



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:

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

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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project with the advanced
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CONTENT DELIVERY & A.I. SOLUTIONS



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Use our robust connectivity and infrastructure to deliver highly personalized web content, multimedia, software packages and more!

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- ✓ Tailored for business growth
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- Book & Stationery Stores • Art & Curio Shops • Dental & Medical Clinic • Pharmacies • Beauty & Hair Salons

2 & 3 Storey Shop Office • 22' x 70'

Immerse yourself in a harmonious fusion of contemporary design and practicality. Our shop offices are thoughtfully crafted to exude elegance while maximizing functionality. Each space showcases modern aesthetics and flexible layouts, allowing you to create an environment that reflects your brand identity and accommodates your unique business requirements. From ample parking facilities to cutting-edge technology infrastructure, we have anticipated your needs, ensuring you can focus on achieving your business goals.



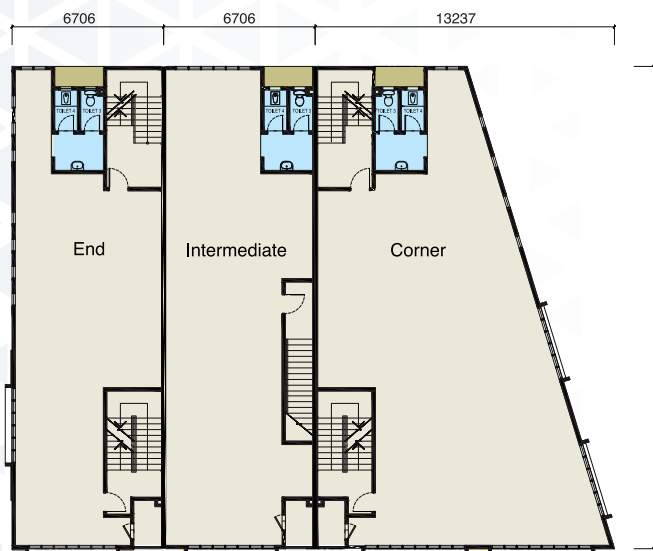
GREAT AMENITIES

- Next to Drive Thru Restaurant
- 1 KM to KTM Station
- Near to Kuala Kubu Bharu Town

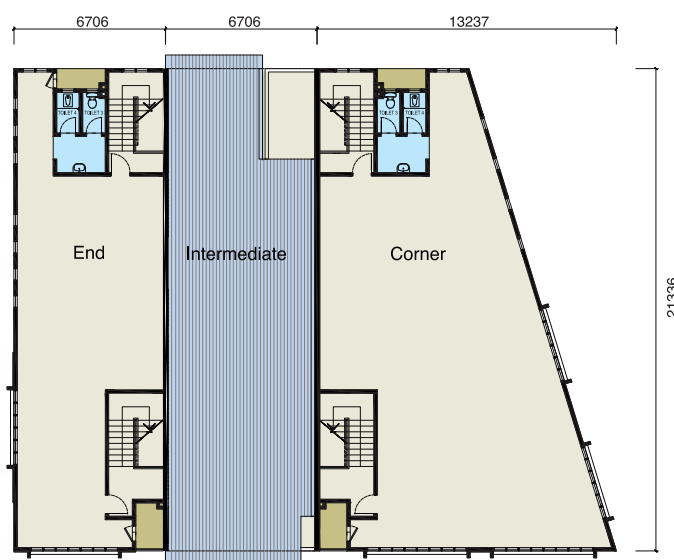
PRACTICAL INVESTMENT

- Excellent appreciation potential
- Spacious and liberal layout
- Ample Car Park spaces

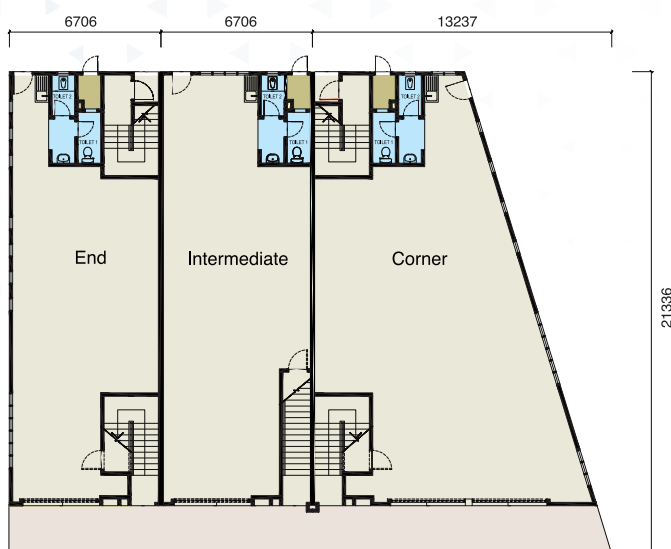




First Floor



Second Floor



Ground Floor



* All photos are artist impression only

Developer:



IRAMA SETIA SDN BHD
(1452026-T) (A member of Sinmah Capital Berhad)
A1-13A-15, Arcoris, No 10 Jalan Kiara, Mont Kiara,
50480 Kuala Lumpur, Malaysia

www.sinmah.com.my

03-6414 3101
011-1126 2828



Alami Gaya Hidup Santai, Damai dan Tenang



HAK MILIK KEKAL



Rumah Teres Dua Tingkat 20' x 70' 4 Bilik Tidur / 3 Bilik Mandi

LAMAN LENTERA, bertemakan konsep senibina kontemporari dengan daya tarikan yang santai dan tenang, setiap rekabentuk direka dengan teliti bagi memenuhi setiap keperluan ruang kediaman.

Terletak di lokasi utama Bandar Kuala Kubu Bharu, rumah impian anda di **LAMAN LENTERA** menawarkan kediaman yang seimbang dan sempurna.

CIRI-CIRI:

- Suasana yang tenang dengan kepadatan yang rendah
- Ruang yang luas dan rekabentuk yang praktikal
- Gaya moden kontemporari dan estetika

KEMUDAHAN DAN FASILITI:

- Berhampiran kedai dan restoran pandu lalu
- Hanya 1 kilometer daripada Stesen Komuter
- Berdekatan dengan Bandar Kuala Kubu Bharu



PELAN LANTAI



Tingkat Atas



Tingkat Bawah

SPESIFIKASI

STRUKTUR : Konkrit Tetulang
DINDING : Batu-Bata
PERLINDUNGAN BUMBUNG : Jubin Bumbung / Bumbung Konkrit
SILING : Lapisan Skim / Kepingan Siling
TINGKAP : Tingkap Kaca Berbingkai Aluminium

PINTU :
Pintu Masuk : Pintu Kayu
Bilik Tidur : Pintu Kayu
Halaman Belakang : Pintu Kayu
Bilik Mandi : Pintu Kayu
Utiliti : Pintu Kayu
Ruang Makan : Pintu Gelangsar Berbingkai Aluminium
(Lot Tepi / Hujung Sahaja)

KUNCI : Set Kunci Berkualiti

KEMASAN DINDING
Dinding Luaran : Cat
Dinding Dalam : Cat
Dapur / Bilik Mandi : Jubin Setinggi 1500mm / Cat
Bilik Mandi Utama : Jubin Setinggi Siling / Cat

KEMASAN LANTAI
Ruang Tamu / Makan / Dapur : Jubin
Bilik Tidur (Ara Belakang) : Jubin
Bilik Tidur (Ara Atas) : SPC
Bilik Mandi : Jubin
Tangga : SPC
Bilik Utiliti / Apron : Lapa Simen
Anjung kereta : Lapa Simen
Teras (Lot Tepi / Hujung Sahaja) : Jubin

KELENGKAPAN SANITARI
Mangkuk Tandas, Sinki Cuci Tangan, Pancur Mandi & Sinki Dapur

PEMASANGAN PUNCA ELEKTRIK
Punca Kuasa Soket 13Amp, Punca Kuasa Lampu, Punca Kipas, Punca Penghawa Dingin, Punca Pemanas Air & Punca MATV

PEMASANGAN PUNCA TELEFON : Soket Dinding Fiber

PAGAR : Batu-bata / Pagar Dawai Berangkai



PELAN TAPAK

- Rumah Teres Dua Tingkat 20' x 70'
- Kedai Pojabat 22' x 70'
- Restoran Drive Thru

