



PEGASUS HEIGHTS BERHAD

ANNUAL REPORT 2022



CENTERPOINT SEREMBAN

EXPERIENCE THE LIFESTYLE

SHOPPING REDISCOVERED

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.

- ✓ Entertainment
- ✓ Lifestyle
- ✓ Leisure
- ✓ Dining



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.



Contact Us

+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:

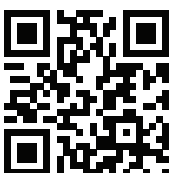
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Digital Platform **Solution**

- 📶 **Industry Platform**
- 📶 **Customers Platform**
- 📶 **Supplier Platform**
- 📶 **Knowledge based Platform**
- 📶 **Digital Content Platform**
- 📶 **E-Marketplace**
- 📶 **B2B Platform**
- 📶 **Big Data Platform**
- 📶 **Bank Confirmation Platform**

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**More stores,
more products!**

Download our new app!



Mobile Credit Top-up



Secure Online Payment

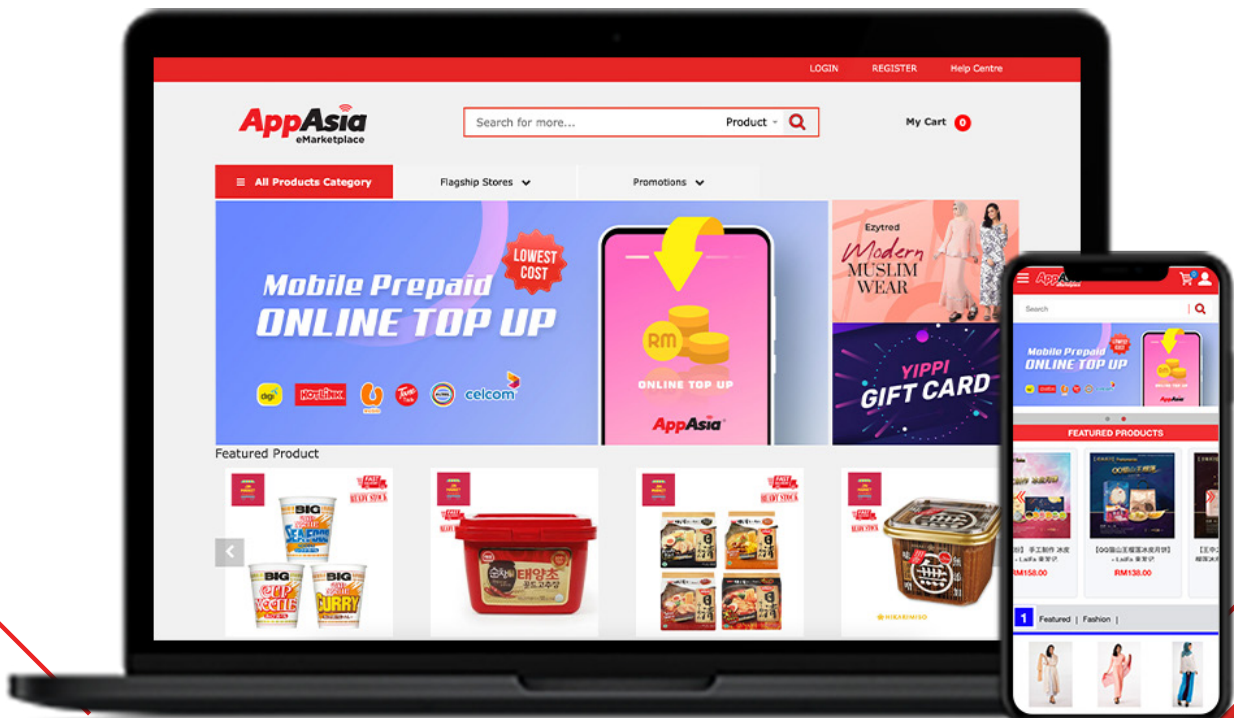


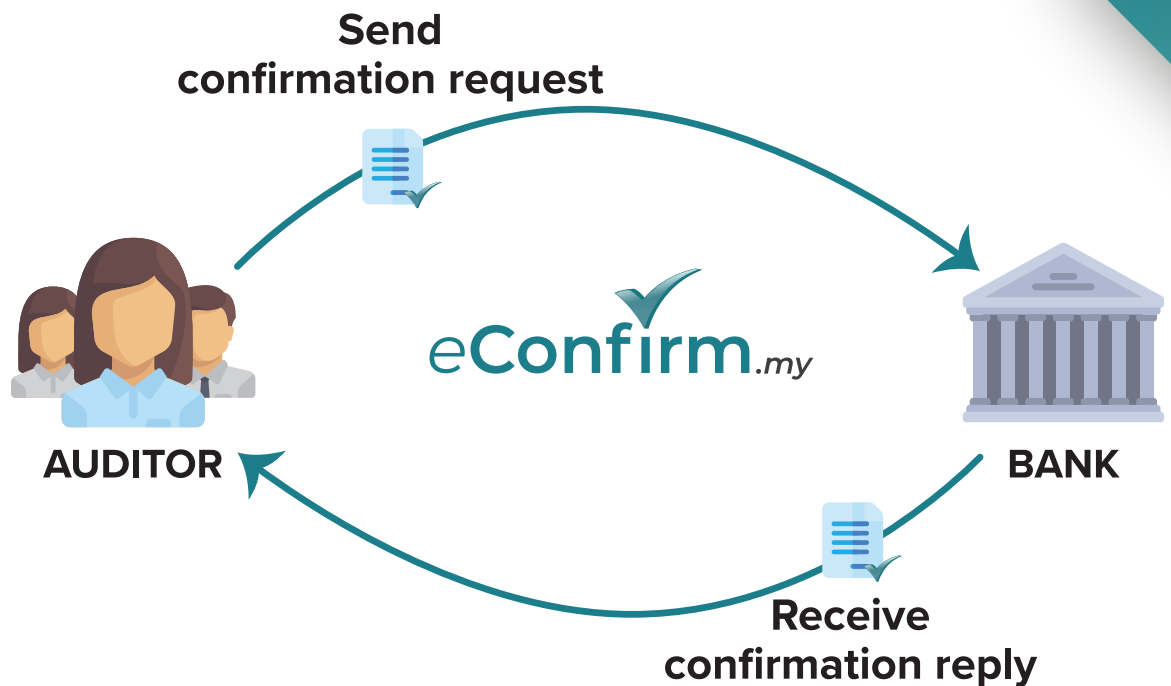
7 Days Return Policy



Customer Rebates

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Industry-wide Electronic Bank Confirmation Platform



Enhance Security



Reduce Fraud Risk



Minimise Human Error



Time Saving

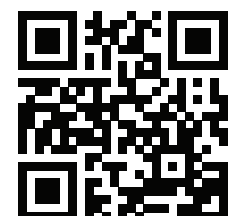


Cost Saving

Developed by:



In collaboration with:



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

FREE KURMA



ONLY **RM 42.80**
(NORMAL PRICE: RM59.90)





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.



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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
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel : (603) 2181 0516
Fax : (603) 2181 0516

AUDITORS

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189, Jalan Tun Razak
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W.P. Kuala Lumpur
Malaysia
Tel : (603) 9771 4326
Fax : (603) 9771 4327

COMPANY SECRETARIES

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

Florence Toh Sue Mei
(MAICSA No. 7074778 /
SSM PC No. 202108000143)

SHARE REGISTRAR

GAP Advisory Sdn. Bhd.
E-10-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel : (603) 2181 0516
Fax : (603) 2181 0516

PRINCIPAL SOLICITORS

David Lai & Tan

PRINCIPAL PLACE OF BUSINESS

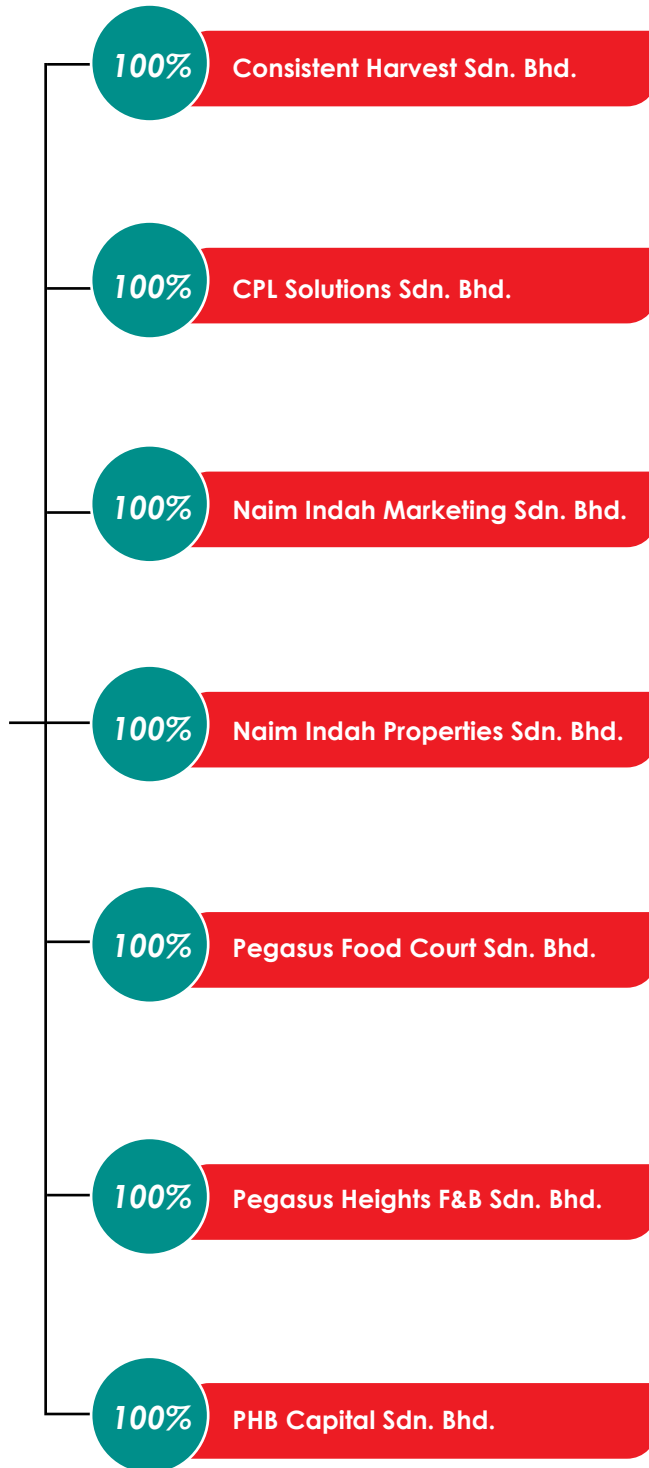
1-40-2, Menara Bangkok Bank
Berjaya Central Park
No. 105, Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel : (603) 2181 3553

Website: www.pegasusheights.com

PRINCIPAL BANKERS

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

CORPORATE STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

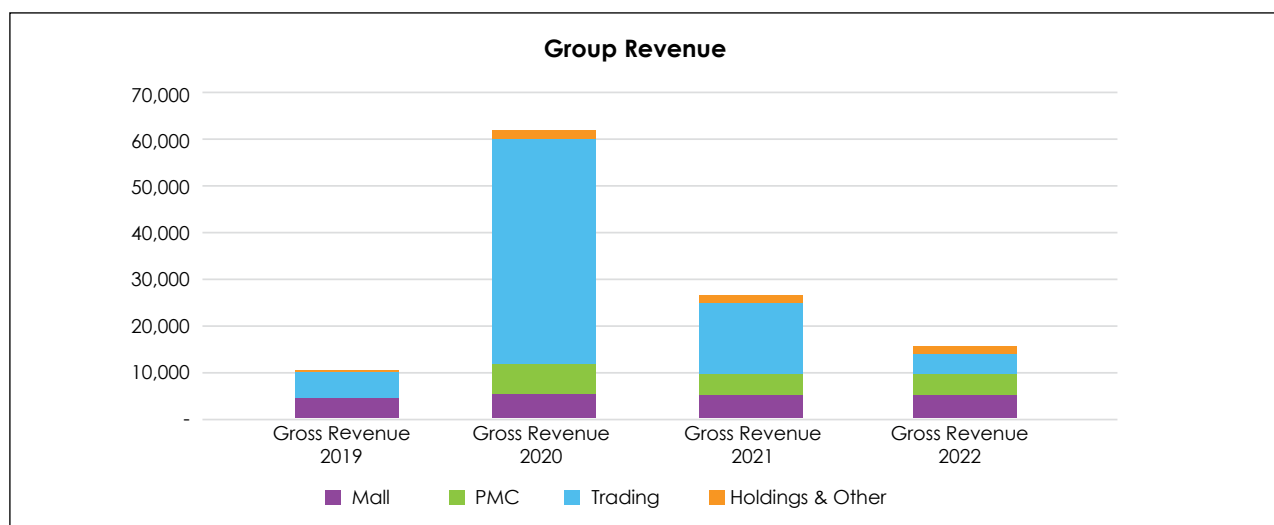
Dear valued shareholders and stakeholders of Pegasus Heights Berhad, we would like to express our sincere gratitude for your continued support throughout 2022. Despite the challenges faced by the Group, we managed to reduce the Group's losses. In this management discussion and analysis statement, we will take a closer look at the events that were unfolded during the past year.

MANAGEMENT REVIEW

The review will highlight the key events during the year and how management navigated the constant changing landscape. 2022 was filled with uncertainty as Malaysia and the rest of the world emerged from the pandemic into a new normal.

