individual Board members, the Nomination Committee ("**NC**") takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contribution, background, character, integrity and competence. In the case of candidates for the position of Independent Non-Executive Directors, the NC will evaluate the candidates' ability to discharge their responsibilities and should bring in their independent judgement, provide constructive challenge, strategic guidance, offer specialist advice and impartiality.

The Board currently has one (1) female Director, and with the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. Moving forward, the Board, being in line with the national target of having 30% women on the boards of listed issuers, will maintain a register of potential directors which include high-calibre female candidates and appoint them when the need arise.

III. REMUNERATION

The Board has in place a Directors' Remuneration Policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. In this regard, the Remuneration Committee ("**RC**") is responsible to formulate and review the remuneration policies for the Directors of the Company to ensure the same remain competitive, appropriate, and in line with the prevalent market practices.

The Board carries out a remuneration review for its employees including that of Senior Management, with the view to ensure that the Group continues to retain and attract the best talents in the industry. The proposed salary structure was considered by the RC and subsequently approved by the Board for implementation.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee ("**AC**") played a key role in ensuring integrity and transparency of corporate reporting. The AC's role is to review and challenge Management to ensure that appropriate disclosures of accounting treatment and accounting policies are made. The AC has a duty to provide assurance to the Board that robust risk management, controls and assurance process are in place. The AC continues to monitor the potential risks of the Group and ensures that mitigating factors are in place to ensure health, safety and business continuity of the Group.

The Board will continue to drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board will also continue to challenge the Group's risk reporting mechanism and ensure that it is data-driven to capture and quantify exposures where applicable and necessary.

Annually, the composition of the AC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective AC, the NC ensures that only Independent Non-Executive Directors who have the appropriate level of expertise and experience and have the strong understanding of the Group's business would be considered for membership on the AC.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management is a critical component of good management practice and effective corporate governance. With the Risk Management Framework being in place, the Board's decision-making was supported by sufficient information for the right discussions and considerations. The enhanced level of risk debate and greater involvement from the Management were also critical in ensuring that appropriate monitoring and mitigations were embedded to support the proposals under discussion.

The Board will continue to drive a proactive risk management approach and ensure that the Group's employees have a good understanding of the application of risk management principles in order to work towards cultivating a sustainable risk management culture. The Board will also continue to challenge the Group's risk reporting mechanism and ensure that it is data-driven to capture and quantify exposures where applicable and necessary.

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Group recognises the importance of stakeholder engagement leading to the long-term sustainability of its businesses. As a responsible corporate citizen, the Group must interact with stakeholders and also acknowledge the potential impact that its operations may have on a wide range of stakeholders. For engagement to be constructive and meaningful, each matter considered by the Board therefore has to be in the context of relevant economic, social and environmental factors.

The Company has heightened its engagement efforts with stakeholders by engaging discussions with analysts, fund managers and shareholders, both locally and overseas, upon requests.

Moving forward, the Board intends to adopt a more mature form of sustainability reporting to stakeholders by implementing the International Integrated Reporting Framework in the Annual Report, allowing stakeholders to have a better understanding on the Group sustainability.

II. CONDUCT OF GENERAL MEETINGS

The Group's Annual General Meeting ("**AGM**") is an important means of communicating with its shareholders. To ensure effective participation of an engagement with the shareholders at the AGM of the Group, all members of the Board would be present at the meeting to respond to questions raised by shareholders and proxies. In addition, the Chairman of the Board would chair the AGM in an orderly manner and encourage the shareholders and proxies to speak at the meeting. The overall performance of the Group would be presented at the meeting.

In line with good governance practices, the notice of the AGM would be issued at least 28 days before the AGM date and the AGM is conducted through an electronic polling system. The Group will continue to explore and leverage on technology, to enhance the quality of engagement with its shareholders to facilitate further participations by shareholders at the AGM of the Group.

PRELUDE

Over the next few pages, we would look at the Board, its role, performance and oversight. We will provide details on the Board's activities and discussions during the financial year, the actions arising from these and the progress made against them. We also provide an insight on director independence effectiveness and our Board evaluation, succession planning and induction and ongoing developments.

CORPORATE GOVERNANCE STATEMENT

A. BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board of Directors

Pegasus Heights Berhad ("**the Company**") and its subsidiaries ("**the Group**") acknowledge the pivotal role played by the Board of Directors ("**the Board**") in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders' value. To fulfil this role, the Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good governance and ethical manner. The directors individually have a legal duty to act in the best interest of the Group and are also collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. The Board's responsibilities, amongst others include the following:-

a) Develop, review and monitor the Group's strategic plan and director and ensure that resources are available to meet its objectives.

b) Identify and review principal risks and ensure the implementation of appropriate systems to manage these risks.

c) Supervise the operation of the Group to evaluate whether established targets are achieved.

d) Monitor the compliance with legal, regulatory requirements and ethical standards.

e) Promote better investor relations and shareholder communications

f) Ensure that the Group's core values, vision and mission; and shareholders' interests are met.

g) Review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

h) Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.

i) Initiate a Board self-evaluation program and follow up action to deal with issues arising and arrange for directors to attend courses seminars and participate in development programs as the Board deems appropriate.

j) Implement and ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:

(i) Nomination Committee ("**NC**")
(ii) Remuneration Committee ("**RC**")
(iii) Audit Committee ("**AC**")
(iv) Share Issuance Scheme ("**SIS**") Committee

Each Board Committee operates within their approved terms of reference set by the Board which are periodically reviewed. The Board appoints the Chairman and members of each Board Committee.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

1. Board of Directors (Cont'd)

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on their behalf. These committees will operate under approved terms of reference or guidelines and are formed whenever required.

Board meeting agenda includes statutory matters, governance and management reports, which include strategic risks, strategic projects and operational items. The Board approves an annual performance contract setting the priorities director and performance targets for the Group within the parameters of the corporate plan.

The profile of each Director is presented on page 18 to page 22 of this Annual Report.

2. Separation of position of the Chairman and Executive Directors

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and Executive Directors of the Company are separately held and each has clearly accepted division of responsibilities and accountability to ensure a balance of power and authority. This segregation of roles also facilitates a healthy open, exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

The Chairman of the Board, Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar, an Independent Non-Executive Chairman, leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings to ensure that relevant views and contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion. The Chairman's key responsibility, amongst others, includes the following:-

a) Leadership of the Board;

b) Overseeing the effective discharge of the Board's supervisory role;

c) Facilitating the effective contribution of all Directors;

d) Conducting the Board's function and meetings;

e) Briefing all Directors in relation to issues arising at meetings;

f) Scheduling regular and effective evaluations of the Board's performance;

g) Promoting constructive and respectful relations between Board members and between the Board and the Management

The Executive Directors, Dato' Sri Lee See Yang and Toh Hong Chye oversee the day-to-day operations to ensure the smooth and effective running of the Group. They also implement the policies, strategies, decisions adopted by the Board, monitors the operating financial results against plans and budgets and acts as a conduit between the Board and Management in ensuring the success of the Group's governance and management functions.

CORPORATE GOVERNANCE STATEMENT
(Cont'd)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

2. Separation of position of the Chairman and Executive Directors (Cont'd)

During Board meetings, the Chairman maintains a collaborative atmosphere and ensures that all Directors contribute to the discussion. The Chairman and Executive Directors arrange informal meetings and events from time to time to build constructive relationships between the Board members.

The Executive Directors take on primary responsibility to spearhead and manage the overall business activities of the various business division of the Group to ensure optimum utilization of corporate resources and expertise by all the business divisions and at the same time achieve the Group's long-term objectives. The Executive Directors are assisted by the heads of each division in implementing and running the Group's day-to-day business.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and Board Committees in advance of the scheduled meetings. Notices of meetings are sent to Directors at least seven (7) days before the meetings. Management provides the Board with detailed meeting materials at least seven (7) days in advance of the Board or Board Committees' meetings. Senior Management may be invited to join the meetings to brief the Board and Board Committees on the requisite information on matters being discussed, where necessary.

Technology is effectively used in the meetings of Board and Board Committees and in communication with the Board, where the Directors may receive agenda and meeting materials online and participate in meetings via audio or video conferencing.

4. Commitment of the Board

The Board would meet at least five (5) times a year, at quarterly intervals which are scheduled at the onset of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agendas with due notice given and Board papers are prepared by the Management and circulated to all Directors prior to the meetings.

All pertinent issues discussed at the Board meetings are properly recorded by the Company Secretary.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

4. Commitment of the Board (Cont'd)

The Board met five (5) times during the financial year ended 31 December 2020. The attendance of each Director at the Board Meeting held during the financial year ended 31 December 2020 is as follow:-

Directors	Number of meetings attended	%
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	5/5	100%
Dato' Sri Lee See Yang	5/5	100%
Toh Hong Chye	5/5	100%
Chin Pak Loong (appointed on 13 January 2020)	5/5	100%
Andrew Ho Tho Kong	5/5	100%
Low Yen Hoon	5/5	100%

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

It is the Board's policy for Directors to notify the Board before accepting any new directorship notwithstanding that the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") allow a Director to sit on the board of a maximum of five listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. At present, all Directors of the Company have complied with the MMLR where they do not sit on the board of more than five (5) listed issuers.

5. Continuous Development of the Board

The Board, via the NC, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they would continue to enhance their skills and knowledge to maximize their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

CORPORATE GOVERNANCE STATEMENT
(Cont'd)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

5. Continuous Development of the Board (Cont'd)

Details of training programmes attended by the Directors during the financial year under review are as follows:

1. Mia Webinar Series: Reliefs and Risks for Companies and Director Covid-19 temporary measures
2. Mandatory Accreditation Programme
3. Practical Construction Contract Administration/Management Training Course 2020 [Session 4 : Procurement Systems & Contractual Arrangements]
4. Practical Construction Contract Administration/Management Training Course 2020 [Session 5 : Tender/Contract Documentation & Obligations]
5. Practical Construction Contract Administration/Management Training Course 2020 [Session 7 : Instructions & Variations]
6. Practical Construction Contract Administration/Management Training Course 2020 [Session 8 : Payments, Final Account & CIPAA]
7. Practical Construction Contract Administration/Management Training Course 2020 [Session 9 :Completions, Non Completion & Defects]
8. Practical Construction Contract Administration/Management Training Course 2020 [Session 10 :Extension of Time]
9. Practical Construction Contract Administration/Management Training Course 2020 [Session 11 :Loss and/or Expense]
10. Practical Construction Contract Administration/Management Training Course 2020 [Session 13 : Subcontracting]
11. Practical Construction Contract Administration/Management Training Course 2020 [Session 14 : Professional Practice & Ethics - Code, Ethics and Practice]
12. Practical Construction Contract Administration/Management Training Course 2020 [Session 15 : Terminatation/Determination & Alternative Dispute Resolution]
13. Practical Construction Contract Administration/Management Training Course 2020 [Session 2 : Construction Contract Law Principles]
14. Practical Construction Contract Administration/Management Training Course 2020 [Session 1 : Effective Project, Risk & Value Management]
15. Practical Construction Contract Administration/Management Training Course 2020 [Session 12 : Certificate of Compliance & Completion - Statutory Requirements and Process]
16. Risk Management Commmittee
17. Impact of Financial Reporting on Taxation
18. Tax Consideration Due to Covid-19
19. Learn how to report events resulting from Covid-19 lockdown in Financial Statement
20. Practical Budgeting and Cost Control
21. Key Disclosure obligation of a listed company
22. Introduction to MBRS
23. MBRS for preparers financial statements
24. Update for Secretarial Practicitioners - practice directive & guidelines issued Companies Act 2016
25. Tax audit and investigation - latest updates & issues
26. Applied Data Analytics - latest updates & issues
27. Introduction to MBRS
28. Briefing by Messrs Ernst & Young on Adequate Policies and Procedures to Prevent Offences Pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009
29. Fraud Risk Management Workshop for Directors of Listed Companies organised by PricewaterCoopers (PWC) Malaysia

The Company Secretary also highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The External Auditors on the other hand, briefed the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

6. Board Committees

AC

The AC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The AC maintains direct, unfettered access to the Company's external auditor, internal auditor and management.

The AC Report is set out on page 48 to page 49 of this Annual Report.

A copy of the AC's Terms of Reference can be found in the Company's website at http://www.pegasusheights.com/

NC

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NC comprises three (3) members and are composed as follows for the financial year ended 31 December 2020:

Director	Designation
Low Yen Hoon	Chairperson
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Member
Andrew Ho Tho Kong	Member

During the financial year ended 31 December 2020, the NC held one (1) meeting. Below is a summary of the key activities undertaken by the NC in discharge of its duty:-

(a) Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy.

(b) Assessed and reviewed the independence and continuing independence of the Independent Directors.

(c) Assessed the effectiveness and performance of the Board and its committees. This is carried out through a self-assessment document that is completed by each Director. The assessment criteria include the following:

- Board composition
- Board process
- Performance of Board Committees
- Information provided to the Board
- Role of the Board in strategy and planning
- Risk management framework
- Accountability and standard of conduct of Directors

CORPORATE GOVERNANCE STATEMENT
(Cont'd)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

6. Board Committees

NC (Cont'd)

(d) Reviewed and assessed on behalf of the Board the training record and needs of each Director, and proposed training courses to meet any shortfall or gaps in knowledge.

(e) Determined the Directors who stand for re-election and re-appointment by rotation.

(f) Reviewed the term of office and performance of the AC and each of its members to ascertain that the AC and its member have carried out their duties in accordance with the AC's Terms of Reference

A copy of the NC's Terms of Reference can be found in the Company's website at http://www.pegasusheights.com/

RC

The RC is responsible for recommending to the Board the remuneration principles and the framework for members of the Board and Senior Management.

The RC comprises three (3) members and are composed as follows for the financial year ended 31 December 2020:

Director	Designation
Low Yen Hoon	Chairperson
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Member
Andrew Ho Tho Kong	Member

During the financial year ended 31 December 2020, the RC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the RC in discharge of its duty:

(a) Reviewed, assessed and recommended the remuneration packages of the Executive Directors and Senior Management.

(b) Reviewed the remuneration package of Non-Executive Directors and their Meeting Allowances.

A copy of the RC's Terms of Reference can be found in the Company's website at http://www.pegasusheights.com/

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

7. Board Charter

The Company has established a Board Charter to promote high standards of corporate governance and the Board Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. The Board Charter clearly sets out the key values and principles of the Company and further sets out the duties and responsibilities of the Board, and the Board Committees. The Board Charter also provides structure guidance and ethical standards for the Board in discharging their duties towards the Group as well as its operating practices. The Board Charter further entails the following issues and decisions reserved for the Board:-

a) approval of corporate plans and programmes;

b) approval of annual budgets, including major capital commitments;

c) approval of new ventures;

d) approval of material acquisitions and disposals of undertakings and properties; and

e) changes to the management and control structure within the Group, including key policies, delegated authority limits.

The Board Charter is reviewed annually by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives.