011-1126 2828 • 03-6414 3101

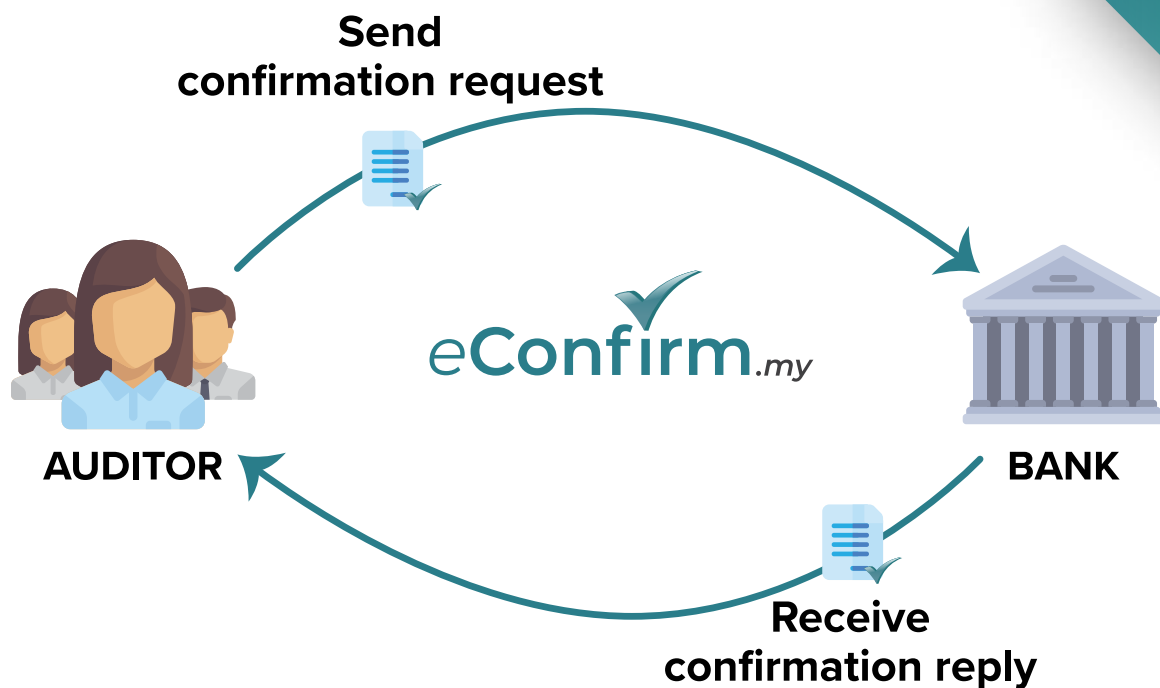
www.sinmah.com.my

PEMAJU:



IRAMA SETIA SDN BHD
(1412128-1) (Via Kumpulan Sinmah Capital Berhad)
A1-13A-15, Ancoris, No 10 Jalan Kara, Mont Kiara,
50480 Kuala Lumpur, Malaysia

No. Lesen Pemaju: 3054308-2025(12009) • Tempoh Sah: 24/06/2023 - 23/06/2028 • No. Perseh Bilan dan Jualan: 20243 1/12 2025(12779)(1) • Tempoh Sah: 14/12/2023 - 13/12/2025 • Pengaliran Tanah: Rebas Selesai (sejarah) • Tersebut (sejarah) Tersebut: Tada • Tersebut (sejarah) Saiz: 01/01/2025 • Fikah Bersejarah: Majlis Perbandaran: Majlis Perbandaran (MPP) • No. Kijang (Bagi: Peta: Bersejarah: 88(12/3)M MPP: 431(11/5/2023) (11/5/2023) • Jaminan (Rumah Teres 2 Tingkat) (70' x 70') • Jumlah Unit: 32 Unit • Harga: RM 595,000.00 (Majlis) • RM 599,250.00 (Majlis)



Industry-wide Electronic Bank Confirmation Platform



Enhance Security



Reduce Fraud Risk



Minimise Human Error



Time Saving

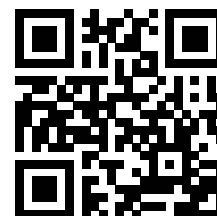


Cost Saving

Developed by:



In collaboration with:





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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			PROXY FORM

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Sri Lee See Yang
Executive Director

Toh Hong Chye
Executive Director

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
Website : www.gapadvisory.my
Email : office@gapadvisory.my

AUDITORS

TGS TW PLT
Unit E-16-2B, Level 16
Icon Tower (East)
No. 1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel : (603) 9771 4326
Fax : (603) 9771 4327

COMPANY SECRETARY

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

SHARE REGISTRAR

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
Website : www.gapadvisory.my
Email : ir.shareregistry@gapadvisory.my

PRINCIPAL SOLICITORS

David Lai & Tan

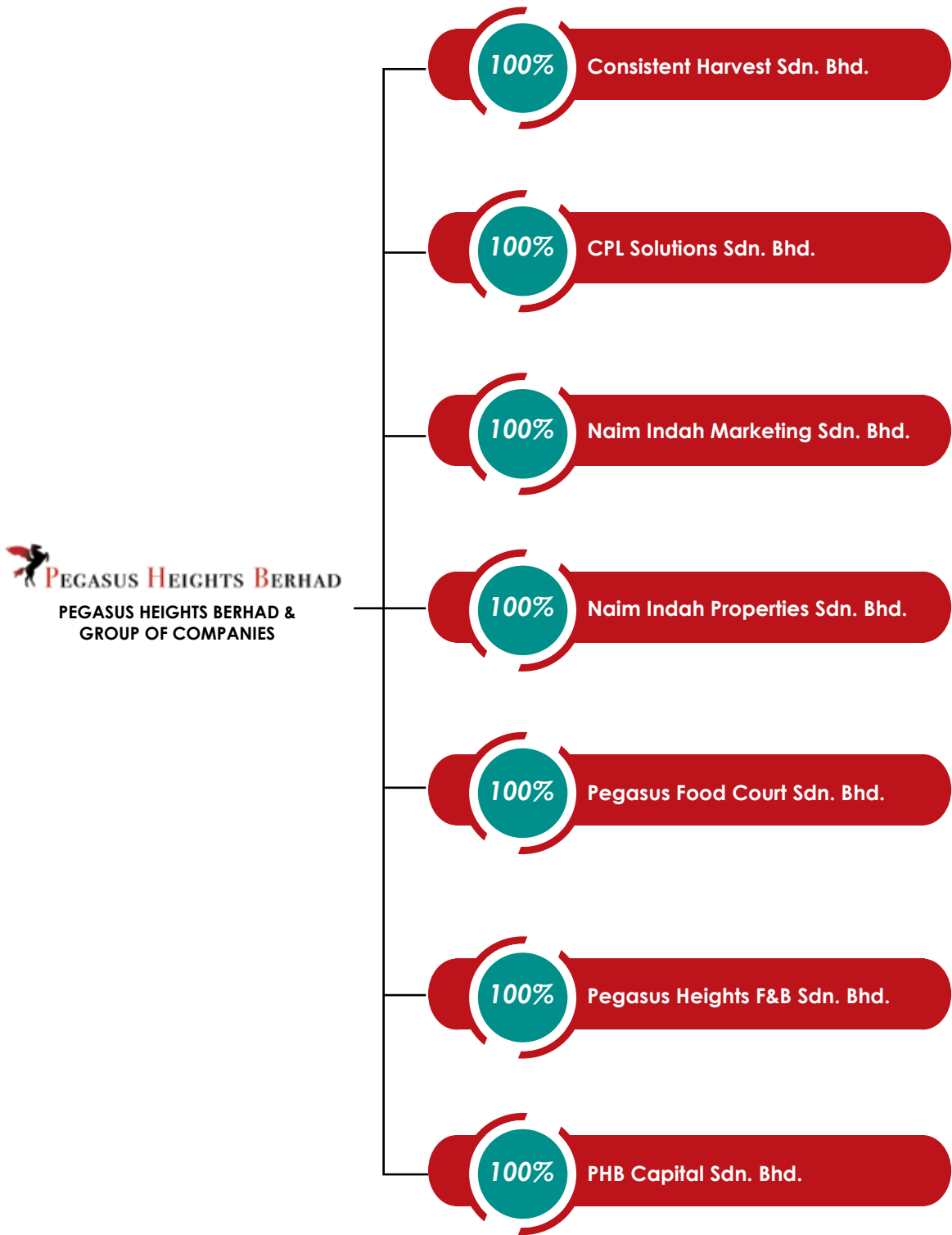
PRINCIPAL PLACE OF BUSINESS

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
Email : info@pegasusheights.com

