PEGASUS HEIGHTS BERHAD

ANNUAL REPORT 2021

CENTERPOINT
SEREMBAN

DISCOVER YOUR NEW FAVOURITE PLACE

EXPERIENCE THE LIFESTYLE

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.

SHOPPING REDESICOVERED

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
- Lifestyle
- Leisure
- Dining

+606-763 9889 info@centerpointseremban.com www.centerpointseremban.com

LEASING INQUIRIES:

+60 111 9300 000

PEGASUS HEIGHTS BERHAD

1-40-2, Menara Bangkok Bank,
Berjaya Central Park, No. 105 Jalan Ampang,
50450, Kuala Lumpur.
Tel: +603-2181 3553
Email: info@pegasusheights.com

MALL ADDRESS:

Centerpoint Seremban,
33, Jalan Dato Siamang Gagap,
Betaria Business Centre,
70100 Seremban, Negeri Sembilan.
Tel: +606-763 9889 | Fax: +606-763 9998
Email: info@centerpointseremban.com

CENTERPOINT *SEREMBAN*

CONTAINER KEBAB
BY BABA RAFI

Double Fun

RM 30

(SERVES 2 PAX)

1 X CHICKEN KEBAB
1 X BEEF KEBAB
2 X FRIES

CENTERPOINT *SEREMBAN*

CONTAINER KEBAB
BY BABA RAFI

Family Bundle

RM 63
(SERVES 4 PAX)

2 X CHICKEN KEBAB
2 X BEEF KEBAB
4 X FRIES
4 X DRINKS

A Plus Ramadan Combo Set

(Available from 3rd April – 2nd May 2022)

CRISPY CHICKEN NASI LEMAK SET

- Fried Whole Chicken Nasi Lemak Set
- Rice x 4
- Soup x 4
- Drink x 4
- 4 Pax

FREE KURMA

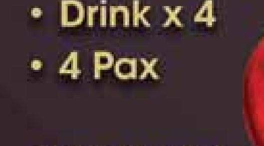
ONLY RM 38.90 (NORMAL PRICE: RM49.90)

CLAYPOT FISH CURRY SET

- Claypot Fish Curry
- Rice x 4
- Drink x 4
- 4 Pax

ONLY RM 42.80 (NORMAL PRICE: RM59.90)

FREE KURMA



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Pegasus Heights Berhad

Pegasus Heights Berhad ("**Pegasus Heights**") is a Malaysia-based investment company established on 1 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; and
- 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

2 CORPORATE INFORMATION

3 CORPORATE STRUCTURE

4 CHAIRMAN'S NOTE

5 MANAGEMENT DISCUSSION AND ANALYSIS

11 SUSTAINABILITY REPORT

17 DIRECTORS' PROFILE

22 PROFILES OF KEY SENIOR MANAGEMENT

23 CORPORATE GOVERNANCE OVERVIEW STATEMENT

26 CORPORATE GOVERNANCE STATEMENT

40 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

44 AUDIT COMMITTEE REPORT

47 ADDITIONAL COMPLIANCE INFORMATION

49 STATEMENT OF DIRECTORS' RESPONSIBILITY

50 DIRECTORS' REPORT

55 STATEMENT BY DIRECTORS

55 STATUTORY DECLARATION

56 INDEPENDENT AUDITORS' REPORT

60 STATEMENTS OF FINANCIAL POSITION

62 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

63 STATEMENTS OF CHANGES IN EQUITY

65 STATEMENTS OF CASH FLOWS

67 NOTES TO THE FINANCIAL STATEMENTS

129 LIST OF PROPERTY

130 ANALYSIS OF SHAREHOLDINGS

132 ANALYSIS OF WARRANT HOLDINGS

134 NOTICE OF FORTY SEVENTH ANNUAL GENERAL MEETING

ADMINISTRATIVE GUIDE

PROXY FORM

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

Low Yen Hoon
Chairperson

Toh Hong Chye
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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Tel : (603) 2181 0516
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W.P. Kuala Lumpur, Malaysia
Tel : (603) 9771 4326
Fax : (603) 9771 4327

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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Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel : (603) 7890 4700
Fax : (603) 7890 4670

PRINCIPAL SOLICITORS

David Lai & Tan

PRINCIPAL PLACE OF BUSINESS

1-40-2, Menara Bangkok Bank
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% CPL Solutions Sdn. Bhd.
- 100% Naim Indah Marketing Sdn. Bhd.
- 100% Naim Indah Properties Sdn. Bhd.
- 100% Pegasus Food Court Sdn. Bhd.
- 100% Pegasus Heights F&B Sdn. Bhd.
- 100% PHB Capital Sdn. Bhd.

CHAIRMAN'S NOTE

Darkest before Dawn

The year in review started on a clouded note as the country was in the midst of another outbreak of Covid-19. The discovery of new Covid-19 variants resulted in constant lockdowns and reopenings. This was compounded by the flash floods in the last quarter of 2020 which resulted in the closure of the mall for rectification work until the end of February 2021. As the saying goes, bad luck comes in three – one flash flood and two lockdowns. Amidst this backdrop the Group steered into the unknown.

The sectors most affected by the situation were retail, hospitality, and construction. Similarly, the Group's operations in the related sectors were not spared. Our Project Management Consultancy segment was affected by labor shortage and the significant rise in construction materials costs. Project delays were experienced due to the shortages and contracts had to be renegotiated. Moving into 2022, the outlook remains the same with the supply chain disruptions and now made worse with the war in Ukraine.

The supply chain disruption has also had an effect on our trading segment with revenues declining 68%. With the current tightness in supply and rising cost, we remain cautious in this segment and will closely monitor our returns.

F&B operations was affected by the mall closure arising from the floods as well as the lockdowns. While we managed to move to online orders and deliveries, this was insufficient to offset the decline from the dine-in crowd.

We are encouraged by the performance of the mall with rental income increasing 14.2%. This has been the result of the refresh of our tenant mix to higher quality tenants and rental returns. During the pandemic, a number of small retailers closed, and this was replaced with better branded retail names such as The Coffee Bean & Tea Leaf in mid of 2021, CU Malaysia and Guardian in the first quarter of 2022. The overall impact was a marginal increase in occupancy rate at the end of 2021 and we expect the uptrend in occupancy rate to continue.

Amidst this doom and gloom, some silver linings have started to show. The world seems to be prepared to embrace Covid-19 and move from a pandemic to endemic phase. Our Prime Minister recently announced that international borders and most economic sectors will be reopened on 1 April 2022 as Malaysia joins the other countries and move into the endemic phase. The Minister of Health has likewise announced reduced restrictions on quarantine requirements come 1 April.

With the anticipated move into endemic phase and lesser restrictions on travel, we are cautiously optimistic that the mall segment will be the cornerstone for the Group's recovery.

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 and counsel.

We look forward to your continued support as we continue into the unknown and execute our long-term strategy of driving sustainable growth and value for our shareholders.

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Chairman

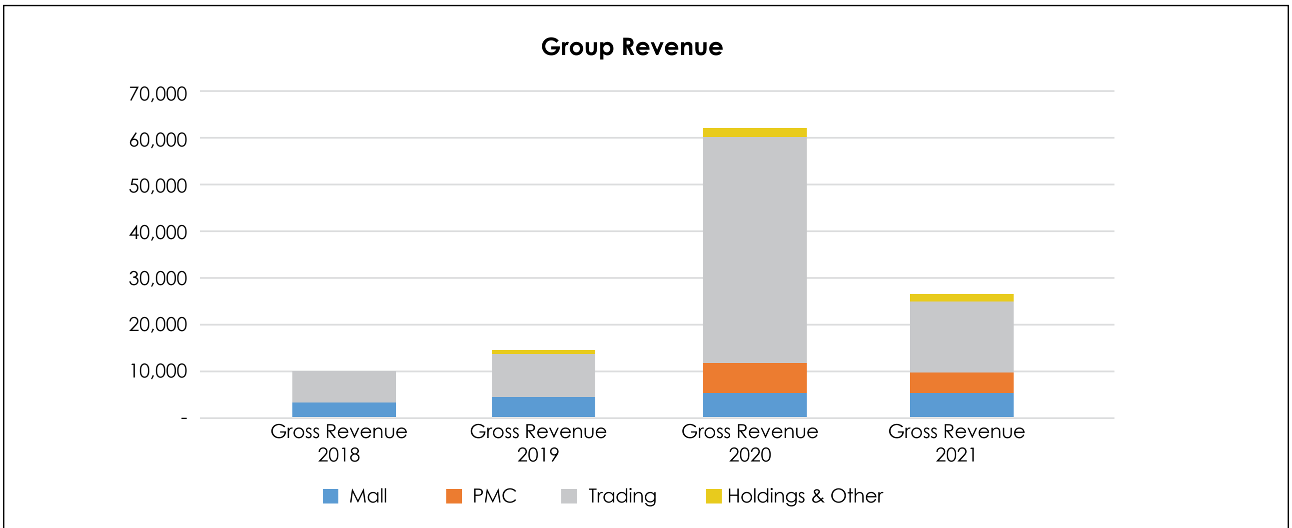
MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT REVIEW

The year in review had the economic sectors going through multiple openings and closures as the country was hit by new variants of the Covid-19 virus. Even though the year in review had been a difficult year, the Group continued to persevere by managing all the challenges with caution.

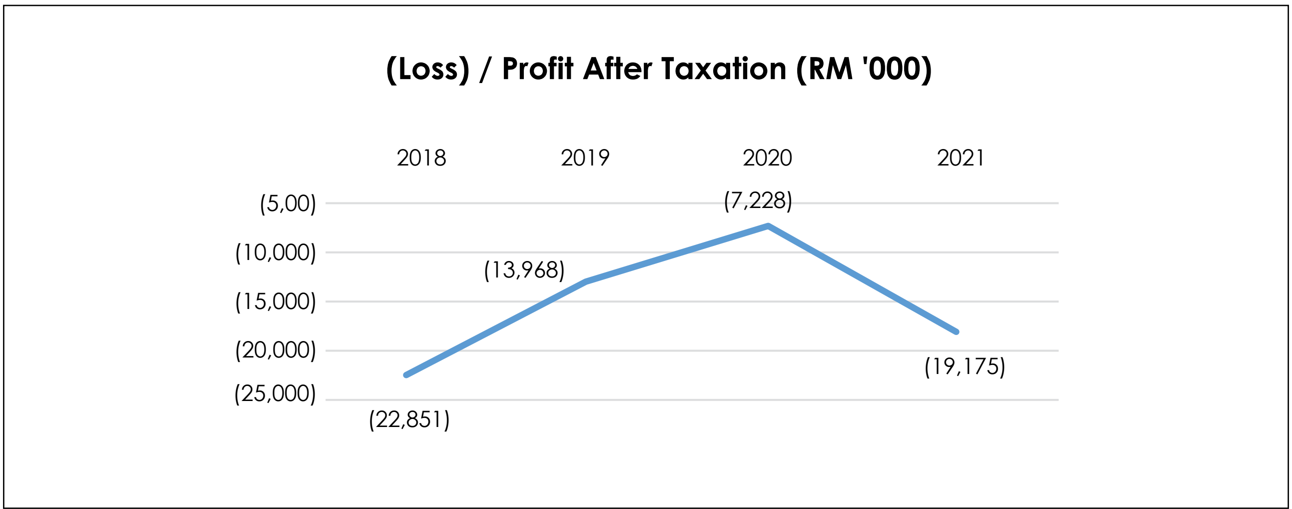
Revenue and Profit

Financial Results and Key Performance Indicators	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	7,740	10,179	14,240	61,921	26,701
(Loss) / Profit before taxation	(3,551)	(21,571)	(13,878)	(6,495)	(18,397)
Profit / (Loss) after taxation	(3,801)	(22,851)	(13,914)	(7,228)	(19,175)
Basic Earnings / (Loss) per share (sen)	(0.44)	(1.44)	(0.30)	(0.07)	(0.18)
Total asset	124,885	114,733	146,088	160,207	145,270
Total equity	72,683	93,751	138,884	152,775	135,008
Net asset per share	0.08	0.05	0.02	0.01	0.01



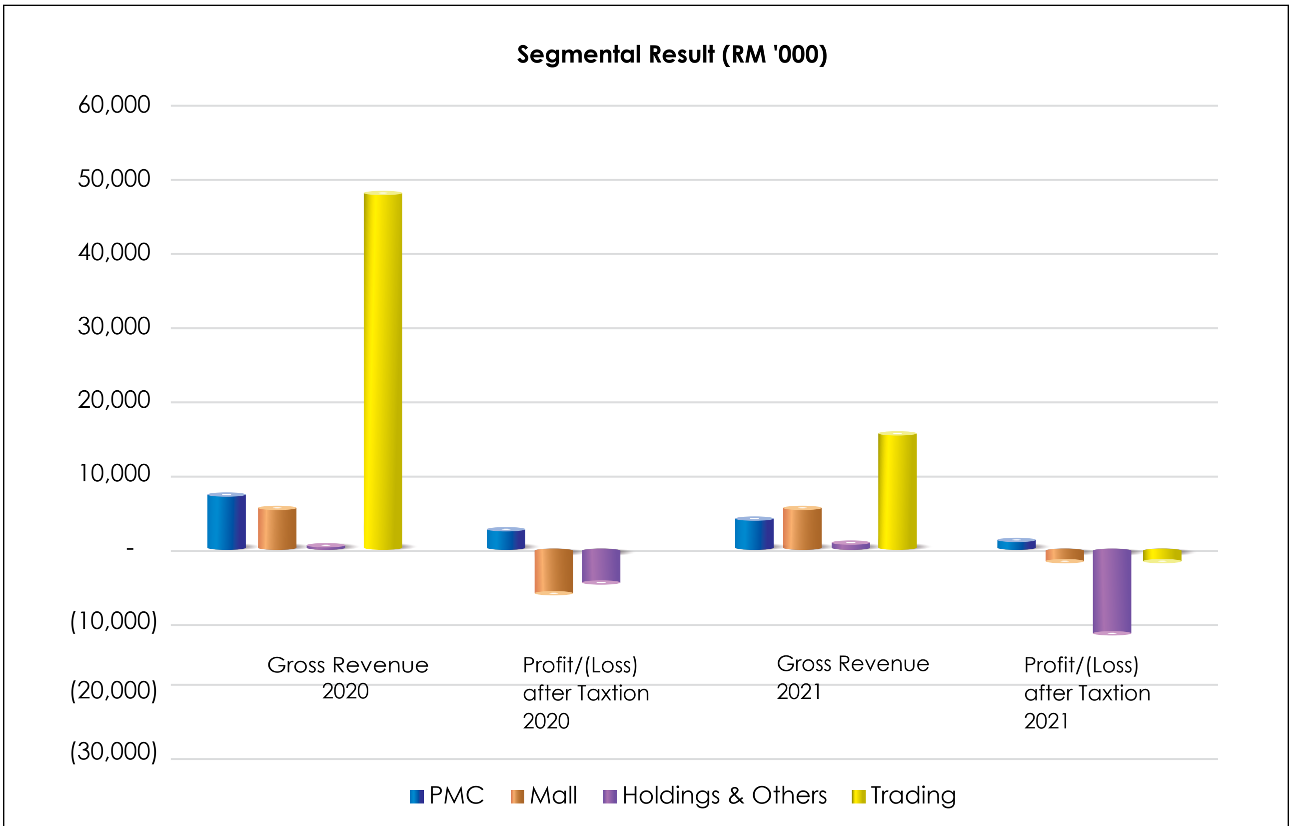
The Group's revenue decreased by 57.2% to RM26.7 million. This was mainly due to the sharp decrease in trading and, to a lesser extent, Project Management Consultancy ("**PMC**") revenue. Loss after tax increased by 165.3% to RM19.1 million due to an impairment of goodwill amounting to RM16.0 million. Stripping out the extraordinary impairment, loss after tax declined 56.1% to RM3.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



Business Segments

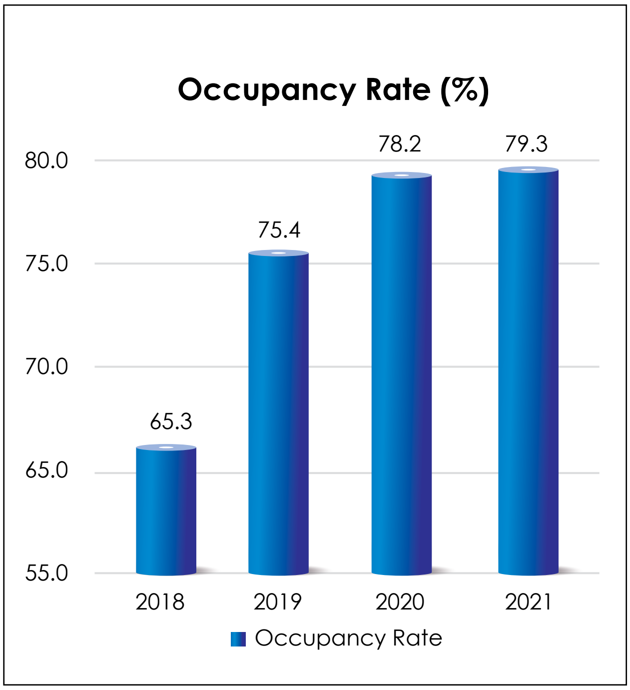
By Segments	Gross Revenue			(Loss) / Profit Before Tax		
	FY 2021 RM'000	FY 2020 RM'000	Changes (%)	FY 2021 RM'000	FY 2020 RM'000	Changes (%)
Rental Income	5,638	4,939	14.2	(1,203)	(5,621)	(78.6)
Trading	15,048	48,141	(68.7)	(696)	(20)	3380.0
PMC	4,676	7,526	(37.9)	223	1,883	(88.2)
Holding company	1,339	1,315	1.8	(17,499)	(3,470)	404.3
Total	**26,701**	**61,921**	**(57.2)**	**(19,175)**	**(7,228)**	**165.3**