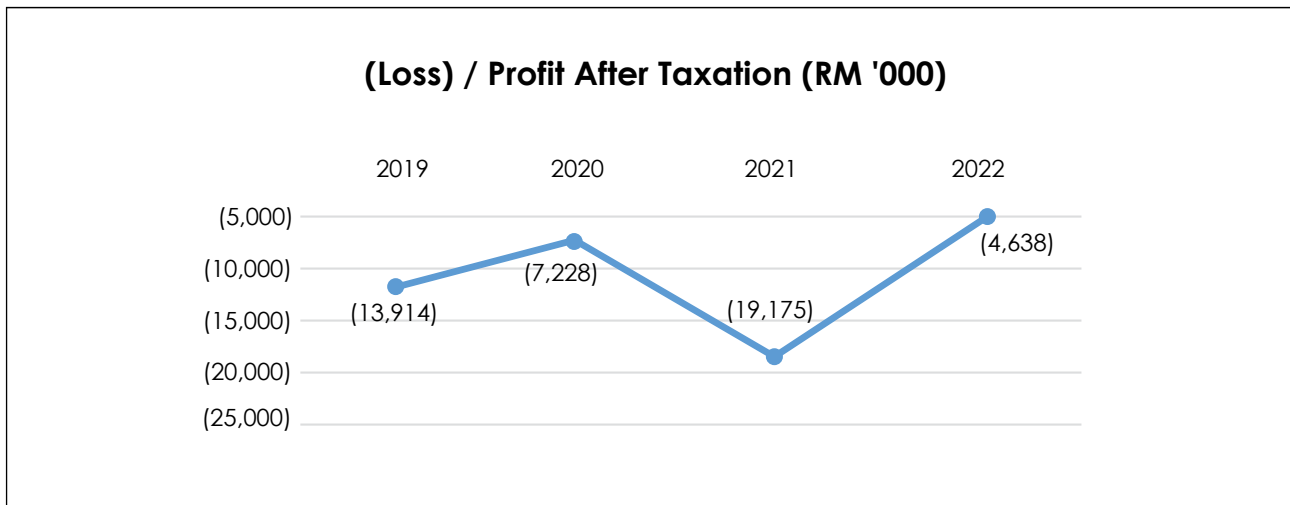
Revenue and Profit

Financial Results and Key Performance Indicators	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	14,240	62,366	26,701	16,063
(Loss) before taxation ("LBT")	(13,878)	(6,634)	(18,397)	(4,725)
(Loss) after taxation ("LAT")	(13,914)	(7,228)	(19,175)	(4,638)
Basic (Loss) per share (sen)	(0.30)	(0.07)	(0.18)	(0.04)
Total asset	146,088	160,042	145,270	139,102
Total equity	138,884	152,775	135,008	130,887
Net asset per share	0.02	0.01	0.01	0.01



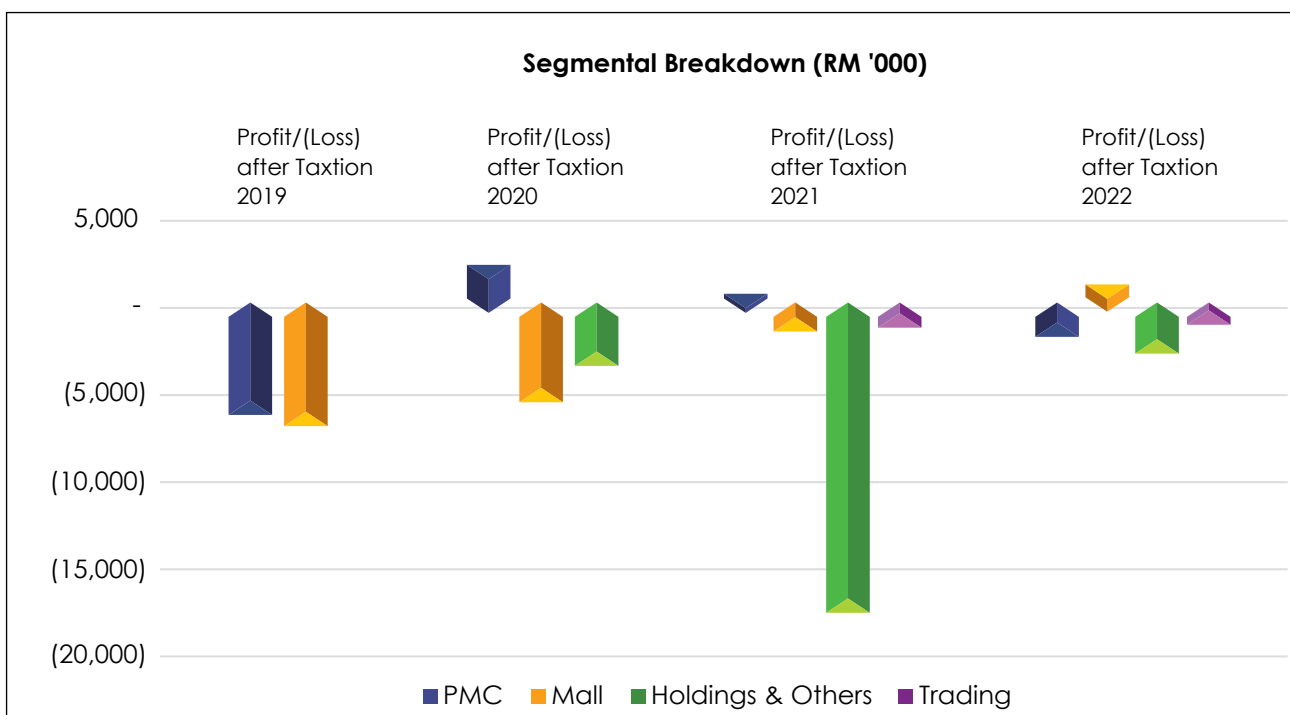
The Group's revenue decreased by 39.8% to RM16.0 million. This was mainly due to the sharp decrease in trading and, to a lesser extent, Project Management Consultancy ("PMC") revenue. Stripping out the one-time insurance claims amounting to RM3.0 million, profit guarantee shortfall amounting to RM1.9 million and the impairment of goodwill of RM16.0 million in the preceding year, the Group recorded a lower LBT and LAT for 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



Business Segments

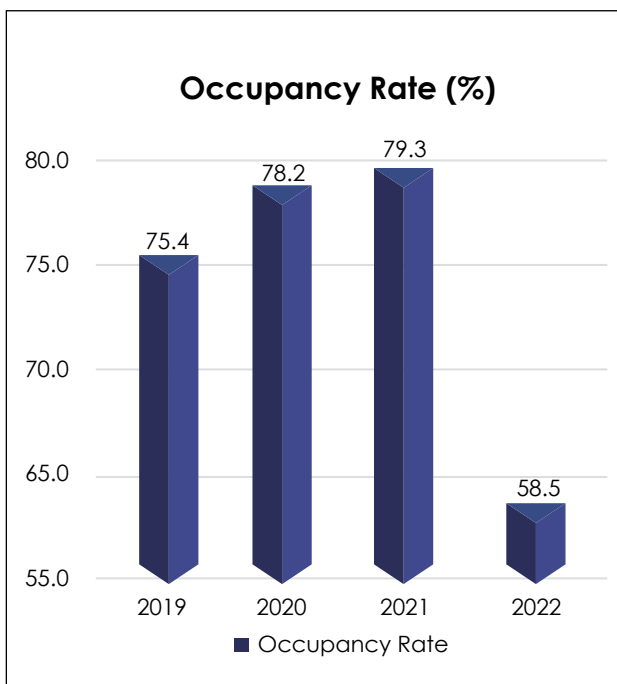
By Segments	Gross Revenue			(Loss) / Profit Before Tax		
	FY 2022 RM'000	FY 2021 RM'000	Changes (%)	FY 2022 RM'000	FY 2021 RM'000	Changes (%)
Property management	7,331	5,638	30.0	397	(816)	-
Trading	2,887	15,048	(80.8)	(391)	(725)	(46.1)
PMC	3,676	4,676	(21.4)	(1,814)	506	-
Investment holding and Others	2,169	1,339	(62.0)	(2,917)	(17,362)	(83.2)
Total	16,063	26,701	(39.3)	(4,725)	(18,397)	(74.3)



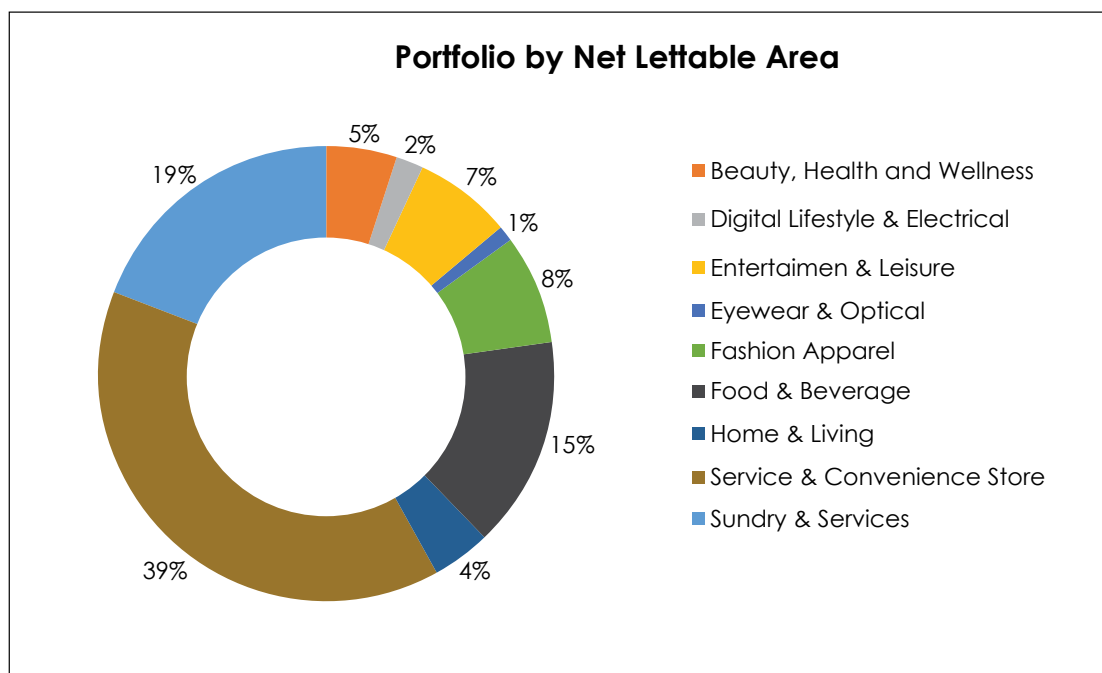
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Our shopping mall occupancy's rate increased from 79.3% at the end of 2021 to 86.9% in Q3 2022 as the result of management's effort to look for new tenant to increase our occupancy rate and also enhance the tenant mix and rental yield. However, the mall experienced a transient drop in occupancy from 86.9% to 58.5% due to the departure of our previous anchor tenant. During Q1 2023, we have signed a new anchor tenant, that will commence operations in Q2 2023 on improved rental rates. This is expected to improve the overall rental yield at the mall. We are optimistic that the new tenant will assist in attracting customers and help to revitalize the mall's occupancy levels and footfalls, thus providing a more vibrant and enjoyable shopping experience for all of our customers.

Our food and beverage business continues to see slow recovery post pandemic. The main challenge we face is the increase in food material prices, which has put a strain on our ability to maintain profit margin. In addition, labor remains short in supply, which has made it difficult to operate our business at full capacity. Despite the challenges, we managed to grow revenue and reduce the losses within the segment.



Location	33, Jalan Dato Siamang Gagap, Betaria Business Centre, 70100 Seremban, Negeri Seremban
Title	Leasehold
Tenure	76 years expiring on 8 Jan 2093
Usable Area	480,262 sq ft
Net Lettable Area	206,095 sq ft
Car Park	564 bays
Valuation 2022	RM110 million
Tenants	41
Occupancy rate	58.47 (2022)



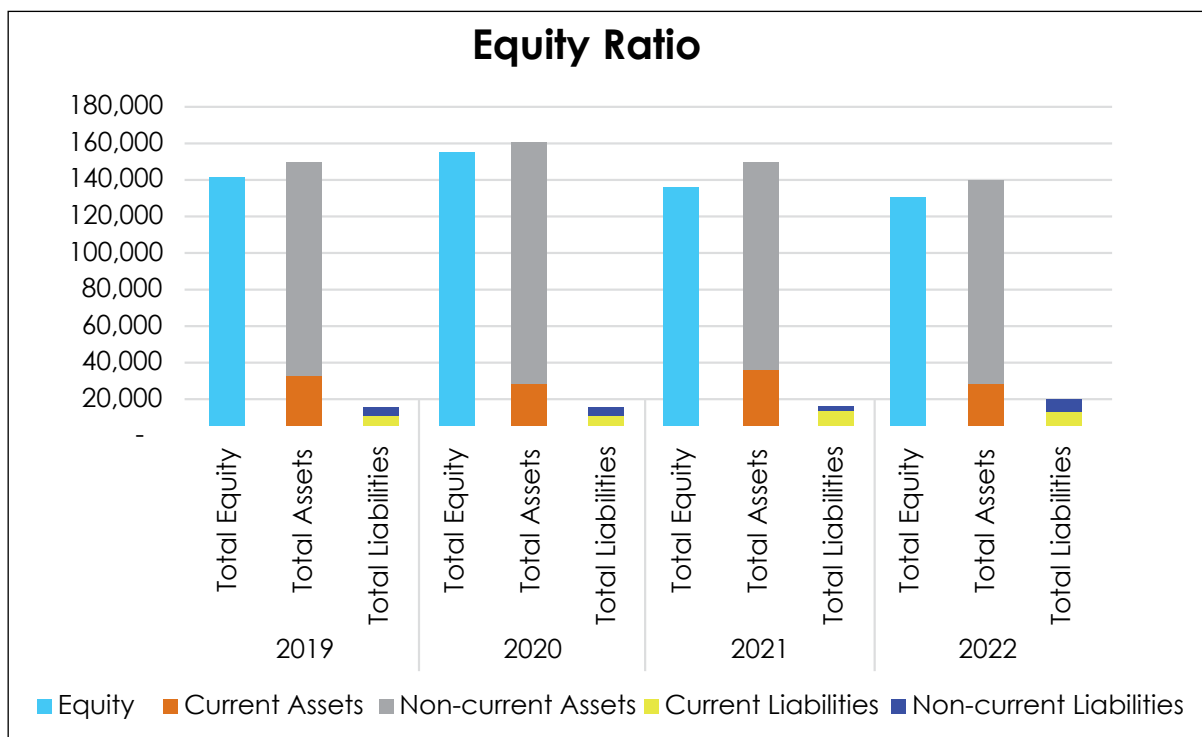
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

PMC revenue has experienced a significant drop of approximately 21.4% and has transitioned from a profitable business to a loss-making one. This is mainly due to the situation in the construction industry which is struggling to recover from the effects of labor shortage and a sharp increase in building material prices. Overall, the competitive landscape for securing new projects has intensified, leading to a decline in business opportunities. As a result, we are working on identifying new revenue streams and cost-optimization measures to navigate through these challenging times.