A copy of the Board Charter can be found in the Company's website at http://www.pegasusheights.com/.

8. Code of Conduct and Code of Ethics

The Company has established a Code of Conduct and Code of Ethics which is also enshrined in the Board Charter to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. The Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. Where else the Code of Ethics is based on the principles in relation to integrity, transparency, accountability and corporate social responsibility.

The Board is focused on creating corporate culture which engenders ethical conduct that permeates throughout the Company. The Group practices the relevant principles and values in the Group's dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies. Ongoing training is provided to staff on the Code of Conduct, Ethics and general workplace behavior to ensure they continuously uphold high standard of conduct when performing their duties.

The Board is provided guidance through the Code of Conduct and Ethics on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be interested or conflicted. The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

8. Code of Conduct and Code of Ethics (Cont'd)

Notices on the closed period for trading in the Company's shares are sent to Directors, principal officersand the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR.

Details of the Code of Conduct and Code of Ethics can be found in the Company's website at http://www.pegasusheights.com/.

9. Whistleblowing Policy and Procedure

The Company has adopted a Whistleblowing Policy as the Board believes that a sound whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Chairman of the Board or the members of the AC.

10. Company Secretary

The Board is assisted by a qualified and competent Company Secretary who play a vital role in advising the Board in relation to the Group's Constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. All the Directors have unrestricted access to the advice and services of the Company Secretary for the purpose of the conduct of the Board's affairs and the business.

The Company Secretary constantly keep himself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. The Company Secretary have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or the Malaysian Institute of Chartered Secretaries and Administrators for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretary in discharging its functions.

In addition, the Company Secretary is also accountable to the Board and is responsible for the following:

- Advising the Board on its roles and responsibilities.
- Advising the Board on matters related to corporate governance and the MMLR.
- Ensuring that Board procedures and applicable rules are observed.
- Maintaining records of the Board and ensuring effective management of the Company's statutory records.
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded.
- Assisting communications between the Board and Management.
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.
- Preparing agendas and co-coordinating the preparation of Board papers.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition

1. Composition and Diversity

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective decision making given the cope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

As at the date of this Statement, the Board consists of one (1) Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, and two (2) Executive Directors. The composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgment on the affairs of the Company.

The Board of Directors' profile can be found on page 18 to page 22 of this Annual Report.

2. Independency of Independent Directors

The tenure of the Independent Directors has yet to exceed a cumulative term of nine (9) years. Nonetheless, if such Independent Directors exceeded a cumulative term of none (9) years, the Board would justify and seek annual shareholders' approval. In addition, if the Board continues to retain the Independent Directors after the twelfth (12th) year, the Board would seek annual shareholders' approval to authorise these Independent Directors to continue in office as Independent Directors through a two-tier process.

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders. The Board, via the NC assesses each Director's independence to ensure on-going compliance with this requirement annually. The NC is satisfied that the Independent Directors are independent of Management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.

3. Appointment of Board and Senior Management

The Board of Directors comprise of a collective of individuals having an extensive complementary knowledge and competencies, as well as expertise to make an active, informed and positive contribution to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The NC will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board or senior management. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting ("**AGM**").

CORPORATE GOVERNANCE STATEMENT
(Cont'd)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

4. Gender Diversity

While the Board of Directors acknowledge the need to promote gender diversity within its composition and endeavour to increase female participation in the Board and Senior Management, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills for such positions.

The Company has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board and in Senior Management positions. This includes requirements for the Board to establish measurable objectives for achieving diversity on the Board and in management positions, and for the appropriate Board Committees to monitor the implementation of the policy, assess the effectiveness of the Board nomination process and the appointment process for management positions at achieving the objectives of the policy.

Nonetheless, the Board has no specific policy on setting targets on female candidates to be appointed to the Board. With the current composition of one (1) female Director who is also an Independent Non-Executive Director, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. The NC will however continue to take steps to ensure suitable female candidates are sought as part of its recruitment exercise.

5. Identifying Suitable Candidates

The Board has scrutinised the Company's requirement in relation to the Board's appointment of Independent Directors in order to identify directors which has the right mix of skills and experience and able to contribute positively to the Board. In order to achieve such outcome, the Board had sourced suitable candidates through various means such as recommendation from the existing Board, Senior Management, directors' registry and the use of independent search firms.

During the financial year, the Board had appointed one Director, namely Chin Pak Loong. Details of his appointment are set out below:-

Name of Director	Identified Through
Chin Pak Loong	Recommended by Management

Despite the above mentioned Director being appointed based on the recommendation by the Management, the NC is responsible for assessing the suitability of the above mentioned Director for appointment and opined that the Director recommended by the Management is of suitable calibre and have the necessary knowledge, experience, diverse range of skills and competence to enable her to discharge his duties and responsibilities effectively.

6. Chairman of the NC

The NC is led by Low Yen Hoon, the Independent Non-Executive Director, whom directs the NC for succession planning and appointment of Board members and Senior Management by conducting annual review of board effectiveness and skill assessments. This provides the Nomination Committee with relevant information of the Group's needs, allowing them to source for suitable candidates when the need arises.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

7. Annual Evaluation

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC Chairman and supported by the Company Secretary via questionnaires. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

The assessment criteria used in the assessment of Board and individual Directors include mix of skills, knowledge, Board diversity, size and experience of the Board, core competencies and contribution of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Directors' Peer Evaluation and Assessment of the independence of the Independent Directors. The assessment is based on four (4) main areas relating to Board Structure, Board Operations, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.

For Directors' Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his/ her contribution to Board processes.

Any appointment of a new Director to the Board or Board Committee is recommended by the Nomination Committee for consideration and approval by the Board. In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A retiring director shall be eligible for re-election. The Constitution also provides that all directors shall retire at least once every three (3) years.

During the year, the Board conducted an internally facilitated Board assessment. The results and recommendations from the evaluation of the Board and Committees are reported to the Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.

The NC also considered the results of the evaluation when considering the re-election of Directors and recommended to the Board for endorsement the Directors standing for re-election at forthcoming AGM of the Company.

III. Remuneration

The objective of the Group's internal remuneration policy is to provide fair and competitive remuneration to its Board and senior management in order for the Company to attract and retain Board and senior management of calibre to run the Group successfully. The responsibilities for developing the remuneration policy and determining the remuneration packages of Executive Directors and senior management lie with the RC. Nevertheless, it is ultimately the responsibility of the Board to approve the remuneration of Executive Directors and Senior Management.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. Remuneration (Cont'd)

Based on the remuneration framework, the remuneration packages for the Executive Directors and Senior Management compose of a fixed component (i.e. salary, allowance and etc.) and a variable component (i.e. bonus, benefit-in kind-and etc.) which is determined by the Group's overall financial performance in each financial year which is designed to support our strategy and provides a balance between motivating and challenging our senior managements to deliver our business priorities, as set out by Executive Directors, and strong performance while also driving the long-term sustainable success of the Group.

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the AC or NC receiving a higher fee in respect of his service as Chairman of the respective Committees. The fees for Directors are determined by the Board with the approval from shareholders at the AGM and no Director is involved in deciding his/her own remuneration.

During the financial year under review, the RC had reviewed the remuneration for the Executive Directors and Senior Management which reflects their level of responsibilities as well as the performance of the Group, and considered their remuneration packages are comparable within the industry norm. The RC further discussed the annual salary review for the Executive Directors and Senior Management in line with the budget salary increase for the rest of the organisation. When approving payments for annual bonus, the RC considered the overall performance of the business and of the Executive Directors and Senior Management against this, as well as their individual targets. Bonus payments made to Executive Directors and Senior Management reflected the large proportion of collective measures for the year, in support of focusing on teamwork and simplicity within the pay arrangements.

The details of the remuneration of the Board (on named basis) and top four (4) Key Senior Management (on bands of RM50,000) of the Company comprising remuneration received/ receivable from the Company and the Group for the financial year 2020 are set out below:

	COMPANY			**Total**
	Fees RM	**Salaries RM**	**Others RM**	
Toh Hong Chye	-	400,000.00	101,818.60	501,818.60
Dato' Sri Lee See Yang	-	210,000.00	90,024.45	300,024.45
Chin Pak Loong	-	406,451.61	69,763.60	476,215.21
Executive Directors	-	1,016,451.61	261,606.65	1,278,058.26
Abdel Aziz @ Abdul Aziz Bin Abu Bakar	42,000.00	-	21,000.00	63,000.00
Andrew Ho Tho Kong	30,000.00	-	21,000.00	51,000.00
Low Yen Hoon	18,000.00	-	21,000.00	39,000.00
Independent Non-Executive Directors	90,000.00	-	63,000.00	153,000.00

A. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. Remuneration (Cont'd)

	GROUP			Total
	Fees RM	Salaries & Bonus RM	Others RM	
Toh Hong Chye	-	1,077,450.00	230,721.05	1,308,171.05
Dato' Sri Lee See Yang	-	1,077,450.00	257,165.00	1,334,615.00
Chin Pak Loong	-	887,365.32	161,339.80	1,048,705.12
Executive Directors	-	3,042,265.32	649,225.85	3,691,491.17
Abdel Aziz @ Abdul Aziz Bin Abu Bakar	42,000.00	-	21,000.00	63,000.00
Andrew Ho Tho Kong	30,000.00	-	21,000.00	51,000.00
Low Yen Hoon	18,000.00	-	21,000.00	39,000.00
Independent Non-Executive Directors	90,000.00	-	63,000.00	153,000.00

Remuneration Bands	Number of Key Senior Management
Below RM50,000	-
RM 50,001- RM100,000	2
RM100,001- RM150,000	1
RM200,000 above	1

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

Presently, the AC consists of three (3) members and all of them are financial literate and have sufficient understanding of the Group's business. All the members of the AC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules. The AC is composed of the following members:-

Director	Designation
Andrew Ho Tho Kong	Chairman
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Member
Low Yen Hoon	Member

The Chairman of the AC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the AC's findings and recommendation remains intact.

The AC has adopted a Terms of Reference which sets out its goals, objectives, duties, responsibilities and criteria on the composition of the AC which includes a former key audit partner of the Group to observe a cooling-off period of at least two (2) years before being able to be appointed as a member of the AC.

CORPORATE GOVERNANCE STATEMENT
(Cont'd)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

I. AC (Cont'd)

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The AC is entrusted to provide assistance to the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness and compliance with the accounting standards.

The Board places great emphasis on the objectivity and independence of the external auditors. Through the AC, the Board maintains a transparent relationship with the external auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The AC is empowered to communicate directly with the external auditors to highlight any issues of concern at any point in time.

The AC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, internal audit and standard operating policies and procedures documentation.

For the financial year ended 31 December 2020, fees paid to the external auditors, Messrs UHY and its affiliated firms by the Company and the Group are stated in the table below:

Nature of Services	Group (RM)	Company (RM)
Total Audit fees	141,500	87,500
Non-Audit:		
Review of the Statement on Risk Management and Internal Control	5,500	5,500
Total Non-audit fees	**5,500**	**5,500**

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Further information on the roles and responsibilities of the AC may be found in the AC Report on page 48 to page 49 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such objective, a risk management framework has been adopted by the Group. The Group's risk management systems are designed to manage and eliminate risks (where possible) to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibility for reviewing the effectiveness of the Group's systems of internal control to the AC. This covers all material controls including financial, operational, compliance and risk management systems. The AC is further supported by a number of sources of internal assurance within the Group in order to determine the adequacy and effectiveness of the framework.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. Risk Management and Internal Control Framework (Cont'd)

The Group has outsourced the internal audit function as being the most cost effective means of implementing an internal audit function. The independent third party service provider of the internal audit services for the financial year ended 31 December 2020 was S F Chang Corporate Services Sdn. Bhd., which reported directly to the AC as specified in the Terms of Reference of the AC. The Internal Auditor carries out is function in accordance with the approved annual Internal Audit Plan approved by the AC. S F Chang Corporate Services Sdn. Bhd. has approximately three (3) audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are set out below:-

Name	:	Chang Siew Foong
Qualification	:	FCCA CA (M)
Independence	:	Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	:	Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Further information may be found in the Statement on Risk Management and Internal Control on page 45 to page 47 and the Management Discussion and Analysis on page 5 to page 11 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board believes that stakeholders' communication is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Board has formalised a corporate disclosure policy and procedure not only to comply with the discourse requirements as stipulated in the MMLR, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Group has set up an investor relations program to facilitate effective two-way communication with investors and analyst to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to learn about their needs enabling sustainability and growth of the Group.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

The Company's corporate website includes a dedicated Investor Relations section which provides all relevant information on the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group. Stakeholders are also able to subscribe to e-mail alerts from the Group via the Investor Relation page.

CORPORATE GOVERNANCE STATEMENT
(Cont'd)

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

II. Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty-eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

During the AGM, a presentation was shown to the shareholders on the Group's performance and major activities which were carried out during the financial year under review. The Board also encourages participation from shareholders by having a question and answer session during the AGM during which the Directors (inclusive of the Chairman of the AC, NC and RC) are available to provide meaningful response to questions raised by the shareholders.

In line with the MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the Statement on Risk Management and Internal Control (the "Statement"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2020.

The Statement is made by the Board of Directors pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and after taking into consideration of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the "Guidelines") and taking into consideration the recommendations of the Malaysian Code on Corporate Governance.

Board's Responsibilities

The Board of Directors recognises the importance of sound internal control for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control, which include the establishment of an appropriate control environment and framework as well as reviewing the adequacy and integrity of those systems. The Board noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group that has been put in place for the year under review up to the date of approval of this Statement for inclusion in the Annual Report. The process is applied in reviewing the risk management and internal control system and that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. The process is regularly reviewed by the Board through its Audit Committee with the assistance of the Internal Auditors.

The functions of the Board are to:

- Develop, review and monitor the Group's strategic plan and direction and ensure that resources are available to meet its objectives.
- Identify and review principal risks and ensure the implementation of appropriate systems to manage these risks.
- Supervise the operations of the Group to evaluate whether established targets are achieved.
- Monitor the compliance with legal, regulatory requirements and ethical standards.
- Promote better investor relations and shareholder communications.
- Ensure that the Group's core values, vision and mission, and shareholders' interests are met.
- Review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
- Initiate a Board self-evaluation program and follow up action to deal with issues arising and arrange for Directors to attend courses, seminars and participate in development programs as the Board deems appropriate.
- Implement and ensure that the Company has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

In performing its review of adequacy and effectiveness of the Group's internal control, the Audit Committee considered the following reporting:

- The External Auditors presented their proposed annual audit plan for approval by the Audit Committee and report on any issues identified in the course of their work, including internal control reports on control weaknesses, which were provided to the Audit Committee as well as the management.