PRINCIPAL BANKERS

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

CORPORATE
STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

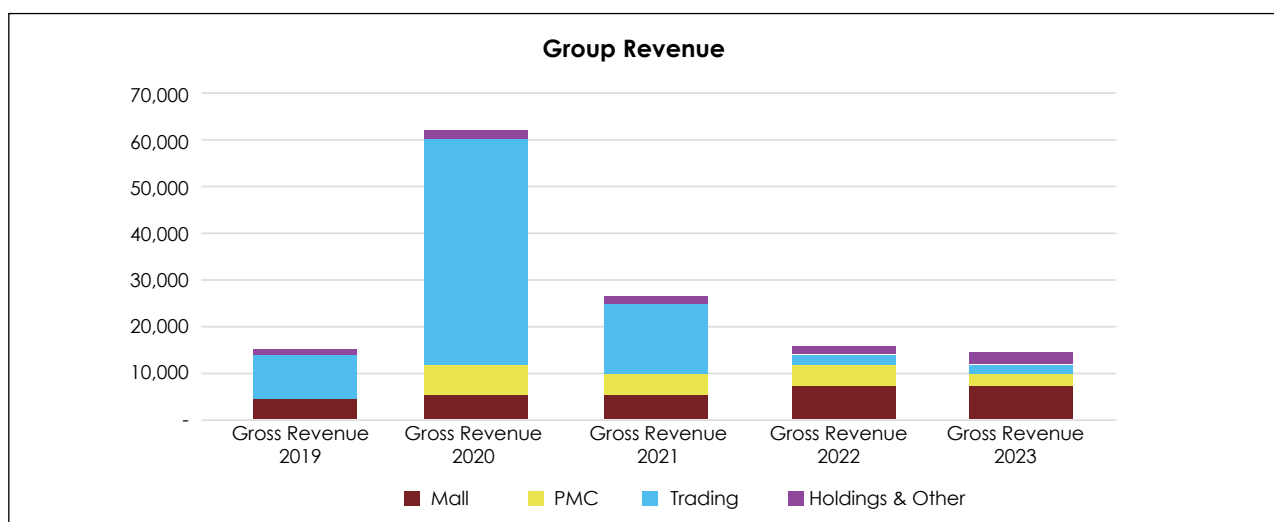
Dear valued shareholders and stakeholders of Pegasus Heights Berhad, thank you for your continued support. Despite management's efforts, the Group has experienced a slight increase in losses amidst a challenging environment of a volatile and increasing costs and interest rates; weakening Ringgit; and flagging consumer spending. In this management discussion and analysis statement, we will take a closer look at the events that 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. In 2023, we faced a multitude of challenges which led to increased costs across the board.

Revenue and Profit

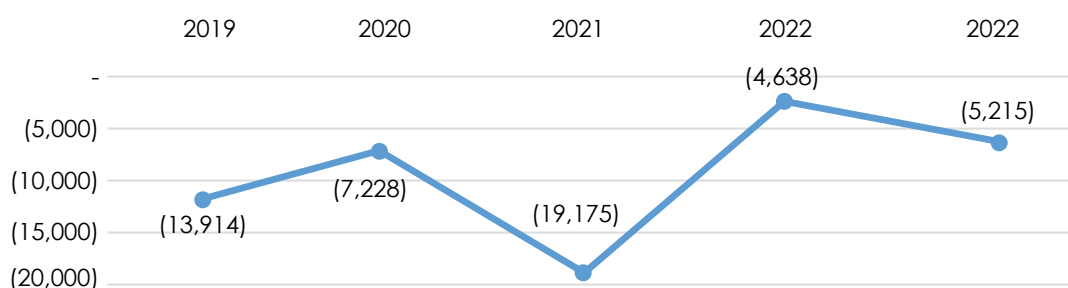
Financial Results and Key Performance Indicators	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	14,240	62,366	26,701	16,063	13,358
(Loss) before taxation ("LBT")	(13,878)	(6,634)	(18,397)	(4,725)	(5,205)
(Loss) after taxation ("LAT")	(13,914)	(7,228)	(19,175)	(4,638)	(5,215)
Basic (Loss) per share (sen)	(0.30)	(0.07)	(0.18)	(0.04)	(0.05)
Total asset	146,088	160,042	145,270	139,102	133,372
Total equity	138,884	152,775	135,008	130,887	125,672
Net asset per share	0.02	0.01	0.01	0.01	0.01



The Group's revenue decreased by 16.8% to RM13.4 million. This was mainly due to the sharp decrease in trading and PMC and, to a lesser extent, Mall revenue. Due to the lower revenue, the Group recorded a higher LBT of 10.2% for 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

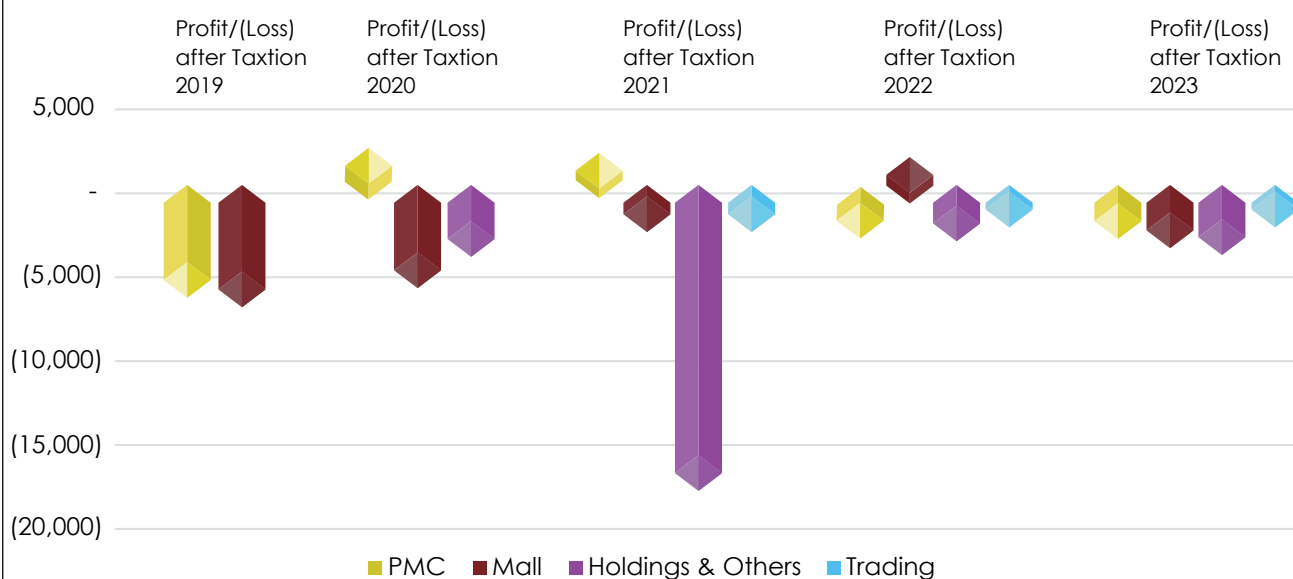
(Loss) Profit After Taxation (RM '000)



Business Segments

By Segments	Gross Revenue			(Loss) Profit Before Tax		
	FY 2023 RM'000	FY 2022 RM'000	Changes (%)	FY 2023 RM'000	FY 2022 RM'000	Changes (%)
Property Management	7,043	7,331	(3.9)	(1,202)	287	(518.8)
Trading	1,427	2,887	(50.6)	(376)	(391)	(3.8)
Project Management Consultancy ("PMC")	2,148	3,676	(41.6)	(567)	(1,810)	(68.7)
Investment holding and Others	2,740	2,169	26.3	(3,070)	(2,724)	12.7
Total	13,358	16,063	(16.8)	(5,215)	(4,638)	12.4

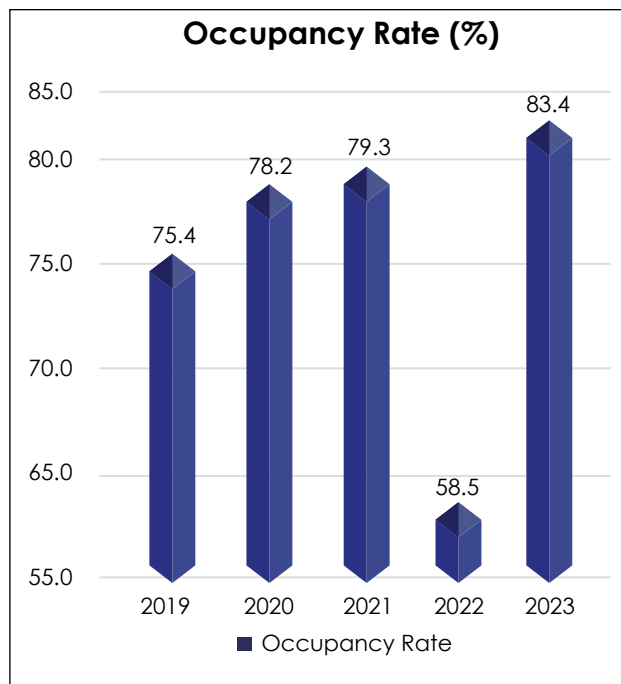
Segmental Breakdown (RM '000)