Trading revenue experienced a significant drop in revenue, which decreased by 80.8%. The decline was primarily due to a reduction in customer orders. However, management was able to implement effective cost control measures that led to a 41.4% reduction in losses, which amounted to RM0.39 million. Management remains cautious about the trading segment's performance.

Financial Capital

The total equity has decreased by approximately RM4 million due to the current year's losses. However, the total assets of the Group are valued at RM139 million, which is over 17 times our total liabilities of RM8.2 million. As such the Group remains in sound financial position and has the ability to meet its financial obligations as well as provide a solid foundation for future growth. Overall, the Group's financial capital position is well-positioned to navigate any challenges that may arise and allows the Group to capitalize on opportunities for growth in the future.



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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

No	Risk Areas	Details
2	Pandemic Risk	External cause due to large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographical area and cause significant economic, social, and political disruptions.
3	Competition	<p>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.</p> <p>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.</p>
4	Operational Risk	<p>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.</p> <p>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.</p>
5	Tenant Risk	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>
6	Credit and Financial Risk	<p>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.</p> <p>This includes a stringent credit evaluation process for all new customers and regular review of credit profile for existing customers.</p>
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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

No	Risk Areas	Details
8	Security Risk	<p>Risk involving the safety and security of all operational units.</p> <ul style="list-style-type: none"> • Shopper security and safety is paramount to the Group. We have in place a security workforce from a reputable security company. We also have an in-house security department to oversee the mall security and safety. • The mall also performs regular cleaning and sanitizing procedures to ensure cleanliness of the mall and safeguarding the health of the tenants, shoppers and visitors. • Surveillance and alarm systems have also been installed through the mall to provide additional monitoring throughout the day.
9	Human Resource Risk	<p>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.</p>
10	Cyber Risk	<p>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.</p> <p>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.</p>
11	Corruption Risk	<p>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.</p>

PROSPECT

Our company operates in four (4) distinct business segments, namely property management, investment holding and others, trading, and project management consultancy. We remain cautiously optimistic on all business segments.

Our property management business has had a difficult year, with the pandemic leading to a decline in foot traffic and revenue. However, we forecast a turnaround in 2023. This is on the back of our new anchor tenant combined with expected improved economic conditions.

Despite the challenges, the management expects the revenue contribution in the investment holding and others business segment to continue the uptrend in 2023, as our customers return to dine-in. Nevertheless, we will continue to focus on delivering high-quality food and service to our customers while adhering to all necessary health and safety protocols.

Our trading business remains cautious in light of the current economic climate. We will continue to monitor market conditions and adjust our strategy accordingly to minimize risk and maximize returns.

Our project management consultancy business remains competitive, and we will enhance our cost optimization in this segment to ensure its long-term viability. We remain committed to delivering high-quality services to our clients and maintaining our reputation as a reliable partner.

Overall, our company remains cautiously optimistic about the prospects for 2023. We are confident in our ability to weather challenges that may arise and continue to deliver value to our customers, employees, and shareholders.

ACKNOWLEDGEMENT

As representatives of the Board, we would like to extend our gratitude to our business partners and shareholders for their unwavering support of our enterprise. We eagerly anticipate continued mutual growth and prosperity in the years ahead. Furthermore, we would like to acknowledge and thank the Group's personnel for their unwavering dedication and commitment in the face of challenging circumstances.

TOH HONG CHYE
EXECUTIVE DIRECTOR

SUSTAINABILITY REPORT

Sustainability Statement

Pegasus Heights Berhad ("Pegasus Heights") acknowledges that the growth and success of the company are intertwined with the economic, environmental and social progress of its stakeholder. We understand the importance of responsible and sustainable business practices that not only benefit our organization, but also contribute to the well-being of our stakeholders and the broader community. This report offers a summary of the company's sustainability efforts for the financial year 2022.

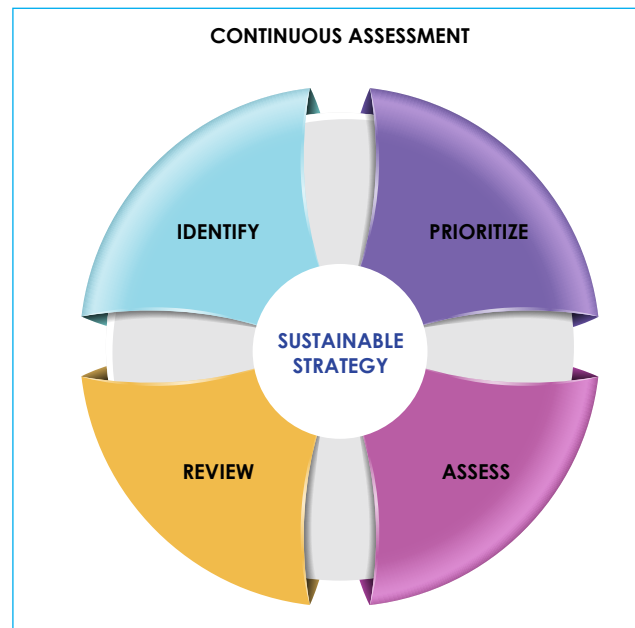
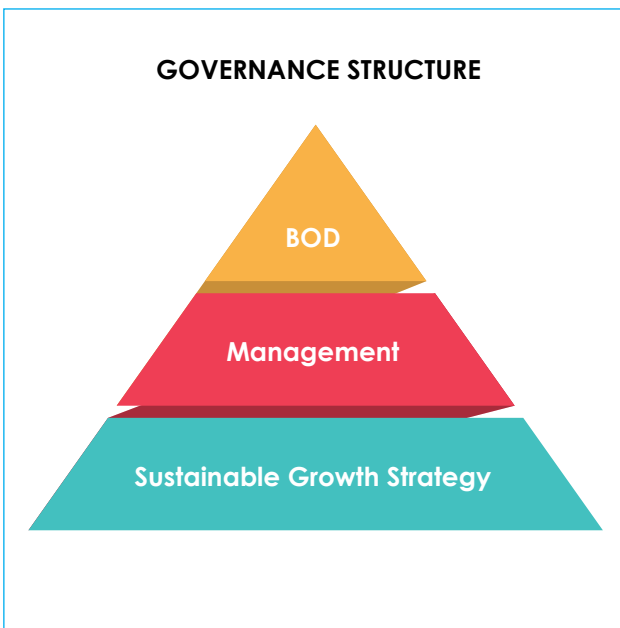
Sustainable Commitment



At the core of our business operations and decision-making is a strong commitment to sustainability. As we strive to make progress on this journey, we recognize the importance of incorporating sustainable practices into everything we do. Our commitment to sustainability is unwavering, and we aim to conduct our business activities with the highest standards of social and environmental responsibility to create long-term value for all stakeholders. This includes ensuring our portfolio of assets and businesses are operated in a way that promotes positive environmental outcomes, supports local businesses and communities, and adheres to best practices in impact sourcing and business conduct to create a desirable shopping destination.

Our dedication to sustainability is evident in our day-to-day operations, where we uphold high work ethics and values to achieve both short and long-term goals. We actively engage with our business partners and employees to further enhance this multi-faceted commitment to sustainability.

Governance Structure

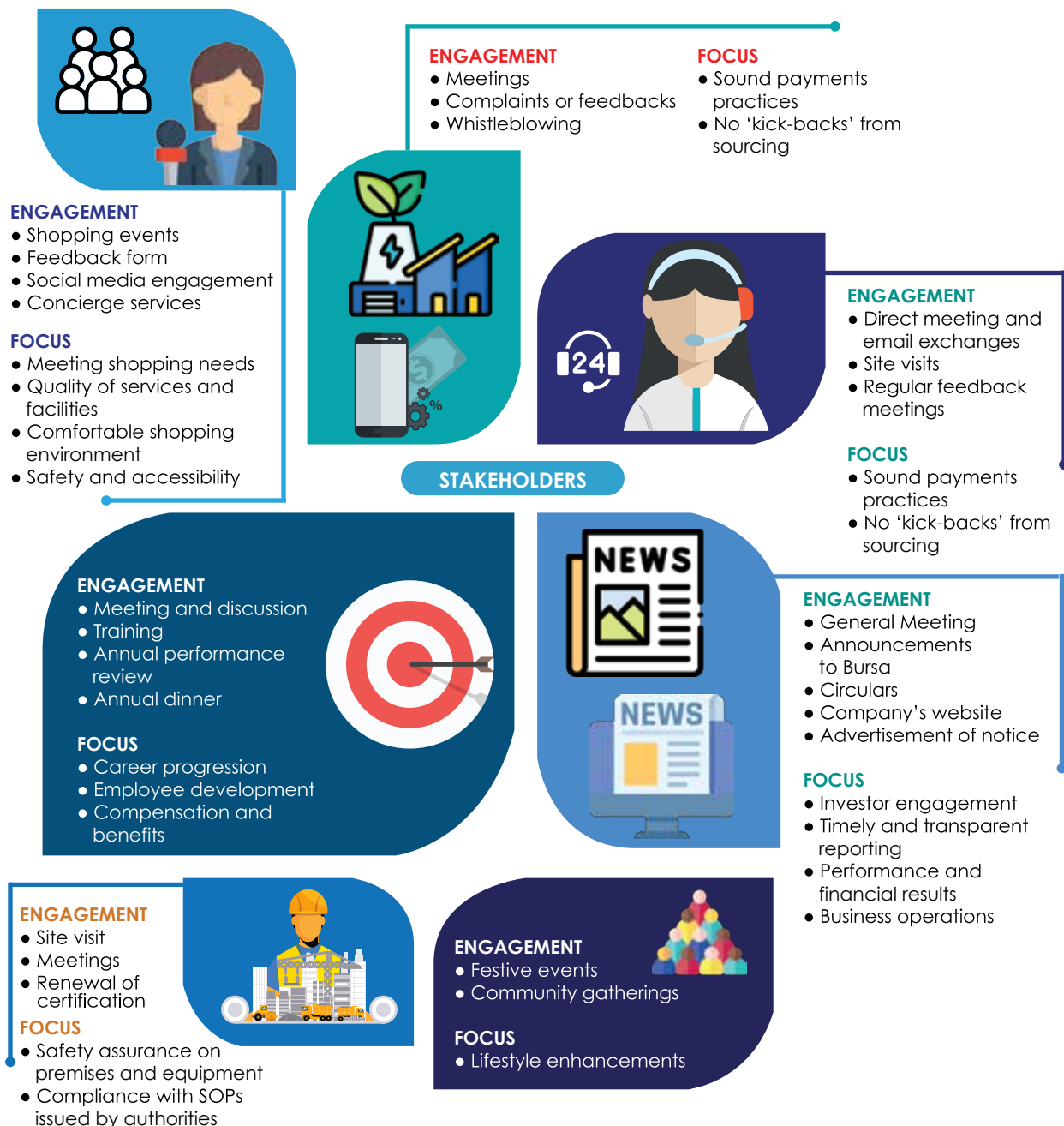


SUSTAINABILITY REPORT (Cont'd)

Our sustainability strategy is underpinned by a robust and dedicated governance structure, with clear responsibilities assigned to our Board of Directors for setting the Group's business strategy, and our management team for executing the same. Regular monitoring and refinement ensures progress towards our economic, environmental, and social goals, while fostering accountability and stakeholder relations.