- The appointed Internal Auditors, S F Chang Corporate Services Sdn. Bhd. document their key findings and discuss with head of operating units on the outcome of the internal audit review and recommendation for improvement in the internal controls. The Internal Auditors report to the Audit Committee, the outcome and improvements recommended in each of the internal audit review assignment with independent and objective reports in the Audit Committee meeting. Follow up reviews were carried out by the Internal Auditors in the subsequent internal audit review assignment to determine the status of implementation of improvements by the management. The Audit Committee would receive copies of management and audit reports and are involved in the decision and actions that are required to maintain the level of risk at an acceptable level. During the year under review, the Internal Auditors had reviewed the Building Maintenance Management of Group's subsidiary, namely for Consistent Harvest Sdn. Bhd..

Control and Monitoring Process

The key features of the Group's risk management and internal control systems in relation to the financial reporting process include:

- Business Planning – all business units produce and agree on an annual business plan against which the performance of the business is regularly monitored.

- Financial Analysis – the Group's operating profitability and capital expenditure are closely monitored. Results are reviewed by the management and key financial information is reported to the Board on a quarterly basis.

- Risk Assessment – a risk assessment is embedded into the operations of the Group. The Group considers risk in terms of probability of occurrence and potential impact on performance, and mitigating actions, control effectiveness and management responsibility are identified to address these risks.

- Group Authority Framework – an operation structure with defined line of responsibility and delegation of authority to which a process of hierarchical reporting that will provide for a documented and auditable trail of accountability.

There are no material joint ventures that have not been dealt with as part of the Group for applying the Guidelines.

The system of risk management and internal control is currently on-going and thus far nothing has come to the attention of the management that would result in the disclosure of any material loss, contingency or uncertainty in the Group's Annual Report for the financial year under review.

In view of a constant changing environment and competitive landscape, the Board is committed to maintaining a system of internal control that comprises the following environment, key processes and monitoring systems:

- The Audit Committee reviews the adequacy and effectiveness of the Group's risk management and internal control procedures as well as any internal control issues identified by the Internal and External Auditors;

- An annual budgeting process that establishes monthly budgets for the Group against which performance is monitored on an ongoing basis;

- Detailed reporting of trading results, balance sheets and cash flows, with regular review by the management, Audit Committee and Board of Directors;

- Segregation of duties and limits of authority are practised to ensure accountability and responsibility.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Other Key Elements Of Internal Control

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:-

- a well defined organisational structure with clear reporting lines and accountabilities;
- clearly defined internal policies and procedures for key processes to ensure full compliance by all staffs and to minimise operating risks;
- regular information provided to the management, covering operational performance, key business indicators and financial and cash flow reports;
- The whistleblowing policy provides an avenue for employees and member of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/ or compromise the interest of stakeholders. The policy outlines when, how and to whom a concern may be properly raised, distinguishes a concern outside their management line and in confidence. The identity of the whistle blower is kept confidential and protection is accorded to the whistle blower against any form of reprisal or retribution. Any concerns raised will be investigated and reported to the Board. The Whistleblowing Policy has been uploaded in the Group's website (http://www.pegasusheights.com).

The internal control system is designed to give reasonable assurance with respect to the:-

- maintenance of proper operational and accounting records;
- reliability of financial information used within the business or for publication;
- safeguarding of assets against unauthorised use or disposition;
- efficiency and effectiveness of the running of the businesses and operations; and
- compliance with laws and regulations.

The internal audit functions were outsourced to independent advisory firm and reports directly to the Audit Committee. The total costs incurred in managing the internal audit functions for the financial year ended 31 December 2020 was RM7,500.

Review of this Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2020.

Their review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on external auditor review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all respects, in accordance with the disclosures required by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets. The Board has received assurance from the Executive Director that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

During the financial year under review, the Board is satisfied that no material losses, deficiencies or errors were arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report.

The Board will continue to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and the Group's assets are consistently safeguarded.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 06 April 2021.

This Statement is made in accordance with a minute of the Board dated 6 April 2021.

AUDIT COMMITTEE REPORT

OBJECTIVE

The purpose of establishing the Audit Committee ("**AC**" or "the **Committee**") is to assist the Board of Directors in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control with the overall objective of ensuring the Management creates and maintain an effective control environment in the Group. The Committee also provides a communication channel between the Board of Directors, Management, External Auditors and Internal Auditors.

MEMBERS OF THE AUDIT COMMITTEE

The current composition of AC comprises three (3) members, all of whom are Independent Non-Executive Directors.

As at the date of this, Annual Report, the composition of the AC is as follows:-

Andrew Ho Tho Kong	Chairman, Independent Non-Executive Director
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Member, Independent Non-Executive Chairman
Low Yen Hoon	Member, Independent Non-Executive Director

ATTENDANCE OF MEETINGS

Details of the attendance of each member in the AC meetings held during the financial year ended 31 December 2020 are set out below:

Name	Designation	Meetings Attended
Andrew Ho Tho Kong (Chairman of the Committee)	Independent Non-Executive Director	5/5
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Independent Non-Executive Chairman	5/5
Low Yen Hoon	Independent Non-Executive Director	5/5

TERMS OF REFERENCES OF THE AUDIT COMMITTEE

The full Terms of Reference of the AC outlines the objectives, composition of the AC, retirement and resignation, chairman, secretary, meetings, minutes, resolutions, authority and duties and responsibilities is accessible via the Company's website at www.pegasusheights.com.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

A brief summary and an overview of the activities of the AC in discharging their duties and responsibilities during the financial year ended 31 December 2020 are as follows:-

(i) reviewed the unaudited quarterly financial results of the Group for recommendation to the Board of Directors for approval;

(ii) reviewed the audited financial statements of the Group with the External Auditors before recommending the same for the Board's approval and release to Bursa Malaysia Securities Berhad;

(iii) reviewed the annual audit planning memorandum and the scope of work prepared by the External Auditors;

(iv) reviewed the proposed audit fees for External Auditors;

(v) discussed with the External Auditors their report on the financial statements and management letter relating to their audit;

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

(vi) reviewed major findings in the reports prepared by the outsourced internal auditors together with the recommended Management's responses;

(vii) reviewed on a quarterly basis the actual transacted value of related party;

(viii) reviewed the Circular to Shareholders in relation to the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to its approval by the Board (if any);

(ix) reviewed the AC Report and Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report;

(x) Verified the allocation of options pursuant to the share issuance scheme at the end of each financial year;

(xi) accessed the suitability and independence of the External Auditors; and

(xii) reviewed the valuation report of the investment property.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional consulting firm to assist the Audit Committee in reviewing the state of the systems of internal control maintained by the management. The audit team members are independent of the activities audited by them. Functionally, the Internal Auditors review and assess the Group's system of internal control and report to the Committee directly. Before the commencement of audit reviews, an audit plan is presented to the AC for review and approval. This is to ensure that the audit direction is in line with the AC's expectations.

During the financial year, the Internal Auditors conducted internal audit reviews on tenancy management of Centerpoint Seremban Mall. Review was conducted based upon interviews with respective key personnel, ascertain whether proper controls are in place, perform testing on randomly selected transactions and identify improvement areas based on interviews, where applicable.

The audit reports containing audit findings and recommendations together with Management's responses thereto were circulated to all members of the Committee. Areas of improvement identified were communicated to the Management for further action. As conclusion, the Internal Audit is of the opinion that overall key internal controls under review are rates as 'Satisfactory'.

In year 2020, an internal audit plan was issued and presented to the Committee with recommended corrective actions acted upon.

The AC is satisfied with the performance of the Internal Auditors and have in the interest of greater independence and continuity in the internal audit function.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Rights Issue

On 26 June 2019, the Rights issue was completed subsequent to the listing of 5,396,975,598 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad. Following of the completion of the Rights issue, the utilization of the proceeds as at 31 December 2020 have been fully utilised details of which is shown below:

Utilisation Purposes	Proposed Utilisation RM'000	Variation for Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000	Time frame for the utilisation (from the date of listing of the Placement shares)
F&B service business	12,200	(9,500)	2,700	-	within 24 months
Promotion, Upgrade and maintenance of Centerpoint Seremban	23,100	(3,500)	19,600	-	within 36 months
Repayment of bank borrowings	13,500	2,500	16,000	-	within 6 months
Working capital	4,383	10,500	14,883	-	within 24 months
Expenses in relation to the proposals[1]	787	-	787	-	within 1 months
Total	**53,970**	**-**	**53,970**	**-**	

[1] The expenses in relation to the proposals are net off from the equity raised except for an amount of RM42,400 in relation to the diversification exercise. The total amount applied against equity amounted to RM744,002.57 in the previous financial year.

Share Issuance Scheme

The Share Issuance Scheme of the Company ("SIS") is governed by the SIS By-Laws and was approved by shareholders on 17 April 2015. The SIS is to be in force for a period of five (5) years effective from 28 May 2015 and will be expiring on 27 May 2020. On 13 March 2020, the Company had announced to extend the SIS for another five (5) years until 28 May 2025 in accordance with the terms of the By-Laws.

The option prices and the details in the movement of the options granted are as follows:-

		◄Number of options over Ordinary Shares►					
Date of Offer	**Exercise Price**	**At 1 January 2020 '000**	**Granted '000**	**Exercised '000**	**Adjusted '000**	**Lapsed '000**	**At 31 December 2020 '000**
18 August 2015	RM0.072	10,150	-	-	-	(67)	13,433
19 July 2018	RM0.016	237,700	-	-	-	-	249,641
28 August 2019	RM0.006	740,000	-	(135,000)	-	-	605,000
		987,850	-	(135,000)	-	67	868,074

Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiary companies involving the interests of Directors and major shareholders.

ADDITIONAL COMPLIANCE INFORMATION
(Cont'd)

Contracts Relating to Loans

There were no contracts relating to loans entered into by the Group during the financial year ended 31 December 2020 that involved the interests of Directors and major shareholders.

Recurrent Related Party Transaction

Details of transactions with related parties undertaken by the Group during the financial year ended 31 December 2020 are as follows:-

Transacting Party	The Company	Type of recurrent transactions	Transacted value during the financial year
Richmond Virginia Tobacco Sdn. Bhd.	PHB Group	Rental of Office Premises from Richmond Virginia Tobacco Sdn Bhd	RM169,000

The Directors are of the opinion that the above transaction have been entered into in the normal course of business and have been established under terms that were mutually agreed between the parties.

STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Directors are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors of the Company have:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statement on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable approved accounting standards. The Directors are also responsible for the assets of the Group and of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company or the financial year ended 31 December 2020, appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal Activities

The principal activities of the Company are investment holding and provision of management and administrative services.

The principal activities of its subsidiary companies are disclosed in Note 9 to the financial statements.

Financial Results

	Group RM'000	Company RM'000
Loss for the financial year	7,228	12,667
Attributable to:		
Owners of the parent	7,228	12,667

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued:

(i) 135,000,000 new ordinary shares for a consideration of RM850,500 at issue price of RM0.0063 per share from issuance of Share Issuance Scheme;

(ii) 2,807,017,543 ordinary shares for a consideration of RM16,000,000 at issue price of RM0.0057 per share from acquisition of the business of ChinPakLoong Architect from Chin Pak Loong; and

(iii) 426,966,665 new ordinary shares for a consideration of RM4,269,667 at an exercise price of RM0.01 per shares from exercise of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT
(CONT'D)

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme ("SIS").

At the Extraordinary General Meeting held on 17 April 2015, the Company's shareholders approved the establishment of a SIS of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible employees of the Group.

The SIS is to be in force for a period of 5 years effective from 28 May 2015 and will be expiring on 27 May 2020 and extended for another 5 years until 28 May 2025 in accordance with the terms of the By-Laws.

The main features of the SIS are disclosed in Note 17(a) to the financial statements.

The exercise price and the movement of the options granted are as follows:

		Number of Options over Ordinary Shares					
Date of Offer	Exercise Price	At 1.1.2020 '000	Granted '000	Adjusted '000	Lapsed '000	Exercised '000	At 31.12.2020 '000
18 August 2015	RM0.10	13,500	-	-	(67)	-	13,433
19 July 2018	RM0.02	249,641	-	-	-	-	249,641
28 August 2019	RM0.01	740,000	-	-	-	(135,000)	605,000

Warrants 2019/2022

The Warrants were constituted by the Deed Poll dated 7 May 2019 ("Deed Poll").

On 21 June 2019, the Company issued 3,597,983,635 warrants at an issue price of RM0.01 per Rights Share on the basis of three (3) rights shares and two (2) warrants for every one (1) existing ordinary shares held by the entitled shareholders of the Company.

Each warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.01 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose. The exercise period of the warrant will expire on 20 June 2022.

	At 1.1.2020 '000	Issued '000	Exercised '000	Expired '000	At 31.12.2020 '000
Number of unexercised warrants	3,597,984	-	(426,967)	-	3,171,017

DIRECTORS' REPORT
(CONT'D)

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Sri Lee See Yang*
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Toh Hong Chye*
Andrew Ho Tho Kong
Low Yen Hoon
Chin Pak Loong *

** Director of the Company and its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Toh Guat Khem
Tiew Chee Ming
Yong Keong Fai (Appointed on 10 February 2020)

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests

The interests and deemed interests in the shares and options of the Company at financial year end (including their spouses) according to the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 1.1.2020 '000	**Bought '000**	**Sold '000**	**At 31.12.2020 '000**
Interests in the Company				
Direct Interest				
Dato' Sri Lee See Yang	861,219	160,000	(520,000)	501,219
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	37,736	-	(37,500)	236
Toh Hong Chye	822,736	-	-	822,736
Chin Pak Loong	-	2,105,263	(300,000)	1,805,263
Indirect Interest				
Dato' Sri Lee See Yang^	50,500	-	(50,500)	-

^ Deemed interest through spouse's shareholding in the Company.

DIRECTORS' REPORT
(CONT'D)

Directors' Interests (Cont'd)

The interests and deemed interests in the shares and options of the Company at financial year end (including their spouses) according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	Number of Options over Ordinary Shares				
	At 1.1.2020 '000	**Grant '000**	**Lapsed '000**	**Exercised '000**	**At 31.12.2020 '000**
Interests in Interests in the Company					
Direct Interest					
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	13,300	-	-	-	13,300
Toh Hong Chye	289,700	-	-	-	289,700
Dato' Sri Lee See Yang	223,200	-	-	-	223,200

	Number of Warrants				
	At 1.1.2020 '000	**Bought '000**	**Sold '000**	**Expired '000**	**At 31.12.2020 '000**
Direct Interest					
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	18,868	-	-	-	18,868
Toh Hong Chye	439,368	-	(200,000)	-	239,368
Dato' Sri Lee See Yang	458,109	80,000	(538,109)	-	-
Indirect Interest					
Dato' Sri Lee See Yang^	27,000	-	(27,000)	-	-

^ *Deemed interest through spouse's shareholding in the Company.*

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 25 and 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any deemed benefits that may accrue to certain Directors by virtue of the normal trading transactions by the Group and the Company with related parties as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the issue of the Share Issuance Scheme.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM1 million and RM5,310 respectively. No indemnity was given to or insurance effected for auditors of the Company.

DIRECTORS' REPORT
(CONT'D)

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts of the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

(ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
(CONT'D)

Significant and Subsequent Events

The details of the significant and subsequent events are disclosed in Note 34 to the financial statements.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 9 to the financial statements.