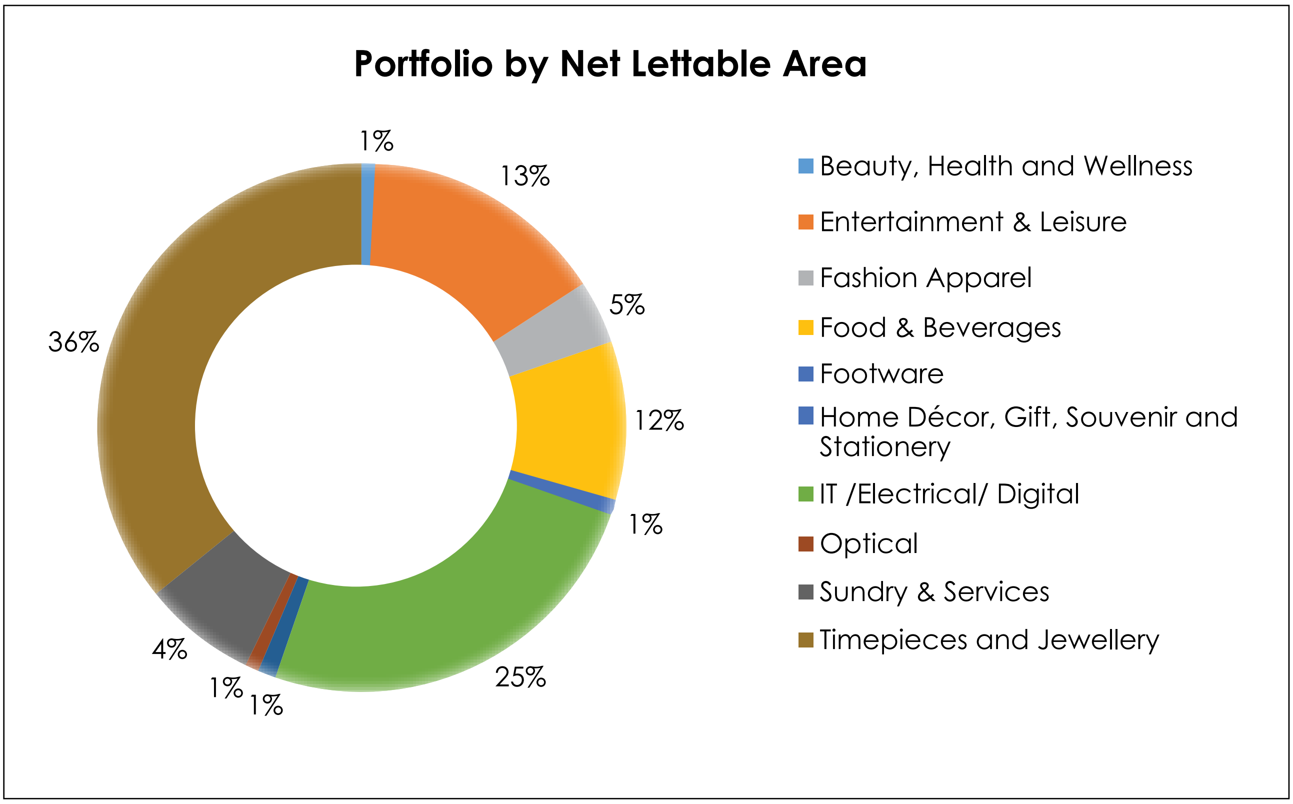
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The pandemic coupled with the movement restrictions caused several smaller tenants to close. Nevertheless, the overall occupancy rate improved slightly to 79.3% at the end of 2021 as management remained focused on securing new tenants and took the opportunity to refresh the tenant mix.

The mall managed to secure some high-quality retail tenants during the year due to continuous marketing effort by the management. The revised tenant and rental mix resulted in an overall rental income increased of 14.2% to RM5.6 mil in spite of softness in the F&B operations due to the movement restrictions imposed.



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	480,262 sq ft
Net Lettable Area	206,095 sq ft
Car Park	564 bays
Valuation 2021	RM110 million
Tenants	38
Occupancy rate	79.3% (2021)



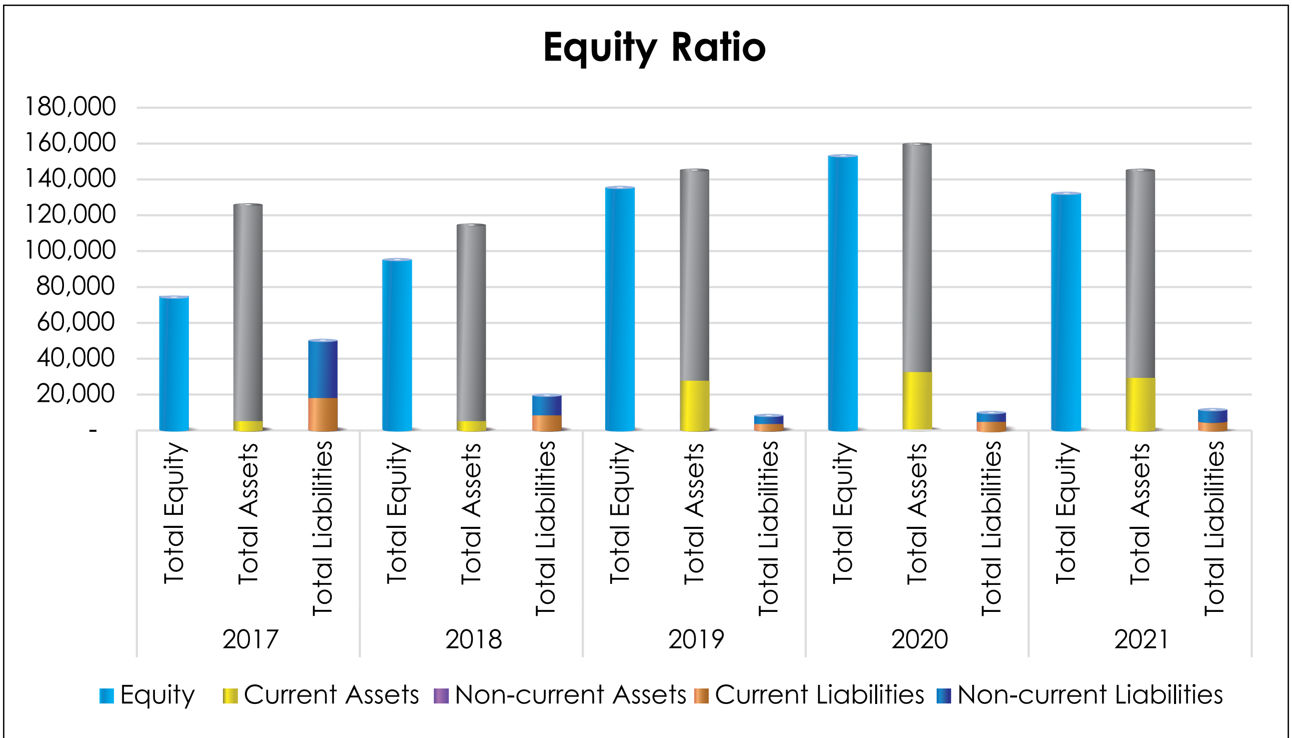
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

PMC revenue decreased by 37.9 % to RM4.68 million due to delays in projects pending renegotiation of the contract price arising from the significant increase in construction material and labor cost. The uncertainty caused by the pandemic coupled with the labor challenges and supply disruption has thrown uncertainty on the execution of the project pipelines.

Trading revenue remains the largest revenue contributor to the Group. However, the trading business deteriorated due to lower consumer demand coupled with production supply issues. Overall, the trading segment revenue decreased by 68.7%.

Financial Capital

The financial position of the Group decreased slightly in the year under review. This is due to the impairment of goodwill amounting RM16.0 million. However, the Group remains in a strong financial position and is well positioned to capitalise on opportunities to increase the growth of the Group.



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, globalisation, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

No	Risk Areas	Details
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 is critical to ensure the financial sustainability of the Group. Currently we have in place a credit policy. 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.
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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

No	Risk Areas	Details
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	Cyber Risk	Cyber risk which includes breach of servers and loss of data may disrupt the Group's operations and jeopardise tenants' and customers' data privacy. Therefore, cyber security systems are in place and all data is backed up at redundant locations. Data privacy is paramount in the collection and use of personal data. The Group has adopted Personal Data Protection Act and is cognizant of protecting the database.
11	Corruption Risk	Corruption can impede organisation's objectives. To mitigate such risk, the Group strictly adopts the Anti-Bribery and Anti-Corruption Policies and implement the top-down approach to enforce such policies. A whistle-blowing policy is also in place to alert management and employees to not be involved in such activities.

PROSPECTS

The Group has been affected from the pandemic which brought about multiple lockdowns. This can be seen from the financial results of the Trading and Project Management segments.

In spite of the dark clouds overhead, the property segment has shown improved result during the financial year. Our mall's occupancy rate increased marginally by 1.1% to 79.3% as at the end of December 2021. More importantly, the tenant mix is being refreshed with higher quality tenants and rental returns. We expect to continue the current trend of improving tenant mix and are cautiously optimistic on the improvement in rental returns.

The F&B segment, which is included in the holding company results, is recovering after the uplifting of MCO restrictions and the resumption of dine-in. However, effects of the pandemic are still filtering through and we expect the recovery to take longer to return to pre-pandemic levels. We are cautiously optimistic on the move into the endemic phase, however it is too soon to quantify the potential impact. Overall we expect a gradual recovery over time.

The trading business deteriorated due to lower consumer demand coupled with production supply issues. We remain cautious on the prospects for 2022.

Projects in the pipeline are on hold pending renegotiation of the contract price due to the significant increase in construction materials and labor cost. The uncertainty caused by the pandemic coupled with labor challenges and supply disruptions are likely to continue to impact this market segment.

Overall, the Group remains cautious amid the announcement of the reopening of international borders and the move into the endemic phase. Nevertheless, the Board and the management will continue to look for opportunities to improve the Group's operations.

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 during this challenging environment.

TOH HONG CHYE
EXECUTIVE DIRECTOR

SUSTAINABILITY REPORT

Sustainability Statement

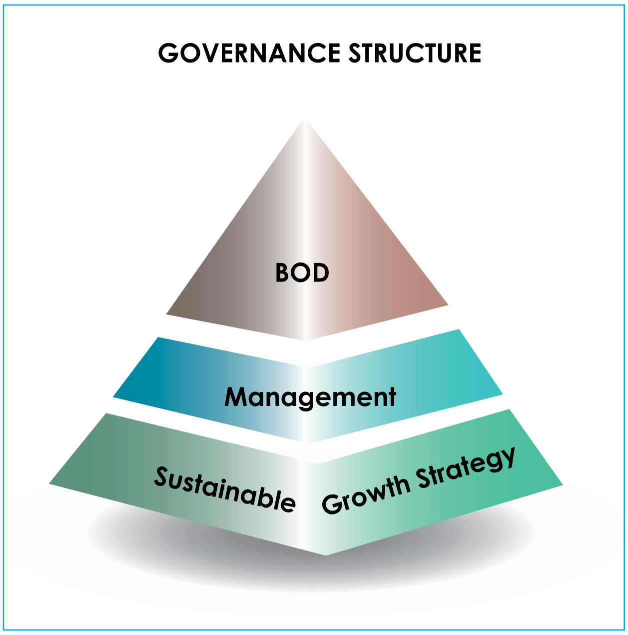
Pegasus Heights Berhad ("**Pegasus Heights**") recognises that its sustained growth is co-dependent on economic, environmental and social development of our stakeholders. We believe the silver lining of the COVID-19 pandemic provide us an opportunity to re-look at the ways we do business – to embrace a system that promotes sustainability and reduces overall carbon footprint, while still creating and delivering economic value to our stakeholders. Our business strategies take into account a broad spectrum of risks and opportunities that may affect our organisation and industry, coupled with evolving stakeholders' expectations on sustainable practices. The information in this report provides an overview of our sustainability practices for the financial year ended 2021.

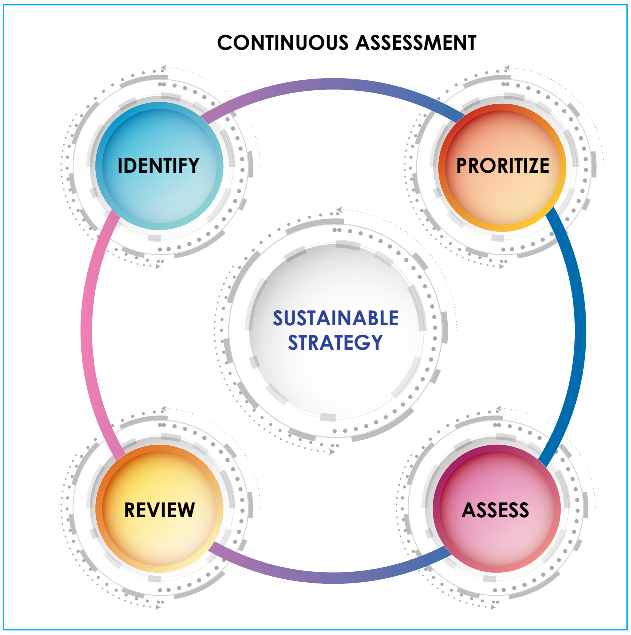
Sustainable Commitment

We always factor in sustainability as an integral part of our business operations and decisions as we continue to scale up our progress on the journey to sustainability. We remain committed in ensuring our business activities are performed with high standards of social and environmental conduct to maximise 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 to sustainability is multi-faceted and it 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.

Governance Structure





SUSTAINABILITY REPORT
(Cont'd)

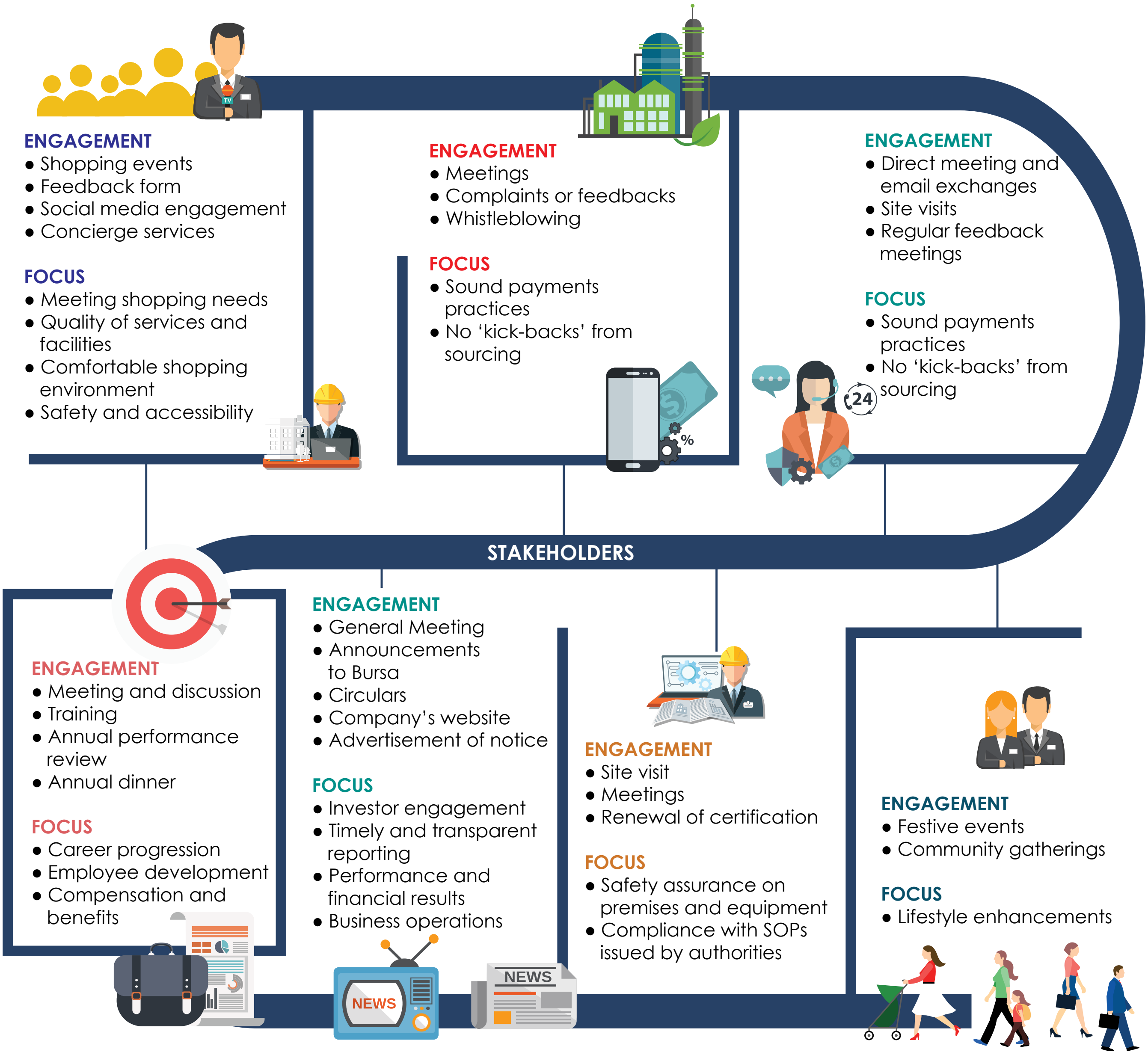
We have an established and committed governance structure that steers our sustainability strategy and allows us to build transformative capacity and change. Our Board of Directors are responsible to set out the overall business strategy of the Group. The management team is tasked with executing the strategy in a sustainable manner. This process is being monitored and refined regularly as we strive towards achieving our economic, environmental and social goals.