Stakeholders' Engagement

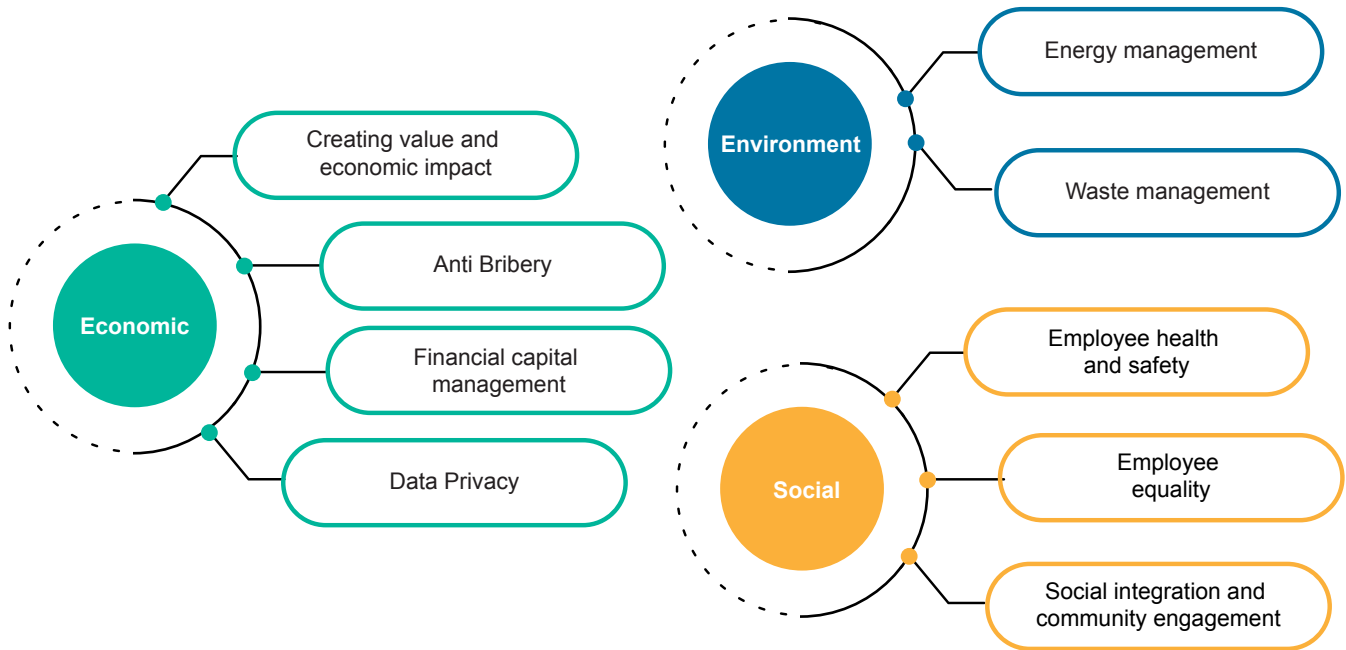
Active engagement with our stakeholders through effective communication channels creates a feedback loop to inform our holistic strategy for enhancing the Group value and achieving sustainable growth. By identifying and understanding stakeholder's need and concerns in a timely manner, we can formulate growth strategies that benefit both our Group and our stakeholders. The following chart depicts the 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

Pegasus Heights is focused on promoting economic growth and creating value for its stakeholders, as part of its sustainability efforts. To achieve this, the Group is committed to supporting the local community by improving the tenant mix, upgrading the shopping experience and promoting employment opportunities from the local community.

Furthermore, Pegasus Heights supports the growth of local entrepreneurs by providing various platforms for them to conduct their business and engage with their customers.

Financial Capital Management

An optimized capital management framework that aligns with the Group's strategies is crucial for sustained business growth. Pegasus Heights has successfully built a strong financial position, which allows for asset enhancements and future expansion opportunities. The Group strives to maximize stakeholder value through careful planning and holistic framework that emphasize long term success.

Anti-bribery and Anti-corruption Policy and Procedure

The Group also adhere to strong anti-bribery and anti-corruption policies and procedures, adopting a zero-tolerance approach to all forms of bribery and corruption. Employees are prohibited from participating in any corrupt or unethical activity, including situations involving conflict of interest, and the Group has implemented a “No Gift” Policy with limited exceptions.

SUSTAINABILITY REPORT (Cont'd)

Data Privacy

Pegasus heights is committed to protecting customer information and personal data in accordance with the Personal Data Protection Act 2010. The Group has established a data protection policy that outlines its guiding principles on proper handling of customer information and personal data to safeguard against theft, loss, misuse or unauthorized access.

Environment

Energy Management

Reducing energy consumption is a key focus for our Group, as it not only helps to lower costs but also has a positive impact on the environment. We are constantly looking for ways to improve energy efficiency and have already implemented measures such as proactive management of air-conditioning systems and installing motion sensors on escalators. Additionally, we review tenant fit-out designs to ensure they align with our sustainability strategy.

Water Management

Water consumption is essential to our business operations, and we recognize the importance of using it responsibly. Our Group monitors water consumption and implements water saving measures and initiatives such as installing water-saving devices, ensuring building systems are maintained, and identifying and fixing wastage and leakage.

Waste Management

We are committed to managing waste sustainably and reducing wastage from our daily operations. We collect and dispose of waste through licensed contractors and encourage tenants and visitors to recycle by providing recycling bins at our properties.

Social

Human Capital Management

At our organization, we view our people as crucial assets in achieving our organizational goals. Therefore, we are dedicated to fostering a culture of talent and leadership development, while also ensuring that our employees' needs are met. Our human capital management policies and practices are guided by our Code of Conduct, as well as local laws and regulations.

We understand that attracting and retaining talent is essential to the long term success of any organization. As such, we strive to create a welcoming work environment through improved recruitment processes and office practices.

As an equal opportunity employer, we believe that diversity and equality are vital to our recruitment strategy. We place emphasis on the merit and performance of our employees with no regard for race, gender, ethnicity, and/or sexual orientation. As of the end of 2022, approximately half of our employees were women.

Employee Health and Safety

Pegasus Heights prioritize the health and safety of our visitors, tenants, and employees. We have implemented adequate measures to avoid potential safety hazards in our mall, including compliance with relevant Acts and regulations under the Department of Occupational Safety and Health, regular equipment maintenance and inspections, employee attendance in refresher training programs on safety and health regulations, and regular fire drills with mall stakeholders. To ensure safety and compliance, we hold regular on-site meetings and inspections with tenants and contractors. Additionally, all contractors and their workers must undergo safety briefings before any renovation or fit-out work commences.

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.

SUSTAINABILITY REPORT (Cont'd)

Training and Development

Our employees are critical to the success and sustainability of Pegasus Heights. We recognize that their performance, commitment, and loyalty to the job are crucial to achieving our organizational goals. Therefore, we continually invest in our employees through the following initiatives: external training workshops to enhance technical and management skills, engagement in external trainings and activities to expand knowledge and stay up-to-date with developments in their fields, new employee orientation and on-site visits to provide insights into our operations, and detailed competency tests tailored to each department to help new staff understand their roles better.

Social Integration and Community Engagement

Throughout the year, we were able to host various events to celebrate with our stakeholders. In 2022, we planned festive decorations and events to coincide with various celebrations, including Chinese New Year, Hari Raya Aidilfitri, Deepavali, the 65th Merdeka Day and Christmas.



In addition to these events, we also organized a Cancer Awareness Campaign during Breast Cancer Month in October 2022.

In conclusion, our sustainability report highlights the progress we have made in 2022. Moving forward, we are committed to deepening our engagement with local communities, customers, and stakeholders to ensure that we continue to create shared value for all. By working together, we are confident that we can build a more sustainable future for ourselves and our communities. Thank you for your continued support and partnership.

DIRECTORS' PROFILE

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

Age	:	70
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 Capital A Berhad (formerly known as Air Asia Group Berhad) from 12 December 2001 to 11 October 2004 and acted as an Alternate Director to Chairman 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 of Capital A Berhad.

Directorship of public companies and listed issuers

Capital A Berhad (formerly known as 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	: 53
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	: 48
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 Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILE (Cont'd)

CHIN PAK LOONG Executive Director

Age	:	47
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	:	57
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 thirty (30) years in accounting, investment banking and private equity. Currently he is a Partner at Nautilus Capital Asia, a boutique corporate advisory house providing advisory services for initial public offerings (IPOs), buyouts, mergers and acquisitions, and fund raising.

Prior to founding Nautilus Capital Asia, he was the Acting 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	:	38
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	:	59
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	:	34
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 ("**MCCG**") 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 2022 ("**FYE2022**"), a copy of which is available on the Company's website

This statement further outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in MCCG and the Board will continue to take measures to improve compliance with principles and recommended best practices in the ensuing years:

- Board Leadership and Effectiveness
- Effective Audit and Risk Management
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has considered and discussed a wide range of matters during the FYE2022, 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. AUDIT COMMITTEE (Cont'd)

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

- Policy and procedure on revenue recognition
- Assessment and evaluation of customer / client
- Sales Processing and related supporting evidence
- Credit evaluation and debt recovery
- Effectiveness of filing system
- Administration and Accounts Related Process
- Policy and procedure on management of outlets
- Sales Processing
- Cash and credit management on sales
- Payment authorisation process to supplier / franchisor
- Administration and Accounts Related Process
- Inventory management
- Roles and responsibilities of the Board
- Composition of the Board
- Independence of independent directors
- Commitment of directors
- Integrity of financial reporting
- Risk management and internal controls system
- Timely and high-quality disclosure

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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 six (6) times during the financial year ended 31 December 2022 ("FYE2022"). The attendance of each Director at the Board Meeting held during the FYE2022 is as follow:

Directors	Number of meetings attended	%
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	6/6	100%
Dato' Sri Lee See Yang	6/6	100%
Toh Hong Chye	6/6	100%
Chin Pak Loong	6/6	100%
Andrew Ho Tho Kong	6/6	100%
Low Yen Hoon	6/6	100%

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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:

- Blockchain Fundamentals For Accounting And Finance Professionals
- Corporate Liability: The Ins And Outs Of Section 17A, MACC Act-A Director's Cut
- Managing Latest Amendment To Malaysia's Employment Act Minimum Wage Order And Occupational Health
- Equity Funding: CFO'S Perspective Of Crowdfunding And Venture Capital
- Latest Updates & Development On Tax Audit & Investigation
- Hasil - MEF Tax Webinar 2022 Building Sustainable Future
- Transfer Pricing Audit - The Common Issues Challenged By IRB
- What You Should Know And What Will Be The Employee And Employer Responsibilities
- Managing Challenging/Difficult Issues Facing Human Resources And Industrial Relations Practitioners
- Aob Conversation with Audit Committees
- Reuters Conference – ESG Data Reliability : Issues of quality and reliability for stakeholders
- Net Zero Delivery Summit – Reuters Conference
- Climate Change Summit
- Conversation with Audit Committees – Session 1
- Sustainability Reporting – Changes in the Listing Requirements

The Company Secretary also highlights 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 FYE2022, 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

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 FYE2022, 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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 Secretaries

The Board is assisted by qualified and competent Company Secretaries 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 Secretaries for the purpose of the conduct of the Board's affairs and the business.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. The Company Secretaries 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 Secretaries are 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 scope 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.

The Board has limited the tenure of the Independent Directors to twelve (12) years and they may continue to serve on the Board subject to their re-designation as Non-Independent Directors.

As at the date of this statement, none of the Independent Directors has exceeded 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

II. Board Composition (Cont'd)

3. Appointment of Board and Senior Management (Cont'd)

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").

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 FYE2022. 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

II. Board Composition (Cont'd)

7. Annual Evaluation (Cont'd)

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

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

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

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

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

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

III. Remuneration

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

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

III. Remuneration (Cont'd)

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

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

The 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 FYE2022 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. AC (Cont'd)

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

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

For the FYE2022, 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	87,000
Non-Audit:		
Review of the Statement on Risk Management and Internal Control	6,000	6,000
Total Non-audit fees	6,000	6,000

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

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

The Group has outsourced the internal audit function as being the most cost effective means of implementing an internal audit function. The independent third party service provider of the internal audit services for the FYE2022 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 its function in accordance with the approved annual Internal Audit Plan approved by the AC. S F Chang Corporate Services Sdn. Bhd. has approximately for 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.

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 disclosure requirements as stipulated in the MMLR, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

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

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

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

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

II. Conduct of General Meetings

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

During the AGM, a presentation was shown to the shareholders on the Group's performance and major activities which were carried out during the financial year under review. The Board also encourages participation from shareholders by having "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 Company and its subsidiaries ("**the Group**") during the financial year ended 31 December 2022 ("**FYE2022**").

This Statement is made by the Board 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 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, two (2) outlets located at Centerpoint Seremban Mall and the Corporate Governance of the Company.

Control and Monitoring Process

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

- Business Planning – all business units produce and agree on an annual business plan against which the performance of the business is regularly monitored.
- Financial Analysis – the Group's operating profitability and capital expenditure are closely monitored. Results are reviewed by the management and key financial information is reported to the Board on a quarterly basis.
- Risk Assessment – a risk assessment is embedded into the operations of the Group. The Group considers risk in terms of probability of occurrence and potential impact on performance, and mitigating actions, control effectiveness and management responsibility are identified to address these risks.
- Group Authority Framework – an operation structure with defined line of responsibility and delegation of authority to which a process of hierarchical reporting that will provide for a documented and auditable trail of accountability.

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

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

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

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

Control and Monitoring Process (Cont'd)

- 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 FYE2022 was RM22,500.

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 FYE2022.

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.

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

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 21 March 2023.

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 2022 ("FYE2022"), 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 FYE2022 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 FYE2022;
- c) Reviewed the Audited Financial Statements of the Company and its subsidiaries ("**the Group**") for the FYE2022 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 FYE2022 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 FYE2022 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 rated as 'Satisfactory'.

During the FYE2022, 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.

This AC Report was approved by the Board on 21 March 2023.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year ending 31 December 2022 (“FYE2022”).

Share Issuance Scheme (“SIS”)

The 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 2022 is set out in the table below:

Description	Number of Options	
	Grand Total	Directors and Chief Executives
Granted	1,142,190,500	646,200,000
Exercised	368,000,000	63,000,000
Forfeited	77,249,500	57,000,000
Outstanding	696,941,000	526,200,000

Note:

- 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 2022 are set out below:

Directors and Senior Management	Percentage	
	During the financial year	Since commencement up to 31 December 2022
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:

Name	Number of Options	
	Number of Options Granted	Number of Options Exercised
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-
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 FYE2022 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 FYE2022 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.	RM257,000

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 2022, 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 2022.