Auditors

The Auditors, Messrs. UHY, will retire at the forthcoming Annual General Meeting and does not wish to seek for re-appointment.

The details of auditors' remuneration are set out in Note 25 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 14 April 2021.

TOH HONG CHYE	DATO' SRI LEE SEE YANG

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 64 to 133 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 14 April 2021.

TOH HONG CHYE

DATO' SRI LEE SEE YANG

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Toh Hong Chye (MIA Membership No.:17804), being the Director primarily responsible for the financial management of Pegasus Heights Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 64 to 133 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 14 April 2021.)

TOH HONG CHYE

Before me,

ZAINUL ABIDIN BIN AHMAD
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEGASUS HEIGHTS BERHAD
[Registration No.: 197401002677 (19727-P)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pegasus Heights Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 133.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
Fair value assessment on investment property As disclosed in Note 2(c) and 5 to the financial statements, the Group's investment properties are stated at fair values. As at 31 December 2020, the carrying amount of the investment properties represents approximately 69% of the Group's total assets. The Group uses external independent valuers to determine fair values of the investment properties. According to the appraisal performed by the professional valuer, the fair value of investment properties was valued at RM110 million as at 31 December 2020. The valuation process involved significant judgements in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalisation rate, terminal yield, discount rate, net initial yield, replacement cost and price of comparable plots.	We performed the following audit procedures: • assessed and discussed with management their process for reviewing the work of the independent valuer. • evaluated the objectivity, independence and capabilities of the professional valuer. • assessed the appropriateness of the valuation model, property related data, including estimates used by the professional valuer. • assessed the reasonableness of the assumptions used in the valuation and judgements made. • reviewed and assessed the appropriateness and adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEGASUS HEIGHTS BERHAD (CONT'D)
[Registration No.: 197401002677 (19727-P)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment assessment on intangible assets The Group's intangible assets has increased to RM16.35 million as at 31 December 2020 as compare to RM0.39 million as at 31 December 2019. As at 30 June 2020, the carrying amount of the intangible assets represents approximately 10% of the Group's total assets. The increase is mainly due to the completion of the acquisition of the business of CPLA from Chin Pak Loong for a purchase consideration of RM16 million. The assessment of impairment were significant to our audit due to the complexity of the assessment involving significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. for value in use of the intangible assets based on future discounted cash flows.	We performed the following audit procedures: • assessed and discussed with management their process for reviewing the work of the independent valuer. • evaluated the objectivity, independence and capabilities of the professional valuer. • Evaluated the reasonableness and consistency of key assumptions and inputs used in cash flow projection to available external industry sources of data. • assessed the historical reliability of cash flows projections by comparing to the actual results and historical data. • Performed sensitivity analysis to stress test the key assumptions and inputs used in the impairment assessment. • Reviewed and assessed the appropriateness and adequacy of the disclosures in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEGASUS HEIGHTS BERHAD (CONT'D)
[Registration No.: 197401002677 (19727-P)]
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standard on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related of disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEGASUS HEIGHTS BERHAD (CONT'D)
[Registration No.: 197401002677 (19727-P)]
(Incorporated in Malaysia)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 02239/07/2022 J
Chartered Accountant

KUALA LUMPUR

14 April 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	2,305	1,546	56	29
Investment properties	5	110,000	110,000	-	-
Deferred expenses	6	708	1,208	-	-
Intangible assets	7	16,347	386	16,000	-
Right-of-use assets	8	1,271	342	163	226
Investment in subsidiary companies	9	-	-	24,841	29,464
Deferred tax assets	10	-	2	-	-
Amount due from a subsidiary company	11	-	-	15,870	10,074
		130,631	113,484	56,930	39,793
Current Assets					
Inventories	12	1,101	17	-	-
Trade receivables	13	10,975	5,794	-	-
Other receivables	14	6,118	1,176	1,039	418
Amount due from subsidiary companies	11	-	-	10,155	4,798
Tax recoverable		5	-	-	-
Fixed deposits with licensed banks	15	1,047	13,640	1,001	13,595
Cash and bank balances		10,165	11,977	9,418	11,781
		29,411	32,604	21,613	30,592
Total Assets		160,042	146,088	78,543	70,385

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 (CONT'D)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY					
Share capital	16	188,762	164,302	188,762	164,302
Reserves	17	25,257	28,598	25,257	28,598
Accumulated losses		(61,244)	(54,016)	(137,540)	(124,873)
Total Equity		152,775	138,884	76,479	68,027
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	18	341	96	-	56
Deferred tax liabilities	10	3,522	3,502	-	-
		3,863	3,598	-	56
Current Liabilities					
Trade payables	19	11	120	-	-
Other payables	20	2,741	2,295	219	226
Amount due to subsidiary companies	11	-	-	1,789	1,995
Amount due to a former Director	21	-	6	-	-
Borrowing	22	8	1,072	-	-
Lease liabilities	18	375	100	56	81
Provision for taxation		269	13	-	-
		3,404	3,606	2,064	2,302
Total Liabilities		7,267	7,204	2,064	2,358
Total Equity and Liabilities		160,042	146,088	78,543	70,385

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	23	62,366	14,240	72	-
Cost of sales		(57,700)	(13,432)	-	-
Gross profit		4,666	808	72	-
Other income		638	462	393	412
Administrative expenses		(10,035)	(8,999)	(8,877)	(27,472)
Other expenses		(1,261)	(5,269)	-	(4,736)
Net loss on impairment of financial instruments		(503)	(111)	(4,250)	(71,084)
Loss from operations		(6,495)	(13,109)	(12,662)	(102,880)
Finance costs	24	(139)	(769)	(5)	(9)
Loss before tax	25	(6,634)	(13,878)	(12,667)	(102,889)
Taxation	26	(594)	(36)	-	-
Net loss for the financial year, representing total comprehensive loss for the financial year		(7,228)	(13,914)	(12,667)	(102,889)
Loss for the financial year attributable to:					
Owners of the parent		(7,228)	(13,914)	(12,667)	(102,889)
Total comprehensive loss attributable to:					
Owners of the parent		(7,228)	(13,914)	(12,667)	(102,889)
Loss per share (sen)					
Basic	27(a)	(0.07)	(0.30)		
Diluted	27(b)	(0.06)	(0.28)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Attributable to Owners of the Company					
	Non-distributable					
Group	Share Capital RM'000	SIS Options Reserve RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Total Equity RM'000
At 1 January 2020	164,302	7,730	20,868	(54,016)	138,884	138,884
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(7,228)	(7,228)	(7,228)
Transaction with owners:						
- Issuance of ordinary shares:						
- business acquisition	16,000	-	-	-	16,000	16,000
- Conversion of Warrant B	6,746	-	(2,476)	-	4,270	4,270
- SIS options to employees:						
- exercised	850	-	-	-	850	850
- lapsed	-	(1)	-	-	(1)	(1)
- share issued pursuant to to SIS	864	(864)	-	-	-	-
	24,460	(865)	(2,476)	-	21,119	21,119
At 31 December 2020	188,762	6,865	18,392	(61,244)	152,775	152,775
At 1 January 2019	130,114	3,739	-	(40,102)	93,751	93,751
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(13,914)	(13,914)	(13,914)
Transaction with owners:						
- Issuance of ordinary shares:						
- right issues	53,970	-	-	-	53,970	53,970
- share issuance expenses	(744)	-	-	-	(744)	(744)
- Warrant reserve arising from right issue	(20,868)	-	20,868	-	-	-
- SIS options to employees:						
- exercised	745	(745)	-	-	-	-
- vested	-	4,736	-	-	4,736	4,736
- share issued pursuant to to SIS	1,085	-	-	-	1,085	1,085
	34,188	3,991	20,868	-	59,047	59,047
At 31 December 2019	164,302	7,730	20,868	(54,016)	138,884	138,884

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Attributable to Owners of the Company				
	Non-distributable				
	Share Capital RM RM'000	SIS Options Reserve RM RM'000	Warrants Reserve RM RM'000	Accumulated Losses RM RM'000	Total Equity RM RM'000
Company					
At 1 January 2020	164,302	7,730	20,868	(124,873)	68,027
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(12,667)	(12,667)
Transaction with owners:					
- Issuance of ordinary shares					
- business acquisition	16,000	-	-	-	16,000
- Conversion of warrant B	6,746	-	(2,476)	-	4,270
- SIS options to employees:					
- exercised	850	-	-	-	850
- lapsed	-	(1)	-	-	(1)
- share issued pursuant to to SIS	864	(864)	-	-	-
	24,460	(865)	(2,476)	-	21,119
At 31 December 2020	188,762	6,865	18,392	(137,540)	76,479
At 1 January 2019	130,114	3,739	-	(21,984)	111,869
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(102,889)	(102,889)
Transaction with owners:					
- Issuance of ordinary shares					
- right issues	53,970	-	-	-	53,970
- share issuance expenses	(744)	-	-	-	(744)
- Warrant reserve arising from right issue	(20,868)	-	20,868	-	-
- SIS options to employees:					
- exercised	745	(745)	-	-	-
- vested	-	4,736	-	-	4,736
- share issued pursuant to to SIS	1,085	-	-	-	1,085
	34,188	3,991	20,868	-	59,047
At 31 December 2019	164,302	7,730	20,868	(124,873)	68,027

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities				
Loss before tax	(6,634)	(13,878)	(12,667)	(102,889)
Adjustments for:				
Amortisation of:				
- deferred expenses	500	292	-	-
- intangible assets	39	9	-	-
- right-of-use assets	424	67	63	63
Bad debts written off	-	1	-	-
Deposits paid written off	-	36	-	-
Deposits received written off	(17)	(24)	-	(1)
Depreciation of property, plant and equipment	545	159	10	14
(Gain)/Loss on disposal of property, plant and equipment	(1)	6	-	4
Impairment losses on:				
- investment in subsidiary companies	-	-	5,373	24,799
- amount due from subsidiary companies	-	-	4,250	71,084
- trade receivables	503	111	-	-
Interest expense	139	769	5	9
Interest income	(394)	(396)	(393)	(300)
Inventories written down	1,128	-	-	-
Reversal of other payables	-	(18)	-	-
Share options to employees	(1)	4,736	(1)	4,736
Written off of other payables	-	-	-	(18)
Operating loss before working capital changes	(3,769)	(8,130)	(3,360)	(2,499)
Changes in working capital:				
Inventories	(2,212)	(11)	-	-
Receivables	(10,609)	(4,381)	(621)	646
Payables	337	(1,025)	(7)	(171)
Subsidiary companies	-	-	-	-
	(12,484)	(5,417)	(628)	475
Cash used in operations	(16,253)	(13,547)	(3,988)	(2,024)
Interest paid	(139)	(769)	(5)	(9)
Tax paid	(321)	(42)	-	-
	(460)	(811)	(5)	(9)
Net cash used in operating activities	(16,713)	(14,358)	(3,993)	(2,033)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from investing activities					
Advances to subsidiary companies		-	-	(15,609)	(25,328)
Additions of deferred expenses		-	(1,500)	-	-
Additions of intangible assets		-	(395)	-	-
Additions of right-of-use assets		(456)	(60)	-	-
Purchase of property, plant and equipment	4	(1,304)	(1,161)	(38)	(16)
Interest income received		394	396	393	300
Proceeds from disposal of property, plant and equipment		1	205	1	105
Decrease/(Increase) pledged deposits with licensed banks		12,593	(13,385)	12,594	(13,595)
Investment in subsidiary companies		-	-	(750)	(2,000)
Net cash from/(used) in investing activities		11,228	(15,900)	(3,409)	(40,534)
Cash flows from financing activities					
Repayment to a former Director	28	(6)	-	-	-
Repayment of term loans	28	-	(10,902)	-	-
Repayment of lease liabilities	28	(377)	(79)	(81)	(78)
Proceeds from issuance of rights issue	16	-	53,226	-	53,226
Proceeds from exercise of SIS options	16	850	1,085	850	1,085
Proceeds from warrant conversion	16	4,270	-	4,270	-
Net cash from financing activities		4,737	43,330	5,039	54,233
Net (decrease)/increase in cash and cash equivalents		(748)	13,072	(2,363)	11,666
Cash and cash equivalents at beginning of the financial year		10,905	(2,167)	11,781	115
Cash and cash equivalents at end of the financial year		10,157	10,905	9,418	11,781
Cash and cash equivalents at end of the financial year comprise:					
Cash and bank balances		10,165	11,977	9,418	11,781
Fixed deposits with licensed banks	15	1,047	13,640	1,001	13,595
Bank borrowing	22	(8)	(1,072)	-	-
		11,204	24,545	10,419	25,376
Less: Fixed deposits pledged with licensed banks		(1,047)	(13,640)	(1,001)	(13,595)
		10,157	10,905	9,418	11,781

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at 1-40-1, Menara Bangkok Bank, Berjaya Central Park, No. 105, Jalan Ampang, 50450 Kuala Lumpur.

The registered office of the Company is located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 15 February 2021, the Company's registered office has been relocated to E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan Malaysia.

The principal activities of the Company are investment holding and provision of management and administrative services. The principal activities of its subsidiary companies are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year other than the changes as disclosed in Note 9.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 202 1	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRS when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand except when otherwise stated.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives / amortisation of property, plant and equipment and right-of-use ("ROU") asset (Notes 4 and 8)

The Group regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The investment properties of the Group are held to earn rental income or for capital appreciation or both. For the financial year ended 31 December 2020, the Group engaged independent valuation specialist to determine fair value of such investment properties. The fair value was determined using investment approach. By using investment approach, the sales comparison approach is used as a check.

The key assumptions used to determine the fair value of the properties are provided in Note 5.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values or retail price. Discounts are not considered as they are not only given in rare circumstances.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 9.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 7.

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 13 and 14 respectively.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 17(a).

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group has tax payable and recoverable of RM269,000 and RM5,000 (2019: RM13,000 and Nil) respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statement, investment in subsidiary companies is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

Changes in ownership interests in subsidiary companies without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

3. Significant Accounting Policies (Cont'd)

(b) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. Capital work-in-progress is not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Computer equipments	25 - 33%
Electrical fittings	10 - 33%
Furniture and fittings	10 - 33%
Motor vehicles	20%
Office and kitchen equipments	10 - 33%
Renovation	10 - 33%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(c) Leases

(i) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Motor vehicles	20%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

3. Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(i) As lessee (Cont'd)

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(d) Investment properties

Investment properties (including right-of-use assets held by lessee), are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

3. Significant Accounting Policies (Cont'd)

(d) Investment properties (Cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(e) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives are capitalised at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their contractual periods. The principal annual amortisation rates are:

Franchise and license	5 years

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets are tested for impairment whenever indication of impairment exists. See Note 3(m)(i) on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(f) Deferred expenses

Deferred expenditures are expenditure incurred in securing the project for franchise in Seremban Centre Point, Seremban, Negeri Sembilan that includes costs of consultation, power supply and interior fixtures, furniture and equipment.