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

Stakeholders' Engagement

Constant engagement with stakeholders helps to keep us abreast of their current situation and allows the creation of a feedback loop for us to put in place a wholistic strategy to enhance the value of our Group and to achieve our overall strategy for sustainable growth. We have taken various initiatives to actively engage with our stakeholders via multiple effective communication channels that facilitates communication between our Group and our stakeholders.

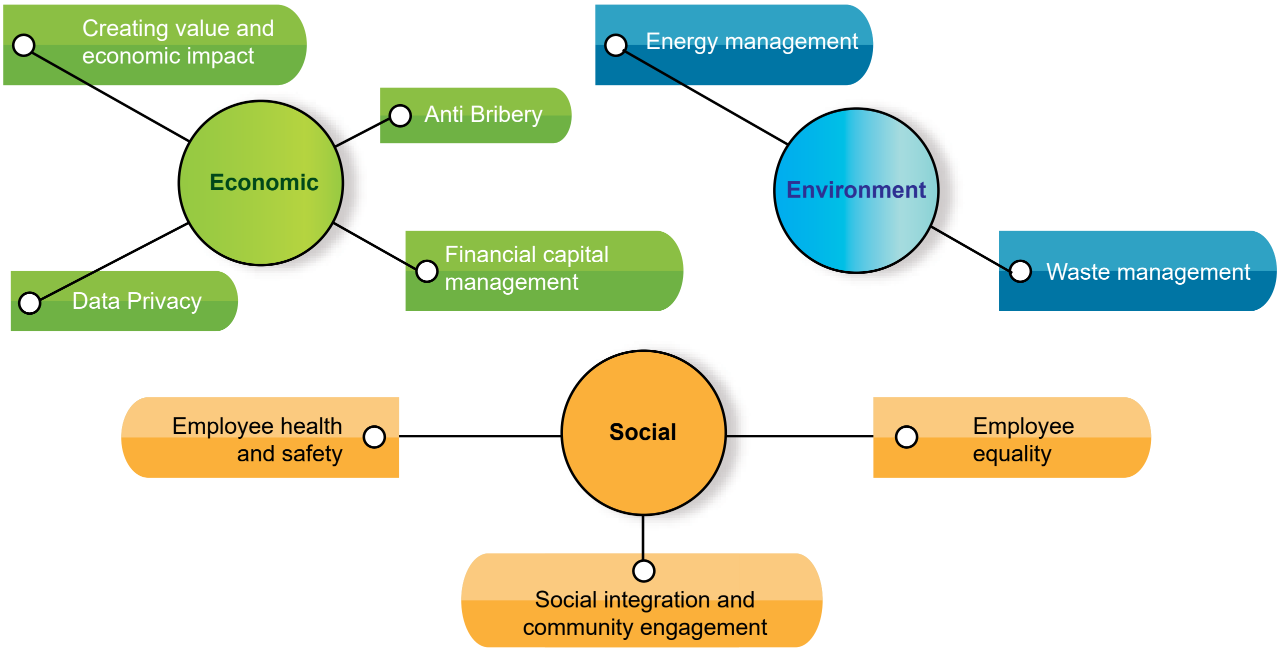
This enables us to identify and understand our stakeholders' needs and concerns in a timely manner, leading to enhanced growth strategies formulated for our Group. The chart below are our stakeholders who have direct or indirect involvement with our Group.



SUSTAINABILITY REPORT (Cont'd)

Environment, Social and Governance (ESG)

Our Group's sustainability effort continues to make significant improvement in transparency and accountability. We continue to refine and improve our sustainability strategy based on the following ESG factors.



Economic

Creating Value and Economic Impact

Supporting the local community is one of the Group's sustainability efforts towards business success. Creating an environment that enables our tenants to be successful will thus increase value created to our stakeholders. To this end, our Group has implemented the following:

- Improve the tenant mix
- Perform upgrading and rectification works to elevate and maintain the quality of shopping experience
- Promote employment from the local Community

These implemented measures have resulted in increasing the occupancy rate to 79.3% as at the end of 2021, and thus increasing footfalls to our mall.

In addition, along with the ongoing Malaysia's national vaccination programme, our Group has collaborated with the relevant local authority to utilise the mall as an offsite vaccination center from 14 February 2022 to 14 July 2022.

We continue to support the national vaccination programme to ensure the community is protected against COVID-19, which is the foundation for a safe economic recovery.

SUSTAINABILITY REPORT
(Cont'd)

Pegasus Heights is committed to supporting the growth of local entrepreneurs as we believe successful local entrepreneurs will contribute positively to economic growth in a community, which will translate to the sustainability of our Group's business. In our mall, we support the growth of local entrepreneurs through providing various platforms such as kiosks and bazaars for local entrepreneurs to conduct their business and to engage with their customers.

Financial Capital Management

One of the keys to sustained business growth of the Group is an optimised capital management framework that is aligned with the Group's strategies. Currently, the Group has managed to build a strong financial position which opens up opportunities for asset enhancements and future expansion. With a holistic framework and cautious planning, we strive to maximise stakeholders' value by investing in long term success.

Anti-bribery and Anti-corruption Policy and Procedure

We also subscribe to strong Anti-Bribery and Anti-Corruption Policies and Procedures. We adopt a zero-tolerance approach against all forms of Bribery and Corruption and take a strong stance against such acts. The adoption of these policies reflects our commitment in driving the culture of openness, transparency and accountability.

We prohibit all forms of Bribery and Corruption where our employees should not participate in any corrupt or unethical activity such as, but not limited to extortion, abuse of power, trading under influence, fraud and/or money laundering. Our employees should also avoid or deal appropriately with situations in which conflict of interest arise and they must not use their position to gain or to cause disadvantage to the Group. Furthermore, our Group has adopted a "No Gift" Policy with the exception of when the value of the gift is immaterial i.e., less than RM500 and when proper disclosures have been made to the management. Apart from this exception, all employees are prohibited from, directly or indirectly, receiving or providing gifts.

Data Privacy

Pegasus Heights is committed to protecting customer information and personal data against any theft, loss, misuse or unauthorised access, modification or disclosure. We take customer rights to privacy seriously and are totally commited to protect customer personal data in line with the Personal Data Protection Act 2010. Our data protection policy set out the guiding principles on proper handling of customer information and personal data, including how we safeguard customer and stakeholder information and the steps we take to protect it from unauthorised use and disclosure.

Environment

Energy Management

Energy consumption is one of the major cost components for our Group. Management of energy usage is the Group's key focus as lower energy consumption would result in positive effect to the environment and business performance of the Group.

Our Group has adopted a practical approach to reduce energy usage and is continually looking at other opportunities to enhance energy efficiency. The measures implemented by our Group to reduce energy usage are as follows:

- Proactive management and control of energy usage by the air-conditioning systems in the mall. According to the anticipated crowd levels at different times in the day, airflow and temperature set for our air-conditioning systems are adjusted to optimal levels while allowing for comfortable environment for our shoppers.
- Installed motion sensors on all our escalators

It is also our policy to review tenants' fit-out designs in the mall to ensure their lighting and power density are in line with our Group's sustainability strategy.

SUSTAINABILITY REPORT
(Cont'd)

Water Management

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

- Installed 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 manage the waste generated at our properties in a sustainable manner and are always mindful to reduce wastage from our daily operations. The collection and disposal of waste is carried out by licensed contractors. We encourage our tenants and visitors to recycle recyclable waste 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 different 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.

Apart from this, we also encourage all outlets in our mall to minimise usage of single-use plastics and replaced with biodegradable options. The management also plans to enforce a "No Plastic Bag" policy by charging a fee for each plastic bag requested. Once this is implemented in the future, we would be closer to our vision of a greener community.

In our office, our operations are digitalised to reduce paper consumption as we strive to reduce carbon footprint arising from our operations, to preserve the environment.

Social

Human Capital Management

Our people are our key assets in driving the achievement of our organisational goals. As such, we are committed to support the culture, talent and leadership development, as well as fulfilment of employee's needs. Our Group's human capital management policies and practices are guided by our Code of Conduct, and applicable local laws and regulations.

We believe that talent attraction and retention play a big part in the long-term growth of an organisation. Therefore, we provide a conducive work environment to our employees through improvement in the recruitment process and also office practices.

As an equal opportunity employer, we strongly believe diversity and equality are the cornerstone strategy in our recruitment process. We place high importance on the performance and merit of our employees and none on race, gender, ethnicity and sexual orientation. As at the end of 2021, 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. To this end, we have put in place adequate health and safety measures to avoid any potential safety hazards at our mall. These include ensuring our health and safety procedures are in compliance with all relevant Acts and regulations under the Department of Occupational Safety and Health ("**DOSH**"), carrying out regular maintenance and inspection work on equipment in our mall, involving our employees to attend refresher training programs conducted by Bomba and DOSH on safety and health regulations as well as conducting regular fire drills with the respective mall stakeholders. As part of our safety procedure, we also 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 inspections are held to discuss the progress and related issues with the tenants and contractors to ensure safety and compliance.

SUSTAINABILITY REPORT
(Cont'd)

Additional measures have also been taken by the Group to prevent the spread of COVID-19 in our mall through controlled building access, mandatory scanning of QR code via MySejahtera, providing sanitizers throughout the mall and hourly sanitation throughout the mall in areas including toilets, lifts, floors, doors, glass panels and handrails.

Training and Development

Employees are a vital component to Pegasus Heights's business. Their performance, commitment and loyalty to the job are critical not only in achieving our Group's goals and objectives but most importantly for our long-term survival and sustainability. In this respect, we continue to build and upgrade our employees to ensure that they can realise their full potential in our organisation through the following efforts:

- Engage our employees in external training workshops to develop their technical related skills and soft management skills;
- Engage our employees in external trainings and activities to broaden their knowledge base and keep abreast on new developments in their respective field of expertise;
- New employees will participate in new employees' orientation as well as on-site visit to get clear insights into our Group's operations; and
- Detailed competency tests structured for each department to help new staff understand better the requirements of their respective roles.

Social Integration and Community Engagement

During the year, we managed to host several events to celebrate with our stakeholders. For 2021, we organised festive decorations and events in conjunction with celebrations which include Chinese New Year, Hari Raya Aidilfitri, Deepavali, Hari Kemerdekaan 64th and Christmas.

Following the sudden flash floods that swept Peninsular Malaysia in December 2021, we also provided support to the flood victims via donations to the Student Welfare Organisation and Mitraland C.A.R.E (Community Aid Response Effort), in an effort to assist and ease the burden of the affected flood victims.

As our community remains exposed to the risk of COVID-19 infections, we have taken the initiatives to reduce touch points and have begun to deploy automated food delivery robot and implement self-order system under our food and beverage franchise business. This is part of our ongoing efforts to create a safe environment for our community.

DIRECTORS' PROFILE

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

Age	:	69
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 an 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 then (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 to Dato' Pahamin Ab. Rajab 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)

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	:	52
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	16 October 2017
Board Committee membership	:	-

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 twenty (20) years of experience in the import and export trade industry.

He has more than twenty five (25) years of experience in business management and development. He is a committed and passionate businessman which has abundant experience in management, sales and business development. Dato' Sri Lee See Yang 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	:	47
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	9 November 2017
Board Committee membership	:	

Member 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)
- Sinmah Capital Berhad (Executive Chairman)

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	:	46
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

DIRECTORS' PROFILE
(Cont'd)

ANDREW HO THO KONG
Independent Non-Executive Director

Age	:	55
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 twenty five (25) 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 Chief Executive Officer for Maybank Private Equity in 2012. Before his tenure with Maybank Private Equity, he 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 Tho Kong'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 Tho Kong 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

BSL Corporation Berhad (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)

LOW YEN HOON
Independent Non-Executive Director

Age	:	36
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 Chairperson of the Share Issuance Scheme 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

TOH GUAT KHEM
Director of Subsidiary / General Manager

Age	:	58
Nationality	:	Australian
Gender	:	Female
Date of appointment	:	1 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	:	33
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	1 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

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 2021, 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 2021, 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 relating to a substantial shareholder or a Director including approving related party transactions
b) Material acquisitions 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**") plays 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.

The AC with the assistance of the Internal Auditor had undertaken a thorough review of the following areas within the Group to ensure that appropriate controls and effective management process are in place:

- Accounts related process of subsidiary
- Two ("2") food & beverages outlets

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

PRINCIPAL 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.

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.

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

I. Board Responsibilities (Cont'd)

1. Board of Directors (Cont'd)

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 in the Annual Report of the Company.

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; and

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

The Executive Directors, Dato' Sri Lee See Yang, Toh Hong Chye and Chin Pak Loong 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.

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. Board Responsibilities (Cont'd)

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

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.

The Board met five (5) times during the financial year ended 31 December 2021. The attendance of each Director at the Board Meeting held during the financial year ended 31 December 2021 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	5/5	100%
Andrew Ho Tho Kong	5/5	100%
Low Yen Hoon	5/5	100%

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

I. Board Responsibilities (Cont'd)

4. Commitment of the Board (Cont'd)

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 (5) 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.

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

- Tax Deductible Expenses – Principles and Latest Development
- Mastering Management Accounting and its Monthly Management Accounting
- Avoid Transfer Pricing Mistakes
- Can You Survive a Transfer Pricing Audit?
- Latest Updates: Service Tax for Service Industry
- Covid-19 Impact on Financial reporting Going Concern, MFRS110, 120, 136 and 9
- Capital Statement: Are You on IRB's Radar?
- Valuation of Warly and Growth Tage Tech Companies
- Corruption Risk Management
- Datum: M
- ICDM Post-Budget Breakfast Talk
- Bounce Back Together II: Reimagine and Rebuild
- Innovate for Exponential Growth
- One year On: Taking your MACC Act Section 17A Programme to the Next Level
- China HK Conference – Formulating Hong Kong's Emergence Out of Crisis
- MCCG Revision 2021 – Changing the Game in Corporate Governance

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

PRINCIPAL 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 comprises of three (3) members, all of whom are Independent Non-Executive Directors. The present members of the AC are as follows:

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

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, all of whom are Independent Non-Executive Directors. The present members of the NC are as follows:

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 2021, 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) Determined the Directors who stand for re-election and re-appointment by rotation.
(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)

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

I. Board Responsibilities (Cont'd)

6. Board Committees (Cont'd)

NC (Cont'd)

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

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, all of whom are Independent Non-Executive Directors. The present members of the RC are as follows:

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 2021, 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.
(c) Reviewed the Terms of Reference of the RC.
(d) Reviewed the Directors and Senior Management Remuneration Policy.

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

SIS Committee

The SIS Committee was established on 28 May 2015. The SIS Committee is primarily responsible for administering the Company's SIS Option in accordance with the approved SIS By-Laws and regulations. The present members of the SIS Committee are as follows:

Officer	**Designation**
Low Yen Hoon	Chairperson
Toh Hong Chye	Member
Tiew Chee Ming	Member

The SIS Committee meets as and when required. No meeting was held during the financial year. Approval on matter requiring the sanction of the SIS Committee was sought by way of written resolution.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

PRINCIPAL 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) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
b) Material acquisitions 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) Authority levels;
e) Treasury policies;
f) Risk management policies; and
g) Key human resource issues.

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.

PRINCIPAL 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 officers and 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

PRINCIPAL 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.

The NC ensures that the composition of the Board is refreshed periodically while the tenure, performance and contribution of each Director is assessed by the NC through the Board Evaluation. In addition, each of the retiring Directors will provide their annual declaration/ confirmation on their fitness and propriety as well as independence, where applicable.