Principal Activities

The principal activities of the Company are investment holding and provision of management and administrative services. The principal activities of its subsidiary companies are disclosed in Note 9 to the financial statements.

Financial Results

	Group RM'000	Company RM'000
Loss for the financial year, representing attributable to owners of the Company	4,638	1,937

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

During the financial year, the Company issued 51,958,899 new ordinary shares for a consideration of RM519,589 at an exercise price of RM0.01 per share from exercise of warrants.

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

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

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

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

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

DIRECTORS' REPORT

(Cont'd)

Options Granted Over Unissued Shares (Cont'd)

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:

Date of Offer	Exercise Price	← Number of Options over Ordinary Shares →				At 31.12.2022 '000
		At 1.1.2022 '000	Granted '000	Lapsed '000	Exercised '000	
18 August 2015	RM0.10	13,433	-	(133)	-	13,300
19 July 2018	RM0.02	249,641	-	-	-	249,641
28 August 2019	RM0.01	434,000	-	-	-	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 share 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 warrants expired on 20 June 2022.

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

	At 1.1.2022 '000	Issued '000	Exercised '000	Expired '000	At 31.12.2022 '000
Number of unexercised warrants	3,136,750	-	(51,959)	(3,084,791)	-

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 corporation (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 1.1.2022 '000	Bought '000	Sold '000	At 31.12.2022 '000
Interests in the Company				
Direct Interest				
Dato' Sri Lee See Yang	901,219	-	-	901,219
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	236	-	-	236
Toh Hong Chye	1,222,736	-	-	1,222,736
Chin Pak Loong	305,263	-	-	305,263

	← Number of Options over Ordinary Shares →				
	At 1.1.2022 '000	Grant '000	Lapsed '000	Exercised '000	At 31.12.2022 '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 1.1.2022 '000	Bought '000	Sold '000	Expired '000	At 31.12.2022 '000
Direct Interest					
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	18,868	-	-	(18,868)	-
Toh Hong Chye	139,368	-	-	(139,368)	-

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 below) 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, other than Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30 to the financial statements.

The details of the directors' remuneration for the financial year ended 31 December 2022 are disclosed below:

	Group RM'000	Company RM'000
Salaries, fees and other emoluments	2,807	767
Social security contributions	7	2
Defined contribution plan	448	102
Other benefits	75	18
	3,337	889

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

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM1,000,000 and RM5,310 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts of the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

DIRECTORS' REPORT

(Cont'd)

Other Statutory Information (Cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances: (Cont'd)
- (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
 - (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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.

Auditors' remuneration for the Group and the Company as disclosed in Note 24 to the financial statements are RM138,000 and RM87,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 21 March 2023.

TOH HONG CHYE

DATO' SRI LEE SEE YANG

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 130 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 2022 and of its financial performance and its 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 21 March 2023

 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 Membership No.: 17804) (NRIC No.: 750702-10-5695), 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 130 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed at Kuala Lumpur in the
Federal Territory on 21 March 2023

)
)
)

 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 2022 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 130.

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 2022, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
<p>Fair value assessment on investment property</p> <p>As at 31 December 2022, the carrying amount of the Group's investment properties was RM110,000,000 representing approximately 79% of the Group's total assets.</p> <p>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.</p>	<p>We reviewed and discussed with management on the carrying amount of investment properties in accordance with MFRS 140 <i>Investment properties</i>.</p> <p>We conducted site visit to verify the existence and conditions of the investment properties.</p> <p>We assessed the appropriateness of the independent valuer's scope of work.</p> <p>We evaluated the qualification, competency, capabilities, independence and objectivity of the independent valuers.</p>

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
<p>Fair value assessment on investment property (Cont'd)</p> <p>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.</p>	<p>We performed the following audit procedures: (Cont'd)</p> <p>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.</p> <p>We evaluated the appropriateness of the data used by the independent valuers as input into their valuation.</p> <p>We assessed the adequacy of the disclosure made in the financial statements.</p>

We have determined that there are no key audit matters to communicate for the Company in our report.

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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related 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

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
21 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	1,902	1,849	476	139
Investment properties	5	110,000	110,000	-	-
Deferred expenses	6	-	208	-	-
Intangible assets	7	106	173	-	-
Right-of-use assets	8	1,097	753	634	-
Investment in subsidiary companies	9	-	-	24,032	24,564
Amount due from a subsidiary company	10	-	-	21,664	11,582
		113,105	112,983	46,806	36,285
Current assets					
Inventories	11	86	62	-	-
Trade receivables	12	12,577	7,971	-	-
Other receivables	13	1,171	2,880	258	1,958
Amount due from subsidiary companies	10	-	-	1,619	6,138
Tax recoverable		435	236	-	-
Fixed deposits with licensed banks	14	1,040	1,019	1,040	1,019
Cash and bank balances		10,688	20,119	10,053	16,196
		25,997	32,287	12,970	25,311
Total assets		139,102	145,270	59,776	61,596

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (Cont'd)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY					
Share capital	15	210,176	191,463	210,176	191,463
Reserves	16	5,768	23,964	5,768	23,964
Accumulated losses		(85,057)	(80,419)	(157,502)	(155,565)
Total equity		130,887	135,008	58,442	59,862
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	511	12	435	-
Deferred tax liabilities	18	3,502	3,502	-	-
		4,013	3,514	435	-
Current liabilities					
Borrowing	19	13	2,903	-	-
Lease liabilities	17	267	340	208	-
Trade payables	20	48	18	-	-
Other payables	21	3,864	3,002	212	174
Amount due to subsidiary companies	10	-	-	479	1,230
Tax payable		10	485	-	330
		4,202	6,748	899	1,734
Total liabilities		8,215	10,262	1,334	1,734
Total equity and liabilities		139,102	145,270	59,776	61,596

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 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	22	16,063	26,701	96	60
Cost of sales		(12,554)	(22,763)	-	-
Gross profit		3,509	3,938	96	60
Other income		656	5,292	452	2,084
Administrative expenses		(9,138)	(27,067)	(3,330)	(18,829)
Net gain/(loss) on impairment of financial instruments		315	(506)	888	(1,009)
Loss from operations		(4,658)	(18,343)	(1,894)	(17,694)
Finance costs	23	(67)	(54)	(23)	(1)
Loss before tax	24	(4,725)	(18,397)	(1,917)	(17,695)
Taxation	25	87	(778)	(20)	(330)
Net loss for the financial year, representing total comprehensive loss for the financial year		(4,638)	(19,175)	(1,937)	(18,025)
Loss for the financial year attributable to:					
Owners of the Company		(4,638)	(19,175)	(1,937)	(18,025)
Total comprehensive loss attributable to:					
Owners of the Company		(4,638)	(19,175)	(1,937)	(18,025)
Loss per share (sen)					
Basic	26(a)	(0.04)	(0.18)		
Diluted	26(b)	(0.04)	(0.16)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Attributable to Owners of the Company						
	Note	Non-distributable			Accumulated losses RM'000	Total equity RM'000
		Share capital RM'000	SIS Options reserve RM'000	Warrants reserve RM'000		
Group						
At 1 January 2022		191,463	5,771	18,193	(80,419)	135,008
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(4,638)	(4,638)
Transaction with owners:						
Issuance of ordinary shares:						
- conversion of warrants	15	821	-	(301)	-	520
SIS options to employees:						
- lapsed		-	(3)	-	-	(3)
Lapsed of warrants	16(b)	17,892	-	(17,892)	-	-
		18,713	(3)	(18,193)	-	517
At 31 December 2022		210,176	5,768	-	(85,057)	130,887
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)
Transaction with owners:						
- Issuance of ordinary shares:						
- conversion of warrants	15	542	-	(199)	-	343
- SIS options to employees:						
- lapsed		-	(6)	-	-	(6)
- share issued pursuant to to SIS	15	2,159	(1,088)	-	-	1,071
		2,701	(1,094)	(199)	-	1,408
At 31 December 2021		191,463	5,771	18,193	(80,419)	135,008

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Attributable to Owners of the Company					Total equity RM'000
	Share capital RM'000	Non-distributable			Accumulated losses RM'000	
		SIS Options reserve RM'000	Warrants reserve RM'000			
Note						
Company						
At 1 January 2022	191,463	5,771	18,193	(155,565)		59,862
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(1,937)		(1,937)
Transaction with owners:						
Issuance of ordinary shares:						
- conversion of warrants	821	-	(301)	-		520
SIS options to employees:						
- lapsed	-	(3)	-	-		(3)
Lapsed of warrant	17,892	-	(17,892)	-		-
	18,713	(3)	(18,193)	-		517
At 31 December 2022	210,176	5,768	-	(157,502)		58,442
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)
Transaction with owners:						
- Issuance of ordinary shares						
- conversion of warrants	542	-	(199)	-		343
- SIS options to employees:						
- share issued pursuant to SIS	2,159	(1,088)	-	-		1,071
- lapsed	-	(6)	-	-		(6)
	2,701	(1,094)	(199)	-		1,408
At 31 December 2021	191,463	5,771	18,193	(155,565)		59,862

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Loss before tax	(4,725)	(18,397)	(1,917)	(17,695)
Adjustments for:				
Amortisation of:				
- intangible assets	67	178	-	-
- deferred expenses	208	500	-	-
Bad debts written off	-	62	-	-
Depreciation of property, plant and equipment	646	602	81	38
Depreciation of right-of-use assets	614	412	211	42
Gain on disposal of property, plant and equipment	(240)	-	(138)	-
Impairment losses on:				
- intangible assets	-	16,000	-	16,000
- trade receivables	-	506	-	-
- investment in subsidiary companies	-	-	532	327
- amount due from subsidiary companies	-	-	11,102	1,072
Interest income	(354)	(288)	(314)	(154)
Interest expense	67	54	23	1
Property, plant and equipment written off	-	42	-	-
Profit guarantee shortfall	-	(1,919)	-	(1,919)
Reversal of impairment loss on:				
- amount due from subsidiary companies	-	-	(11,990)	(63)
- trade receivables	(315)	-	-	-
Share options to employees	(3)	(6)	(3)	(6)
Operating loss before working capital changes	(4,035)	(2,254)	(2,413)	(2,357)
Changes in working capital:				
Inventories	(24)	1,039	-	-
Receivables	(2,582)	7,891	1,700	1,000
Payables	892	103	38	(45)
Cash (used in)/generated from operations	(5,749)	6,779	(675)	(1,402)
Tax paid	(587)	(815)	(350)	-
Tax refund	-	2	-	-
Net cash (used in)/from operating activities	(6,336)	5,966	(1,025)	(1,402)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(805)	(67)	(460)	-
Acquisition of intangible assets	-	(4)	-	-
Interest received	354	155	314	154
Proceeds from disposal of property, plant and equipment	390	-	180	-
Withdrawal from fixed deposits	-	46	-	-
Investment in subsidiary companies	-	-	-	(50)
Net cash (used in)/from investing activities	(61)	130	34	104

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from financing activities					
Interest paid		(67)	(54)	(23)	(1)
(Advance to)/Repayment from subsidiary companies		-	-	(5,426)	6,737
Repayment of lease liabilities	28	(576)	(379)	(202)	(56)
Proceeds from exercise of SIS options	15	-	1,071	-	1,071
Proceeds from warrant conversion	15	520	343	520	343
Net cash (used in)/from financing activities		(123)	981	(5,131)	8,094
Net (decrease)/increase in cash and cash equivalents		(6,520)	7,077	(6,122)	6,796
Cash and cash equivalents at beginning of the financial year		18,235	11,158	17,215	10,419
Cash and cash equivalents at end of the financial year		11,715	18,235	11,093	17,215
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		10,688	20,119	10,053	16,196
Fixed deposits with licensed bank	14	1,040	1,019	1,040	1,019
Bank borrowing	19	(13)	(2,903)	-	-
		11,715	18,235	11,093	17,215

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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, 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. With effect from 22 April 2022, the Company's business office has been relocated to 1-40-2, Menara Bangkok Bank, Berjaya Central Park, No. 105, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

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

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 MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	
• Amendments to MFRS 1	
• Amendments to MFRS 9	
• Amendments to Illustrative Examples accompanying MFRS 16	
• Amendments to MFRS 141	

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 2022 (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
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 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
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 MFRSs 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

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

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

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise 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 includes the renewal period as part of the lease term for lease of buildings with non-cancellable period included as part of the lease term as these are reasonably certain to be include extension options in new leases to provide operational flexibility.

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 and the Company regularly review 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 for property, plant and equipment and ROU asset are disclosed in Notes 4 and 8 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 of investment properties as at 31 December 2022. The valuation methodology for investment properties are investment approach. The fair value of investment properties of the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

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

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables, amounts 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 at the end of each reporting period.

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

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract due to discounts or penalties in the contract.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 Group 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 of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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).

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.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group has tax recoverable and payable of RM435,000 (2021: RM236,000) and RM10,000 (2021: RM485,000) respectively. The Company has tax payable of RMNil (2021: RM330,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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.

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

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

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

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

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

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

In the Company's separate financial statement, investment in subsidiary companies are 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) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Non-controlling interests

Non-controlling interests at the reporting period, being the portion of the net assets of subsidiary companies to equity interests that are not owned by the Company, whether directly or indirectly through subsidiary companies, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between the non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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.

(iii) Loss of control

Upon the loss of 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 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) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(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) on 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 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.

(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%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation (Cont'd)

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) on impairment of non-financial assets.

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
Hostel	Over the remaining lease period

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(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 statements 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Investment properties (Cont'd)

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.

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives 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.