The deferred expenditure is amortised over three years.

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition. Trade and other receivables and amount due from subsidiary companies are recognised at financial assets at amortised costs.

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities (Cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

The Group and the Company classify their financial liabilities at initial recognition, into amortised costs.

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

The Group and the Company's financial liabilities designated as amortised cost comprise trade and other payables and borrowings.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Inventories

Inventories comprises consumable stocks.

Inventories are stated at the lower of cost and net realisable value.

Cost of finished goods comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

3. Significant Accounting Policies (Cont'd)

(k) Financial guarantee contract (Cont'd)

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, other receivables, and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares and the share option reserve is transferred to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group recognises revenue from the following major sources:

(a) Sale of goods

Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer. Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 30 to 90 days, which is consistent with market practice.

(b) Project management consultancy fee

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the surveys of work performed. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Sales of food and beverages and rendering of services

Revenue is recognised at a point in time upon delivery of products or performance of services, and customer acceptance, if any.

The revenue is net of discount and/or any portion that are allocated to the free food, beverage or merchandise to be rewarded.

(ii) Revenue from other sources

(a) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) Interest income

Interest income is recognised on accruals basis using the effective interest method.

3. Significant Accounting Policies (Cont'd)

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant Accounting Policies (Cont'd)

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. Property, Plant and Equipment

Group 2020	Computer equipment RM'000	Electrical fittings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and kitchen equipments RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2020	304	100	252	463	934	501	2,554
Additions	141	92	101	-	349	621	1,304
Disposals	(9)	-	-	-	-	-	(9)
At 31 December 2020	436	192	353	463	1,283	1,122	3,849
Accumulated depreciation							
At 1 January 2020	85	9	231	35	488	160	1,008
Charge for the financial year	110	33	11	92	89	210	545
Disposals	(9)	-	-	-	-	-	(9)
At 31 December 2020	186	42	242	127	577	370	1,544
Carrying amount							
At 31 December 2020	250	150	111	336	706	752	2,305

4. Property, Plant and Equipment (Cont'd)

Group 2019	Computer equipment RM'000	Electrical fittings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2019	94	53	236	597	908	98	1,986
Effect of adopting MFRS 16	-	-	-	(315)	-	-	(315)
At 1 January 2019, restated	94	53	236	282	908	98	1,671
Additions	210	47	16	459	26	403	1,161
Disposals	-	-	-	(278)	-	-	(278)
At 31 December 2019	304	100	252	463	934	501	2,554
Accumulated depreciation							
At 1 January 2019	67	2	229	65	483	96	942
Effect of adopting MFRS 16	-	-	-	(26)	-	-	(26)
At 1 January 2019, restated	67	2	229	39	483	96	916
Charge for the financial year	18	7	2	63	5	64	159
Disposals	-	-	-	(67)	-	-	(67)
At 31 December 2019	85	9	231	35	488	160	1,008
Carrying amount							
At 31 December 2019	219	91	21	428	446	341	1,546

4. Property, Plant and Equipment (Cont'd)

Company 2020	Computer equipment RM'000	Electrical fittings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Cost						
At 1 January 2020	39	3	5	4	-	51
Additions	31	-	-	-	7	38
Disposals	(9)	-	-	-	-	(9)
At 31 December 2020	61	3	5	4	7	80
Accumulated depreciation						
At 1 January 2020	18	-	-	4	-	22
Charge for the financial year	10	-	-	-	-	10
Disposals	(8)	-	-	-	-	(8)
At 31 December 2020	20	-	-	4	-	24
Carrying amount						
At 31 December 2020	41	3	5	-	7	56

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

4. Property, Plant and Equipment (Cont'd)

Company 2019	**Computer equipment RM'000**	**Electrical fittings RM'000**	**Furniture and fittings RM'000**	**Motor vehicles RM'000**	**Total RM'000**
Cost					
At 1 January 2019, restated	23	3	5	447	478
Effect of adopting MFRS 16	-	-	-	(315)	(315)
At 1 January 2019, restated	23	3	5	132	163
Additions	16	-	-	-	16
Disposals	-	-	-	(128)	(128)
At 31 December 2019	39	3	5	4	51
Accumulated depreciation					
At 1 January 2019, restated	12	-	-	41	53
Effect of adopting MFRS 16	-	-	-	(26)	(26)
At 1 January 2019, restated	12	-	-	15	27
Charge for the financial year	6	-	-	8	14
Disposals	-	-	-	(19)	(19)
At 31 December 2019	18	-	-	4	22
Carrying amount					
At 31 December 2019	21	3	5	-	29

5. Investment Properties

	Group 2020 RM'000	Group 2019 RM'000
At 1 January/31 December	110,000	110,000

	2020 RM'000	2019 RM'000
Included in the above are:		
At fair value		
Leasehold land	30,630	30,630
Building	79,370	79,370
	110,000	110,000

(a) Fair value basis of investment properties

The investment properties are valued annually at their fair value based on market values determined by independent qualified valuers amounting to RM110 million (2019: RM110 million). The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The investment properties was valued using investment approach, based on the gross rental income receivable and taking into consideration the outgoings such as quit rent and assessment, utilities, repair and maintenance including other general expenses. The fair value are within level 3 of the fair value hierarchy.

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's investment properties:

	Level 3 RM'000
2020	
Investment properties	110,000
2019	
Investment properties	110,000

Fair value reconciliation of investment properties measured at Level 3:

	2020 RM'000	2019 RM'000
At 1 January/31 December	110,000	110,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

5. Investment Properties (Cont'd)

(a) Fair value basis of investment properties (Cont'd)

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	Range 31.12.2020	Range 31.12.2019	Inter-relation-ship
Commercial properties	Investment method (2019: Investment method)	Estimated rental (RM/psf/month)	2/12	2/10	Higher the estimated rental, higher the fair value
		Void rate %	5	5	Higher the range of inputs, lower the fair value
		Discount rate %	6	6	Higher the range of inputs, lower the fair value

Investment method entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

(b) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM110 million (2019: RM110 million) have been pledged to secured borrowing facilities granted to the Group.

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group 2020 RM'000	Group 2019 RM'000
Rental income	4,923	5,402
Direct operating expenses:		
- Income generating investment properties	5,336	5,160

6. Deferred Expenses

	Group 2020 RM'000	Group 2019 RM'000
Cost		
At 1 January	1,500	-
Additions	-	1,500
At 31 December	1,500	1,500
Accumulated amortisation		
At 1 January	292	-
Charge for the financial year	500	292
At 31 December	792	292
Carrying amount	708	1,208

Deferred expenses represent landlord's contribution for tenants' work and amortised according to the terms of tenancy agreements. Their amortisation charge are recognised in the statements profit or loss under the "Administrative Expenses" line item.

7. Intangible Assets

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000
Cost			
At 1 January	395	-	-
Additions	16,000	395	16,000
At 31 December	16,395	395	16,000
Accumulated amortisation			
At 1 January	9	-	-
Charge for the financial year	39	9	-
At 31 December	48	9	-
Carrying amount	16,347	386	16,000

7. Intangible Assets (Cont'd)

The intangible assets has been allocated to the following CGUs as follows:

		Group		Company
	Note	2020 RM'000	2019 RM'000	2020 RM'000
Food and beverage division				
Franchise and license arrangements		347	386	-
Project management consultancy division				
Goodwill	(a)	16,000	-	16,000
Net carrying amount		16,347	386	16,000

(a) Acquisition of the business of ChinPakLoong Architecture

On 21 January 2020, the Group and the Company have completed the acquisition of the business of ChinPakLoong Architecture ("CPLA") from Chin Pak Loong for purchase consideration of RM16 million which had been satisfied via issuance of 2,807,017,543 new ordinary shares in the Company at the issue price of RM0.0057 per ordinary share.

Purchase Price Allocation ("PPA")

During the current financial year, the Group and the Company have completed the purchase price allocation ("PPA") exercise to determine the fair values of net assets of ChinPakLoong Architecture from the acquisition date of 21 January 2020, in accordance to MFRS 3, *Business Combinations*.

Based on the PPA exercise conducted, RM16,000,000 has been identified as intangible assets arising from the business acquisition.

(b) Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill allocated to project management and consultancy unit is RM16 million (2019: Nil).

The recoverable account of the project management and consultancy unit is determined based on a value-in-used calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 15.1% (2019: Nil). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 0.5% (2019: Nil) that is the same as the long-term average growth rate for the industry.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

7. Intangible Assets (Cont'd)

(c) Impairment testing for franchise and license arrangements

For the purpose of impairment testing, the recoverable amount of the franchise and license arrangements is determined based on a value-in-used calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used in the value-in-used calculation are as following:

(i) Discount rate

The discount rates used reflects specific risks relating to the CGU. The significant post-tax discount rates, applied to cash flows, used for identified CGUs was 15% (2019: 3%).

(ii) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margins and growth rate is the average gross margin and average growth rate achieved in the years before the budgeted year and adjusted for expected efficiency improvements.

(d) Impairment loss on intangible assets

Based on the impairment test, no impairment loss on intangible assets is necessary as the recoverable amounts of the respective assets is assessed to be higher than the carrying value of the assets.

8. Right-of-Use Assets

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Motor vehicles				
Cost				
At 1 January	435	-	315	-
Effect of adopting MFRS 16	-	315	-	315
At 1 January 2019, restated	435	315	315	315
Additions	1,353	120	-	-
At 31 December	1,788	435	315	315
Accumulated amortisation				
At 1 January	93	-	89	-
Effect of adopting MFRS 16	-	26	-	26
At 1 January 2019, restated	93	26	89	26
Charge for the financial year	424	67	63	63
At 31 December	517	93	152	89
Carrying amount				
At 31 December	1,271	342	163	226

8. Right-of-Use Assets (Cont'd)

(a) The carrying amount of right-of-use assets of the Group and of the Company acquired under lease liabilities are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Motor vehicles	1,271	342	163	226

(b) Addition of right-of-use assets

The aggregate cost of the right-of-use assets of the Group and of the Company during the financial year under lease arrangement and cash payment are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Aggregate costs	1,353	120	-	-
Less: Finance lease financing	(400)	(60)	-	-
Less: Lease liabilities recognised	(497)	-	-	-
Cash payments	456	60	-	-

9. Investment in Subsidiary Companies

	Company	
	2020 RM'000	**2019 RM'000**
In Malaysia:		
At cost		
Unquoted shares	49,835	49,085
Quasi loans	18,500	18,500
	68,335	67,585
Less: Accumulated impairment losses	(43,494)	(38,121)
	24,841	29,464

Quasi loans represent advances and payments made on behalf of which the settlement are neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiary companies. The quasi loans are stated at costs less accumulated impairment losses, if any.

9. Investment in Subsidiary Companies (Cont'd)

Movements in the allowance for impairment losses are as follows:

	Company	
	2020 RM'000	2019 RM'000
At 1 January	38,121	13,322
Impairment loss recognised	5,373	24,799
At 31 December	43,494	38,121

During the financial year, Consistent Harvest Sdn. Bhd., a subsidiary company in the investment property segment, has incurred loss after tax of approximately RM5.372 million (2019: RM6.762 million).

The recoverable amount of the Company's investment in Consistent Harvest Sdn. Bhd. estimated based on net total assets was approximately RM22.092 million (2019: RM27.463 million). During the financial year, an impairment loss amounting to RM5.373 million (2019: RM24.799 million) was recognised.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

(a) Details of the subsidiary companies are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Consistent Harvest Sdn. Bhd.	Malaysia	100	100	Property management.
CPL Solutions Sdn. Bhd.	Malaysia	100	100	Professional architects and interior decorators, designers and to provide related services.
Naim Indah Properties Sdn. Bhd.	Malaysia	100	100	Property management, and renting property.
Pegasus Heights F&B Sdn. Bhd.	Malaysia	100	100	Food and beverage related activities.
Naim Indah Marketing Sdn. Bhd.	Malaysia	100	100	Wholesale of household appliance.
Pegasus Food Court Sdn. Bhd.	Malaysia	100	100	Food caterer/hawkers food and beverage in market sand providing food and beverage in market stalls/hawkers.
PHB Capital Sdn. Bhd.	Malaysia	100	100	Dormant.

9. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies in the previous financial year

(i) On 15 July 2019, the Company subscribed one (1) ordinary share in Pegasus Food Court Sdn. Bhd. ("PFCSB") representing the 100% of the issued and paid-up share capital of for a total cash consideration of RM1.

(ii) On 27 September 2019, the Company subscribed 250,000 ordinary shares in PHB Capital Sdn. Bhd. ("PHBCSB") representing the 100% of the issued and paid-up share capital of for a total cash consideration of RM250,000. On 3 December 2019, the Company acquired 1,750,000 new ordinary shares of PHBCSB for a total cash consideration of RM1,750,000.

(c) Additional investment in a subsidiary company during the financial year

On 3 August 2020, CPL Solutions Sdn. Bhd., a wholly-owned subsidiary company of the Company, had increased its share capital from RM2 to RM750,000 by the issuance of 749,998 new ordinary shares of RM1.00 each to the Company for a total cash consideration of RM749,998.

10. Deferred Tax Assets/(Liabilities)

	Group	
	2020 RM'000	**2019 RM'000**
Deferred Tax Assets		
At 1 January	(23)	-
Recognised in profit or loss (Note 26)	(9)	(23)
At 31 December	(32)	(23)
Deferred Tax Liabilities		
At 1 January	3,523	3,502
Recognised in profit or loss (Note 26)	31	21
At 31 December	3,554	3,523

The deferred tax liabilities and assets shown on the statements of financial position are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Deferred tax liabilities	3,522	3,502
Deferred tax assets	-	(2)

10. Deferred Tax Assets/(Liabilities) (Cont'd)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Deferred tax assets	(32)	(23)
Deferred tax liabilities	3,554	3,523
	3,522	3,500

The components and movements of deferred tax liabilities prior to offsetting are as follows:

	Fair value of investment properties RM'000	**Accelerated capital allowances RM'000**	**Total RM'000**
Group			
Deferred tax liabilities			
At 1 January 2020	3,502	21	3,523
Recognised in profit or loss	-	31	31
At 31 December 2020	3,502	52	3,554
At 1 January 2019	3,502	-	3,502
Recognised in profit or loss	-	21	21
At 31 December 2019	3,502	21	3,523

	Unutilised capital allowance RM'000
Group	
Deferred tax assets	
At 1 January 2020	(23)
Recognised in profit or loss	(9)
At 31 December 2020	(32)
At 1 January 2019	-
Recognised in profit or loss	(23)
At 31 December 2019	(23)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

10. Deferred Tax Assets/(Liabilities) (Cont'd)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Unutilised tax losses	78,636	72,152	55,247	53,095
Unutilised capital allowances	450	122	26	-
	79,086	72,274	55,273	53,095

Unutilised tax losses are allowed to be carried forward up to a maximum of seven (7) consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

11. Amount Due from/(to) Subsidiaries Companies

	Company	
	2020 RM'000	**2019 RM'000**
Non-Current		
Amount due from a subsidiary company	86,954	81,158
Less: Accumulated impairment losses	(71,084)	(71,084)
	15,870	10,074
Current		
Amount due from subsidiary companies	14,468	4,861
Less: Accumulated impairment losses	(4,313)	(63)
	10,155	4,798
Current		
Amount due to subsidiary companies	(1,788)	(1,995)

Non Current

Amount due from a subsidiary company is unsecured, non-trade related, non-interest bearing and are repayable only after a period of 12 months from the end of reporting period.