As at the date of this Statement, the Board consists of one (1) Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, and three (3) 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 in the Annual Report of the Company.

2. Independency of Independent Directors

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.

As at the date of this statement, none of the Independent Directors has exceeded a cumulative term of twelve (12) years. As part of good governance practices, the Board Charter of the Company limits the tenure of Independent Directors to a cumulative term of twelve (12) years. Nonetheless, the Board would justify and seek annual shareholders' approval to retain the Independent Directors after the ninth (9th) year through a two-tier voting process.

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**").

PRINCIPAL 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.

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.

There was no new appointment of new Director for the financial year ended 31 December 2021. Nonetheless, the Board will utilise independent search firms in identifying suitable candidates for appointment of directors in the future when the need arise.

6. Chairperson of the NC

The NC is led by Low Yen Hoon, the Independent Non-Executive Director, who 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 NC with relevant information of the Group's needs, allowing them to source for suitable candidates when the need arises.

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

II. Board Composition (Cont'd)

7. Annual Evaluation (Cont'd)

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.

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

III. Remuneration (Cont'd)

The detailed disclosure on named basis for the remuneration of individual Directors that includes fees, salary, bonus, benefits in-kind and other emoluments from the Company and the Group for the financial year ended 31 December 2021 are set out in the Corporate Governance Report. While the details of the remuneration of the senior management on an aggregate basis in bands of RM50,000 are as set out below.

Remuneration Bands	Number of Senior Management
Below RM50,000	-
RM50,000 – RM100,000	-
RM100,001 – RM150,000	1
RM200,000 above	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

Presently, the AC consists of three (3) Independent Non-Executive Directors 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 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 three (3) years before being able to be appointed as a member of the AC.

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. AC (Cont'd)

For the financial year ended 31 December 2021, fees paid to the external auditors, Messrs TGS TW PLT 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	138,000	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 Annual Report of the Company.

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.

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 2021 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	:	CA(M), FCCA
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 and the Management Discussion and Analysis of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

PRINCIPLE 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.

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 "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 ("**Statement**"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2021.

This 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 ("**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)

Board's Responsibilities (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 internal control of CPL Solutions Sdn. Bhd., one of the Group's subsidiary as well as two (2) outlets located at Centerpoint Seremban Mall.

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.

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

Control and Monitoring Process (Cont'd)

In view of a constant changing environment and competitive landscape, the Board is committed in 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.

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 at 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 2021 was RM15,000.

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

Review of 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 2021.

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 cause 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 Directors 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 is made in accordance with the resolution of the Board dated 30 March 2022.

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.

COMPOSITION OF MEETING ATTENDANCE

The present AC members comprise of three (3) members, all of whom are Independent Non-Executive Directors.

During the financial year ended 31 December 2021, the AC held five (5) meetings and the records of the attendance of AC members are as follow:

Directors	Designation	Number of meetings attended	%
Andrew Ho Tho Kong	Chairman	5/5	100%
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Member	5/5	100%
Low Yen Hoon[1]	Member	5/5	100%

Note:
[1] Member of the Malaysian Institute of Accountants

TERMS OF REFERENCE

The scope of duties and responsibilities of the AC stated in the Terms of Reference ("**TOR**") is made available on the Company's website, website at www.pegasusheights.com. The Board has reviewed and assessed the performance of the AC and is satisfied that the AC has discharged its functions, duties and responsibilities in accordance with its TOR.

SUMMARY OF ACTIVITIES OF THE AC

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 2021 are as follows:

a) Reviewed the unaudited quarterly financial results of the Group including the announcements pertaining thereto, before recommending to the Board for approval and release the results to Bursa Malaysia Securities Berhad ("**Bursa Securities**");

b) Reviewed with External Auditors on their Audit Planning Memorandum for the financial year ended 31 December 2021;

c) Reviewed the Audited Financial Statements of the Group for the financial year ended 31 December 2021 before recommending to the Board for approval and release of the results to Bursa Securities;

d) Reviewed and discussed with the External Auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

AUDIT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES OF THE AC (Cont'd)

e) Evaluated the performance of the External Auditors for the financial year ended 31 December 2021 covering areas such as caliber, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the External Auditors;

f) Reviewed and approved the non-audit services provided/to be provided by the External Auditors and its affiliates to ensure the provision of the non-audit services does not impair their independence or objectivity as External Auditors of the Group and the Company;

g) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

h) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

i) Reviewed and approved on the Internal Audit Planning Memorandum for the financial year ended 31 December 2021 to ensure adequate scope and coverage of the activities of the Group and the Company which was prepared based on risk-based approach;

j) Reviewed the effectiveness of the Group's system of internal control;

k) Reviewed the proposed fees for the External Auditors and Internal Auditors in respect of their audit of the Company and the Group;

l) Reviewed related party transactions and conflict of interest situation that may arise within the Group and/or the Company, to ensure that transactions entered into were on arm's length basis and on normal commercial terms;

m) Reviewed the Company's compliance with the Main Market Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

n) Report to the Board on its activities and significant findings and results.

o) Reviewed and verify the allocation of share issuance scheme (SIS) options in accordance with the Main Market Listing Requirements.

p) Reviewed the AC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and

q) 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 AC 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 two (2) outlets located at Centerpoint Seremban Mall as well as internal control of CPL Solutions Sdn. Bhd., one of the Group's subsidiary. 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.

AUDIT COMMITTEE REPORT (Cont'd)

INTERNAL AUDIT FUNCTION (Cont'd)

The audit reports containing audit findings and recommendations together with Management's responses thereto were circulated to all members of the AC. 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'.

During the financial year ended 31 December 2021, an internal audit plan was issued and presented to the AC with recommended corrective actions acted upon.

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

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control in this Report.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year ending 31 December 2021.

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 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.

A brief detail on the number of SIS options granted, exercised, forfeited and outstanding since commencement to 31 December 2021 is set out in the table below:

	Number of Options	
Description	**Grand Total**	**Directors and Chief Executives**
Granted	1,142,190,500	646,200,000
Exercised	368,000,000	63,000,000
Forfeited	77,116,500	57,000,000
Outstanding	697,074,000	526,200,000

Note:
1. None of the options granted has any vesting period.

The percentages of options applicable to Directors and Senior Management under the SIS during the financial year and since its commencement up to 31 December 2021 are set out below:

	Percentage	
Directors and Senior Management	**During the financial year**	**Since commencement up to 31 December 2021**
Aggregate maximum allocation	-	80%
Actual options granted	-	64%

The details of the options offered to and exercised by the non-executive directors of the Company pursuant to the SIS in respect of the financial year are as follows:

	Number of Options	
Name	**Number of Options Granted**	**Number of Options Exercised**
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	13,300,000	-
Andrew Ho Tho Kong	-	-
Low Yen Hoon	-	-

ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

Material Contracts

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

Contracts Relating to Loans

There were no contracts relating to loans entered into by the Group during the financial year ended 31 December 2021 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 2021 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.	RM168,000

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

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia.

The Directors are responsible to ensure that the financial statements 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:

- oversee the Company's business conduct and that of the group;
- adopted suitable accounting policies and then applied them consistently;
- made judgments 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 statements 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 2021, 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 2021.

Principal Activities

The principal activities of the Company consist of investment holding, 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, representing attributable to owners of the Company	19,175	18,025

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 Board of 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) 170,000,000 new ordinary shares for a consideration of RM1,071,000 at issue price of RM0.0063 per share from exercise of Share Issuance Scheme;

(ii) 34,267,200 new ordinary shares for a consideration of RM342,672 at an exercise price of RM0.01 per share from conversion 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.

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.

DIRECTORS' REPORT
(Cont'd)

Options Granted Over Unissued Shares (Cont'd)

The SIS were in force for a period of 5 years effective from 28 May 2015 to 27 May 2020, and has been extended for another 5 years to 28 May 2025 in accordance with the terms of the By-Laws.

The main features of the SIS are disclosed in Note 16(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 1.1.2021 '000**	**Granted '000**	**Lapsed '000**	**Exercised '000**	**At 31.12.2021 '000**
18 August 2015	RM0.10	13,433	-	-	-	13,433
19 July 2018	RM0.02	249,641	-	-	-	249,641
28 August 2019	RM0.01	605,000	-	(1,000)	(170,000)	434,000

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.

The salient features of the warrants are disclosed in Note 16(b) to the financial statements.

	At 1.1.2021 '000	**Issued '000**	**Exercised '000**	**Expired '000**	**At 31.12.2021 '000**
Number of unexercised warrants	3,171,017	-	(34,267)	-	3,136,750

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*

DIRECTORS' REPORT
(Cont'd)

Directors (Cont'd)

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

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 in Shares

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 1.1.2021 '000	Bought '000	Sold '000	At 31.12.2021 '000
Interests in the Company				
Direct Interest				
Dato' Sri Lee See Yang	501,219	400,000	-	901,219
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	236	-	-	236
Toh Hong Chye	822,736	400,000	-	1,222,736
Chin Pak Loong	1,805,263	-	(1,500,000)	305,263

	Number of Options over Ordinary Shares				
	At 1.1.2021 '000	Grant '000	Lapsed '000	Exercised '000	At 31.12.2021 '000
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 1.1.2021 '000	Bought '000	Sold '000	Expired '000	At 31.12.2021 '000
Direct Interest					
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	18,868	-	-	-	18,868
Toh Hong Chye	239,368	-	(100,000)	-	139,368

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

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT
(Cont'd)

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 Note 27 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.

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 RM2,000,000 and RM5,000 respectively. No indemnity was given to or insurance effected for auditors of the Group during the financial year.

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 all known bad debts had been written off and adequate allowance had been made for doubtful debt; 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 the amounts written off for bad debts or 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.

DIRECTORS' REPORT
(CONT'D)

Other Statutory Information (Cont'd)

(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 their 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; 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.

Subsidiary Companies

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

Auditors

The Auditors, Messrs. TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 March 2022.

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 the two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 60 to 128 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 2021 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 30 March 2022.

TOH HONG CHYE

DATO' SRI LEE SEE YANG

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, TOH HONG CHYE (MIA 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 60 to 128 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 30 March 2022)

TOH HONG CHYE

Before me,

Commissioner of 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 2021 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 60 to 128.

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 2021, 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 the 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 at 31 December 2021, the carrying amount of the Group's investment properties was RM110,000,000 representing approximately 76% of the Group's total assets. The investment property of the Group is held at fair value, which is based on independent external valuation. The valuation process involves determination of the appropriate valuation method to be used and underlying assumptions to be applied.	We reviewed and discussed with management on the carrying amount of investment properties in accordance with MFRS 140 *Investment properties*. We conducted site visit to verify the existence and conditions of the investment properties. We assessed the appropriateness of the independent valuer's scope of work. We evaluated the qualification, competency, capabilities, independence and objectivity of the independent valuers.

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**
Fair value assessment on investment property (Cont'd) We focus on this as the use of valuation method, assumptions and estimates required significant judgement. The valuation is sensitive to the key assumption applied and various unobservable inputs.	We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry. We evaluated the appropriateness of the data used by the independent valuers as input into their valuation. We assessed the adequacy of the disclosure made in the financial statements.

There are no other key audit matters in relation to the financial statements of the Company.

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 information included in 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 the 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 have 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 of 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.

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 (Cont'd)

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.

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2020 were audited by another firm of Chartered Accountants who expressed an unmodified opinion those statements on 14 April 2021.

2. 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.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

TEOH CHEY YEAT
03447/08/2023 J
Chartered Accountant

KUALA LUMPUR
30 March 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	1,849	2,305	139	56
Investment properties	5	110,000	110,000	-	-
Deferred expenses	6	208	708	-	-
Intangible assets	7	173	16,347	-	16,000
Right-of-use assets	8	753	1,271	-	163
Investment in subsidiary companies	9	-	-	24,564	24,841
Amount due from subsidiary companies	10	-	-	11,582	11,996
		112,983	130,631	36,285	53,056
Current assets					
Inventories	11	62	1,101	-	-
Trade receivables	12	7,971	14,216	-	-
Other receivables	13	2,880	3,042	1,958	1,039
Amount due from subsidiary companies	10	-	-	6,138	14,029
Tax recoverable		236	5	-	-
Fixed deposits with licensed banks	14	1,019	1,047	1,019	1,001
Cash and bank balances		20,119	10,165	16,196	9,418
		32,287	29,576	25,311	25,487
Total assets		145,270	160,207	61,596	78,543

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY					
Share capital	15	191,463	188,762	191,463	188,762
Reserves	16	23,964	25,257	23,964	25,257
Accumulated losses		(80,419)	(61,244)	(155,565)	(137,540)
Total equity		135,008	152,775	59,862	76,479
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	12	341	-	-
Deferred tax liabilities	18	3,502	3,522	-	-
		3,514	3,863	-	-
Current liabilities					
Borrowing	19	2,903	8	-	-
Lease liabilities	17	340	375	-	56
Trade payables	20	18	11	-	-
Other payables	21	3,002	2,906	174	219
Amount due to subsidiary companies	10	-	-	1,230	1,789
Tax payable		485	269	330	-
		6,748	3,569	1,734	2,064
Total liabilities		10,262	7,432	1,734	2,064
Total equity and liabilities		145,270	160,207	61,596	78,543

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 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	22	26,701	61,921	60	72
Cost of sales		(22,763)	(57,388)	-	-
Gross profit		3,938	4,533	60	72
Other income		5,292	771	2,084	393
Administrative expenses		(27,067)	(11,296)	(18,829)	(8,877)
Net loss on impairment of financial assets		(506)	(503)	(1,009)	(4,250)
Loss from operation		(18,343)	(6,495)	(17,694)	(12,662)
Finance costs	23	(54)	(139)	(1)	(5)
Loss before tax	24	(18,397)	(6,634)	(17,695)	(12,667)
Taxation	25	(778)	(594)	(330)	-
Loss for the financial year representing total comprehensive loss for the financial year		(19,175)	(7,228)	(18,025)	(12,667)
Loss for the financial year attributable to:					
Owners of the company		(19,175)	(7,228)	(18,025)	(12,667)
Total comprehensive loss attributable to:					
Owners of the company		(19,175)	(7,228)	(18,025)	(12,667)
Loss per share					
Basic loss per share (sen)	26(a)	(0.18)	(0.07)		
Diluted loss per share (sen)	26(b)	(0.16)	(0.06)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company				
		Non-distributable				
	Note	Share capital RM'000	SIS Options reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Group						
At 1 January 2021		188,762	6,865	18,392	(61,244)	152,775
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(19,175)	(19,175)
Transactions with owners:						
Issuance of ordinary shares:						
- conversion of warrants	15	542	-	(199)	-	343
- SIS options to employees:						
- share issued pursuant to SIS	15	2,159	(1,088)	-	-	1,071
- lapsed		-	(6)	-	-	(6)
Total transactions with owners		2,701	(1,094)	(199)	-	1,408
At 31 December 2021		191,463	5,771	18,193	(80,419)	135,008
At 1 January 2020		164,302	7,730	20,868	(54,016)	138,884
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(7,228)	(7,228)
Transactions with owners:						
Issuance of ordinary shares:						
- business acquisition	15	16,000	-	-	-	16,000
- conversion of warrants	15	6,746	-	(2,476)	-	4,270
- SIS options to employees:						
- share issued pursuant to SIS	15	1,714	(864)	-	-	850
- lapsed		-	(1)	-	-	(1)
Total transactions with owners		24,460	(865)	(2,476)	-	21,119
At 31 December 2020		188,762	6,865	18,392	(61,244)	152,775

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company				
		Non-distributable				
	Note	Share capital RM'000	SIS Options reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company						
At 1 January 2021		188,762	6,865	18,392	(137,540)	76,479
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(18,025)	(18,025)
Transactions with owners:						
Issuance of ordinary shares:	15					
- conversion of warrants	15	542	-	(199)	-	343
- SIS options to employees:						
- share issued pursuant to SIS	15	2,159	(1,088)	-	-	1,071
- lapsed		-	(6)	-	-	(6)
Total transactions with owners		2,701	(1,094)	(199)	-	1,408
At 31 December 2021		191,463	5,771	18,193	(155,565)	59,862
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)
Transactions with owners:						
Issuance of ordinary shares:						
- business acquisition	15	16,000	-	-	-	16,000
- conversion of warrants	15	6,746	-	(2,476)	-	4,270
- SIS options to employees:						
- share issued pursuant to SIS	15	1,714	(864)	-	-	850
- lapsed		-	(1)	-	-	(1)
Total transactions with owners		24,460	(865)	(2,476)	-	21,119
At 31 December 2020		188,762	6,865	18,392	(137,540)	76,479