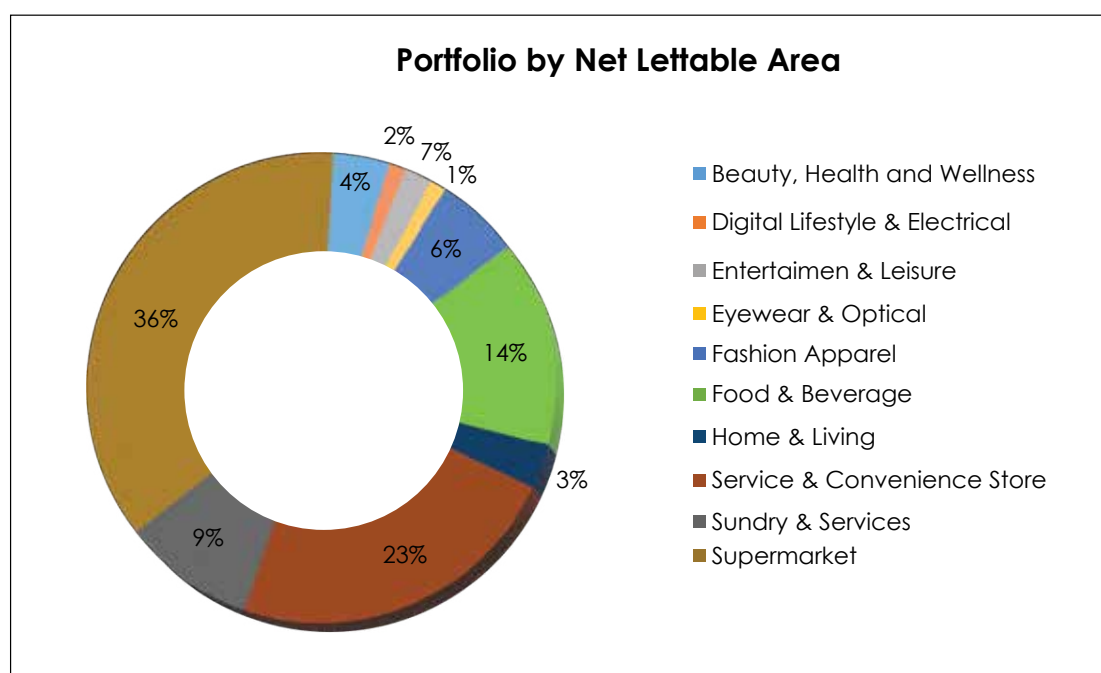
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Our shopping mall occupancy's rate increased from 58.5% at the end of 2022 to 83.4% at the end of 2023, largely attributable to the opening of the anchor tenant combined with concerted management efforts to secure new tenants. This helped bolster our occupancy rate and improve our tenant mix and rental yield. We are optimistic that these new tenants will help to increase footfalls to the mall. This will lead to a more vibrant and enjoyable shopping experience for all of our customers.

Our food and beverage business remains challenging due to several factors, including significant cost increases and shifting customer demand. The main challenge we face is the increase in food material prices, which has caused a reduction in the gross profit margin. These challenges are partly driven by the rising cost of living, which has impacted consumer spending patterns.



Location	33, Jalan Dato Siamang Gagap, Betaria Business Centre, 70100 Seremban, Negeri Sembilan
Title	Leasehold
Tenure	76 years expiring on 8 Jan 2093
Usable Area	480,262 sq ft
Net Lettable Area	209,983 sq ft
Car Park	564 bays
Valuation 2023	RM110 million
Tenants	42
Occupancy rate	83.4% (2023)



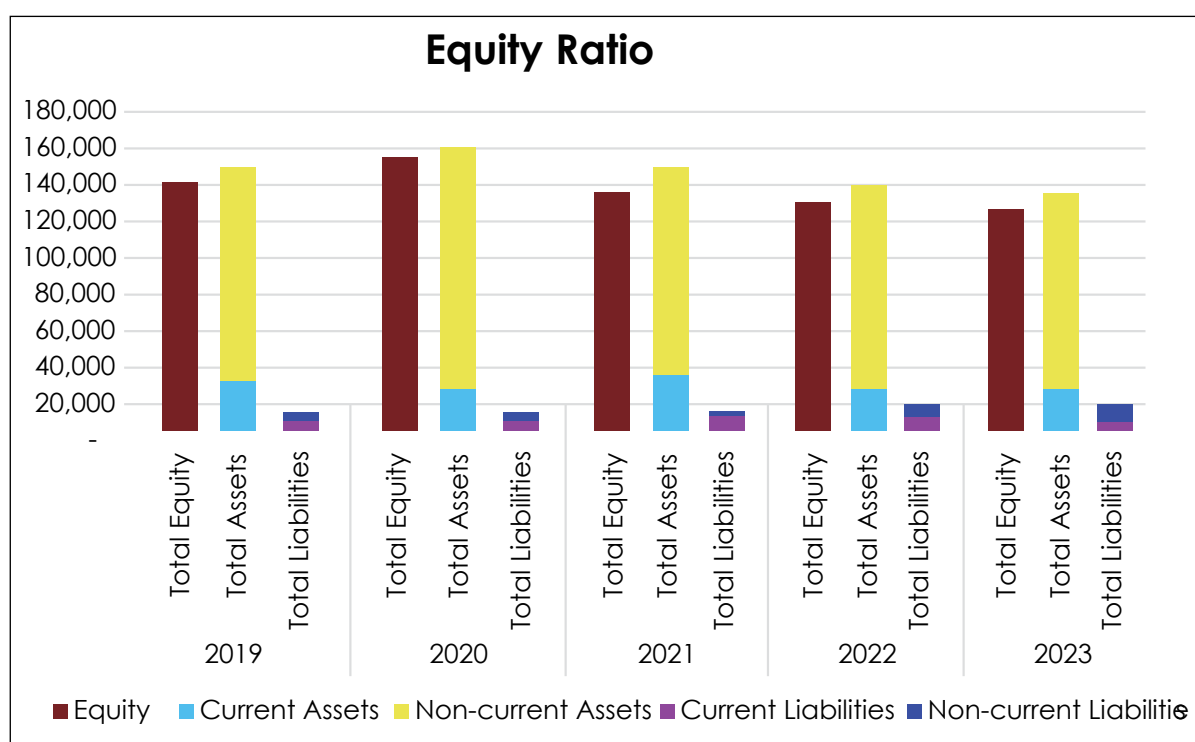
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

PMC revenue has experienced a significant drop of approximately 41.6% to RM 2.15 million. This was mainly due to the increase in competition to secure new projects, leading to a scarcity of business opportunities. In response, management has taken proactive measures to mitigate losses by downsizing the division and concurrently looking for new avenues for growth.

Trading revenue experienced a significant drop in revenue, which decreased 50.6%. The decline was primarily due to a reduction in customer orders. Management remains cautious about this segment.

Financial Capital

The total equity has decreased by approximately RM5.2 million due to the current year's losses. Nevertheless, the company remains financially robust, with total assets valued at RM133 million, surpassing our total liabilities of RM7.7 million by over 17 times. As such the company remains financially sound and capable of fulfilling its financial commitments while also laying sturdy groundwork for future expansion. In summary, the company is in a position to address any potential challenges and seize opportunities for growth in the foreseeable 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.
2	Pandemic Risk	External cause due to large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographical area and cause significant economic, social, and political disruptions.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

No	Risk Areas	Details
3	Competition	<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, this will be driven by current market conditions.</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	<p>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.</p>
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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

No	Risk Areas	Details
9	Human Resource Risk	Risk of high turnover or loss of talent and manpower which may affect the Group. Our human resource department is constantly looking to strengthen the team. This includes ensuring sufficient staff welfare and benefits which will help in staff retention and attracting new talent. In addition, we perform annual reviews of every employee and provide training to enhance skill sets of our workforce.
10	Cyber Risk	Cyber risk which includes breach of servers and loss of data may disrupt the Group's operations and jeopardise tenants' and customers' data privacy. Therefore, cyber security systems are in place and all data is backed up at redundant locations. Data privacy is paramount in the collection and use of personal data. The Group has adopted Personal Data Protection Act and is cognizant of protecting the database.
11	Bribery and Corruption Risk	Corruption can impede organisation's objectives. To mitigate such risk, the Group strictly adopts the Anti-Bribery and Anti-Corruption Policies and implement the top-down approach to enforce such policies. A whistle-blowing policy is also in place to alert management and employees to not be involved in such activities.
12	Natural Disasters Risk	Centerpoint in Seremban, like any infrastructure, are subject to natural disaster risk, such as: <ul style="list-style-type: none"> • Flood • Fire The Group has in place contingency plans to safeguard personnel and customers in the unfortunate event of natural disasters occurring. This also extend to ensuring mall operations are minimally affected.

PROSPECTS

In 2024, our company maintains a cautious outlook for the group.