Current

Amount due from/(to) subsidiary companies is unsecured, interest free and repayable on demand.

11. Amount Due from/(to) Subsidiaries Companies (Cont'd)

Movements in the allowance for impairment losses of amount due from subsidiaries companies are as follows:

	Company	
	2020 RM'000	2019 RM'000
At 1 January	71,147	81
Impairment losses recognised	4,250	71,084
Impairment losses written off	-	(18)
At 31 December	75,397	71,147

During the financial year, the Company has recognised an impairment loss of RM4,250,023 (2019: RM71,084,000) on an amount due from a subsidiary company as the amount may not be recoverable based on management's assessment on the cash flows projections of the subsidiary company.

In the previous financial year, the impairment losses written off was due to strike off of subsidiary companies.

12. Inventories

	Group	
	2020 RM'000	2019 RM'000
Consumable stocks	1,101	17
Recognised in profit or loss		
Inventories recognised as cost of sales	2,406	163
Inventories written down	1,128	-

13. Trade Receivables

	Group	
	2020 RM'000	2019 RM'000
Trade receivables		
- Third parties	11,117	6,046
- Related parties	599	-
	11,716	6,046
Less: Accumulated impairment losses	(741)	(252)
At 31 December	10,975	5,794

Trade receivables are non-interest bearing and are generally on 7 to 150 days (2019: 7 to 150 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

13. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2020 **RM'000**	**2019** **RM'000**
Credit impaired		
At 1 January	252	142
Impairment losses written off	(14)	(1)
Impairment losses recognised	503	111
At 31 December	741	252

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables as at the end of the reporting period:

	Group	
	2020 **RM'000**	**2019** **RM'000**
Neither past due nor impaired	5,397	3,200
Past due not impaired:		
Less than 30 days	104	-
31 to 60 days	4,740	1,909
61 to 90 days	37	685
91 to 120 days	18	-
More than 120 days	679	-
	5,578	2,594
	10,975	5,794
Impaired	741	252
	11,716	6,046

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2020, trade receivables of the Group of RM5,578,000 (2019: RM2,594,000) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM741,000 (2019: RM252,000) related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

14. Other Receivables

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Other receivables	3,403	85	-	-
Deposits	2,342	634	1,033	32
Prepayments	62	456	6	385
GST claimable	311	1	-	1
	6,118	1,176	1,039	418

15. Fixed Deposits with Licensed Banks

The fixed deposits with licensed banks of the Group and the Company amounting to RM1,047,138 (2019: RM13,640,059) and RM1,001,029 (2019: RM13,594,962) respectively was pledged with licensed banks as security for bank guarantee issued.

The effective interest rates of the fixed deposits ranging from 1.35% to 1.85% (2019: 2.65% to 3.60%) per annum and its maturity period ranging from 30 to 90 days (2019: 30 to 90 days).

16. Share Capital

	Group and Company			
	Number of shares		Amount	
	2020 Unit'000	2019 Unit'000	2020 RM'000	2019 RM'000
Issued and fully paid				
At 1 January	7,195,967	1,748,991	164,302	130,114
Issuance of shares pursuant to:				
- right issues	-	5,396,976	-	53,970
- share issuance expenses	-	-	-	(744)
- exercise of SIS options	135,000	50,000	850	1,085
- share issued under SIS [Note 17(a)]	-	-	864	745
- business acquisition [Note 17(a)]	2,807,018	-	16,000	-
- conversion of warrants B	426,967	-	4,270	-
Warrants reserve arising from right issue [Note 17(b)]	-	-	2,476	(20,868)
At 31 December	10,564,952	7,195,967	188,762	164,302

During the financial year, the Company issued:

(i) 135,000,000 new ordinary shares for a consideration of RM850,500 at issue price of RM0.0063 per share from issuance of Share Issuance Scheme;

(ii) 2,807,017,543 ordinary shares for a consideration of RM16,000,000 at issue price of RM0.0057 per share from acquisition of the business of ChinPakLoong Architect from Chin Pak Loong; and

(iii) 426,966,665 new ordinary shares for a consideration of RM4,269,667 at an exercise price of RM0.01 per shares from exercise of warrants.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

17. Reserves

	Note	Group and Company 2020 RM'000	2019 RM'000
Non-Distributable			
SIS options reserve	(a)	6,865	7,730
Warrants reserve	(b)	18,392	20,868
		25,257	28,598

The nature of reserves of the Group and of the Company is as follows:

(a) SIS options reserve

The SIS options reserve represents the reserve arising from the vesting of equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Share Issuance Scheme ("SIS") of the Company is governed by the SIS By-laws and was approved by shareholders on 17 April 2015. The SIS By-laws sets out the basis upon which the Company shall allocate the SIS Options to eligible person of the Company to subscribe for new ordinary shares in the Company. The SIS is to be in force for a period of 5 years effective from 28 May 2015.

The SIS is to be in force for a period of 5 years effective from 28 May 2015 and will be expiring on 27 May 2020 and extended for another 5 years until 28 May 2025 in accordance with the terms of the By-Laws.

The main features of the SIS are as follows:

(i) Eligible persons are employees and/or Directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group or such employee is serving such in a specific designation under and employment contract for a fixed duration of at least 1 year from the date of offer;

(ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up capital of the Company at any one time during the existence of the SIS;

(iii) The option price shall be determined by the Scheme Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, which a discount of not more than 10% or at the par value of ordinary shares of the Company, whichever is higher;

(iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the SIS; and

(v) All new ordinary shares issued upon exercise of the options granted under the SIS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allocated and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

17. Reserves (Cont'd)

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

(a) SIS options reserve (Cont'd)

The option prices and the details in the movement of the options granted are as follows:

			Number of Options over Ordinary Shares					
Date of Offer	**Exercise Price**	**Remaining Contractual Life of Options Price**	**At 1.1.2020 '000**	**Granted '000**	**Adjusted '000**	**Lapsed '000**	**Exercised '000**	**At 31.12.2020 '000**
18 August - 2015	RM0.10	2 years	13,500	-	-	(67)	-	13,433
19 July - 2018	RM0.02	2 years	249,641	-	-	-	-	249,641
28 August - 2019	RM0.01	4 years	740,000	-	-	-	(135,000)	605,000

The fair values of share options granted were estimated using a black scholes (2019: black scholes), taking into account the terms and conditions upon which the options were granted.

The fair value of the share options measured at grant date and the assumptions used are as follows:

	Option Date 28 August 2019	**Option Date 19 July 2018**	**Option Date 18 August 2015**
Fair value of share options at the grant date (RM)	0.0064	0.0149	0.0194
Weighted average ordinary share price (RM)	0.007	0.0241	0.08
Exercise price of share option (RM)	0.01	0.02	0.10
Expected volatility (%)	389	119	29.60
Expected life (years)	4	3	5
Risk free rate (%)	3.433	3.849	4.02

(b) Warrants reserve

	Group and Company 2020 RM'000	**2019 RM'000**
At 1 January	20,868	-
Warrants reserve arising from rights issue	-	20,868
Conversion of warrants B	(2,476)	-
At 31 December	18,392	20,868

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

17. Reserves (Cont'd)

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

(b) Warrants reserve (Cont'd)

The warrants reserve arose from the allocation of the proceeds received from the renounceable right issue of 5,396,975,598 new ordinary shares of RM0.01 each together with 3,597,983,635 free new detachable warrants at an issue price of RM0.01 per right share on the basis of three (3) right shares and two (2) warrants for every one (1) existing ordinary shares held by the entitled shareholder of the Company. The reserves was arrived based on the theoretical fair value of RM0.0058 per warrant determined based on the black scholes pricing model.

On 25 June 2019, the Company announced that the Exercise of Warrants will be expired on 20 June 2022 ("Maturity Date").

Salient features of the Warrants are as follows:

(i) each Warrant entitles the registered holder thereof ("Warrant holders") to subscribe for one (1) new ordinary share of RM0.10 each in the Company at the exercise price of RM0.01, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which is the third (3rd) anniversary from the date of the issuance of Warrants ("Exercise Period");

(ii) any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose;

(iii) warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof;

(iv) the Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their warrants for new shares in the Company; and

(v) the Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

18. Lease Liabilities

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
At 1 January	196	-	137	-
Effect adoption MFRS 16	-	215	-	215
At 1 January, restated	196	215	137	215
Additions	897	60	-	-
Payments	(377)	(79)	(81)	(78)
At 31 December	716	196	56	137

18. Lease Liabilities (Cont'd)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Minimum lease payments:				
Within one year	397	108	57	86
Later than one year and not later than five years	346	98	-	57
	743	206	57	143
Less: future finance charges	(27)	(10)	(1)	(6)
Present value of minimum lease payments	716	196	56	137
Present as				
Within one year	375	100	56	81
Later than one year and not later than five years	341	96	-	56
	716	196	56	137

The lease liabilities bear interest at rates ranging from 2.36% to 4.77% (2019: 2.56% to 4.77%) per annum.

19. Trade Payables

The normal trade credit terms of the Group ranged from 30 to 60 days (2019: 30 to 60 days).

20. Other Payables

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Other payables	776	455	9	80
Accruals	566	614	210	146
Deposits received	1,279	1,226	-	-
SST payable	120	-	-	-
	2,741	2,295	219	226

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

21. Amount Due to a Former Director

Amount due to a director is unsecured, interest free and repayable on demand.

22. Borrowing

	Group	
	2019	**2018**
	RM'000	**RM'000**
Secured		
Current		
Bank overdraft	8	1,072

The above borrowing facilities obtained from licensed banks and financial institutions are secured by the following:

(a) A first and third party legal charge created on the investment property owned by a subsidiary company; and

(b) A pledge of fixed deposits of the Group; and

(c) Corporate guarantee by the Company.

Effective interest rates of the borrowings are as follows:

	Group	
	2020	**2019**
	%	**%**
Bank overdrafts	7.47	8.97

23. Revenue

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers:				
Food and beverage	1,315	310	-	-
Project management consultancy fee	7,526	-	-	-
Trading	48,602	8,528	-	-
Management fee	-	-	72	-
	57,443	8,838	72	-
Revenue from other sources:				
Rental income from investment properties	4,923	5,402	-	-
	62,366	14,240	72	-
Timing of revenue recognition:				
At point in time	49,917	8,838	72	-
Overtime	7,526	-	-	-
Total revenue from contracts with customers	57,443	8,838	72	-

24. Finance Costs

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest expenses on:				
Bank overdrafts	104	136	-	-
Term loans	-	622	-	-
Lease liabilities	35	11	5	9
	139	769	5	9

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

25. Loss Before Tax

Loss before tax is derived after charging/(crediting) amongst other, the following items::

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- statutory audit:				
- current year	142	128	88	87
- over provision in prior year	(1)	(3)	-	-
- non-statutory audit	6	6	6	6
Amortisation of:				
- deferred expenses	500	292	-	-
- intangible assets	39	9	-	-
- right-of-use assets	424	67	63	63
Bad debt written off	-	1	-	-
Deposits paid written off	-	36	-	-
Deposits received written off	(17)	(24)	-	(1)
Depreciation of property, plant and equipment	545	159	10	14
Directors' remuneration	3,844	4,047	1,431	3,546
(Gain)/Loss on disposal of:				
- property, plant and equipment	(1)	6	-	4
Government incentives	(131)	-	-	-
Impairment loss on:				
- investment in subsidiary companies	-	-	5,373	24,799
- amount due from subsidiary companies	-	-	4,250	71,084
- trade receivables	503	111	-	-
Interest income	(394)	(396)	(393)	(300)
Inventories written down	1,128	-	-	-
Lease expenses relating to short-term leases	191	132	130	130
Staff costs:				
- share options expenses	(1)	4,736	(1)	4,736
- others	2,885	1,422	753	344
Written off of other payables	-	(18)	-	(18)

During the financial year, government grants of RM131,000 to the Group was received as part of a Government initiative to provide immediate financial support as a result of Wage Subsidy Program. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

26. Taxation

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax expenses recognised in profit or loss:				
Current tax provision	575	18	-	-
(Under)/Over provision in prior years	(3)	20	-	-
	572	38	-	-
Deferred tax: (Note 10)				
Origination/(Reversal) of temporary difference	18	(2)	-	-
Under provision in prior years	4	-	-	-
	22	(2)	-	-
Tax expenses for the financial year	594	36	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax	(6,634)	(13,878)	(12,667)	(102,889)
At Malaysian statutory tax rate of 24% (2019: 24%)	(1,592)	(3,331)	(3,040)	(24,693)
Expenses not deductible for tax purposes	586	1,713	2,520	24,285
Income not subject to tax	(32)	(11)	-	(4)
Deferred tax assets not recognised	1,631	1,645	520	412
(Over)/Under provision of current taxation in prior years	(3)	20	-	-
Under provision of deferred tax in prior years	4	-	-	-
Tax expenses for the financial year	594	36	-	-

26. Taxation (Cont'd)

The Group and the Company have unutilised tax losses and unutilised capital allowances for carry forward to set-off future taxable profits as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Unutilised tax losses	78,636	72,152	55,247	53,095
Unutilised capital allowances	487	218	26	-
	79,123	72,370	55,273	53,095

The said amount is subject to approval by the tax authorities.

27. Loss Per Share

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020	**2019**
Loss attributable to owners of the parent (RM'000)	(7,228)	(13,914)
Weighted average number of ordinary shares at 1 January (Unit'000)	7,195,967	1,748,992
Effect of ordinary shares issued during the financial year (Unit'000)	2,824,560	2,840,900
Weighted average number of ordinary shares at 31 December (Unit'000)	10,020,527	4,589,892
Basic loss per ordinary shares (in sen)	(0.07)	(0.30)

27. Loss Per Share (Cont'd)

(b) Diluted loss per share

	Group 2020	2019
Loss attributable to owners of the parent (RM'000)	(7,228)	(13,914)
Weighted average number of ordinary shares in issue (Unit) ('000) at 1 January (Unit'000)	7,195,967	1,748,992
Effect of ordinary shares issued during the financial year (Unit'000)	2,824,560	2,840,900
Effect of share issuance scheme granted during the financial year (Unit'000)	461,008	410,918
Effect of conversion of warrants during the financial year (Unit'000)	1,438,102	-
Weighted average number of ordinary shares at 31 December (Unit'000)	11,919,637	5,000,810
Basic loss per ordinary shares (in sen)	(0.06)	(0.28)

28. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM'000	Effect of adopting MFRS 16 RM'000	New lease RM'000	Financing cash flows (i) RM'000	At 31 December RM'000
Group					
2020					
Repayment to a former Director	6	-	-	(6)	-
Lease liabilities	196	-	897	(377)	716
	202	-	897	(383)	716
2019					
Borrowings	10,902	-	-	(10,902)	-
Lease liabilities	-	215	60	(79)	196
	10,902	215	60	(10,981)	196
Company					
2020					
Lease liabilities	137	-	-	(81)	56
2019					
Lease liabilities	-	215	-	(78)	137

(i) The cash flows from loans and borrowings make up the repayments of borrowings and lease liabilities in the statements of cash flows.

29. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 11, 13 and 21 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Transactions with company in which certain Directors of the Company have substantial financial interest:				
- Short term lease	130	130	130	130

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Transactions with subsidiary company				
Management fee received	-	-	72	240

29. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

The key management personnel of the Group and of the Company include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and of the Company.

(i) The key management personnel compensation during the financial year are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Directors				
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	3,691	1,734	1,278	1,233
	3,691	1,734	1,278	1,233
Share options expenses	-	2,176	-	2,176
	3,691	3,910	1,278	3,409
Non-executive Directors				
Short-term employee benefits:				
- fees	90	78	90	78
- benefits	63	59	63	59
	153	137	153	137
Total Directors' remuneration (Note 25)	3,844	4,047	1,431	3,546
Other Key Management Personnel				
Short-term employee benefits:				
- salaries, bonuses and other benefits	770	-	770	-
Total key management personnel compensation	4,614	4,047	2,201	3,546

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

29. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel (Cont'd)

(ii) Number of Directors whose remuneration falls into the following bands:

	Number of Directors	
	Executive	**Non-Executive**
Range of Remuneration		
Below RM 50,000	-	1
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM400,000	-	-
More than RM400,001	3	-
Total	3	3

30. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable segments as follows:

Investment property	Involved in the leasing out commercial properties
Project management consultancy	Involved in the project management consultancy for property development and marketing events
Investment holding and others	Mainly involved in the Group-level corporate services
Trading	Involved in trading of home appliances
Food and beverages	Involved in business of foods and beverage related activities

The management assessed the performance of the reportable segments based on their loss before interest and taxation. The accounting policies of the reportable segments are the same as Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to operating reportable segments.

Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

Assets, liabilities and expenses which are common and cannot be meaningful allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

30. Segment Information (Cont'd)

(a) Business segment

	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding and Others RM'000	Trading RM'000	Food and beverage RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
Group								
2020								
Revenue								
External customers	7,526	4,940	-	48,586	1,314	62,366	-	62,366
Inter-segment sales	-	722	72	-	-	794	(794)	-
Total revenue	7,526	5,662	72	48,586	1,314	63,160	(794)	62,366
Results								
Interest income	-	1	393	-	-	394	-	394
Finance costs	(20)	(114)	(5)	-	(27)	(166)	27	(139)
Depreciation	(266)	(174)	(12)	-	(93)	(545)	-	(545)
Other non-cash items	(277)	(2,198)	(9,683)	-	(143)	(12,301)	9,726	(2,575)
Segment results	3,010	(2,893)	(3,085)	(17)	(287)	(3,272)	(497)	(3,769)
Profit/(Loss) before tax	2,447	(5,378)	(12,392)	(17)	(550)	(15,890)	9,256	(6,634)
Taxation	(576)	-	-	(15)	(3)	(594)	-	(594)
Loss after tax	1,871	(5,378)	(12,392)	(32)	(553)	(16,484)	9,256	(7,228)
Segment assets	6,496	114,848	84,687	9,651	2,362	218,044	(58,002)	160,042
Included in measurement of segment assets are capital expenditure	649	52	39	-	564	1,304	-	1,304
Segment liabilities	3,960	93,071	2,067	9,686	2,804	111,588	(104,321)	7,267

30. Segment Information (Cont'd)

(a) Business segment (Cont'd)

	Project Management Consultancy RM'000	Investment Investment Property RM'000	Holding and Others RM'000	Trading RM'000	Food and beverage RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
Group (Cont'd)								
2020 (Cont'd)								
Other non-cash items								
Amortisation of :								
- deferred expenses	-	500	-	-	-	500	-	500
- intangible assets	-	-	-	-	39	39	-	39
- right-of-use assets	277	84	63	-	104	528	(104)	424
Deposits received written off	-	(17)	-	-	-	(17)	-	(17)
Gain on disposal of property, plant and equipment	-	-	(1)	-	-	(1)	-	(1)
Impairment loss on:								
- investment in subsidiary companies	-	-	5,372	-	-	5,372	(5,372)	-
- amount due from subsidiary companies	-	-	4,250	-	-	4,250	(4,250)	-
- trade receivables	-	503	-	-	-	503	-	503
Inventories written down	-	1,128	-	-	-	1,128	-	1,128
Share option expenses	-	-	(1)	-	-	(1)	-	(1)
	277	2,198	9,683	-	143	12,301	(9,726)	2,575

30. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Group 2019	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding and Others RM'000	Trading RM'000	Food and beverage RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
Revenue								
External customers	-	5,625	-	8,305	310	14,240	-	14,240
Inter-segment sales	-	959	-	-	-	959	(959)	-
Total revenue	-	6,584	-	8,305	310	15,199	(959)	14,240
Results								
Interest income	-	2	394	-	-	396	-	396
Finance costs	-	(759)	(9)	-	(3)	(771)	2	(769)
Depreciation	-	(126)	(15)	-	(18)	(159)	-	(159)
Other non-cash items	-	(423)	(82,168)	-	(23)	(82,614)	77,398	(5,216)
Segment results	-	(5,504)	(2,609)	(9)	(30)	(8,152)	(14)	(8,166)
(Loss)/Profit before tax	-	(6,810)	(84,407)	(9)	(74)	(91,300)	77,386	(13,914)
Taxation	-	(5)	-	(31)	-	(36)	-	(36)
(Loss)/Profit before tax	-	(6,815)	(84,407)	(40)	(74)	(91,336)	77,386	(13,950)
Segment assets	-	115,316	91,326	5,463	1,053	213,158	(67,070)	146,088
Included in the measurement of segment assets are capital expenditure	-	213	644	-	304	1,161	-	1,161
Segment liabilities	-	88,160	2,889	5,466	943	97,458	(90,254)	7,204

30. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Group (Cont'd)	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding and Others RM'000	Trading RM'000	Food and beverage RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
2019 (Cont'd)								
Other non-cash items								
Amortisation of :								
- deferred expenses	-	292	-	-	-	292	-	292
- intangible assets	-	-	-	-	9	9	-	9
- right-of-use assets	-	4	63	-	14	81	(14)	67
Bad debt written off	-	1	-	-	-	1	-	1
Deposits paid written off	-	36	-	-	-	36	-	36
Deposits received written off	-	(23)	(1)	-	-	(24)	-	(24)
Impairment loss on:								
- investment in subsidiary companies	-	-	6,300	-	-	6,300	(6,300)	-
- amount due from subsidiary company	-	-	71,084	-	-	71,084	(71,084)	-
- trade receivables	-	111	-	-	-	111	-	111
Loss on disposal of property, plant and equipment	-	2	4	-	-	6	-	6
Reversal of other payables	-	-	(18)	-	-	(18)	-	(18)
Share option expenses	-	-	4,736	-	-	4,736	-	4,736
	-	423	82,168	-	23	82,614	(77,398)	5,216

30. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Geographic Information

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

Major Customers

The following are major customers with revenue equal to or more than 10% of Group's total revenue:

	Revenue 2020 RM'000	Revenue 2019 RM'000	Segment
Customer 1	18,626	2,783	Trading
Customer 2	10,306	2,378	Trading
Customer 3	8,580	-	Trading
Customer 4	6,254	-	Trading
	43,766	5,161	

31. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM'000
Group	
2020	
Financial Assets	
Trade receivables	10,975
Other receivables	5,745
Fixed deposits with licensed banks	1,047
Cash and bank balances	10,165
	27,932
Financial Liabilities	
Trade payables	11
Other payables	2,741
Lease liabilities	716
Borrowing	8
	3,476

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

31. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	At amortised cost RM'000
Group	
2019	
Financial Assets	
Trade receivables	5,794
Other receivables	719
Fixed deposits with licensed banks	13,640
Cash and bank balances	11,977
	32,130
Financial Liabilities	
Trade payables	120
Other payables	2,295
Amount due to a former Director	6
Lease liabilities	196
Borrowing	1,072
	3,689
Company	
2020	
Financial Assets	
Other receivables	1,033
Amount due from subsidiary companies	26,025
Fixed deposits with licensed banks	1,001
Cash and bank balances	9,418
	37,477
Financial Liabilities	
Other payables	219
Amount due to subsidiary companies	1,789
Lease liabilities	56
	2,064

31. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	At amortised cost RM'000
2019	
Financial Assets	
Other receivables	32
Amount due from subsidiary companies	14,872
Fixed deposits with licensed banks	13,595
Cash and bank balances	11,781
	40,280
Financial Liabilities	
Other payables	226
Amount due to subsidiary companies	1,995
Lease liabilities	137
	2,358

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its financial risks, including credit, liquidity and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

Financial guarantee

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM8,135 (2019: RM1,072,000), representing the outstanding borrowing facilities as at the end of the reporting period. The Company monitors the results of these subsidiary companies regularly and repayments made by the subsidiary companies.

The Group's major concentration of credit risk relating to the amount(s) due from 4 (2019: 2) customers which constituted the entire trade receivables at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	**2 - 5 years RM'000**	**Total contractual cash flows RM'000**	**Total carrying amount RM'000**
Group				
2020				
Non-Derivative financial liabilities				
Trade payables	11	-	11	11
Other payables	2,741	-	2,741	2,741
Lease liabilities	397	346	743	716
Borrowing	8	-	8	8
	3,157	346	3,503	3,476
2019				
Non-Derivative financial liabilities				
Trade payables	120	-	120	120
Other payables	2,295	-	2,295	2,295
Amount due to a former Director	6	-	6	6
Lease liabilities	108	98	206	196
Borrowing	1,072	-	1,072	1,072
	3,601	98	3,699	3,689

31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	2 - 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company				
2020				
Non-Derivative financial liabilities				
Other payables	219	-	219	219
Amount due to subsidiary companies	1,789	-	1,789	1,789
Lease liabilities	57	-	57	56
Financial guarantee liabilities*	8	-	8	-
	2,073	-	2,073	2,064
2019				
Non-Derivative financia liabilities				
Other payables	226	-	226	226
Amount due to subsidiary companies	1,995	-	1,995	1,995
Lease liabilities	86	57	143	137
Financial guarantee liabilities*	1,072	-	1,072	-
	3,379	57	3,436	2,358

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

The corporate guarantees are financial guarantees given to banks for credit facilities granted to subsidiary companies.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM8,135 as at 31 December 2020 (2019: RM3 million). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

(iii) Market risks

(a) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2020 RM'000	2019 RM'000
Group		
Fixed rate instruments		
Financial assets	1,047	13,640
Financial liabilities	(716)	(196)
	331	13,444
Floating rate instrument		
Financial liabilities	(8)	(1,072)
Company		
Fixed rate instruments		
Financial assets	1,001	13,595
Financial liabilities	(56)	(137)
	945	13,458

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ decreased the Group's profit before tax by RM81 (2019: RM10,720), arising mainly as a result of lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

31. Financial Instruments (Cont'd)

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

<u>Non-derivative financial instruments</u>

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

32. Financial Guarantee

	Company	
	2020	**2019**
	RM'000	**RM'000**
Unsecured		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary company	8	1,072

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

33. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at end of the reporting period are as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Total loans and borrowings	8	1,072
Total lease liabilities	716	196
Less: Deposits, bank and cash balances	(11,212)	(25,617)
Net debts	(10,488)	(24,349)
Total equity	152,775	138,884
Gearing ratio	N/A	N/A

N/A – the gearing ratio may not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's approach to capital management during the financial year.

34. Significant and Subsequent Events

The following significant and subsequent events took place for the Company and its subsidiary companies during and subsequent to the financial year:

(a) Heads of Agreement entered by Pegasus Heights Berhad with WRP Asia Pacific Sdn. Bhd.

On 17 March 2021, the Company has entered into a Heads of Agreement ("HOA") with WRP Asia Pacific Sdn Bhd ("WRP") to explore and pursue a potential joint venture arrangement to jointly undertake the business of manufacturing, sales and distribution of gloves and other related products.

34. Significant and Subsequent Events (Cont'd)

(b) Outbreak of coronavirus pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak has resulted in travel restrictions, quarantines, lockdowns and other precautionary measures imposed by various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant uncertainties to the global economic environment.

On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently entered various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia. In alignment with the MCO, the Group has temporary shut down its premises on 18 March 2020 and consequently, on 4 May 2020, the Group has resumed its operations in accordance with the standard operating procedures set by the relevant local authorities. The COVID-19 outbreak has severe impact to the Group's operation during the financial year, especially in the Group's food and beverage segment. However, the Group has attended to mitigate the risk by emergence of online orders. In the investment properties segment, the Group's tenants were severely affected during the movement restriction period. Consequently, several tenants have ceased their operations and resulting in a decline in occupancy rate during the financial year. Nevertheless, the financial impacts of the COVID-19 outbreak have been reflected in the financial statements of the Group for the financial year ended 31 December 2020.

The Directors will continuously monitor the impact of the outbreak of COVID-19 pandemic and respond proactively to mitigate the impacts on the Group's operation.

35. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 April 2021.