(ii) Intangible assets acquired in a business combination

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

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

(iii) Derecognition of intangible assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company becomes 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

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

(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.

(iv) 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 and the Company 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(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 contracts

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*.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(l) Cash and cash equivalents

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

(m) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(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 recognised in the profit or loss and 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(q) Employee benefits (Cont'd)

(iii) Share-based payment transactions (Cont'd)

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

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

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

(b) Sale 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 wholesaler'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 food 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 2022 (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 their 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 are 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, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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 2022 (Cont'd)

4. Property, Plant and Equipment

	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
Group 2022								
Cost								
At 1 January 2022		446	261	284	774	854	1,544	4,163
Additions		5	-	-	800	-	-	805
Disposals		-	-	-	(610)	-	-	(610)
Transfer from right-of-use assets	8	-	-	-	120	-	-	120
At 31 December 2022		451	261	284	1,084	854	1,544	4,478
Accumulated depreciation								
At 1 January 2022		300	76	236	430	660	612	2,314
Charge for the financial year		114	35	11	158	95	233	646
Disposals		-	-	-	(460)	-	-	(460)
Transfer from right-of-use assets	8	-	-	-	76	-	-	76
At 31 December 2022		414	111	247	204	755	845	2,576
Carrying amount								
At 31 December 2022		37	150	37	880	99	699	1,902

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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

	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
Group (Cont'd)								
2021								
Cost								
At 1 January 2021		440	260	284	459	854	1,544	3,841
Additions		12	55	-	-	-	-	67
Written off		(6)	(54)	-	-	-	-	(60)
Transfer from right-of-use assets	8	-	-	-	315	-	-	315
At 31 December 2021		446	261	284	774	854	1,544	4,163
Accumulated depreciation								
At 1 January 2021		186	58	224	123	566	379	1,536
Charge for the financial year		115	35	12	113	94	233	602
Written off		(1)	(17)	-	-	-	-	(18)
Transfer from right-of-use assets	8	-	-	-	194	-	-	194
At 31 December 2021		300	76	236	430	660	612	2,314
Carrying amount								
At 31 December 2021		146	185	48	344	194	932	1,849

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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

Company 2022 Cost	Computer equipment RM'000	Electrical fittings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 1 January 2022	63	3	4	315	7	392
Additions	-	-	-	460	-	460
Disposals	-	-	-	(315)	-	(315)
At 31 December 2022	63	3	4	460	7	537
Accumulated depreciation						
At 1 January 2022	33	2	2	215	1	253
Charge for the financial year	14	-	1	65	1	81
Disposals	-	-	-	(273)	-	(273)
At 31 December 2022	47	2	3	7	2	61
Carrying amount						
At 31 December 2022	16	1	1	453	5	476

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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

	Note	Computer equipment RM'000	Electrical fittings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company (Cont'd)							
2021							
Cost							
At 1 January 2021		63	3	4	-	7	77
Transfer from right-of-use assets	8	-	-	-	315	-	315
At 31 December 2021		63	3	4	315	7	392
Accumulated depreciation							
At 1 January 2021		19	1	1	-	-	21
Transfer from right-of-use assets	8	-	-	-	194	-	194
Charge for the financial year		14	1	1	21	1	38
At 31 December 2021		33	2	2	215	1	253
Carrying amount							
At 31 December 2021		30	1	2	100	6	139

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

5. Investment Properties

	Group	
	2022 RM'000	2021 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 their fair value based on market values determined by independent qualified valuers amounting to RM110,000,000 (2021: 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 investment properties was valued using investment approach, based on the gross rental income receivable and taking into consideration the outgoings such as quit rent and assessment, utilities, repair and maintenance including other general expenses. The fair value is within level 3 of the fair value hierarchy.

There was no transfer 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	Significant unobservable inputs	Range		Inter-relationship
			2022	2021	
Commercial properties	Investment method	Estimated rental (RM/psf/month)	2-20	2-10	Higher the estimated rental, higher the fair value
		Void rate %	5	5	Higher the range of inputs, lower the fair value
		Discount rate %	6.5	6	Higher the range of inputs, lower the fair value

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

5. Investment Properties (Cont'd)

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

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

(b) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM110,000,000 (2021: 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:

	2022 RM'000	Group 2021 RM'000
Rental income	7,330	5,638
Direct operating expenses:		
- Income generating investment properties	4,068	3,041

6. Deferred Expenses

	2022 RM'000	Group 2021 RM'000
Cost		
At 1 January	1,500	1,500
Expiration of tenancy agreement	(1,500)	-
At 31 December	-	1,500
Accumulated amortisation		
At 1 January	1,292	792
Charge for the financial year	208	500
Expiration of tenancy agreement	(1,500)	-
At 31 December	-	1,292
Carrying amount		
At 31 December	-	208

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

7. Intangible Assets

	Goodwill RM'000	Franchise and license RM'000	Total RM'000
Group			
Cost			
2022			
At 1 January 2022/31 December 2022	16,000	399	16,399
Accumulated amortisation			
At 1 January 2022	-	226	226
Amortisation for the financial year	-	67	67
At 31 December 2022	-	293	293
Accumulated impairment loss			
At 1 January 2022/31 December 2022	16,000	-	16,000
Carrying amount			
At 31 December 2022	-	106	106
Cost			
2021			
At 1 January 2021	16,000	395	16,395
Additions through separate acquired	-	4	4
At 31 December 2021	16,000	399	16,399
Accumulated amortisation			
At 1 January 2021	-	48	48
Amortisation for the financial year	-	178	178
At 31 December 2021	-	226	226
Accumulated impairment loss			
At 1 January 2021	-	-	-
Impairment losses recognised	16,000	-	16,000
At 31 December 2021	16,000	-	16,000
Carrying amount			
31 December 2021	-	173	173

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

7. Intangible Assets (Cont'd)

	Company	
	2022 RM'000	2021 RM'000
Goodwill		
Cost		
At 1 January/31 December	16,000	16,000
Accumulated impairment loss		
At 1 January	16,000	-
Impairment losses recognised	-	16,000
At 31 December	16,000	16,000
Carrying amount		
At 31 December	-	-

(a) Amortisation

The amortisation of franchise and license of the Group amounting to RM67,000 (2021: RM178,000) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Food and beverages	106	173	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

7. Intangible Assets (Cont'd)

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

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 CGU has been determined based on the value in use calculation using the cash flow 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 10% per annum (2021: 1% per annum) while expenses has been assumed to grow at an average of 3% per annum (2021: 1% per annum).

- (b) Project management and consultancy

In previous financial year, 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 was recognised. The impairment loss is recorded within administrative expenses in the statements of profit or loss and other comprehensive income.

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 5% (2021: 5%) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

8. Right-of-Use Assets

	Note	Hostel RM'000	Motor vehicles RM'000	Office rental RM'000	Total RM'000
Group Cost					
2022					
At 1 January 2022		-	976	512	1,488
Additions		35	-	967	1,002
Expiration of lease contract		-	-	(512)	(512)
Transfer to property, plant and equipment	4	-	(120)	-	(120)
At 31 December 2022		35	856	967	1,858
Accumulated depreciation					
At 1 January 2022		-	394	341	735
Charge for the financial year		6	195	413	614
Expiration of lease contract		-	-	(512)	(512)
Transfer to property, plant and equipment	4	-	(76)	-	(76)
At 31 December 2022		6	513	242	761
Carrying amount					
At 31 December 2022		29	343	725	1,097
Group 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 2022 (Cont'd)

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

	Office rental RM'000
<hr/>	
Company Cost 2022	
At 1 January 2022	-
Additions	845
<hr/>	
At 31 December 2022	845
<hr/>	
Accumulated depreciation	
At 1 January 2022	-
Charge for the financial year	211
<hr/>	
At 31 December 2022	211
<hr/>	
Carrying amount	
At 31 December 2022	634
<hr/>	

	Note	Motor vehicles RM'000
<hr/>		
Company Cost 2021		
At 1 January 2021		315
Transfer to property, plant and equipment	4	(315)
<hr/>		
At 31 December 2021		-
<hr/>		
Accumulated depreciation		
At 1 January 2021		152
Charge for the financial year		42
Transfer to property, plant and equipment	4	(194)
<hr/>		
At 31 December 2021		-
<hr/>		
Carrying amount		
At 31 December 2021		-
<hr/>		

Assets held under lease contracts

Included in the above, the motor vehicles with a carrying amount of RM343,000 (2021: RM582,000) of the Group are pledged as securities for the lease liabilities as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

9. Investment in Subsidiary Companies

	Company	
	2022 RM'000	2021 RM'000
In Malaysia:		
At cost		
Unquoted shares	49,885	49,885
Quasi loans	18,500	18,500
	68,385	68,385
Less: Accumulated impairment losses	(44,353)	(43,821)
	24,032	24,564

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

Movements in the allowance for impairment losses are as follows:

	Company	
	2022 RM'000	2021 RM'000
At 1 January	43,821	43,494
Impairment losses recognised	532	327
At 31 December	44,353	43,821

During the financial year, the Company has recognised an impairment loss amounting to RM532,000 (2021: RM327,000) for its investment in certain subsidiary company that are persistently making losses. The recoverable amount of each subsidiaries company was based on value in use method. In determining the value in use for the cash flows were discounted at rate of 5% (2021: 5%) on a pre-tax basis.

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	Place of business/ Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

9. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
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 food and beverage in markets and providing food and beverage in market stalls/hawkers
PHB Capital Sdn. Bhd.	Malaysia	100	100	Providing credit and leasing facilities

(b) Additional investment in subsidiary companies

In the previous financial year, 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.

There is no additional investment in subsidiary companies during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

10. Amount Due from/(to) Subsidiary Companies

	Company	
	2022 RM'000	2021 RM'000
Amount due from subsidiary companies		
Non-current		
<u>Non-trade related</u>		
Non-interest bearing	66,391	68,040
Less: Accumulated impairment losses	(44,727)	(56,458)
	21,664	11,582
Current		
<u>Non-trade related</u>		
Non-interest bearing	13,910	7,586
Less: Accumulated impairment losses	(12,291)	(1,448)
	1,619	6,138
Amount due to subsidiary companies		
<u>Non-trade related</u>		
Non-interest bearing	(479)	(1,230)

Movements in the allowance for impairment losses are as follows:

	Company	
	2022 RM'000	2021 RM'000
At 1 January	57,906	56,897
Impairment losses recognised	11,102	1,072
Reversal of impairment losses	(11,990)	(63)
At 31 December	57,018	57,906

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

11. Inventories

	Group	
	2022 RM'000	2021 RM'000
Consumable stocks	86	62
Recognised in profit or loss		
Inventories recognised as cost of sales	868	1,687

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

12. Trade Receivables

	2022	Group
	RM'000	2021
		RM'000
Trade receivables		
- Third parties	13,364	8,910
- Related parties	98	280
- Accrued revenue	47	28
	13,509	9,218
Less: Accumulated impairment losses	(932)	(1,247)
	12,577	7,971

Included above are the loan receivables from third parties amounted to RM7,018,000 (2021: RM3,018,000) related to the money lending business. The amount is secured, interest bearing at 7.20% (2021: 7.20%) per annum and repayable within 12 months (2021: 12 months).

The loan receivables from a third party amounted to RM3,750,000 (2021: RMNIL) related to the money lending business. The amount is unsecured, interest bearing at 18% (2021: RMNIL) per annum and repayable within 12 months (2021: NIL).

Other trade receivables are non-interest bearing and are generally on 30 to 90 days (2021: 30 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 follow:

	2022	Group
	RM'000	2021
		RM'000
At 1 January	1,247	741
Impairment losses recognised	-	506
Reversal of impairment losses	(315)	-
At 31 December	932	1,247

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 2022 (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			
2022			
Not past due	11,095	(31)	11,064
Past due:			
Less than 30 days	720	(128)	592
31 to 60 days	788	(27)	761
61 to 90 days	65	(18)	47
More than 90 days	131	(18)	113
	12,799	(222)	12,577
Credit impaired			
Past due more than 90 days	710	(710)	-
	13,509	(932)	12,577
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

13. Other Receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit guarantee shortfall due from CPL	-	1,919	-	1,919
Other receivables	623	67	183	-
Deposits	444	780	57	34
Prepayments	104	113	18	5
	1,171	2,880	258	1,958

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

13. Other Receivables (Cont'd)

Profit guarantee to purchase price

In the acquisition of CPLA in the previous financial year, the Company entered into a business acquisition agreement with CPLA, 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.

In previous financial year, the Group and the Company have recognised the aforesaid profit guarantee shortfall in the other income in the statements of profit or loss and other comprehensive income.

14. Fixed Deposits with Licensed Banks

The effective interest rates of the fixed deposits with licensed banks ranging from 2.30% to 2.70% (2021: 1.35% to 1.85%) per annum and its maturity period ranging from 60 to 90 days (2021: 30 to 90 days).

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2022 Unit'000	2021 Unit'000	2022 RM'000	2021 RM'000
Issued and fully paid				
At 1 January	10,769,219	10,564,952	191,463	188,762
Issuance of shares pursuant to:				
- exercise of SIS options	-	170,000	-	1,071
- share issued under SIS [Note 16(a)]	-	-	-	1,088
- conversion of warrants	51,959	34,267	520	343
Warrants reserve arising from right issue [Note 16(b)]	-	-	18,193	199
At 31 December	10,821,178	10,769,219	210,176	191,463

During the financial year, the Company issued 51,959,000 new ordinary shares for a consideration of RM520,000 at an exercise price of RM0.01 per share from exercise of warrants.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

16. Reserves

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

		Group and Company	
		2022 RM'000	2021 RM'000
Non-Distributable			
SIS options reserve	(a)	5,768	5,771
Warrants reserve	(b)	-	18,193
		5,768	23,964

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

(a) SIS options reserve

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

The Share Issuance Scheme ("**SIS**") of the Company is governed by the SIS By-laws and was approved by shareholders on 17 April 2015. The SIS By-laws sets out the basis upon which the Company shall allocate the SIS Options to eligible person of the Company to subscribe for new ordinary shares in the Company.