In the shopping mall segment, management will continue its efforts to secure new tenants, enhance the tenant mix, and attract more visitors to the mall, thereby ensuring sustained growth in foot traffic and revenue. The focus will be to improve tenant mix and rental yields. However, the increase in electricity tariffs is likely to have a negative impact on mall operations.

The food and beverage segment continues to face challenges caused by rising material costs and shifting customer demand. Management will continue to focus on delivering high-quality food and service to our customers to maintain competitiveness.

Management will closely monitor the trading segment given the lackluster performance. No significant improvement is expected in 2024.

The project management segment has been downsized in response to current market conditions. The outlook is uncertain, and management will continue to monitor the situation before deciding on forward steps.

Overall, the core mall operation is expected to improve amidst challenging conditions. The other segments are expected to continue to face headwinds. As such the outlook for the Group remains cautious.

ACKNOWLEDGEMENT

On behalf of the board, we extend our heartfelt appreciation to our valued shareholders, esteemed business partners and dedicated stakeholders for their unwavering support throughout the past year. As we embark on the journey ahead, we eagerly anticipate continued mutual growth and success in the coming year. Your continued partnership and engagement are essential as we navigate challenges and seize new opportunities. Furthermore, we extend our sincere thanks to the diligent and dedicated personnel of our group whose hard work and commitment have been the cornerstone of our progress.

TOH HONG CHYE
EXECUTIVE DIRECTOR

SUSTAINABILITY REPORT

About this Sustainability Statement

The Board of Directors ("Board") of Pegasus Heights Berhad ("Pegasus Heights") presents this Sustainability Statement (this "Statement") which discusses the sustainability strategies, priorities, targets, and performance of Pegasus Heights and its subsidiaries ("Pegasus Heights Group" or the "Group") for the financial year ended 31 December 2023 ("FY2023"). This Statement focuses on the Group's sustainability matters including economic, environmental, and social risks and opportunities and how they are managed.

Sustainable Commitment

Sustainability is one of the core considerations in our business operation and decision-making. We aim to conduct our business with high standards of social and environmental responsibility to create long-term values for our stakeholders, in addition to delivering our obligations to 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.



Reporting Scope and Period

- This Statement covers the period from 1 January 2023 to 31 December 2023, in relation to the Group's key business segments, namely the Property Management segment, Trading segment, and the F&B operation which jointly represent approximately 76% of the Group's revenue. Key operations considered in the above-mentioned scope include the following: Mall operations – the operations of our Centerpoint Seremban Mall;
- F&B operations – F&B outlets located in Centerpoint Seremban Mall, including franchised outlets; and
- Headquarters and offices – including the operations of the Trading Segment.

PMC segment has been excluded in this year's scope as it has downsized significantly and has relatively minimal operations as of 31 December 2023.

Reporting Basis

The Statement has been prepared in accordance with the relevant requirements of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), including Practice Note 9. In the preparation of this Statement, we have also considered the Sustainability Reporting Guide – 3rd Edition published by Bursa and its accompanying Toolkits, as well as other best practices.

This Statement has not been subjected to internal reviews by the Group's internal audit function nor external assurance by independent assurance providers.

SUSTAINABILITY REPORT

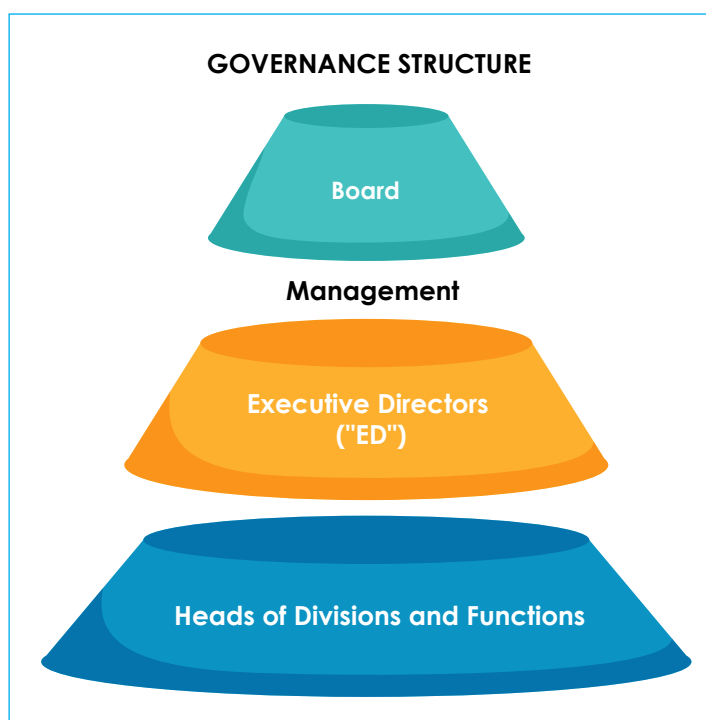
(Cont'd)

FY2023 highlights

This year, we reviewed our sustainability approach and management processes. We finetuned our materiality assessment process and performed a comprehensive materiality assessment. As a result, we have developed a Materiality Matrix which is disclosed in this Statement. We have also established indicators and data collection processes in line with the latest sustainability reporting requirements of the Listing Requirements. Hence, we are reporting an expanded list of sustainability indicators this year in this Statement.

Governance Structure

The Group's management of sustainability is supported by a governance structure that is overseen by the Board. The Board is ultimately responsible for the management of the Group's sustainability, including the incorporation of sustainability consideration in the long-term business objective, strategic plans, and the management and performance of the Group's material sustainability matters ("MSMs"). The Board also oversees to ensure a proper governance structure is in place for managing and monitoring the Group's sustainability matters, as well as ensuring the Group has effective and adequate engagement channels to communicate with key stakeholders, including communications on the Group's key sustainability policies, priorities, targets, and performance.



The Management team which is led by the EDs who are also responsible for developing sustainability strategies and recommending them for the Board approval, implementing the sustainability strategies approved by the Board, overseeing the identification of the Group's MSMs, and ensure the MSMs are managed and addressed. The EDs also provide leadership to the Management team in ensuring risks and opportunities associated with the MSMs are managed via the risk management process.

The Heads of Divisions and Functions support the ED and ensure sustainability initiatives and risks relevant to their respective functions are managed in accordance with the Group's policies and strategies, as far as sustainability matters are concerned. They are also responsible for carrying out engagements with stakeholders, in relation to their functions and departments, which serve different engagement objectives.

SUSTAINABILITY REPORT

(Cont'd)

Stakeholder Engagement

We acknowledge that the Group's value creation is closely connected to the Group's stakeholders and their interests. In this regard, we have established engagement channels to communicate with stakeholders for various purposes, including to understand their views and concerns, to communicate important information regarding policies, progress, and performance of the Group, and to have two-way communication with stakeholders to identify areas where they require assistance and to resolve any conflicts.

Fostering open communication with stakeholders plays an important role in shaping our business and how we address stakeholders' interests. It also helps us shape our reporting and disclosure practices, as well as being one of the key information sources for our materiality assessment process.

The following table summarises how we engage with our stakeholders and topics that are commonly the focus areas of our engagement.

Key Stakeholders	Engagement Approaches	Focus Areas
Shareholders	<ul style="list-style-type: none"> General Meeting Announcements to Bursa Circular and notices Company's website 	<ul style="list-style-type: none"> Investor engagement Timely and transparent reporting Performance and financial results Business operations
Customers and mall visitors	<ul style="list-style-type: none"> Shopping events Feedback form Social media engagement Information counter 	<ul style="list-style-type: none"> Meeting shopping needs Quality of services and facilities Comfortable shopping environment Safety and accessibility
Employees	<ul style="list-style-type: none"> Meeting and discussion Training Annual performance review Team dinner 	<ul style="list-style-type: none"> Career progression Employee development Compensation and benefits
Suppliers and vendors	<ul style="list-style-type: none"> Site visits Meetings Renewal of certification 	<ul style="list-style-type: none"> Safety assurance on premises and equipment Compliance with SOPs issued by authorities
Regulatory and government agencies	<ul style="list-style-type: none"> Meetings Complaints or feedback Whistleblowing 	<ul style="list-style-type: none"> Compliance Integrity
Media	<ul style="list-style-type: none"> Meetings 	<ul style="list-style-type: none"> Advertisements and marketing
Communities	<ul style="list-style-type: none"> Festive events Community gatherings 	<ul style="list-style-type: none"> Lifestyle enhancements