LIST OF PROPERTY
AS AT 31 DECEMBER 2020

Location of properties	Description/ Existing use	Land Area	Tenure (expiry of lease)	Approximate Age of Property	Date of Revaluation	Date of Acquisition	Net Book Value RM'000
Lot No. 19980 and 19981 in the Municipality and District of Seremban, Negeri Sembilan Darul Khusus	3 ½ Storey shopping complex with basement carpark level together with 2 blocks of double storey commercial buildings	Complex net lettable area of 214,123 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 73 years)	26 years	31.12.2020	25.08.2003	110,000

ANALYSIS OF SHAREHOLDINGS
AS AT 19 APRIL 2021

Total Number of Issued Shares	:	10,587,698,872
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	387	1.770	16,770	0.000
100 to 1,000	2,043	9.345	1,569,538	0.015
1,001 to 10,000	5,383	24.622	29,759,387	0.281
10,001 to 100,000	7,899	36.130	415,010,063	3.920
100,001 to 529,384,943*	6,148	28.121	7,111,589,787	67.168
529,384,944 and above**	3	0.014	3,029,753,327	28.616
TOTAL	**21,863**	**100.000**	**10,587,698,872**	**100.000**

* Less than 5% of issued shares
** 5% and above of issued shares

List of Substantial Shareholders

		No. of Ordinary Shares			
No.	**Name**	**Direct Interest**	**%**	**Indirect Interest**	**%**
1.	Chin Pak Loong	1,505,263,143	14.217	-	-
2.	Toh Hong Chye	822,735,784	7.771	-	-
3.	David Lai & Tan Services Sdn. Bhd.	701,754,400	6.628	-	-

List of Directors' Shareholdings

		No. of Ordinary Shares			
No.	**Name**	**Direct Interest**	**%**	**Indirect Interest**	**%**
1.	Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	236,000	0.002	-	-
2.	Toh Hong Chye	822,735,784	7.771	-	-
3.	Dato' Sri Lee See Yang	501,218,532	4.734	-	-
4.	Chin Pak Loong	1,505,263,143	14.217	-	-
5.	Andrew Ho Tho Kong	-	-	-	-
6.	Low Yen Hoon	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 19 APRIL 2021 (Cont'd)

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1.	CHIN PAK LOONG	1,505,263,143	14.217
2.	RHB NOMINEES (TEMPATAN) SDN. BHD. TOH HONG CHYE	822,735,784	7.771
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. DAVID LAI & TAN SERVICES SDN. BHD.	701,754,400	6.628
4.	LEE SEE YANG	501,218,532	4.734
5.	MOHAMED FAROZ BIN MOHAMED JAKEL	135,000,000	1.275
6.	STEADY INFLUX SDN BHD	91,068,800	0.860
7.	OOI CHIENG SIM	89,749,300	0.848
8.	OOI CHIENG SIM	89,749,300	0.848
9.	RAJANDRAN A/L VISVALINGAM	89,749,300	0.848
10.	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SATVINDER SINGH (MARGIN)	72,500,000	0.685
11.	SALMA BINTI SEMAN	71,000,000	0.671
12.	MOHAMED IZANI BIN MOHAMED JAKEL	70,000,000	0.661
13.	PROGEREX SDN BHD	62,846,600	0.594
14.	PROGEREX SDN BHD	62,846,600	0.594
15.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KING SENG	55,500,000	0.524
16.	THOR POH KEOW	52,038,000	0.491
17.	SITI MUNAJAT BINTI MD GHAZALI	50,000,000	0.472
18.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (KYE)	45,000,000	0.425
19.	MOHAMED NIZAM BIN MOHAMED JAKEL	45,000,000	0.425
20.	A1 CAPITAL SDN BHD	44,911,400	0.424
21.	A1 CAPITAL SDN BHD	44,911,400	0.424
22.	HLS PROPERTIES SDN. BHD.	44,911,400	0.424
23.	HLS PROPERTIES SDN. BHD.	44,911,400	0.424
24.	HOCK LOK SIEW REALTY SDN. BHD.	44,911,400	0.424
25.	HOCK LOK SIEW REALTY SDN. BHD.	44,911,400	0.424
26.	LAGENDA PERDANA SDN. BHD.	44,911,400	0.424
27.	LIM KEAN WAH	44,911,400	0.424
28.	LIM SEOW CHIN	44,911,400	0.424
29.	LIM SEOW CHIN	44,911,400	0.424
30.	SKYLITECH RESOURCES SDN. BHD.	44,911,400	0.424

ANALYSIS OF WARRANT HOLDINGS
AS AT 19 APRIL 2021

Number of Warrants in issue	:	3,148,269,770
Exercise price of the warrants	:	RM0.01
Expiry date of warrants	:	20 June 2022
Rights of Warrants Holder	:	The Warrants holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants holders exercise their Warrants into new ordinary shares of the Company.

Distribution of Warrant Holders

Size of Warrant holdings	No. of Warrant holders	%	No. of Warrants	%
Less than 100	77	1.812	3,558	0.000
100 to 1,000	80	1.882	43,205	0.001
1,001 to 10,000	413	9.718	2,674,244	0.085
10,001 to 100,000	1,621	38.141	91,439,102	2.904
100,001 to 157,413,488*	2,059	48.447	3,054,109,661	97.009
157,413,489 and above**	0	0.000	0	0.000
TOTAL	**4,250**	**100.000**	**3,148,269,770**	**100.000**

* Less than 5% of issued shares
** 5% and above of issued shares

List of Directors' Warrant Holdings

		No. of Warrants held			
No.	**Name**	**Direct Interest**	**%**	**Indirect Interest**	**%**
1.	Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	18,868,000	0.599	-	-
2.	Toh Hong Chye	139,367,892	4.427	-	-
3.	Dato' Sri Lee See Yang	-	-	-	-
4.	Chin Pak Loong	-	-	-	-
5.	Andrew Ho Tho Kong	-	-	-	-
6.	Low Yen Hoon	-	-	-	-

Thirty (30) Largest Warrant Holders

No.	Name	No. of Warrants	%
1.	RHB NOMINEES (TEMPATAN) SDN. BHD. TOH HONG CHYE	139,367,892	4.427
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEONG KIM FONG	90,877,200	2.887
3.	OOI CHIENG SIM	59,832,866	1.900
4.	OOI CHIENG SIM	59,832,866	1.900
5.	RAJANDRAN A/L VISVALINGAM	59,832,866	1.900
6.	STEADY INFLUX SDN. BHD.	45,534,400	1.446
7.	PROGEREX SDN. BHD.	41,897,733	1.331

ANALYSIS OF WARRANT HOLDINGS
AS AT 19 APRIL 2021 (Cont'd)

Thirty (30) Largest Warrant Holders (Cont'd)

No.	Name	No. of Warrants	%
8.	PROGEREX SDN. BHD.	41,897,733	1.331
9.	LIM SENG HOCK	39,988,000	1.270
10.	A1 CAPITAL SDN. BHD.	29,940,933	0.951
11.	A1 CAPITAL SDN. BHD.	29,940,933	0.951
12.	HLS PROPERTIES SDN. BHD.	29,940,933	0.951
13.	HLS PROPERTIES SDN. BHD.	29,940,933	0.951
14.	HOCK LOK SIEW REALTY SDN. BHD.	29,940,933	0.951
15.	HOCK LOK SIEW REALTY SDN. BHD.	29,940,933	0.951
16.	LAGENDA PERDANA SDN. BHD.	29,940,933	0.951
17.	LIM KEAN WAH	29,940,933	0.951
18.	LIM SEOW CHIN	29,940,933	0.951
19.	LIM SEOW CHIN	29,940,933	0.951
20.	SKYLITECH RESOURCES SDN. BHD.	29,940,933	0.951
21.	LEONG KOK HOU	25,000,000	0.794
22.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING	22,850,000	0.726
23.	THOR POH KEOW	22,269,000	0.707
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG AH YENG	20,000,000	0.635
25.	CHOR WAN YOKE	20,000,000	0.635
26.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR (SMART)	18,868,000	0.599
27.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN	18,728,100	0.595
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204)	18,200,000	0.578
29.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE CHIN LOONG	16,550,000	0.526
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW KENG SIONG (8125104)	15,000,000	0.476

NOTICE OF FORTY SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Sixth Annual General Meeting ("**46th AGM**") of Pegasus Heights Berhad ("Company") will be held at Convention Hall Centerpoint Seremban, Lot 2-01, 2-02 and 2-03, 2nd Floor Centerpoint Seremban, Lot 9149, Jalan Dato Siamang Gagap, 80100 Seremban, Negeri Sembilan, Malaysia on Saturday, 19 June 2021 at 11.00 a.m. for the following purposes:

A G E N D A

Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with Reports of the Directors' and the Auditors' thereon. **Please refer to Explanatory Note 1**

2. To re-elect Dato' Sri Lee See Yang as Director in accordance with Clause 105 of the Constitution of the Company. **Ordinary Resolution 1**

3. To re-elect Andrew Ho Tho Kong as Director in accordance with Clause 105 of the Constitution of the Company. **Ordinary Resolution 2**

4. To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000 per annum until the next Annual General Meeting of the Company. **Ordinary Resolution 3**

5. To appoint Messrs TGS TW PLT as Auditors of the Company in place of the retiring auditors, Messrs UHY and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Special Business:

To consider and, if thought fit, to pass the following resolution:

6. **AUTHORITY UNDER SECTION 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT SHARES OR GRANT RIGHTS** **Ordinary Resolution 5**

   "THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total issued shares/total number of voting shares of the Company (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

CHIN WAI YI (MAICSA 7069783) (SSM PC No. 202008004409)
Company Secretary

Kuala Lumpur
Date: 21 May 2021

NOTICE OF FORTY SIXTH ANNUAL GENERAL MEETING
(Cont'd)

NOTES:

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, voting at the 46th AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote in his/her stead. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy.

3. A Member shall be entitled to appoint more than one (1) proxy to attend and vote at the meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

6. An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.

8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes on Ordinary and Special Businesses:

1. Item 1 of the Agenda

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Companies Act 2016, it does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Item 5 of the Agenda

The existing auditors of the Company, Messrs UHY, have been the auditors of the Company since November 2017. Messrs UHY were re-appointed as the auditors of the Company at the Forty Fifth Annual General Meeting of the Company held on 27 July 2020 to hold office until the conclusion of the 46th AGM of the Company. Messrs UHY have indicated their intention to retire and they are not seeking re-appointment as auditors of the Company.

In line with good corporate governance practice, the Audit Committee had undertaken assessment of the suitability and independence of auditors and based on an internal procurement process, had recommended the appointment of Messrs TGS TW PLT as auditors of the Company for the financial year ending 31 December 2021.

NOTICE OF FORTY SIXTH ANNUAL GENERAL MEETING
(Cont'd)

The Board had reviewed the recommendation of the Audit Committee and agreed to nominate the appointment of Messrs TGS TW PLT as the new auditors in place of the retiring auditors, Messrs UHY at the forthcoming AGM of the Company. Messrs TGS TW PLT have given their consent to act as the auditors of the Company.

3. Item 6 of the Agenda

The Company had, during its Forty Fifth Annual General Meeting held on 27 July 2020, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Companies Act 2016. The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 5 proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016.

Bursa Malaysia Securities Berhad ("Bursa Securities") had via their letter dated 16 April 2020 granted several additional temporary relief measures, amongst others, listed corporations are allowed to seek a higher general mandate under Paragraph 6.04 of the Main Market Listing Requirements of not more than 20% of the total number of issued shares for issue of new securities ("20% General Mandate"), provided that the following are being complied with:

(i) procure shareholders' approval for the 20% General Mandate at a general meeting; and
(ii) complies with all relevant applicable legal requirements, including its Constitution or relevant constituent document.

This 20% General Mandate may be utilised by listed corporations to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

The Board of Directors, having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders. This 20% General Mandate will provide flexibility for the Company for fund raising and enable the Company, should it required to do so, to meets its funding requirements for working capital or strategic development of the Group and operational expenditure, expeditiously and efficiently. This would eliminate any delay arising from and cost involved in convening a separate general meeting to obtain approval of the shareholders for such issuance of shares during this challenging period. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s) and/or working capital. The Directors of the Company did not allot or issue ordinary shares pursuant to the authority given by its shareholders at the previous Annual General Meeting.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PEGASUS HEIGHTS BERHAD
[Registration No. 197401002677 (19727-P)]
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE
FOR THE SHAREHOLDERS OF PEGASUS HEIGHTS BERHAD

Dear Shareholders,

FORTY SIXTH ANNUAL GENERAL MEETING ("46th AGM") OF PEGASUS HEIGHTS BERHAD ("THE COMPANY")

In light of the COVID-19 outbreak, we appreciate if all shareholders, proxies and invited guests could take all the necessary precautions and preventive measures as issued by the Ministry of Health when attending the 46th AGM. If you are unwell with **sore throat, flu, fever, cough, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath**, and/or you are under high risk group which is **above age of 60**, your attendance in person at the 46th AGM will be denied. You are hereby strongly advised and encouraged to submit your Form of Proxy prior to the 46th AGM.

To safeguard the health and safety of shareholders, proxies and invited guests who may be attending the 46th AGM in person, the Company will also implement the following precautionary measures for the 46th AGM:

(a) The Company will limit the number of attendees including invited guests to be physically present at the venue of the 46th AGM to **50** based on the size of the venue. Hence, the total **shareholders present in person or by proxy or attorney or authorised representative shall preferably be limited to 35 only or lesser** after taking into consideration of the attendance of the Directors, Senior Management, Company Secretary, Poll Administrator, Scrutineers and Auditors. The registration for the 46th AGM shall on ***first-come-first-serve basis***.

(b) Shareholders, proxyholders and corporate representatives ("**Participants**") will have to go through a compulsory body temperature screening and will be required to provide his/her health declaration via MySejahtera application during the registration process, specifically to facilitate the Company in preventing any potential spread of COVID-19. Any person with a body temperature of above 37.5°C or is experiencing any symptoms of being unwell above, you will NOT be allowed to enter the venue of the 46th AGM.

(c) Wearing a face mask in advance and throughout the 46th AGM proceedings is highly encouraged. Please be informed that the Company will not be providing face masks.

(d) No door gift and refreshment will be provided to the shareholders or proxies at the AGM venue.

Should you require any assistance, kindly contact the Company at 03-2181 3553.

Yours faithfully,

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Chairman

PEGASUS HEIGHTS BERHAD

[Registration No. 197401002677 (19727-P)]
(Incorporated in Malaysia)

PROXY FORM

CDS Account No. of Authorised Nominee	Number of shares held

I/We, ______________________________ NRIC/Company No. ______________
(Full name in block letters)

of ______________________________
(Full Address)

being a member/members of **PEGASUS HEIGHTS BERHAD**, hereby appoint ______________________________

______________________________ of ______________________________
(Full name in block letters) (Full Address)

or failing him/her, ______________________________ of ______________________________
(Full name in block letters) (Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Forty Sixth Annual General Meeting of Pegasus Heights Berhad to be held at Convention Hall Centerpoint Seremban, Lot 2-01, 2-02 and 2-03, 2nd Floor Centerpoint Seremban, Lot 9149, Jalan Dato Siamang Gagap, 80100 Seremban, Negeri Sembilan, Malaysia on Saturday, 19 June 2021 at 11.00 a.m. and at any adjournment thereof.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

NO.	Resolution	For	Against
	Ordinary Business		
Ordinary Resolution 1	To re-elect Dato' Sri Lee See Yang		
Ordinary Resolution 2	To re-elect Mr Andrew Ho Tho Kong		
Ordinary Resolution 3	To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000 per annum until the next Annual General Meeting of the Company.		
Ordinary Resolution 4	To appoint Messrs TGS TW PLT as Auditors of the Company in place of the retiring auditors, Messrs UHY		
	Special Business		
Ordinary Resolution 5	To authorise the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016		

Dated this ___________ day of _______________ 2021

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Number of Shares	Percentage
Proxy 1		
Proxy 2		
Total		**100%**

____
(Signature(s)/Common Seal of Shareholder)

Contact No: ______________________

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Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 21 May 2021.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
PEGASUS HEIGHTS BERHAD
[Registration No. 197401002677 (19727-P)]
Boardroom Share Registrars Sdn. Bhd.
Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan

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Tel: 07 8611112 ext: 172

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(Registration No. 197401002677 (19727-P)

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