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

The main features of the SIS are as follows:

- (i) Eligible persons are employees and/or Directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group or such employee is serving such in a specific designation under and employment contract for a fixed duration of at least 1 year from the date of offer;
- (ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up capital of the Company at any one time during the existence of the SIS;
- (iii) The option price shall be determined by the Scheme Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, which a discount of not more than 10% or at the par value of ordinary shares of the Company, whichever is higher;
- (iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the SIS; and
- (v) All new ordinary shares issued upon exercise of the options granted under the SIS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allocated and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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

Grant dates	Exercise price	Expiry dates	Number of share option	
			2022 Unit'000	2021 Unit'000
18 August 2015	RM0.10	28.5.2025	13,300	13,433
19 July 2018	RM0.02	28.5.2025	249,641	249,641
28 August 2019	RM0.01	18.7.2023	434,000	434,000
			696,941	697,074

The fair values of share options granted were estimated using a Black-Scholes Model (2021: 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

(b) Warrants reserve

	Group and Company	
	2022 RM'000	2021 RM'000
At 1 January	18,193	18,392
Conversion of warrants B	(301)	(199)
Lapsed	(17,892)	-
At 31 December	-	18,193

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (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 (Cont'd)

Warrants 2019/2022

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

At the expiry of the warrants, the total number of warrants that remain unexercised in the warrant reserve will be transferred to share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

17. Lease Liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current	511	12	435	-
Current	267	340	208	-
	778	352	643	-

The maturity analysis of lease liabilities as the end of the reporting period.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within one year	287	347	224	-
Between 1 to 2 years	270	12	224	-
Between 2 to 5 years	257	-	225	-
	814	359	673	-
Less: Future finance charges	(36)	(7)	(30)	-
Present value of minimum lease liabilities	778	352	643	-

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

The average effective rates per annum at the end of the reporting period for lease liabilities is ranging from 2.36% to 4.44% (2021: 2.36% to 3%).

18. Deferred Tax Liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	3,502	3,522	-	-
Recognised in profit or loss	-	(11)	-	-
Over provision in prior years	-	(9)	-	-
At 31 December	3,502	3,502	-	-

The deferred tax liabilities are derived from the temporary differences between the carrying amount of investment properties and its tax base.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

18. Deferred Tax Liabilities (Cont'd)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	80,191	76,604	55,517	53,422
Unutilised capital allowances	348	259	45	68
Other deductible temporary differences	1,046	1,279	101,371	101,727
Lease liabilities	766	181	643	-
Property, plant and equipment	(156)	(252)	(24)	(49)
Right-of-use assets	(755)	(171)	(634)	-
	81,440	77,900	156,918	155,168

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 the year 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	
	2022 RM'000	2021 RM'000
Secured		
Current		
Bank overdraft	13	2,903

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

- First legal charge created on the investment property owned by subsidiary company as disclosed in Note 5; and
- Corporate guarantee by the Company.

The effective interest rate per annum at the end of the reporting period for borrowing is 7.47% (2021: 6.47%).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

20. Trade Payables

The normal trade credit terms of the Group ranged from 30 to 60 days (2021: 30 to 60 days) depending on the terms of the contracts.

21. Other Payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	523	483	28	21
Accruals	1,897	1,147	184	153
Deposits	1,400	1,298	-	-
SST payables	44	74	-	-
	3,864	3,002	212	174

22. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:				
Construction contracts	3,507	1,487	-	-
Sales of foods and beverages	1,780	1,177	-	-
Sales of goods	2,997	15,844	-	-
Project management consultancy	-	-	96	60
Rendering of services	169	3,189	-	-
	8,453	21,697	96	60
Other revenue:				
Financing income	389	162	-	-
Rental income from investment properties	7,221	4,842	-	-
	16,063	26,701	96	60

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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				
2022				
Major goods and services:				
Construction contracts	3,507	-	-	3,507
Sales of foods and beverages	-	-	1,780	1,780
Sales of goods	-	2,997	-	2,997
Project management consultancy	169	-	-	169
Total revenue from contracts with customers	3,676	2,997	1,780	8,453
2021				
Major goods and services:				
Construction contracts	1,487	-	-	1,487
Sales of foods and beverages	-	-	1,177	1,177
Sales of goods	-	15,844	-	15,844
Project management consultancy	3,189	-	-	3,189
Total revenue from contracts with customers	4,676	15,844	1,177	21,697
	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition:				
At a point in time	4,777	16,225	-	-
Over time	3,676	4,676	96	60
	8,453	20,901	96	60

23. Finance Costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- bank overdraft	33	33	-	-
- lease liabilities	34	21	23	1
	67	54	23	1

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

24. Loss Before Tax

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration				
- statutory audit:				
- current year	138	138	87	87
- over provision in prior year	(1)	(4)	-	-
- non-statutory audit	6	6	6	6
Amortisation of:				
- intangible assets	67	178	-	-
- deferred expenses	208	500	-	-
Bad debt written off	-	62	-	-
Depreciation of property, plant and equipment	646	602	81	38
Depreciation of right-of-use assets	614	412	211	42
Impairment losses on:				
- intangible assets	-	16,000	-	16,000
- investment in subsidiary companies	-	-	532	327
- amount due from subsidiary companies	-	-	11,102	1,072
- trade receivables	-	506	-	-
Lease expenses relating to short-term leases (a)	53	193	2	132
Lease expenses relating to low-value assets (a)	75	76	-	-
Non-executive Directors' remunerations				
- fees	92	90	92	90
- other emoluments	129	54	129	54
Property, plant and equipment written off	-	42	-	-
Interest income	(354)	(288)	(314)	(154)
Gain on disposal of property, plant and equipment	(240)	-	(138)	-
Profit guarantee shortfall	-	(1,919)	-	(1,919)
Reversal of impairment loss on:				
- amount due from subsidiary companies	-	-	(11,990)	(63)
- trade receivables	(315)	-	-	-
Wages subsidies (b)	(12)	(55)	-	(11)

(a) The Group and the Company rent several premises and equipment with contract terms of not more than one year. These are short-term and/or leases of low-value items. The Group and the Company have 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 2022 (Cont'd)

25. Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax expenses recognised in profit or loss:				
Current tax:				
- Current year	10	689	-	330
- Under provision in prior years	28	109	20	-
	38	798	20	330
Deferred tax:				
- Origination and reversal of temporary difference	-	(11)	-	-
- Over provision in prior years	(125)	(9)	-	-
	(125)	(20)	-	-
	(87)	778	20	330

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss before tax	(4,725)	(18,397)	(1,917)	(17,695)
At Malaysian statutory tax rate of 24% (2021: 24%)	(1,134)	(4,416)	(460)	(4,247)
Expenses not deductible for tax purposes	322	541	68	412
Income not subject to tax	(28)	(22)	(28)	(17)
Utilisation of deferred tax assets	(229)	-	-	-
Deferred tax assets not recognised	1,079	4,575	420	4,182
	10	678	-	330
Under provision of current tax in prior years	28	109	20	-
Over provision of deferred tax in prior years	(125)	(9)	-	-
	(87)	778	20	330

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

25. Taxation (Cont'd)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	80,191	76,604	55,517	53,422
Unutilised capital allowances	348	259	45	68
	80,539	76,863	55,562	53,490

26. Loss Per Share

(a) Basic loss per share

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

	Group	
	2022 RM'000	2021 RM'000
Loss attributable to owners of the Company	(4,638)	(19,175)
Weighted average number of ordinary shares in issue (in thousands of shares):		
Issued ordinary shares at 1 January	10,769,219	10,564,952
Effect of ordinary shares issued during the financial year	29,921	76,668
Weighted average number of ordinary shares at 31 December	10,799,140	10,641,620
Basic loss per ordinary shares (in sen)	(0.04)	(0.18)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

26. Loss Per Share (Cont'd)

(b) Diluted loss per share

Diluted loss per share are calculated based on the adjusted consolidated loss for the financial year attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2022 RM'000	2021 RM'000
Loss attributable to owners of the Company (diluted)	(4,638)	(19,175)
Weighted average number of ordinary shares used in the calculation of basis loss per share (in thousands of shares)	10,799,140	10,641,620
Effect of share issuance scheme issued	135,724	274,191
Effect of conversion of warrants	-	1,206,442
Weighted average number of ordinary shares at 31 December (diluted)	10,934,864	12,122,253
Diluted loss per ordinary shares (in sen)	(0.04)	(0.16)

27. Staff Costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other emoluments	5,409	5,511	1,180	1,204
Social security contributions	44	48	11	12
Defined contributions plans	703	737	177	165
Other benefits	96	106	18	25
	6,252	6,402	1,386	1,406

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company				
Salaries and other emoluments	2,586	2,443	546	466
Social security contributions	7	9	2	2
Defined contributions plans	448	404	102	75
Other benefits	75	69	18	25
	3,116	2,925	668	568
Directors of the subsidiary company				
Salaries and other emoluments	518	336	-	-
Social security contributions	1	1	-	-
Other benefits	25	42	-	-
	544	379	-	-

28. Reconciliation of Liabilities Arising From Financing Activities

The table below show the 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 lease RM'000	Financing cash flows ⁽ⁱ⁾ RM'000	At 31 December RM'000
Group				
2022				
Lease liabilities	352	1,002	(576)	778
2021				
Lease liabilities	716	15	(379)	352

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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

The table below show the 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 lease RM'000	Financing cash flows ⁽ⁱ⁾ RM'000	At 31 December RM'000
Company				
2022				
Lease liabilities	-	845	(202)	643
Amount due to subsidiary companies	1,230	-	(751)	479
	1,230	845	(953)	1,122
2021				
Lease liabilities	56	-	(56)	-
Amount due to subsidiary companies	1,789	-	(559)	1,230
	1,845	-	(615)	1,230

(i) The cash flows from amount due to subsidiary companies and lease liabilities make up the net amount of proceeds from advances or the repayments of balances in the statements of cash flows.

29. Financial Guarantees

	Company	
	2022 RM'000	2021 RM'000
Unsecured		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary company	13	2,903

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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 or joint 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. Related parties may be individuals or other entities.

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

(b) Significant related party transactions

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Transactions with subsidiary companies				
- Management fee received	-	-	96	60
Transactions with related parties				
- Consultancy services	182	1,502	-	-
- Lease expenses on offices	257	168	-	130
- Lease expenses on motor vehicles	60	60	-	-

(c) Compensation of key management personnel

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other emoluments	3,379	3,042	821	730
Social security contributions	9	10	3	3
Defined contributions plans	462	417	117	90
Other benefits	100	111	18	25
	3,950	3,580	959	848

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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 constructions
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 purposes 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 2022 (Cont'd)

31. Segment Information (Cont'd)

(a) Business segment

Group 2022	Property management		Project management consultancy		Trading		Investment holding and others		Total RM'000	Eliminations RM'000	Consolidated RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Revenue											
External customers	7,331	3,676	2,887	2,169					16,063	-	16,063
Inter-segment sales	302	-	-	96					398	(398)	-
Total revenue	7,633	3,676	2,887	2,265					16,461	(398)	16,063
Results											
Interest income	40	-	-	314					354	-	354
Finance costs	(36)	(5)	-	(52)					(93)	26	(67)
Amortisation	(208)	-	-	(67)					(275)	-	(275)
Depreciation	(261)	(564)	-	(562)					(1,387)	127	(1,260)
Other non-cash items	417	-	-	492					909	(354)	555
Taxation	114	(8)	-	(20)					86	-	86
Segment profit/(loss)	529	(1,822)	(391)	(2,607)					(4,291)	(347)	(4,638)
Segment assets	112,251	2,253	804	72,374					187,682	(48,580)	139,102
Included in measurement of segment assets are capital expenditure	380	-	-	1,427					1,807	-	1,807
Segment liabilities	90,915	1,327	1,876	14,197					108,315	(100,100)	8,215

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

31. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Group 2021	Property management		Project management consultancy		Trading		Investment holding and others		Total RM'000	Eliminations RM'000	Consolidated RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Revenue											
External customers	5,638	4,676	15,048	1,399	-	26,701	-	26,701			
Inter-segment sales	236	-	-	60	-	296	(296)	-			
Total revenue	5,874	4,676	15,048	1,399	26,997	26,997	(296)	26,701			
Results											
Interest income	134	-	-	154	288	288	-	288			
Finance costs	(40)	(14)	-	(30)	(84)	(84)	30	(54)			
Amortisation	(500)	-	-	(178)	(678)	(678)	-	(678)			
Depreciation	(254)	(569)	-	(319)	(1,142)	(1,142)	128	(1,014)			
Other non-cash items	(605)	-	-	(17,343)	(17,948)	(17,948)	1,338	(16,610)			
Taxation	(153)	(295)	-	(330)	(778)	(778)	-	(778)			
Segment (loss)/profit	(971)	211	(696)	(19,067)	(20,523)	(20,523)	1,348	(19,175)			
Segment assets	116,557	3,697	2,841	66,600	189,695	189,695	(44,425)	145,270			
Included in measurement of segment assets are capital expenditure	62	15	-	(9)	86	86	-	86			
Segment liabilities	95,751	949	3,522	6,331	106,553	106,553	(96,291)	10,262			

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

31. Segment Information (Cont'd)

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

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	
	2022 RM'000	2021 RM'000
Bad debts written off	-	62
Gain on disposal of property, plant and equipment	(240)	-
Impairment losses on:		
- intangible assets	-	16,000
- trade receivables	-	506
Property, plant and equipment written off	-	42
Reversal of impairment loss on trade receivables	(315)	-
	(555)	16,610

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		Segment
	2022 RM'000	2021 RM'000	
Customer 1	-	7,077	Trading
Customer 2	-	7,971	Trading
Customer 3	3,078	-	Consultancy
	3,078	15,048	

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At amortised cost				
Financial assets				
Trade receivables	12,577	7,971	-	-
Other receivables	1,067	2,766	240	1,953
Amount due from subsidiary companies	-	-	23,283	17,720
Fixed deposits with licensed banks	1,040	1,019	1,040	1,019
Cash and bank balances	10,688	20,119	10,053	16,196
	25,372	31,875	34,616	36,888
At amortised cost				
Financial liabilities				
Borrowing	13	2,903	-	-
Lease liabilities	778	352	643	-
Trade payables	48	18	-	-
Other payables	3,820	2,928	212	174
Amount due to subsidiary companies	-	-	479	1,230
	4,659	6,201	1,334	1,404

(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 above-mentioned 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 2022 (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 prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies, where the risks of default would be assessed to be low.