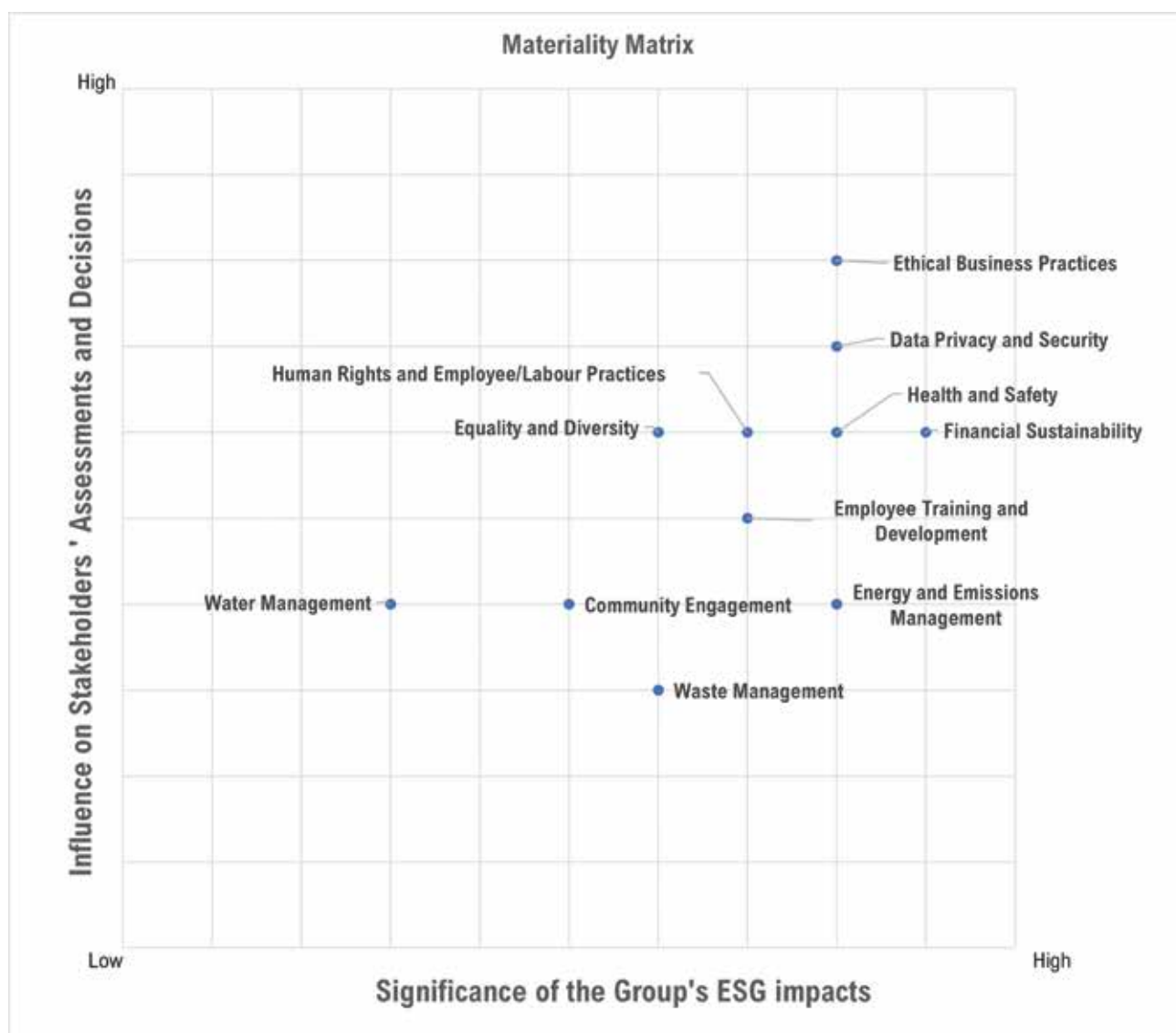
SUSTAINABILITY REPORT (Cont'd)

Materiality Assessment

In FY2023, we conducted a comprehensive review of the Group's materiality assessment. The materiality assessment was conducted in line with the Listing Requirements where a sustainability matter is considered material if it reflects the Group's significant economic, environmental, and social impacts; or if it substantively influences the assessments or decisions of the Group's key stakeholders. We also incorporated considerations of the common sustainability matters prescribed by Bursa in the Listing Requirements in its recent amendment to sustainability disclosure requirements.

The materiality assessment was carried out with the relevant Heads of Divisions and Functions of the Group and entails a process for identifying sustainability matters of the Group, prioritising them considering the Group's short and long-term strategies, and determining which ones are more material considering their priorities.

The outcome of the materiality assessment is illustrated in a Materiality Matrix, as follows.



SUSTAINABILITY REPORT

(Cont'd)

Financial Sustainability

Financial sustainability is one of the fundamental focuses of Pegasus Heights as a business. In ensuring financial sustainability in the short and long term, we diligently manage our financial capital and assets and on the other hand, we pursue financial performance through careful management of our business.

The Group's financial performance and financial position for FY2023 are detailed in the **Management Discussion and Analysis** of this Annual Report.

Creating Value and Economic Impact

In addition to managing our financials well, Pegasus Heights also strives to promote economic growth and create value for its stakeholders. Through our business operations, we create value to support the local community by providing a place for lifestyle, upgraded shopping experience, and promoting employment opportunities such as through our mall operations and the businesses located in our mall.

Where possible, we also endeavour to procure from local suppliers which may have various benefits including supporting local economic development, reducing delivery lead time, and reducing emissions associated with transportation, amongst others.

	FY2023
Proportion of procurement spending on local suppliers	100%

Ethical Business Practices

The Group is committed to upholding high standards of business ethics and integrity. To this end, the Group has established a Code of Ethics which is applicable to Directors and a Code of Conduct for employees. The codes address the responsibilities of Directors and employees and business ethics such as conflict of interest fair dealings, anti-fraud, protection of company property information, and resources, etc.

Anti-Bribery and Anti-Corruption Policy and Procedure

The Group has also established an Anti-Bribery and Anti-Corruption Policy and Procedure ("ABC P&P") to formalise the Group's zero-tolerance approach against all forms of bribery and corruption. Through the ABC P&P, the Group communicates its expectations to Directors, employees, contractors, sub-contractors, consultants, agents, representatives, and other business associates to comply with the Group's anti-corruption stance.

The ABC P&P is publicly available on Pegasus Heights' corporate website.

The ABC P&P sets out the policies and procedures of the Group in dealing with corruption risks. It adopts a risk-based approach where corruption risk assessment is conducted regularly to identify and assess the corruption risk areas and levels in the Group's operations.

All of the Group's operations have been assessed for corruption risk, and corruption risk is reviewed annually via the Group's risk management processes.

	FY2023
Percentage of operations assessed for corruption-related risks	100%

The ABC P&P further provides guidance on addressing situations or transactions that pose a higher corruption risk, such as conflict of interest situations, the use of gifts, entertainment, hospitality, travel, donation, and sponsorship, and others. Generally, the Group has a "No Gift" policy with limited exceptions. The Group prohibits facilitation payments strictly.

SUSTAINABILITY REPORT (Cont'd)

Ethical Business Practices (Cont'd)

Anti-Bribery and Anti-Corruption Policy and Procedure (Cont'd)

Various anti-bribery and corruption internal approaches and controls are undertaken by the Group such as segregation of duties, delegation of limits, and checks and balances. The Group's internal audit is also responsible for incorporating the risk of bribery and corruption into its risk-based audit activities.

In ensuring all relevant parties, including Directors, employees, and business associates, are aware of the Group's ABC P&P, the Group has structured procedures to communicate the ABC P&P to all newly appointed Directors and employees during their orientation, alongside other policies of the Group. The ABC P&P is also communicated to selected business associates considering their nature of work or services. Training is also provided to selected employees to provide detailed guidance and a deeper understanding of how to address situations.

The following table summarises the percentage of our employees who have received anti-corruption training, broken down by employee category, as at 31 December 2023.

Percentage who has received training on anti-corruption	FY2023
Directors	100%
Employee Category	
Senior Management (including EDs and C-suite)	100%
Middle Management	100%
Executives	12.5%
Non-Executives	0%

Whistleblowing

In addition to enhancing awareness and implementing controls to instil an ethical work culture, we also have a whistleblowing mechanism that is governed by a Whistle Blowing Policy established by the Board. The mechanism enables the reporting of suspected or known misconduct, wrongdoings, corruption, instances of fraud, waste, and/ or abuse involving the resources of the Group.

The whistleblowing mechanism is not only accessible by employees but by members of the public as well, via Pegasus Heights' corporate website.

The Whistle Blowing Policy provides confidentiality to all whistleblowing reports and protects the identity of the whistleblower. An employee who makes a whistleblowing report in good faith will be protected against reprisal or retaliation.

Whistleblowing reports are directed to the Audit Committee which is independent from Management.

During the financial year under review, there were zero (0) confirmed incidents of corruption received by the Group.

	FY2023
Confirmed incidents of corruption	0

SUSTAINABILITY REPORT

(Cont'd)

Data Privacy and Security

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 for proper handling of customer information and personal data to safeguard against theft, loss, misuse or unauthorised access.