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Loss before tax	(18,397)	(6,634)	(17,695)	(12,667)
Adjustments for:				
Amortisation of intangible assets	178	39	-	-
Amortisation of deferred expenses	500	500	-	-
Bad debts written off	62	-	-	-
Depreciation of property, plant and equipment	602	545	38	10
Depreciation of right-of-use assets	412	424	42	63
Gain on disposal of property, plant and equipment	-	(1)	-	-
Impairment loss on:				
- intangble assets	16,000	-	16,000	-
- trade receivables	506	503	-	-
- investment in subsidiary companies	-	-	327	5,373
- amount due from subsidiary companies	-	-	1,072	4,250
Inventory written down	-	1,128	-	-
Interest income	(288)	(481)	(154)	(392)
Interest expenses	54	139	1	5
Property, plant and equipment written off	42	-	-	-
Profit guarantee shortfall	(1,919)	-	(1,919)	-
Reversal of impairment loss on amount due from subsidiary companies	-	-	(63)	-
Share options to employees	(6)	(1)	(6)	(1)
Operating loss before working capital changes	(2,254)	(3,839)	(2,357)	(3,359)
Changes in working capital:				
Inventories	1,039	(2,212)	-	-
Receivables	7,891	(10,626)	1,000	(621)
Payables	103	337	(45)	(7)
Cash generated from/(used in) operations	6,779	(16,340)	(1,402)	(3,987)
Tax paid	(815)	(321)	-	-
Tax refund	2	-	-	-
Net cash from/(used in) operating activites	5,966	(16,661)	(1,402)	(3,987)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(67)	(1,304)	-	(38)
Acquisition of intangible assets	(4)	-	-	-
Acquisition of righ-of-use assets	-	(456)	-	-
Interest received	155	481	154	392
Proceeds from disposal of property, plant and equipment	-	1	-	1
Withdrawal from fixed deposits	46	12,593	-	-
Investment in subsidiary companies	-	-	(50)	(750)
Net cash (used in)/from investing activities	130	11,315	104	(395)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from financing activities					
Interest paid		(54)	(139)	(1)	(5)
Repayment to a former Director		-	(6)	-	-
Repayment from/(advances to) subsidiary companies		-	-	6,737	(15,609)
Repayment of lease liabilities	28	(379)	(377)	(56)	(81)
Proceeds from exercise of SIS	15	1,071	850	1,071	850
Proceeds from warrant conversion	15	343	4,270	343	4,270
Net cash from/(used in) financing activities		981	4,598	8,094	(10,575)
Net increase/(decrease) in cash and cash equivalents		7,077	(748)	6,796	(14,957)
Cash and cash equivalents at the beginning of the financial year		11,158	11,906	10,419	25,376
Cash and cash equivalents at the end of the financial year		18,235	11,158	17,215	10,419
Cash and cash equivalents at the end of the financial year comparises:					
Cash and bank balances		20,119	10,165	16,196	9,418
Fixed deposits with licensed bank	14	1,019	1,047	1,019	1,001
Bank overdraft	19	(2,903)	(8)	-	-
		18,235	11,204	17,215	10,419
Less: Fixed deposits pledged with licensed banks		-	(46)	-	-
		18,235	11,158	17,215	10,419

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 registered office of the Company is located at E-10-4, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

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, Malaysia.

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

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.

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:

Amendment to MRFS 16	Covid-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 139 MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

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

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

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 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
Amendment to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021	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
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to Illustrative Examples accompanying MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to 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.

(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.

2. Basis of Preparation (Cont'd)

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal - 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 option. 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 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.

The Group excludes the renewal period as part of the lease term for lease of building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be no significant negative effect on operation if a replacement asset is not readily available.

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

2. Basis of Preparation (Cont'd)

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

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 of property, plant and equipment and right-of-use ("ROU") asset

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU asset 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 and ROU asset would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU asset.

The carrying amount at the reporting date of property, plant and equipment and ROU asset is disclosed in Notes 4 and 8 to the financial statements respectively.

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 Group engaged an independent valuation specialist to assess fair value as at 31 December 2021 for investment properties. The valuation methodology for investment properties is based investment approach. The fair value of investment properties was determined using investment approach that reflect the estimate income generating by the investment properties.

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

Impairment of goodwill

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 to the financial statements.

Impairment of investment in subsidiary companies

The Company reviews its investment 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 judegement 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 investment in subsidiary companies is disclosed in Note 9 to the financial statements.

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables, and amount due from subsidiary companies 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, including the effects of COVID-19 pandemic at the end of the reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 12 and 13 to the financial statements respectively.

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 selling 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 11 to the financial statements.

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 judgement 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.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the level of completion of physical proportion of contract work to date, certified by professional consultants. The total estimated construction contract costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Company evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

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.

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 16(a) to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of unrecognised deferred tax assets are disclosed in Note 18 to the financial statements.

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.

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 entities 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 statements 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(n)(i) to the financial statements on impairment of non-financial assets.

(ii) 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.

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)

(iii) Loss of control

Upon the loses control of a subsidiary company, the Group derecognised the assets and liabilities of the former subsidiary company, including any goodwill, and non-controlling interests and other components of equity related to the former subsidiary company from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary company, then such interest is remeasured at fair value at the date at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(iv) 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(n)(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(n)(i) in impairment of non-financial assets.

(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.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

3. Significant Accounting Policies (Cont'd)

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

(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.

(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.

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

Computer equipment	25 - 33%
Electrical fittings	10 - 33%
Furniture and fittings	10 - 33%
Motor vehicles	20%
Office and kitchen equipment	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(n)(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%
Office rental	Over the remaining lease period

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

3. Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(i) As lessee (Cont'd)

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.

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 lease and leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term if 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.

The Group and the Company apply the lease of low-value assets recognition exemption to lease of office equipment that are considered to be low value.

(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 revenue. 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.

3. Significant Accounting Policies (Cont'd)

(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.

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) 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.

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

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The principal annual amortisation rates for the franchise and license is 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.

See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(g) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

(i) Financial assets at amortised cost

The Group and 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 method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at fair value through other comprehensive income

a) Debt instruments

A debt security is measured at fair value through other comprehensive income ("FVTOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets at FVTOCI.

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group and the Company have not designated any financial assets at FVTPL.

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

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

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.

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) 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.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; 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*.

3. Significant Accounting Policies (Cont'd)

(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) Inventories

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

Consumable 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.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or outputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measure by reference to the level of completion of physical proportion of contract work to date, certified by professional consultants. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed billings to contract customers, the balance is shown as contract assets. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contract liabilities.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts 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, if any.

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

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and 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. 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.

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.

(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.

3. Significant Accounting Policies (Cont'd)

(o) 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.

(p) 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 the end of each 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.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period 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.

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

3. Significant Accounting Policies (Cont'd)

(q) Employee benefits (Cont'd)

(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 period, 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.

(r) 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 service 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.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to-date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure by reference to the level of completion of physical proportion of contract work to date, certified by professional consultants i.e. based on work completed as a cut-off date.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to-date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

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

The Group recognises revenue from the following major sources: (Cont'd)

(b) Sales of goods

The Group sells electronic equipment in the wholesale market. Revenue from sales of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the wholesale's specific location, the wholesaler has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 30 days. The Group has right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories in profit or loss. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

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.

(c) Sales of foods and beverages

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sales of food and beverages is recognised when control of the products has transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) 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.

(iii) Financing income

Financing income is accounted for on an accrual's basis by reference to rest periods as stipulated in the loan agreements.

(iv) Interest income

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

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

3. Significant Accounting Policies (Cont'd)

(s) 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.

(t) 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 financial 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 financial 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 or 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. 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)

(u) 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.

(v) 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.

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

4. Property, Plant and Equipment

Group 2021	Note	Computer equipment RM'000	Electrical fittings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and kitchen equipment RM'000	Renovation RM'000	Total RM'000
At cost								
At 1 January 2021		436	192	353	463	1,283	1,122	3,849
Transfer from right-of-use assets	8	-	-	-	315	-	-	315
Additions		12	55	-	-	-	-	67
Written off		(6)	(54)	-	-	-	-	(60)
At 31 December 2021		442	193	353	778	1,283	1,122	4,171
Accumulated depreciation								
At 1 January 2021		186	42	242	127	577	370	1,544
Transfer from right-of-use assets	8	-	-	-	194	-	-	194
Charge for the financial year		115	35	11	113	95	233	602
Written off		(1)	(17)	-	-	-	-	(18)
At 31 December 2021		300	60	253	434	672	603	2,322
Carrying amount								
At 31 December 2021		142	133	100	344	611	519	1,849

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

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**
At 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

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

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

Company 2021	**Note**	**Computer equipment RM'000**	**Electrical fittings RM'000**	**Furniture and fittings RM'000**	**Motor vehicles RM'000**	**Office equipment RM'000**	**Totall RM'000**
At cost							
At 1 January 2021		61	3	5	4	7	80
Transfer from right-of-use assets	8	-	-	-	315	-	315
At 31 December 2021		61	3	5	319	7	395
Accumulated depreciation							
At 1 January 2021		20	-	-	4	-	24
Transfer from right-of-use assets	8	-	-	-	194	-	194
Charge for the financial year		14	1	1	21	1	38
At 31 December 2021		34	1	1	219	1	256
Carrying amount							
At 31 December 2021		27	2	4	100	6	139

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**	**Totall RM'000**
At 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)

5. Investment Properties

	Group	
	2021 RM'000	**2020 RM'000**
At fair value		
At 1 January/31 December	110,000	110,000
Included in the above are:		
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 fair value determined by independent qualified valuers amounting to RM110,000,000 (2020: RM110,000,000). 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 fair values of the investment properties were 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 is within level 3 of the fair value hierarchy.

There were no transfers between levels and no changes in valuation technique, during current and previous financial years.

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

Property category	**Valuation technique inputs**	**Significant unobservable**	**Range 2021**	**Range 2020**	**Inter-relationship**
Commercial properties	Investment method	Estimated rental (RM/psf/month)	2 - 12	2 - 12	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.

5. Investment Properties(Cont'd)

(b) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM110,000,000 (2020: RM110,000,000) have been pledged to secured borrowing facilities granted to the Group as disclosed into Note 19.

(c) Income and expenses recognised in profit or loss

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

	Group	
	2021 RM'000	**2020 RM'000**
Rental income	2,509	2,500
Direct operating expenses:		
- Income generating investment properties	5,984	5,994

6. Deferred Expenses

	Group	
	2021 RM'000	**2020 RM'000**
At cost		
At 1 January/31 December	1,500	1,500
Accumulated amortisation		
At 1 January	792	292
Charge for the financial year	500	500
At 31 December	1,292	792
Carrying amount		
At 31 December	208	708

Deferred expenses represent landlord's contribution for tenants' work and amortised according to the terms of tenancy agreements. Their amortisation charge is recognised in administrative expenses.

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

7. Intangible Assets

	Goodwill RM'000	Franchise and license RM'000	Total RM'000
Group			
At cost			
At 1 January 2020	-	395	395
Additions through business acquisition	16,000	-	16,000
At 31 December 2020	16,000	395	16,395
Additions through separately acquired	-	4	4
At 31 December 2021	16,000	399	16,399
Accumulated amortisation			
At 1 January 2020	-	9	9
Amortisation for the financial year	-	39	39
At 31 December 2020	-	48	48
Amortisation for the financial year	-	178	178
At 31 December 2021	-	226	226
Accumulated impairment loss			
At 1 Januay 2020/At 31 December 2020	-	-	-
Impairment losses recognised	16,000	-	16,000
At 31 December 2021	16,000	-	16,000
Carrying amount			
31 December 2020	16,000	347	16,347
31 December 2021	-	173	173

	Company 2021 RM'000	2020 RM'000
Goodwill		
At cost		
At 1 January	16,000	-
Additions through business acquisition	-	16,000
At 31 December	16,000	16,000
Accumulated impairment loss		
At 1 January	-	-
Impairment losses recognised	16,000	-
At 31 December	16,000	-
Carrying amount		
At 31 December	-	16,000

7. Intangible Assets (Cont'd)

(a) Amortisation

The amortisation of franchise and license of the Group amounting to RM178,000 (2020: RM39,000) is included in administrative expenses.

(b) Description of material intangible assets

Goodwill arising from acquisition of architecture business from Chin Pak Loong ("CPL") that completed on 21 January 2020, for a purchase consideration of RM16,000,000 via the issuance of 2,807,017,543 ordinary shares in the Company at the issue price of RM0.0057 per ordinary shares.

Based on the Purchase Price Allocation ("PPA") exercise conducted in previous financial year, RM16,000,000 has been identified as intangible asset assets arising from the business acquisition.

(c) Impairment testing for cash-generating units ("CGU") containing goodwill, franchise and license

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 amounts of goodwill, license and franchise allocated to each unit are as follow:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Foods and beverages	173	347	-	-
Project management and consultancy	-	16,000	-	16,000
	173	16,347	-	16,000

Key assumption and value-in-use calculations

The following describe the key assumption in which the Group and the Company were based their projections to undertake impairment assessment of goodwill, license and franchises:

(a) Foods and beverages

The recoverable amount of this GCU can has been determined based on the value in use calculation using the cash flows projections from financial budget approved by senior management covering a five-year period and extrapolated in perpetuity. Revenue growth is assumed to be capped at 1% per annum (2020: 1% per annum) while expenses has been assumed to grow at an average of 1% per annum (2020: 1% per annum).

(b) Project management and consultancy

The recoverable amount of this CGU is determined based on the value in use calculation by discounting the future cash flow to be generated. The carrying amount of the unit amounting to RM16,000,000 was determined to be lower than its recoverable amount of RMNil, an impairment loss of RM16,000,000 (2020: RMNil) was recognised. The impairment loss is recorded within administrative expenses in the statements of profit or loss and other comprehensive income.

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

7. Intangible Assets (Cont'd)

The value 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.

A discount rate of 15% (2020: 15%) was applied in determining the recoverable amount of the respective CGU. The discount rate was based on the Group's weighted average cost of capital.

(c) Impairment testing for cash-generating units ("CGU") containing goodwill, franchise and license

Sensitivity to change in assumptions

The Group and the Company believe that any changes to the key assumptions above would not result in the carrying amount of the CGU to materially exceed their recoverable amount.

8. Right-of-Use Assets

	Note	Motor vehicles RM'000	Office rental RM'000	Total RM'000
Group				
At cost				
2021				
At 1 January 2021		1,291	497	1,788
Additions		-	15	15
Transfer to property, plant and equipment	4	(315)	-	(315)
At 31 December 2021		976	512	1,488
Accumulated depreciation				
At 1 January 2021		351	166	517
Charge for the financial year		237	175	412
Transfer to property, plant and equipment	4	(194)	-	(194)
At 31 December 2021		394	341	735
Carrying amount				
At 31 December 2021		582	171	753

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

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

	Motor vehicles RM'000	Office rental RM'000	Total RM'000
Group (Cont'd)			
At cost			
2020			
At 1 January 2020	435	-	435
Additions	856	497	1,353
At 31 December 2020	1,291	497	1,788
Accumulated depreciation			
At 1 January 2020	93	-	93
Charge for the financial year	258	166	424
At 31 December 2020	351	166	517
Carrying amount			
At 31 December 2020	940	331	1,271

		Company	
	Note	2021 RM'000	2020 RM'000
Motor vehicle			
At cost			
At 1 January		315	315
Transfer to property, plant and equipment	4	(315)	-
At 31 December		-	315
Accumulated depreciation			
At 1 January		152	89
Charge for the financial year		42	63
Transfer to property, plant and equipment	4	(194)	-
At 31 December		-	152
Carrying amount			
At 31 December		-	163

(a) Assets held under lease contracts

Included in the above, the motor vehicle with a carrying amount of RM582,000 (2020: RM940,000) and RMNil (2020: RM163,000) of the Group and of the Company are pledged as securities for the related lease liabilities as disclosed in Note 17.

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

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

(b) Acquisition 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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Aggregate costs	15	1,353	-	-
less: Lease financing	(15)	(897)	-	-
Cash payment	-	456	-	-

9. Investment in Subsidiary Companies

	Company	
	2021 RM'000	**2020 RM'000**
In Malaysia:		
At cost		
Unquoted shares	49,885	49,835
Quasi loans	18,500	18,500
	68,385	68,335
Less: Accumulated impairment losses	(43,821)	(43,494)
	24,564	24,841

Quasi loans represent advances and payments made on behalf of which the settlement is 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.

Movements in the allowance for impairment losses are as follows:

	Company	
	2021 RM'000	**2020 RM'000**
At 1 January	43,494	38,121
Impairment loss recognised	327	5,373
At 31 December	43,821	43,494

During the financial year, the Company has recognised an impairment loss amounting to RM327,000 in relation to PHB Capital Sdn. Bhd., a subsidiary company in the investment holding and other segment was persistently making loss. The recoverable amount of the subsidiary company were based on a value in use calculation determined by discounting future cash flows.

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

9. Investment in Subsidiary Companies (Cont'd)

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 2021 %	2020 %	Principal activities
Consistent Harvest Sdn. Bhd.	Malaysia	100	100	Property management
CPL Solutions Sdn. Bhd.	Malaysia	100	100	Building contractor and provision of management and consultancy services and investment holding
Naim Indah Properties Sdn. Bhd.	Malaysia	100	100	Property management, leasing 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 appliances
Pegasus Food Court Sdn. Bhd.	Malaysia	100	100	Food caterer/hawkers and providing food and beverages in market stalls/hawkers
PHB Capital Sdn. Bhd.	Malaysia	100	100	Providing credit and leasing facilities

(b) Additional investment in subsidiary companies

Naim Indah Marketing Sdn. Bhd.