At each reporting date, the Group and the Company assess whether any of 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 represent 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 RM13,000 (2021: RM2,903,000), representing the outstanding banking facilities granted 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 period.

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

At the end of the financial year, the Group had 3 customers (2021: 2 customers) accounted for approximately 86% (2021: 66%) of all the receivables outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (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 are 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					
2022					
Non-derivative financial liabilities					
Lease liabilities	287	270	257	814	778
Borrowing	13	-	-	13	13
Trade payables	48	-	-	48	48
Other payables	3,820	-	-	3,820	3,280
	4,168	270	257	4,695	4,119
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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (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	1 - 2 years RM'000	2 - 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company					
2022					
Non-derivative financial liabilities					
Lease liabilities	224	224	225	673	643
Other payables	212	-	-	212	212
Amount due to subsidiary companies	479	-	-	479	479
Financial guarantee liabilities*	13	-	-	13	-
	928	224	225	1,377	1,334
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

* Based on the maximum amount that could 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 company defaulting on the credit facilities is remote.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

32. Financial Instruments (Cont'd)

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

(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.

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:

	2022 RM'000	2021 RM'000
Group		
Fixed rate instruments		
Financial assets	11,808	4,037
Financial liabilities	(778)	(352)
	11,030	3,685
Floating rate instrument		
Financial liabilities	(13)	(2,903)
Company		
Fixed rate instruments		
Financial assets	1,040	1,019
Financial liabilities	(643)	-
	397	1,019

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

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)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group's loss before tax by RM1,300 (2021: RM29,000), arising mainly as a result of lower/higher 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.

(c) Fair value 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 value for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022 (Cont'd)

33. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Borrowing	13	2,903	-	-
Lease liabilities	778	352	643	-
Less: Fixed deposits with licensed banks	(1,040)	(1,019)	(1,040)	(1,019)
Less: Cash and bank balances	(10,688)	(20,119)	(10,053)	(16,196)
Net debts	(10,937)	(17,883)	(10,450)	(17,215)
Total equity	130,887	135,008	58,442	59,862
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 deposit, bank and cash balances to settle the liabilities as at financial year.

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

34. 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 21 March 2023.

LIST OF PROPERTY

AS AT 31 DECEMBER 2022

Title Details / Postal Address	Description of Property/ Existing use	Built-up Area / Land Area	Tenure (expiry of lease)	Approximate Age of Building	Date of Revaluation	Date of Acquisition	Audited Net Book Value As at 31.12.2022
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 206,092 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 71 years)	26 years	31.12.2022	25.08.2003	RM110,000,000

ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

Total Number of Issued Shares : 10,821,177,771
 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	390	1.836	16,853	0.000
100 to 1,000	2,096	9.865	1,579,928	0.015
1,001 to 10,000	5,185	24.405	28,367,787	0.262
10,001 to 100,000	7,295	34.336	383,124,229	3.541
100,001 to 541,058,887*	6,278	29.549	8,284,134,658	76.555
541,058,888 and above**	2	0.009	2,123,954,316	19.628
TOTAL	21,246	100.000	10,821,177,771	100.000

* Less than 5% of issued shares

** 5% and above of issued shares

List of Substantial Shareholders

No.	Name	Direct Interest	No. of Ordinary Shares		%
			%	Indirect Interest	
1.	Toh Hong Chye	1,222,735,784	11.299	-	-
2.	Dato' Sri Lee See Yang	901,218,532	8.328	-	-

List of Directors' Shareholdings

No.	Name	Direct Interest	No. of Ordinary Shares		%
			%	Indirect Interest	
1.	Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	236,000	0.00	-	-
2.	Toh Hong Chye	1,222,735,784	11.299	-	-
3.	Dato' Sri Lee See Yang	901,218,532	8.328	-	-
4.	Chin Pak Loong	305,263,143	2.821	-	-
5.	Andrew Ho Tho Kong	-	-	-	-
6.	Low Yen Hoon	-	-	-	-

ANALYSIS OF SHAREHOLDINGS AS AT 3 APRIL 2023 (Cont'd)

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Hong Chye (7004332)	1,222,735,784	11.299
2.	Lee See Yang	901,218,532	8.328
3.	RHB Capital Nominees (Tempatan) Sdn. Bhd. David Lai & Tan Services Sdn. Bhd.	501,754,400	4.637
4.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Chin Hoong Sdn. Bhd.	400,000,000	3.696
5.	Chin Pak Loong	205,263,143	1.896
6.	Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Satvinder Singh (Margin)	200,000,000	1.848
7.	Chin Pak Loong	100,000,000	0.924
8.	VM Team Engineering Sdn. Bhd.	100,000,000	0.924
9.	Steady Influx Sdn. Bhd.	91,068,800	0.842
10.	Ooi Chieng Sim	89,749,300	0.829
11.	Ooi Chieng Sim	89,749,300	0.829
12.	Rajandran A/L Visvalingam	89,749,300	0.829
13.	Gandi A/L Muthusamy	78,300,000	0.724
14.	Salma Binti Seman	71,000,000	0.656
15.	Progerex Sdn. Bhd.	62,846,600	0.581
16.	Progerex Sdn. Bhd.	62,846,600	0.581
17.	Thor Poh Keow	52,038,000	0.481
18.	Siti Munajat Binti Md Ghazali	50,000,000	0.462
19.	Boh Chit Pang	49,789,600	0.460
20.	A1 Capital Sdn. Bhd.	44,911,400	0.415
21.	A1 Capital Sdn. Bhd.	44,911,400	0.415
22.	HLS Properties Sdn. Bhd.	44,911,400	0.415
23.	HLS Properties Sdn. Bhd.	44,911,400	0.415
24.	Hock Lok Siew Realty Sdn. Bhd.	44,911,400	0.415
25.	Hock Lok Siew Realty Sdn. Bhd.	44,911,400	0.415
26.	Lagenda Perdana Sdn. Bhd.	44,911,400	0.415
27.	Lim Kean Wah	44,911,400	0.415
28.	Lim Seow Chin	44,911,400	0.415
29.	Lim Seow Chin	44,911,400	0.415
30.	Skylitech Resources Sdn. Bhd.	44,911,400	0.415

NOTICE OF FORTY EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Eighth Annual General Meeting ("48th 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 Friday, 30 June 2023 at 10.00 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 2022 together with Reports of the Directors' and the Auditors' thereon. | Please refer to Explanatory Note 1 |
| 2. | To re-elect Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar as Director in accordance with Clause 105 of the Constitution of the Company. | Ordinary Resolution 1 |
| 3. | To re-elect Chin Pak Loong 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 ten per centum (10%) of the total issued shares/total number of voting shares of the Company (excluding treasury shares) at the time of issue.

THAT pursuant to Section 85 of the Companies Act 2016 approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued Company's shares arising from any issuance of new Company's shares pursuant to Section 76 of the Companies Act 2016.

THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

BY ORDER OF THE BOARD

CHIN WAI YI (MAICSA 7069783) (SSM PC No. 202008004409)
FLORENCE TOH SUE MEI (MAICSA 7074778) (SSM PC No. 202108000143)
 Company Secretary

Kuala Lumpur
 Date: 28 April 2023

NOTICE OF FORTY EIGHTH 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 2022, 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.

Based on the recommendation of the NC, the Board supports the re-election of the Directors based on the following justifications:

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar : Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar fulfils the requirements of independence set out in Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He remains objective and independent in expressing his view and participating in Board's deliberations and decision making process.

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Chairman of the Company.

Chin Pak Loong : Chin Pak Loong has close to two (2) decades of experience in architectural and interior design. He is familiar with the Company's business operations and is primarily involved in design and build projects.

Chin Pak Loong has exercised his due care and carried out his professional duties proficiently during his tenure as Executive Director of the Company.

3. Item 6 of the Agenda

The Ordinary Resolution 5 proposed under item 6 of the Agenda is to seek the shareholders' approval of a new general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

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

NOTES:

1. The 48th 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 Friday, 30 June 2023 at 10.00 a.m. or at any adjournment thereof. Shareholders of the Company are required to register for the 48th 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 48th 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 48th 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 of the Company at, GAP Advisory Sdn. Bhd. at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia not less than forty eight (48) hours before the time appointed for holding the 48th AGM (no later than Wednesday, 28 June 2023 at 10.00 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 support@digerati.com.my, no later than Wednesday, 28 June 2023 at 10.00 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 22 June 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 48th AGM.
10. Any alteration in the Proxy Form must be initialed.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolution set out in the Notice of 48th 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 48th 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 48th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 48th 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 EIGHTH ANNUAL GENERAL MEETING**

Type of General Meeting : Forty Eighth Annual General Meeting (“**48th AGM**”)
Date : Friday, 30 June 2023
Time : 10.00 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

The 48th AGM of Pegasus Heights Berhad (“**PHB**” or the “**Company**”) will be held and conducted 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 48th 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 Thursday, 22 June 2023 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 48th AGM remotely using RPV is required to follow the following procedures:

Step	Action	Procedures
A	To register as a user at website: https://agm.digerati.com.my/pegasus-online 	<ul style="list-style-type: none">• Click 'Register' to sign up as new user.• Upload your identity documents.• Complete & submit your registration.• Verify your email at your mailbox to complete the registration.• You will be notified upon successful or rejected registration.• You may pose your question, if any, to the Chairman/Board using the website.• Within 7 days before the AGM, you will be notified with login credentials to join the meeting upon approval. <p>*Note:</p> <ul style="list-style-type: none">- Please check your spam mailbox if you do not receive emails from us- Registered user and proxy may skip this step.- Identity documents will be deleted after registration.

Step	Action	Procedures
B	To appoint proxy or corporate representative at website (optional)	<ul style="list-style-type: none"> • Login your registered account at website. • Select "PHB 48th AGM". • Fill up the information to appoint proxy(s). • Within 7 days before the AGM, you and your proxy(s) will be notified upon approval or rejection of RPV.
C	On the day of AGM	<ul style="list-style-type: none"> • Access to Broadcast and E-Poll Form using the website or through email links • If you have any question for the Chairman/Board, you may use the Q&A section to text your question. • Submit your voting within a specific period once the Chairman announces that the voting is open. • Voting will be closed upon the expiry of the voting period. • 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 48th 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.

RPV for Authorised Nominee and Exempt Authorised Nominee

Write in to support@digerati.com.my by providing the name of Member, CDS Account Number accompanied with the Proxy Form to submit the request.

No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at this 48th AGM.

No recording or photography

Please note that no recording or photography of the 48th AGM proceedings is allowed.

Enquiry

If you have any enquiry in relation to registration, logging in and system related, please contact the Technical Support:

Technical Support : Digerati Technologies Sdn. Bhd.
 Tel No. : +6011-6338 8316
 Email : support@digerati.com.my

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 Eighth Annual General Meeting ("48th 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 Friday, 30 June 2023 at 10.00 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 48th 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 48th 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 Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar				
Ordinary Resolution 2	To re-elect Chin Pak Loong				
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.				

Dated this ____ day of _____ 2023

 Signature / Common Seal of Shareholder

Contact No: _____



Fold this flap for sealing

NOTES:

1. The 48th 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 Friday, 30 June 2023 at 10.00 a.m. or at any adjournment thereof. Shareholders of the Company are required to register for the 48th 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 48th 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 48th 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 of the Company, GAP Advisory Sdn. Bhd. at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia not less than forty eight (48) hours before the time appointed for holding the 48th AGM (no later than Wednesday, 28 June 2023 at 10.00 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 support@digerati.com.my, no later than Wednesday, 28 June 2023 at 10.00 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 22 June 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 48th AGM.
10. Any alteration in the Proxy Form must be initiated.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolution set out in the Notice of 48th 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 48th 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 48th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 48th 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

Then fold here

AFFIX
STAMP

The Share Registrar of
PEGASUS HEIGHTS BERHAD
[Registration No. 197401002677 (19727-P)]
GAP Advisory Sdn. Bhd.
E-10-4, Megan Avenue 1, 189, Jalan Tun Razak,
50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia

1st fold here

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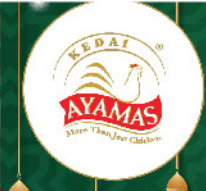
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LOT G-07, JALAN DATO SIAMANG GAGAP, 70100 SEREMBAN, NEGERI SEMBILAN

Pegasus Heights Berhad

(Registration No. 197401002677 (19727-P))

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

Tel : +603-2181 3553

Email: info@pegasusheights.com