Various controls are in place to protect the confidential data of our customers, including practices for handling sensitive data and promoting awareness among employees to safeguard customer's data.

We are pleased to report that there were no substantiated complaints concerning breaches of customer privacy or losses of customer data.

	FY2023
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0

Human Rights and Employee/ Labour Practices

Pegasus Heights is committed to respecting the fundamental human rights of its employees. We do not practice any form of child labour or forced labour, and we adhere to applicable laws and regulations with respect to minimum wage and permissible working hours. We are also committed to providing a safe and healthy workplace for all employees.

Violations of human rights or labour practices can be reported via the whistleblowing mechanism.

We are pleased to report that during the financial year under review, the Group did not record any substantiated complaints concerning human rights violations.

	FY2023
Number of substantiated complaints concerning human rights violations	0

At our sites, operations are mainly carried out by our employees, with a few functions such as cleaning services and security services carried out by workers of our service providers. With a workforce of 47 headcounts, workers of service providers who work at our sites constitute approximately 27.66% of our workforce headcount.

	FY2023
Percentage of employees that are contractors or temporary staff	27.7%

Employee benefits and retention

In addition to providing employee entitlements such as annual leaves, Employee Provident Fund, and Social Security Organisation contributions in accordance with the laws and regulations, we also offer other employee welfare such as travel allowance, professional development allowance, etc. We strive to take care of our employees to support and motivate them, in addition to these measures being part of our employee attraction and retention strategy.

SUSTAINABILITY REPORT

(Cont'd)

Human Rights and Employee/ Labour Practices (Cont'd)

Employee benefits and retention (Cont'd)

We measure our new hire and turnover rates to analyse and inform our employee management strategies. During FY2023, we recorded the following turnover, by employee category.

	New hire during FY2023	Turnover during FY2023	Headcount as at 31 December 2023
	No.	No.	
Senior Management (including EDs and C-suite)	0	1	7
Middle Management	0	0	1
Executives	1	9	7
Non-Executives	27	23	32
Total	28	33	47

Equality and Diversity

We view our employees as the Group's crucial assets, and they are also key factors that drive the organisation towards achieving its goals. Pegasus Heights believes in building a conducive work environment and culture for its employees.

We are an equal-opportunity employer and we adopt a non-discrimination stance in our operations where no one shall be discriminated against on the basis of race, religion, gender, sexual orientation, disability, age, nationality, culture and background. Our employment practices such as appointment, performance appraisals, promotion, and others are carried out on the basis of meritocracy.

The demographics of the Board and the Group's employees, as at 31 December 2023, are summarised as follows:

	As at 31 December 2023				
	Gender		Age		
	Male	Female	<30	30 - 50	>50
Directors					
Directors	4 (80%)	1 (20%)	0 (0%)	2 (40%)	3 (60%)

	As at 31 December 2023				
	Gender		Age		
	Male	Female	<30	30 - 50	>50
Employees					
Senior Management (including EDs and C-suite)	6 (86%)	1 (14%)	0 (0%)	4 (57%)	3 (43%)
Middle Management	1 (100%)	0 (0%)	0 (0%)	1 (100%)	0 (0%)
Executives	3 (43%)	4 (57%)	2 (29%)	5 (71%)	0 (0%)
Non-Executives	17 (53%)	15 (47%)	17 (53%)	13 (41%)	2 (6%)
Subtotal	27 (55%)	20 (45%)	19 (40%)	23 (47%)	5 (13%)
Total	47		47		

SUSTAINABILITY REPORT

(Cont'd)

Health and Safety

Health and safety is one of the top priorities for Pegasus Heights, including for our employees, visitors and tenants of our Mall operations, and customers or consumers at our F&B operations.

At Pegasus Heights, we are committed to protecting the health and safety of our stakeholders and safeguarding the food safety of our F&B operations. We are also committed to complying with all relevant laws and regulations in our operations.

We manage health and safety using a risk-based approach, where our operations are assessed and analysed to identify risk areas or hazards. Relevant measures are put in place to mitigate the identified risks or hazards. These include regular equipment maintenance and inspections, regular on-site meetings and inspections with tenants and contractors, and others at our Mall operations. As for our F&B operations, we adopt food safety standards that are similar to those required by the Franchisor, such as having relevant food safety certifications, food safety procedures, and procedures for handling food chemicals.

In addition, we ensure that all relevant personnel are sufficiently trained on safety and health matters to protect themselves and others. Training on safety and health and relevant regulations are provided to employees from time to time. Training is also provided considering the employees' risk exposures and the nature of their work.

In addition, all contractors and their workers must undergo safety briefings before any renovation or fit-out work commences.

In FY2023, 1 employee received training on safety and health standards, including food safety.

	FY2023
Number of employees trained on health and safety standards	1 employee

We are pleased to report that there were no work-related fatalities recorded by the Group during the financial year under review. The lost-time incident rate was recorded at 0 as there were no lost-time incidents recorded.

	FY2023
Work-related fatalities	0
Lost time incident rate	0

Employee Training and Development

Pegasus Heights continually invests in its employees to develop the skills and talent of the Group to enhance business operations and performance. In addition, training and development for employees also support the Group's succession planning to develop future talent and leaders to enable long-term sustainability in the Group's human capital.

Training needs are identified through the employee performance appraisals which are carried out for employees annually. The performance appraisals serve the purposes of assessing employees' performance for the year, as a platform for dialogue between the supervisors and employees on work-related issues, and as a basis for identifying the training needs of employees.

Training may be carried out via various formats. New employees undergo employee orientation and site visits enable them to have better insights into our operations and competency tests tailored to each department to help new employees understand their roles better. On the other hand, we also provide external or in-house training to enhance employees' skills, and knowledge, and keep them up-to-date with developments in their respective fields or functions.

SUSTAINABILITY REPORT (Cont'd)

Employee Training and Development (Cont'd)

In FY2023, we achieved a total of 170 training hours provided to employees, or an average of 3.6 training hours per employee. The breakdown of training hours provided to employees by employee category is as follows.

	FY2023	
	Total training hours	Average training hour per employee
Senior Management (including EDs and C-suite)	71.5	10.2
Middle Management	4	4.0
Executives	54	7.7
Non-Executives	40	1.3
Total	169.5	3.6

Energy and Emissions Management

Energy Management

Electricity is crucial for our operations, especially our mall operation, to create a comfortable environment and experience for our shoppers and customers. Electricity comprises a significant portion of our expenses, and it is used to power lighting, air-conditioning, ventilation, and other necessary equipment.

In managing our energy consumption, we focus on enhancing energy efficiency in our operations. Amongst others, we have measures such as scheduled management and regular maintenance of our air-conditioning system to reduce energy wastage due to equipment inefficiencies. We have also installed motion sensors on escalators, which are programmed to switch between normal and energy-saving modes depending on traffic. Our mall is fully fitted with energy-efficient LED lighting fittings.

It is also our practice to perform periodic reviews with tenants on their fit-out designs, assessing if they are aligned with our requirements which include sustainability considerations as well.

Energy consumption and energy intensity

This year, we began to measure and report our energy use. In addition to electricity usage, we also consume fossil fuels in vehicles owned by the Group. Electricity consumption is measured from our electricity bills and does not include energy consumed by mall tenants.

Energy consumption	FY2023
Fuel consumption	
Petrol (MWh)	257.3
Electricity consumption	
Electricity consumption (MWh)	2,553.9
Total energy consumption (MWh)	2,811.2

SUSTAINABILITY REPORT

(Cont'd)

Energy and Emissions Management (Cont'd)

Emissions

Acknowledging the global urgency to combat climate change, we also began to look into our impact on greenhouse gas ("GHG") emissions, starting by estimating emissions derived from our energy use. We will continue to enhance our emissions reporting processes to enable more complete and accurate emissions reporting in the future, in meeting future sustainability reporting requirements of the Listing Requirements.

GHG Emissions	FY2023 (tCO ₂ e)
Scope 1: from fuel consumed by the Group's vehicles	62.8
Scope 2*: from purchased electricity	1,935.9
Total Scope 1 and Scope 2	1,998.7

Note: *estimated using Peninsular Malaysia's Grid Emission Factor of 0.758 Gg CO₂e/ GWh for FY2021.
Source: <https://meih.st.gov.my/documents/10620/cdddb88f-aaa5-4e1a-9557-e5f4d779906b>

Waste Management

The majority of the Group's generated waste arises from its operations at the Centerpoint Seremban Mall. We ensure that all scheduled waste is managed and disposed of by licenced contractors in compliance with waste-related laws and regulations.

Water Management

Water consumption is essential to our business operations, and we recognise the importance of using it responsibly. Nonetheless, the use of water at our operations does not generally put the local water supply under stress.