On 23 November 2021, Naim Indah Marketing Sdn. Bhd., a wholly-owned subsidiary company of the Company has increased its paid-up capital from 2 to 50,000 ordinary shares. The Company had subscribed for an additional of 49,998 new ordinary shares, for a total cash consideration of RM49,998.

CPL Solutions Sdn. Bhd.

In the previous financial year, CPL Solutions Sdn. Bhd., a wholly-owned subsidiary company of the Company has increased its paid-up capital from 2 to 750,000 ordinary shares. The Company had subscribed for an additional of 749,998 new ordinary shares, for a total consideration of RM749,998.

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

10. Amount Due from/(to) Subsidiary Companies

	Company	
	2021 RM'000	2020 RM'000
Amount due from subsidiary companies		
Non-current		
Non-trade related		
Non-interest bearing	68,040	68,454
Less: Accumulated impairment losses	(56,458)	(56,458)
	11,582	11,996
Current		
Non-trade related		
Non-interest bearing	7,586	14,468
Less: Accumulated impairment losses	(1,448)	(439)
	6,138	14,029
Amount due to subsidiary company		
Non-trade related		
Non-interest bearing	(1,230)	(1,789)

Movements in the allowance for impairment losses are as follows:

	Company	
	2021 RM'000	2020 RM'000
At 1 January	56,897	52,647
Impairment losses recognised	1,072	4,250
Reversal of impairment losses	(63)	-
At 31 December	57,906	56,897

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

11. Inventories

	Group	
	2021 RM'000	2020 RM'000
Consumable stocks	62	1,101
Recognised in profit or loss		
Inventories recognised as cost of sales	1,687	1,966
Inventories written down	-	1,128

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

12. Trade Receivables

	Group	
	2021 RM'000	**2020 RM'000**
Trade receivables		
- third parties	8,910	11,050
- related parties	280	598
- accrued sales	28	3,309
	9,218	14,957
Less: Accumulated impairment losses	(1,247)	(741)
	7,971	14,216

Included above is the loan receivable from third party amounted to RM3,018,000 (2020: RMNil) related to the money lending business. The amount is secured, interest bearing at 7.20% (2020: Nil) per annum and repayable within 12 months (2020: Nil).

Trade receivables are non-interest bearing and are generally on 7 to 90 days (2020: 7 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
At 1 January	741	252
Impairment losses recognised	506	503
Impairment losses written off	-	(14)
At 31 December	1,247	741

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

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

12. Trade Receivables (Cont'd)

The following table provide information about the exposure to credit risk and ECLs for trade receivables:

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
Group			
2021			
Not past due	6,142	-	6,142
Past due:			
Less than 30 days	373	-	373
31 to 60 days	472	-	472
61 to 90 days	1,014	(30)	984
	8,001	(30)	7,971
Credit impaired:			
Past due more than 90 days	1,217	(1,217)	-
	9,218	(1,247)	7,971
2020			
Not past due	8,732	-	8,732
Past due:			
Less than 30 days	4,726	-	4,726
31 to 60 days	178	-	178
61 to 90 days	675	(95)	580
	14,311	(95)	14,216
Credit impaired:			
Past due more than 90 days	646	(646)	-
	14,957	(741)	14,216

13. Other Receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit guarantee shortfall due from CPL	1,919	-	1,919	-
Other receivables	67	622	-	-
Deposits	780	2,361	34	1,033
Prepayments	113	1	5	6
SST receivable	1	58	-	-
	2,880	3,042	1,958	1,039

<u>Profit guarantee to purchase price</u>

In the acquisition of CPLA in the previous financial year, the Company entered into a business acquisition agreement with CPLA as disclosed in Note 7 (b), whereby CPL has provided a guarantee that the profit after tax ("PAT") of CPL Solutions Sdn. Bhd. ("CPLS") shall not lower than RM4,000,000 for the following 2 consecutive financial years after completion of the agreement.

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

13. Other Receivables (Cont'd)

Profit guarantee to purchase price (Cont'd)

The Guarantee PAT and the audited PAT up to the financial year ended 31 December 2021 are as follows:

Financial year ended	Guaranteed PAT RM'000	Audited PAT RM'000	Shortfall RM'000
31 December 2020	2,000	1,870	130
31 December 2021	2,000	211	1,789

Based on the audited result of CPLS for the financial years ended 31 December 2020 and 31 December 2021, the Guaranteed PAT has not been fulfilled, therefore, CPL has an obligation to pay the net cumulative shortfall of RM1,919,000 to the Company. Accordingly, the Group and the Company has recognised the aforesaid profit guarantee shortfall in the other income.

14. Fixed Deposits with Licensed Banks

The fixed deposits with licensed banks of the Group amounting to RMNil (2020: RM46,000) was pledged with licensed banks as security for bank guaranteed issued.

The effective interest rates of the fixed deposits is ranging from 1.35% to 1.85% (2020: 1.35% - 1.85%) per annum and its maturity period ranging from 30 to 90 days (2020: 30 to 90 days).

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2021 Unit'000	2020 Unit'000	2021 RM'000	2020 RM'000
Issued and fully paid				
At 1 January	10,564,952	7,195,967	188,762	164,302
Issuance of shares pursuant to:				
- exercise of SIS options	170,000	135,000	1,071	850
- share issued under SIS [Note 16(a)]	-	-	1,088	864
- business acquisition [Note 7(b)]	-	2,807,018	-	16,000
- conversion of warrant	34,267	426,967	343	4,270
Warrants reserve arising from right issue [Note 16(b)]	-	-	199	2,476
At 31 December	10,769,219	10,564,952	191,463	188,762

During the financial year, the Company issued:

(i) 170,000,000 new ordinary shares for a consideration of RM1,071,000 at issue price of RM0.0063 per share from exercise of Share Issuance Scheme;

(ii) 34,267,200 new ordinary shares for a consideration of RM343,000 at an exercise price of RM0.01 per shares from conversion of warrants.

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

15. Share Capital(Cont'd)

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

16. Reserves

		Group and Company	
	Note	2021 RM'000	2020 RM'000
Non-distributable			
SIS options reserve	(a)	5,771	6,865
Warrants reserve	(b)	18,193	18,392
		23,964	25,257

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 were in force for a period of 5 years effective from 28 May 2015 to 27 May 2020 and extended for another 5 years to 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;

16. 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 main features of the SIS are as follows: (Cont'd)

(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.

Details of share options outstanding at the end of the financial year are as follows:

Grant dates	Exercise price	Expiry dates	Number of share option 2021 Unit '000	2020 Unit '000
18 August 2015	RM0.10	28.5.2025	13,433	13,433
19 July 2018	RM0.02	28.5.2025	249,641	249,641
28 August 2019	RM0.01	18.7.2023	434,000	605,000
			697,074	868,074

The fair values of share options granted were estimated using a Black-Scholes Model (2020: Black-Scholes Model), 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

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

16. Reserves (Cont'd)

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

(b) Warrants reserve

	Group and Company	
	2021	2020
	RM'000	RM'000
At 1 January	18,392	20,868
Conversion of warrants	(199)	(2,476)
At 31 December	18,193	18,392

<u>Warrants 2019/2022</u>

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 share held by the entitled shareholder of the Company. The reserves were arrived based on the theoretical fair value of RM0.0058 per warrant determined based on the Black-Scholes Model.

The exercise period of warrants will be expired on 20 June 2022.

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.

As at the end of the financial year, the total number of warrants that remain unexercised were 3,136,750,000 (2020: 3,171,017,000).

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

17. Lease Liabilities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current	12	341	-	-
Current	340	375	-	56
	352	716	-	56

The maturity analysis of lease liabilities at the end of the reporting period:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within 1 years	347	397	-	57
Between 1 to 2 years	12	340	-	-
Between 2 to 5 years	-	6	-	-
	359	743	-	57
Less: Future finance charges charges	(7)	(27)	-	(1)
Present value of lease liabilities liabilities	352	716	-	56

The Group and the Company lease various office building and motor vehicle. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The average effective interest rates per annum at the end of the reporting period for lease liabilities is ranging from 2.36% to 3% (2020: 2.36% to 3%).

18. Deferred Tax (Liabilities)/Assets

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	3,522	3,500	-	-
Recognised in profit or loss	(11)	18	-	-
Over provision in prior years	(9)	4	-	-
At 31 December	3,502	3,522	-	-

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group				
Deferred tax liabilities	3,585	3,619	7	-
Deferred tax assets	(83)	(97)	(7)	-
	3,502	3,522	-	-

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

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

The components and movements of deferred tax liabilities and assets are as follows:

	Accelerated capital allowances RM'000	Right-of-use assets RM'000	Fair value of investment properties RM'000	Total RM'000
Group				
Deferred tax liabilities				
At 1 January 2021	83	34	3,502	3,619
Recognised in profit or loss	(11)	-	-	(11)
Under provision in prior year	11	(34)	-	(23)
At 31 December 2021	83	-	3,502	3,585
At 1 January 2020	2	34	3,502	3,538
Recognised in profit or loss	29	-	-	29
Under provision in prior year	52	-	-	52
At 31 December 2020	83	34	3,502	3,619

	Unutilised capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
Group			
Deferred tax assets			
At 1 January 2021	(97)	-	(97)
Recognised in profit or loss	(6)	6	-
over provision in pior years	24	(10)	14
At 31 December 2021	(79)	(4)	(83)
At 1 January 2020	(37)	(1)	(38)
Recognised in profit or loss	(11)	-	(11)
(Under)/Over provision in prior years	(49)	1	(48)
At 31 December 2020	(97)	-	(97)

	Company	
	2021 RM'000	2020 RM'000
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	-	-
Recognised in profit or loss	(4)	-
Under provision in prior years	11	-
At 31 December	7	-

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

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

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Unutilised capital allowances RM	**Unutilised tax losses RM**	**Total RM**
Company			
Deferred tax assets			
At 1 January 2021	-	-	-
Recognised in profit or loss	(2)	6	4
Under provision in prior years	(1)	(10)	(11)
At 31 December 2021	(3)	(4)	(7)
At 1 January 2020/At 31 December 2020	-	-	-

Deferred tax assets have not been recognised in respect of the following items:

	Group		**Company**	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Unutilised tax losses	76,952	75,561	53,405	53,380
Unutilised capital allowances	457	214	-	-
Other deductible termporary differences	117,781	100,341	117,728	100,328
	195,190	176,116	171,133	153,708

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. 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 profit to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

19. Borrowing

	Group	
	2021 RM'000	**2020 RM'000**
Secured		
Current		
Bank overdraft	2,903	8

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

19. Borrowing (Cont'd)

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

(a) First party legal charge created on the investment property owned by a subsidiary company as disclosed in Note 5;
(b) A pledge of fixed deposits of the Group as disclosed in Note 14; and
(c) Corporate guarantee by the Company.

The effective interest rate per annum at the end of the reporting period for borrowing is 6.47% (2020: 6.47%).

20. Trade Payables

The normal trade credit terms of the Group ranged from 7 to 90 (2020: 30 to 60) days depending on the terms of the contracts.

21. Other Payables

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Other payables	483	760	21	9
Accruals	1,147	723	153	210
Deposits	1,298	1,280	-	-
SST payables	74	143	-	-
	3,002	2,906	174	219

22. Revenue

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue from contracts with customers:				
Construction contracts	1,487	-	-	-
Foods and beverages	1,177	1,315	-	-
Mangement fee	-	-	60	72
Trading	15,048	48,141	-	-
Project management consultancy	3,189	7,526	-	-
	20,901	56,982	60	72
Other revenue:				
Financing income	162	-	-	-
Rental income from investment properties	5,638	4,939	-	-
	26,701	61,921	60	72

22. Revenue (Cont'd)

Breakdown of the Group's revenue from contracts with customers:

	Project management consultancy RM'000	Trading RM'000	Investment holding and others RM'000	Total RM'000
Group				
2021				
Major goods and services:				
Construction contracts	1,487	-	-	1,487
Foods and beverages	-	-	1,177	1,177
Trading	-	15,048	-	15,048
Project management consultancy	3,189	-	-	3,189
Total revenue from contracts with customers	4,676	15,048	1,177	20,901
2020				
Major goods and services:				
Foods and beverages	-	-	1,315	1,315
Trading	-	48,141	-	48,141
Project management consultancy	7,526	-	-	7,526
Total revenue from contracts with customers	7,526	48,141	1,315	56,982

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Timing of revenue recognition:				
At a point in time	16,225	49,456	-	-
Over time	4,676	7,526	60	72
	20,901	56,982	60	72

23. Finance Costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expenses on:				
- bank overdraft	33	104	-	-
- lease liabilities	21	35	1	5
	54	139	1	5

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

24. Loss Before Tax

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration				
- statutory audit				
- current year	138	142	87	87
- over provision in prior year	(4)	(1)	-	-
- non-statutory audit	6	6	6	6
Amortisation of intangible assets	178	39	-	-
Amortisation of deferred expenses	500	500	-	-
Bad debts written off	62	-	-	-
Depreciation of property, plant and equipment	602	545	38	10
Depreciation of right-of-use assets	412	424	42	63
Impairment loss on:				
- intangible assets	16,000	-	16,000	-
- trade receivables	506	503	-	-
- investment in subsidiary companies	-	-	327	5,373
- amount due from subsidiary companies	-	-	1,072	4,250
Inventory written down	-	1,128	-	-
Lease expenses relating to short-term leases (a)	264	191	132	130
Lease expenses relating to low-value assets (a)	5	4	-	-
Non-executive Directors' remunerations				
- fees	90	90	90	90
- other emoluments	54	18	54	18
Property, plant and equipment written off	42	-	-	-
Interest income	(288)	(481)	(154)	(392)
Gain on disposal of property, plant and equipment	-	(1)	-	-
Profit guarantee shorfall	(1,919)	-	(1,919)	-
Reversal of impairment loss on amount due from subsidiary companies	-	-	(63)	-
Wages subsidies (b)	(55)	(131)	(11)	-

(a) The Group and the Company rent a number of premises and equipment with contract terms of more than one year. These are short-term and/ or leases of low value items. The Group and the Company has elected to apply the recognition exemption under MFRS 16 *Leases*.

(b) The Group and the Company were entitled to a wage subsidy program introduced by the government of Malaysia in response to the COVID-19 pandemic during the financial year.

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

25. Taxation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax expenses recognised in profit or loss:				
Current tax:				
- current year	689	576	330	-
- under provision in prior years	109	(4)	-	-
	798	572	330	-
Deferred tax:				
- Origination and reversal of temporary differences	(11)	18	-	-
- (Over)/under provision in prior years	(9)	4	-	-
	(20)	22	-	-
	778	594	330	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss before tax	(18,397)	(6,634)	(17,695)	(12,667)
At Malaysian statutory tax rate of 24% (2020: 24%)	(4,416)	(1,592)	(4,247)	(3,040)
Expenses not deductible for tax purposes	539	1,066	412	2,962
Income not subject to tax	(22)	(63)	(17)	-
Deferred tax assets not recognised	4,577	1,183	4,182	78
	678	594	330	-
Under provision of current tax in prior years	109	(4)	-	-
(Over)/under provision of deferred tax in prior years	(9)	4	-	-
	778	594	330	-

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses	76,969	75,604	53,422	53,422
Unutilised capital allowances	786	520	13	6
	77,755	76,124	53,435	53,428

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

26. Loss Per Share

(a) Basic loss per share

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

	Group 2021 RM'000	Group 2020 RM'000
Loss attributable to owners of the Company	(19,175)	(7,228)
Weighted average number of ordinary shares in issue (in thousands of shares):		
Issued ordinary shares at 1 January	10,564,952	7,195,967
Effect of ordinary shares issued during the financial year	76,668	2,824,560
Weighted average number of ordinary shares at 31 December	10,641,620	10,020,527
Basic loss per ordinary shares (in sen)	(0.18)	(0.07)

(b) Diluted loss per share

	Group 2021 RM'000	Group 2020 RM'000
Loss attributable to owners of the Company (diluted)	(19,175)	(7,228)
Weighted average number of ordinary shares used in the calculation of basis loss per share (in thousands of shares)	10,641,620	10,020,527
Effect of share issuance scheme issued	274,191	461,008
Effect of conversion of warrants	1,206,442	1,438,102
Weighted average numnber of ordinary shares at 31 December (Diluted)	12,122,253	11,919,637
Diluted earnings per shares (in sen)	(0.16)	(0.06)

27. Staff Costs

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Staff costs				
Salaries, wages and other emoluments	5,511	7,907	1,204	1,773
Social security contributions	48	74	12	11
Defined contribution plans	737	1,042	165	257
Other benefits	94	94	25	25
	6,390	9,117	1,406	2,066

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

27. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors of the Company				
Salaries and other emoluments	2,583	3,102	466	1,076
Social security contributions	10	10	2	3
Defined contributions plans	430	513	75	175
Estimated money value in benefits-in-kind	69	69	25	25
	3,092	3,694	568	1,279
Directors of the subsidiary company				
Salaries and other emoluments	336	392	-	-
Social security contributions	1	-	-	-
Estimated money value in benefits-in-kind	25	25	-	-
	362	417	-	-

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	**New leases RM'000**	**Financing cash flows (i) RM'000**	**At 31 December RM'000**
Group				
2021				
Borrowing	8	-	2,895	2,903
Lease liabilities	716	15	(379)	352
	724	15	2,516	3,255
2020				
Borrowing	1,072	-	(1,064)	8
Lease liabilities	196	897	(377)	716
Repayment to former director	6	-	(6)	-
	1,274	897	(1,447)	724

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

28. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

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: (Cont'd)

	At 1 January RM'000	New leases RM'000	Financing cash flows (i) RM'000	At 31 December RM'000
Company				
2021				
Lease liabilities	56	-	(56)	-
Amount due to subsidiay company	1,789	-	(559)	1,230
	1,845	-	(615)	1,230
2020				
Lease liabilities	137	-	(81)	56
Amount due to subsidiay company	1,995	-	(206)	1,789
	2,132	-	(287)	1,845

(i) The cash flows from borrowing and lease liabilities make up the net amount of proceeds from advances or repayment of balances in the statements of cash flows.

29. Financial Guarantees

	Company 2021 RM'000	Company 2020 RM'000
Unsecured		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary company	2,903	8

30. 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.

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

30. Related Party Disclosures (Cont'd)

(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 eslewhere to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Transaction with subsidiary companies				
- Management fee income	-	-	60	72
Transactions with related party				
- Lease expense	168	168	130	130

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Salaries, fees and other emoluments	3,338	3,916	730	1,324
Social security contributions	13	13	3	3
Defined contribution pension plan	463	551	90	192
Estimated monetary value of benefits	111	111	25	25
	3,925	4,591	847	1,544

31. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

Property management	Involved in the leasing out commercial properties
Project management consultancy	Involved in the project management consultancy for property development and marketing events and construction
Trading	Involved in trading of home appliances
Investment holding and others	Mainly involved in the Group-level corporate services

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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

31. Segment Information (Cont'd)

(a) Business segment

	Property management RM'000	Project management consultancy RM'000	Trading RM'000	Investment holding and others RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
Group							
2021							
Revenue							
External customers	5,638	4,676	15,048	1,339	26,701	-	26,701
Inter-segment sales	236	-	-	60	296	(296)	-
Total revenue	5,874	4,676	15,048	1,399	26,997	(296)	26,701
Results							
Interest income	134	-	-	154	288	-	288
Finance costs	(40)	(14)	-	(30)	(84)	30	(54)
Amortisation	(500)	-	-	(178)	(678)	-	(678)
Depreciation	(254)	(569)	-	(319)	(1,142)	128	(1,014)
Other non-cash items	(605)	-	-	(17,343)	(17,948)	1,338	(16,610)
Segment (loss)/profit	(971)	211	(696)	(19,067)	(20,523)	1,348	(19,175)
Segment assets	116,557	3,697	2,841	66,600	189,695	(44,425)	145,270
Included in measurement of segment assets are capital expenditure	62	15	-	9	86	-	86
Segment liabilities	95,751	949	3,522	6,331	106,553	(96,291)	10,262

31. Segment Information (Cont'd)

(a) Business segment

	Property management RM'000	Project management consultancy RM'000	Trading RM'000	Investment holding and others RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
Group							
2020							
Revenue							
External customers	4,939	7,526	48,141	1,315	61,921	-	61,921
Inter-segment sales	722	-	-	72	794	(794)	-
Total revenue	5,661	7,526	48,141	1,387	62,715	(794)	61,921
Results							
Interest income	89	-	-	392	481	-	481
Finance costs	(115)	(20)	-	(32)	(167)	28	(139)
Amortisation	(500)	-	-	(39)	(539)	-	(539)
Depreciation	(259)	(543)	-	(271)	(1,073)	104	(969)
Other non-cash items	(1,631)	-	-	(9,622)	(11,253)	9,623	(1,630)
Segment (loss)/profit	(5,379)	1,871	(32)	(13,322)	(16,862)	9,634	(7,228)
Segment assets	115,014	6,499	9,651	74,642	205,806	(45,599)	160,207
Included in measurement of segment assets are capital expenditure	354	1,701	-	16,602	18,657	-	18,657
Segment liabilities	93,238	3,960	9,686	4,873	111,757	(104,325)	7,432

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

31. Segment Information (Cont'd)

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and right-of-use assets.

Other non-cash items consist of the following as presented on the respective notes to the financial statements:

	Group	
	2021 RM'000	**2020 RM'000**
Bad debts written off	62	-
Gain on disposal of property, plant and equipment	-	(1)
Impairment loss on:		
- intangible assets	16,000	-
- trade receivables	506	503
Inventories written down	-	1,128
Property, plant and equipment written off	42	-
	16,610	1,630

Geographic information

No geographical analysis has been prepared as the Group predominantly 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		
	2021 RM'000	**2020 RM'000**	**Segment**
Customer 1	7,077	10,306	Trading
Customer 2	7,971	18,626	Trading
Customer 3	-	8,580	Trading
Customer 4	-	6,254	Trading
	15,048	43,766	

32. 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:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At amortised cost				
Financial assets				
Trade receivables	7,971	14,216	-	-
Other receivables	2,766	2,983	1,953	1,033
Amount due from subsidiary companies	-	-	17,720	26,025
Fixed deposits with licensed banks	1,019	1,047	1,019	1,001
Cash and bank balances	20,119	10,165	16,196	9,418
	31,875	28,411	36,888	37,477
At amortised cost				
Financial liabilities				
Borrowing	2,903	8	-	-
Lease liabilities	352	716	-	56
Trade payables	18	11	-	-
Other payables	2,928	2,763	174	219
Amount due from subsidiary companies	-	-	1,230	1,789
	6,201	3,498	1,404	2,064

(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's operations whilst managing its 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.

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

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(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 previous financial year.

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 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, where risks of default have been assessed to be low.

At each reporting date, the Group and the Company assess whether any if the receivables are credit impaired.

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 as at the reporting date represents the Group's and the Company's maximum exposure to credit risk, excluding any collateral held and financial guarantees provided to banks for banking facilities granted to a subsidiary company. The financial effect of collateral held for loan receivable is not significant.

The Company's maximum exposure in this respect is RM2,903,000 (2020: RM8,000), representing the outstanding banking facilities to a subsidiary company at the end of the reporting period. There was no indication that the subsidiary company would default on repayment as at the reporting date.

There are no significant changes as compared to previous financial year.

At the end of the financial year, the Group had 6 customers (2020: 6 customers) accounted for approximately 100% (2020: 91%) of all the receivables outstanding.

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

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(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 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.

	On demand or within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group					
2021					
Non-derivative financial liabilities					
Lease liabilities	347	12	-	359	352
Borrowing	2,903	-	-	2,903	2,903
Trade payables	18	-	-	18	18
Other payables	2,928	-	-	2,928	2,928
	6,196	12	-	6,208	6,201
2020					
Non-derivative financial liabilities					
Lease liabilities	397	340	6	743	716
Borrowing	8	-	-	8	8
Trade payables	11	-	-	11	11
Other payables	2,763	-	-	2,763	2,763
	3,179	340	6	3,525	3,498

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

32. 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	Total contractual cash flows RM'000	Total carrying amount RM'000
Company			
2021			
Non-derivative financial liabilities			
Other payables	174	174	174
Amount due to subsidiary companies	1,230	1,230	1,230
Financial guarantee liabilities *	2,903	2,903	-
	4,307	4,307	1,404
2020			
Non-derivative financial liabilities			
Lease liabilities	56	-	56
Other payables	219	219	219
Amount due to subsidiary companies	1,789	1,789	1,789
Financial guarantee liabilities *	8	8	-
	2,072	2,016	2,064

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

The Company provides financial guarantee to banks in respect of credit facilities granted to a subsidiary company and monitors on an ongoing basis the performance of the subsidiary company. At end of the financial year, there was no indication that the subsidiary company would default on repayment.

Financial guarantee has 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 and the Company's fixed rate deposits placed with licensed bank, loan receivable to customer and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company'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.

32. 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 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.

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:

	2021 RM'000	**2020 RM'000**
Group		
Fixed rate instruments		
Financial assets	4,037	1,047
Financial liabilities	(352)	(716)
	3,685	331
Floating rate instruments		
Financial liabilities	(2,903)	(8)
Company		
Fixed rate instruments		
Financial assets	1,019	1,001
Financial liabilities	-	(56)
	1,019	945

Interest rate risk sensitivity analysis

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group and the Company 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.

<u>Cash flow sensitivity analysis for floating rate instruments</u>

A change in 1% interest rate at the end of the reporting period would have increased/ decreased the Group's loss before tax by RM29,000 (2020: RM800), 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.

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

32. 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.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted price in an active market and fair value cannot reliably measured.

(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).

Non-derivative financial instruments

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.

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.

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

33. Capital Management (Cont'd)

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		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Borrowing	2,903	8	-	-
Lease liabilities	352	716	-	56
Less: Fixed deposits with licensed banks	(1,019)	(1,047)	(1,019)	(1,001)
Less: Cash and bank balances	(20,119)	(10,165)	(16,196)	(9,418)
Net debts	(17,883)	(10,488)	(17,215)	(10,363)
Total equity	135,008	152,775	59,862	76,479
Gearing ratio (times)	N/A	N/A	N/A	N/A

N/A - the gearing ratio is not applicable as the Group and the Company have sufficient deposits, bank and cash balances to settle the liabilities as at financial year end.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

34. Significant and Subsequent Events

(a) Heads of Agreement entered by the Company 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.

On 15 June 2021, WRP has extended the negotiation period under the HOA due to the Movement Control Order imposed from 1 June 2021 until 28 June 2021 ("MCO3") and the recent high number of COVID-19 infection in WRP's facilities.

On 13 January 2022, the Company has received a notification letter from WRP that the HOA has been terminated as the negotiation period had lapsed.

(b) Outbreak of coronavirus pandemic

Following the development of the COVID-19 declared by the World Health Organisation as a global pandemic on 11 March 2020, the Government Malaysia imposed various phases of Movement Control Order ("MCO") to curb the spreads of the COVID-19 pandemic in Malaysia. Due to the increase in cases in the country, the Government again imposed MCO with effect from 1 June 2021 followed by a four-phase National Recovery Plan with specific threshold indicators to decide the classification of different states into different phases. The Directors will continuously monitor the impact of the outbreak of COVID-19 pandemic and proactively respond to mitigate the impacts on the Group's operation.

The unprecedented COVID-19 measures undertaken by the authorities resulted in stringent travel restrictions, nationwide lockdown, and drastic reduction in business activities which has brought significant economic uncertainties in Malaysia and within the industry and markets that the Group and the Company operate in.

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

34. Significant and Subsequent Events (Cont'd)

(b) Outbreak of coronavirus pandemic (Cont'd)

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group has therefore considered the impact of the COVID-19 pandemic across its business operations and taken the necessary precautions and provisions where necessary. The Group will also continue to actively monitor and manage its finds and operations to minimise any impact arising from the COVID-19 pandemic. However, there can be no assurance that the COVID-19 pandemic can be effectively controlled and could persist for a substantial period, and this may materially and adversely affect the business operations and financial performance of the Group.

35. Comparative Information

(a) Certain comparatives were reclassified to conform with current financial years presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2021.

(b) The financial statements of the Group and of the Company for the financial year ended 31 December 2020 were audited by another firm of Chartered Accountants.

36. 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 30 March 2022

LIST OF PROPERTY
AS AT 31 DECEMBER 2021

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	31.12.2021	25.08.2003	110,000

ANALYSIS OF SHAREHOLDINGS
AS AT 4 APRIL 2022

Total Number of Issued Shares	:	10,770,514,272
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	386	1.789	16,653	0.000
100 to 1,000	2,065	9.751	1,565,803	0.015
1,001 to 10,000	5,235	24.264	28,736,312	0.267
10,001 to 100,000	7,519	34.851	396,105,263	3.678
100,001 to 538,525,713*	6,367	29.511	7,518,381,525	69.805
538,525,714 and above**	3	0.014	2,825,708,716	26.236
TOTAL	**21,575**	**100.000**	**10,770,514,272**	**100.000**

Notes:
* 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.	Toh Hong Chye	1,222,735,784	11.353	-	-
2.	Dato' Sri Lee See Yang	901,218,532	8.367		
3.	David Lai & Tan Services Sdn. Bhd.	701,754,400	6.516	-	-

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	1,222,735,784	11.353	-	-
3.	Dato' Sri Lee See Yang	901,218,532	8.367	-	-
4.	Chin Pak Loong	305,263,143	2.834	-	-
5.	Andrew Ho Tho Kong	-	-	-	-
6.	Low Yen Hoon	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 4 APRIL 2022 (Cont'd)

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1.	RHB Nominees (Tempatan) Sdn. Bhd. Toh Hong Chye	1,222,735,784	11.353
2.	Lee See Yang	901,218,532	8.367
3.	RHB Capital Nominees (Tempatan) Sdn. Bhd. David Lai & Tan Services Sdn. Bhd.	701,754,400	6.516
4.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Chin Hoong Sdn. Bhd.	400,000,000	3.714
5.	Chin Pak Loong	205,263,143	1.906
6.	Chin Pak Loong	100,000,000	0.928
7.	VM Team Engineering Sdn. Bhd.	100,000,000	0.928
8.	Steady Influx Sdn. Bhd.	91,068,800	0.846
9.	Ooi Chieng Sim	89,749,300	0.833
10.	Ooi Chieng Sim	89,749,300	0.833
11.	Rajandran A/L Visvalingam	89,749,300	0.833
12.	Gandi A/L Muthusamy	78,300,000	0.727
13.	Salma Binti Seman	71,000,000	0.659
14.	Progerex Sdn. Bhd.	62,846,600	0.584
15.	Progerex Sdn. Bhd.	62,846,600	0.584
16.	Thor Poh Keow	52,038,000	0.483
17.	Siti Munajat Binti MD Ghazali	50,000,000	0.464
18.	Boh Chit Pang	49,789,600	0.462
19.	A1 Capital Sdn. Bhd.	44,911,400	0.417
20.	A1 Capital Sdn. Bhd.	44,911,400	0.417
21.	HLS Properties Sdn. Bhd.	44,911,400	0.417
22.	HLS Properties Sdn. Bhd.	44,911,400	0.417
23.	Hock Lok Siew Realty Sdn. Bhd.	44,911,400	0.417
24.	Hock Lok Siew Realty Sdn. Bhd.	44,911,400	0.417
25.	Lagenda Perdana Sdn. Bhd.	44,911,400	0.417
26.	Lim Kean Wah	44,911,400	0.417
27.	Lim Seow Chin	44,911,400	0.417
28.	Lim Seow Chin	44,911,400	0.417
29.	Skylitech Resources Sdn. Bhd.	44,911,400	0.417
30.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chai Hon Wai	36,400,000	0.338

ANALYSIS OF WARRANT HOLDINGS
AS AT 4 APRIL 2022

Number of Warrants in issue	:	3,135,454,370
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	1.798	3,558	0.000
100 to 1,000	79	1.845	39,105	0.001
1,001 to 10,000	418	9.762	2,741,978	0.087
10,001 to 100,000	1,601	37.389	90,550,702	2.888
100,001 to 156,772,718*	2,107	49.206	3,042,119,027	97.023
156,772,719 and above**	0	0.000	0	0.000
TOTAL	**4,282**	**100.000**	**3,135,454,370**	**100.000**

Notes:
* 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	0.602	-	-
2.	Toh Hong Chye	139,367,892	4.445	-	-
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	4.445
2.	Ooi Chieng Sim	59,832,866	1.908
3.	Ooi Chieng Sim	59,832,866	1.908
4.	Rajandran A/L Visvalingam	59,832,866	1.908
5.	Steady Influx Sdn. Bhd.	45,534,400	1.452
6.	Progerex Sdn. Bhd.	41,897,733	1.336
7.	Progerex Sdn. Bhd.	41,897,733	1.336

ANALYSIS OF WARRANT HOLDINGS
AS AT 4 APRIL 2022 (Cont'd)

Thirty (30) Largest Warrant Holders (Cont'd)

No.	Name	No. of Warrants	%
8.	Lim Seng Hock	39,988,000	1.275
9.	A1 Capital Sdn. Bhd.	29,940,933	0.955
10.	A1 Capital Sdn. Bhd.	29,940,933	0.955
11.	HLS Properties Sdn. Bhd.	29,940,933	0.955
12.	HLS Properties Sdn. Bhd.	29,940,933	0.955
13.	Hock Lok Siew Realty Sdn. Bhd.	29,940,933	0.955
14.	Hock Lok Siew Realty Sdn. Bhd.	29,940,933	0.955
15.	Lagenda Perdana Sdn. Bhd.	29,940,933	0.955
16.	Lim Kean Wah	29,940,933	0.955
17.	Lim Seow Chin	29,940,933	0.955
18.	Lim Seow Chin	29,940,933	0.955
19.	Skylitech Resources Sdn. Bhd.	29,940,933	0.955
20.	Leong Kok Hou	25,000,000	0.797
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kean Ping	22,850,000	0.729
22.	Thor Poh Keow	22,269,000	0.710
23.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Ah Yeng	20,000,000	0.638
24.	Chor Wan Yoke	20,000,000	0.638
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Yen Yen	19,573,100	0.624
26.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Abdel Aziz @ Abdul Aziz Bin Abu Bakar (Smart)	18,868,000	0.602
27.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chai Hon Wai (8072204)	18,200,000	0.580
28.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Kim Fong	17,125,100	0.546
29.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Chin Loong	16,550,000	0.528
30.	Tan Chin Hoong	15,553,500	0.496

NOTICE OF FORTY SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Seventh Annual General Meeting ("**47th AGM**") of Pegasus Heights Berhad ("**Company**") will be conducted virtually from the broadcast venue at 1-40-2, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Monday, 30 May 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:

A G E N D A

Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with Reports of the Directors' and the Auditors' thereon. **Please refer to Explanatory Note 1**

2. To re-elect Toh Hong Chye as Director in accordance with Clause 105 of the Constitution of the Company. **Ordinary Resolution 1**

3. To re-elect Low Yen Hoon 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 RM350,000.00 per annum until the next Annual General Meeting of the Company. **Ordinary Resolution 3**

5. To re-appoint Messrs TGS TW PLT as Auditors of the Company 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 ("**Bursa Securities**") and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **PROPOSED GRANT OF SHARE ISSUANCE SCHEME ("SIS") OPTIONS TO YONG MAI FANG** **Ordinary Resolution 6**

   "THAT the Directors be and are hereby authorised to, from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-laws of the SIS, the Listing Requirements of Bursa Securities, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time throughout the duration of the SIS, offer and grant to Yong Mai Fang, who is a person connected to Toh Hong Chye, the Executive Director of the Company, SIS Options to subscribe for the Company's Shares under the SIS, provided that not more than 10% of the total number of SIS Options shall be allocated to her, as long as she either singly or collectively through persons connected to her holds 20% or more of the total number of issued shares of the Company (excluding treasury shares)."

NOTICE OF FORTY SEVENTH ANNUAL GENERAL MEETING
(Cont'd)

8. **RATIFICATION OF THE ALLOCATION OF OPTIONS AND ALLOTMENT OF SHARES PURSUANT TO THE SIS OF 170,000,000 ORDINARY SHARES TO TOH GUAT KHEM AND PROPOSED ALLOCATION OF SIS OPTIONS TO TOH GUAT KHEM** **Ordinary Resolution 7**

"THAT subject to the approvals of all relevant authorities being obtained (where required):

a) the allocation of SIS options and allotment of shares pursuant to the SIS of 170,000,000 shares to Toh Guat Khem in accordance with the provisions of the By-laws of the SIS be and is hereby ratified; and that all acts, deeds and things carried out by the Directors of the Company and/or the Company in connection with this resolution be and is hereby ratified; and

b) approval be and is hereby given to the Board of Directors to authorise the SIS Committee, at any time and from time to time throughout the duration of the SIS, to offer and grant to Toh Guat Khem SIS Options to subscribe for the ordinary shares of the Company under the SIS.

Provided always that:
(i) she must not participate in the deliberation or discussion of her own allocation;
(ii) the allocation to her, who either singly or collectively, through person(s) connected to her, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares), must not exceed 10% of the total number of new ordinary shares of the Company to be issued under the SIS;
(iii) not more than 15% of the total number of ordinary shares of the Company to be made available under the SIS shall be allocated, in aggregate, to the Directors and senior management of our Group (excluding dormant subsidiaries), on the basis that they are crucial to the performance of our Group as determined by the SIS Committee at their sole and absolute discretion; and
(iv) subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the SIS, the Main Market Listing Requirements of Bursa Securities, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time.

AND THAT the Board is also authorised to allot and issue the corresponding number of new ordinary shares of the Company arising from the exercise of the SIS options that may be granted to her under the SIS."

9. 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: 29 April 2022

NOTICE OF FORTY SEVENTH ANNUAL GENERAL MEETING
(Cont'd)

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. **Items 2 and 3 of the Agenda**

   The Nomination Committee ("**NC**") have considered the performance and contribution of each of the retiring Directors and have also assessed the independence of the Independent Non-Executive Directors seeking for re-election.

   Based on the results of the Board Evaluation conducted for the financial year ended 31 December 2021, the performance of each of the retiring Directors was found to be satisfactory. In addition, each of the retiring Directors had provided their annual declaration/confirmation on their fitness and propriety as well as independence, where applicable.

   The Board endorsed the NC's recommendation that the Directors who retire in accordance with Clauses 105 of the Constitution, namely, Toh Hong Chye and Low Yen Hoon are eligible to stand for re-election. These two (2) retiring Directors had abstained from deliberations and decisions on their own eligibility and suitability on their re-election at the relevant Board meetings. The profiles of these Directors are set out in the Company's Annual Report for the financial year ended 31 December 2021.

   The retiring Directors will abstain from voting on the resolution in respect of their re-election at the 47th AGM.

3. **Item 6 of the Agenda**

   The Company had, during its Forty Sixth Annual General Meeting held on 24 September 2021, 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 Securities had via their letter dated 23 December 2021 granted an extension to the 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 2022 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.

NOTICE OF FORTY SEVENTH ANNUAL GENERAL MEETING
(Cont'd)

4. Item 7 of the Agenda

The SIS was implemented on 28 May 2015 following the shareholders' approval obtained at the Extraordinary General Meeting of the Company held on 17 April 2015.

The proposed Ordinary Resolution 6 if passed, will provide flexibility to the Directors to grant Yong Mai Fang, a person connected Toh Hong Chye, the Executive Director of the Company, SIS Options to subscribe for new shares, subject to the By-Laws of the SIS. The Board is also authorised to allot and issue the corresponding number of new shares of the Company arising from the exercise of the SIS Options that may be granted to her under the SIS.

5. Item 8 of the Agenda

Toh Guat Khem, sister of Toh Hong Chye, the Executive Director of the Company is the senior management of the Company and she was appointed as a Director of Consistent Harvest Sdn. Bhd., a wholly owned subsidiary of the Company on 15 March 2018. Taking into consideration her contribution to the Group and experience as a licensed real estate agent and member of Mortgage and Finance Association of Australia (MFAA) & Credit and Investments Ombudsman in Australia, the SIS Committee have allocated options as part of the retention strategy.

The proposed Ordinary Resolution 7 if passed, will rectify the options allocated to Toh Guat Khem on 28 August 2019 and issuance of shares on 9 September 2021. The proposed resolution will also provide flexibility to the Directors to grant Toh Guat Khem, SIS Options to subscribe for new shares, subject to the By-Laws.

The Board is also authorised to allot and issue the corresponding number of new ordinary shares of the Company arising from the exercise of the SIS Options that may be granted to her under the SIS.

NOTES:

1. *The 47th AGM of the Company will be conducted virtually from the broadcast venue at 1-40-2, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Monday, 30 May 2022 at 11.00 a.m. or at any adjournment thereof. Shareholders of the Company are required to register for the 47th AGM not less than forty eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. (**Please follow the procedures as stipulated in the Administrative Guide**).*

2. *A member of the Company who is entitled to attend, speak and vote at this 47th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.*

3. *Where a member appoints more than one (1) proxy to attend and vote at the same 47th AGM, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.*

4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("**SICDA**"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.*

5. *Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

NOTICE OF FORTY SEVENTH ANNUAL GENERAL MEETING
(Cont'd)

6. *The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.*

7. *The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited with the Share Registrar, 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 appointed for holding the 47th AGM (no later than Saturday, 28 May 2022 at 11.00 a.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*

   Alternatively, individual shareholders may choose to submit an electronic Proxy Form using the RPV facilities at https://agm.digerati.com.my/pegasus-online or e-mail to Pegasus_helpdesk@digerati.com.my, no later than Saturday, 28 May 2022 at 11.00 a.m. or at any adjournment of the virtual meeting. Please refer to the Administrative Guide to Shareholders for the procedures to submit the electronic proxy form.

8. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Constitution of the Company.

9. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 47th AGM.

10. Any alteration in the Proxy Form must be initialed.

11. Pursuant to Paragrpah 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolution set out in the Notice of 47th AGM will be put to the vote by poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 47th AGM and/ or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclose 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 47th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 47th AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
(ii) warrants that the member has obtained the prior consent of such 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 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 VIRTUAL
FORTY SEVENTH ANNUAL GENERAL MEETING

Type of General Meeting	:	Forty Seventh General Meeting ("**47th AGM**")
Date	:	Monday, 30 May 2022
Time	:	11.00 a.m. or at any adjournment thereof
Broadcast Venue	:	1-40-2, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia

In light of the COVID-19 outbreak and in the best interest of public health and the health and safety of our shareholders, Board of Directors and employees whilst adhering to the Guidance and Frequently Asked Questions of the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, Pegasus Heights Berhad's ("**Pegasus**" or the "**Company**") 47th AGM will be held virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided via Digerati Technologies Sdn. Bhd. at https://agm.digerati.com.my/pegasus-online

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to physically present at the 47th AGM in person at the Broadcast Venue on the day of the meeting.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained.

ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

Shareholders whose names appear on the Record of Depositors ("**ROD**") as at 23 May 2022 shall be eligible to attend, participate and vote remotely in the meeting, or appoint proxy(ies)/ the Chairman of the general meeting to attend, participate and/or vote on his/her behalf.

PROCEDURES TO PARTICIPATE IN RPV

Participants who wish to participate the 47th AGM remotely using RPV is required to follow the following procedures:

Step	Action	Procedures
A	Register Online	1) Access the website at https://agm.digerati.com.my/pegasus-online 2) Click on "New? Register Here" to sign up as a new user. 3) Complete the registration form and upload a copy of your MyKAD (front and back) or passport and click on "Submit". 4) You need to verify your email to complete the registration.(Please check your spam mailbox if you do not receive the email) 5) You will receive email upon successful or rejected registration. Note: If you are already a registered user, you may skip this step.

Step	Action	Procedures
B	To request for RPV	Individual Members 1) Login to https://agm.digerati.com.my/pegasus-online using your ID and password registered via step A. 2) Select "Pegasus 47th AGM". 3) Read and agree to the Terms & Conditions then confirm the declaration. 4) Complete and submit the request form, you may also appoint proxy (ies) in the request form. 5) You may pose your question, if any, to the Chairman/Board in the request form. Corporate Shareholders Write in to Pegasus_helpdesk@digerati.com.my by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate representative or Proxy Form to submit the request. Authorised Nominee and Exempt Authorised Nominee Write in to Pegasus_helpdesk@digerati.com.my by providing the name of Member, CDS Account Number accompanied with the Proxy Form to submit the request. 1) Upon system verification against the 47th AGM's ROD as at 23 May 2022, you will receive an e-mail upon approval or rejection of RPV. 2) In the case of approval the following links would be provided in the e-mail: a. Broadcast Link b. Polling Form Link
C	On the day of 47th AGM	1) Access to the Broadcast and Polling Form through the link provided in the e-mail or website. 2) If you have any question to the Board of Directors, you may use the Q&A section to pose your question. 3) Submit your vote within a specific period of time once the Chairman announces that the voting is open. 4) Voting will be closed upon the expiry of the voting period. 5) Broadcast will be terminated upon the announcement of the poll result by the Chairman.

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Paragraph 8.31A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 47th AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at this 47th AGM.

Enquiry

If you have any enquiry or require any assistance before or during the 47th AGM, please contact the following officers during office hours (Monday to Friday):

Digerati Technologies Sdn. Bhd.
Name : Alex Kong
Telephone : +60 11-6338 8316
Email : Pegasus_helpdesk@digerati.com.my

PEGASUS HEIGHTS BERHAD
Registration No. 197401002677 (19727-P)

PROXY FORM

Number of Shares Held	
CDS Account No.	

I/We,____NRIC/Passport No.______________
(FULL NAME IN BLOCK LETTERS)

of____
(FULL ADDRESS)

contact no. _______________email address ___________________being a member/ members **Pegasus Heights Berhad** ("**Pegasus**" or the "**Company**") hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Forty Seventh Annual General Meeting ("**47th AGM**") of the Company will be conducted virtually from the broadcast venue at 1-40-2, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Monday, 30 May 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:

IMPORTANT NOTE:
Please (i) tick [✔] either **ONE** of the option (a) or (b) for the number of proxy which you wish to appoint, (ii) complete the details of your proxy/proxies and the proportion of your shareholding to be represented (if applicable), (iii) please tick [✔] option (c) if you would like to appoint the Chairman of the 47th AGM as the proxy or failing the proxy to vote on your behalf and (iv) sign or execute this form.

Option	Name of proxy(ies)	NRIC/ Registration No.	Email Address & Phone Number	Proportion of shareholding to be represented
(a)	**Appoint ONE proxy only** *(Please complete details of proxy below)*			
				100%
(b)	**Appoint MORE THAN ONE proxy** *(Please complete details of proxies below)*			
Proxy 1				%
Proxy 2				%
				100%
(c)	**The Chairman of the 47h AGM as my/our proxy and/or failing the above proxy to vote for me/us on my/our behalf**			

My/our proxy/proxies is/are to vote as indicated below:

Please indicate with an "X" in the appropriate box provided to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on the Resolutions, the proxy shall vote at his/her discretion, or abstain from voting as the proxy thinks fit.

NO.	RESOLUTIONS	FOR		AGAINST	
		PROXY 1	PROXY 2	PROXY 1	PROXY 2
	Ordinary Business				
Ordinary Resolution 1	To re-elect Toh Hong Chye				
Ordinary Resolution 2	To re-elect Low Yen Hoon				
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 RM350,000.00 per annum until the next Annual General Meeting of the Company.				
Ordinary Resolution 4	To re-appoint Messrs TGS TW PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	Special Business				
Ordinary Resolution 5	To authorise the Directors to allot and issue shares or grant rights pursuant to Section 76 of the Companies Act 2016.				
Ordinary Resolution 6	Proposed Grant of Share Issuance Scheme ("SIS") Options to Yong Mai Fang.				
Ordinary Resolution 7	Ratification of the allocation of options and allotment of shares pursuant to the SIS of 170,000,000 ordinary shares to Toh Guat Khem and Proposed allocation of SIS options to Toh Guat Khem.				

Dated this _____ day of ___________ 2022

____
Signature / Common Seal of Shareholder

Contact No: ______________________

Fold this flap for sealing

NOTES:

1. *The 47th AGM of the Company will be conducted virtually from the broadcast venue at 1-40-2, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Monday, 30 May 2022 at 11.00 a.m. or at any adjournment thereof. Shareholders of the Company are required to register for the 47th AGM not less than forty eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.* ***(Please follow the procedures as stipulated in the Administrative Guide).***
2. *A member of the Company who is entitled to attend, speak and vote at this 47th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.*
3. *Where a member appoints more than one (1) proxy to attend and vote at the same 47th AGM, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("**SICDA**"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.*
5. *Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
   An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. *The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.*
7. *The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited with the Share Registrar, 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 appointed for holding the 47th AGM (no later than Saturday, 28 May 2022 at 11.00 a.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*
   Alternatively, individual shareholders may choose to submit an electronic Proxy Form using the RPV facilities at https://agm.digerati.com.my/Pegasus-online or e-mail to Pegasus_helpdesk@digerati.com.my, no later than Saturday, 28 May 2022 at 11.00 a.m. or at any adjournment of the virtual meeting. Please refer to the Administrative Guide to Shareholders for the procedures to submit the electronic proxy form.
8. *The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Constitution of the Company.*
9. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 47th AGM.*
10. *Any alteration in the Proxy Form must be initialed.*
11. *Pursuant to Paragrpah 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolution set out in the Notice of 47th AGM will be put to the vote by poll.*

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 47th AGM and/ or any adjournment thereof, a member of the Company:
(i) consents to the collection, use and disclose 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 47th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 47th AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
(ii) warrants that the member has obtained the prior consent of such 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 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

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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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LIMITED TIME OFFER
15th & 30th
DAY
OFFER
Golden Roaster
Percik Roaster
Pepper Roaster
GOLDEN / PEPPER / PERCIK
RM 27.90 /NOS
* Servings featured are for illustration purposes only. * Menu and prices may vary from outlet to outlet.
* Kedai Ayamas reserves the right to change all prices, promotions, offers and products without prior notice.
* Prices shown here is inclusive SST 6% * Other terms & conditions apply.

Pegasus Heights Berhad
[Registration No. 197401002677 (19727-P)]

1-40-2, Menara Bangkok Bank, Berjaya Central Park,
No.105, Jalan Ampang 50450 Kuala Lumpur

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Email: info@pegasusheights.com