In ensuring we do not waste water, we adopt practices to save water in our day-to-day operations. The Group also monitors its water consumption and puts in place measures and initiatives including installation of water-saving fittings and performing regular maintenance of our building and piping to avoid water wastage due to leakages. Leakages identified will also be addressed immediately.

GHG Emissions	FY2023 (m ³)
Total water consumption	19,986

Community Engagement

We continued to carry out community activities to contribute to those who require assistance and develop closer relationships with the local community.

The following table summarises our community contribution activities during the financial year under review.

Community contribution activities	Description	Estimated number of beneficiaries	Amount (RM)
Zakat Collection	Donation	1	1,000
Sports event	Sponsor SK Sri Kelana's Sports Day	1,200	1,000

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Directors	Percentage	100.00
Senior Management (including EDs and C-suite)	Percentage	100.00
Middle Management	Percentage	100.00
Executives	Percentage	12.50
Non-Executives	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management (including EDs and C-suite)	Hours	72
Middle Management	Hours	4
Executives	Hours	54
Non-Executives	Hours	40
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	27.70
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management (including EDs and C-suite)	Number	1
Middle Management	Number	0
Executives	Number	9
Non-Executives	Number	23
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Directors Under 30	Percentage	0.00
Directors Between 30-50	Percentage	40.00
Directors Above 50	Percentage	60.00
Senior Management (including EDs and C-suite) Under 30	Percentage	0.00
Senior Management (including EDs and C-suite) Between 30-50	Percentage	57.00
Senior Management (including EDs and C-suite) Above 50	Percentage	43.00
Middle Management Under 30	Percentage	0.00
Middle Management Between 30-50	Percentage	100.00
Middle Management Above 50	Percentage	0.00
Executives Under 30	Percentage	29.00
Executives Between 30-50	Percentage	71.00
Executives Above 50	Percentage	0.00
Non-Executives Under 30	Percentage	53.00
Non-Executives Between 30-50	Percentage	41.00
Non-Executives Above 50	Percentage	6.00
Gender Group by Employee Category		
Directors Male	Percentage	80.00
Directors Female	Percentage	20.00
Senior Management (including EDs and C-suite) Male	Percentage	86.00
Senior Management (including EDs and C-suite) Female	Percentage	14.00
Middle Management Male	Percentage	100.00
Middle Management Female	Percentage	0.00
Executives Male	Percentage	43.00
Executives Female	Percentage	57.00
Non-Executives Male	Percentage	53.00
Non-Executives Female	Percentage	47.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	55.00
Female	Percentage	45.00
Under 30	Percentage	40.00
Between 30-50	Percentage	47.00
Above 50	Percentage	13.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0

Indicator	Measurement Unit	2023
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	1
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	2,811.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	19.986000
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	2,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,201

Assurance Statement

This Sustainability Statement has not been subjected to an assurance process.

DIRECTORS' PROFILE

DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR

Independent Non-Executive Chairman

Age	:	71
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	7 October 2014
Board Committee membership	:	Member of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee

Qualification, Working Experience and Occupation

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

From 1981 to 1983 he was the Executive Director of Showmasters (M) Sdn. Bhd., an artiste management and concert promotion company. He subsequently joined BMG Music and was a General Manager from 1989 to 1997 and Managing Director from 1997 to 1999. Based on his vast experience and knowledge in growing companies, he provided 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 (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 : 54
Nationality : Malaysian
Gender : Male
Date of Appointment : 16 October 2017
Board Committee membership : -

TOH HONG CHYE *Executive Director*

Age : 49
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

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

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)

ANDREW HO THO KONG

Independent Non-Executive Director

Age	:	58
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 has been involved in numerous global volunteer programs administered by the CFA Institute; and concurrently serves as a founding committee member of the National University of Singapore (NUS) Kuala Lumpur Alumni.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILE

(Cont'd)

LOW YEN HOON

Independent Non-Executive Director

Age	:	39
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 : 60
Nationality : Australian
Gender : Female
Date of Appointment : 1 March 2018

TIEW CHEE MING

Group Accountant

Age : 35
Nationality : Malaysian
Gender : Male
Date of Appointment : 1 November 2017

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

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 was in charge of the financial department. He was subsequently promoted to the position of 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 MCCG for the financial year ended 31 December 2023 ("**FYE2023**"), 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. 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 FYE2023, 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 and performance, 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 processes are in place. The AC continues to monitor the potential risks of the Group and ensures that mitigating factors are in place to ensure the 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 processes are in place:

- Company's policy on purchasing and payment
- Selection and evaluation of suppliers
- Processing of Purchase Requisition and Purchase Orders
- Authorisation of purchase and payment
- Processing of goods received and returns
- Creditor statement reconciliation
- Administration and Accounts Related Process
- Policy and procedure on leasing management
- Assessment and evaluation of potential tenant
- Execution and renewal of leasing agreement
- Policy and procedures on termination of leasing
- Credit control and collection process
- Debt aging and late interest charges, if any

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

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

I. COMMUNICATION WITH STAKEHOLDERS

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. CONDUCT OF GENERAL MEETINGS

The Company'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 Company, 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 twenty eight (28) days before the AGM date and the AGM is conducted through an electronic polling system. The Company 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 Company.

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**") Option 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 and Toh Hong Chye oversees 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.

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

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. This is to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision-making. 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 recognises that it is necessary for all Directors to allocate sufficient time to effectively discharge their duties. This includes attending meetings, being able to review Board papers prior to meetings and providing constructive viewpoints.

The Board would meet at least five (5) times a year, at quarterly intervals which are scheduled in advance to help facilitate the Directors in planning their meeting schedule efficiently. 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 and due notice given. Board papers are prepared by the Management and circulated to all Directors prior to the meetings.

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

The Board met five (5) times during the financial year ended 31 December 2023 ("FYE2023"). The attendance of each Director at the Board Meeting held during the FYE2023 is as follows:

Directors	Number of meetings attended	%
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	5/5	100%
Dato' Sri Lee See Yang	5/5	100%
Toh Hong Chye	5/5	100%
Andrew Ho Tho Kong	5/5	100%
Low Yen Hoon	5/5	100%
Chin Pak Loong ^[1]	3/3	100%

Notes:

^[1] Resigned as an Executive Director of the Company with effect from 23 June 2023. Only three (3) meetings were held prior to his resignation.

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**") allows 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:

- Mia Webinar Series: MFRS 15 and MFRS 16 - Disclosures and best practices
- Mia Webinar Series: Recent transfer pricing developments and its impact on taxpayers
- Mia Webinar Series: Statutory records update under the companies act 2016 and foreign companies
- Mia Webinar Series: Digital Technology and Artificial Intelligence as productivity tools for accounting and finance professionals
- Anti-Bribery & Corruption Training
- Mia Webinar Series: Advanced corporate tax issues and strategies
- Mia Webinar Series: Creative thinking and problem-solving techniques and for accounting and finance professionals
- Mia Webinar Series: Efficient accounts payable operations
- Mia Webinar Series: Building a culture of good governance and sustainability: the role of the board on management
- BDO tax seminar on budget 2024: Empowering Financial Sustainability
- Mia Webinar Series: Taxation of property developers and contractors

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/>

The activities undertaken by the AC during the FYE2023 are spelt out in the AC Report within this Annual Report.

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

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. Board Responsibilities (Cont'd)

6. Board Committees (Cont'd)

During the FYE2023, 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 by rotation and determine their eligibility upon conducting assessment based on the Directors' Fit and Proper Policy.
- (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
- (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.

All recommendations of the NC were reported at the Board Meeting and approved by the Board.

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 FYE2023, 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 Directors' Fees and Benefits payable to the Non-Executive Directors.
- (c) Reviewed the Terms of Reference of the RC.
- (d) Reviewed the Directors and Senior Management Remuneration Policy.

All recommendations of the RC were reported at the Board Meeting and approved by the Board.

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

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. Board Responsibilities (Cont'd)

6. Board Committees (Cont'd)

SIS Option Committee

The SIS Option Committee was established on 28 May 2015. The SIS Option 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 Option Committee are as follows:

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

The SIS Option Committee meets as and when required. No meeting was held during the financial year.

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/>.

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

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.

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.

Details of the Whistleblowing Policy and Procedure can be found in the Company's website at <http://www.pegasusheights.com/>.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. Board Responsibilities (Cont'd)

10. Company Secretary

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

The Company Secretary constantly keep 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 Secretary have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or the Malaysian Institute of Chartered Secretaries and Administrators for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretary in discharging its functions.

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

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

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 two (2) Executive Directors. The composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgment on the affairs of the Company.

The Board of Directors' profile can be found in the Annual Report of the Company.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

II. Board Composition

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.

The NC will assess the suitability, fitness and propriety of the candidates based on criteria set out in the Fit and Proper Policy 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

II. Board Composition (Cont'd)

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 FYE2023. Nonetheless, the Board will utilise independent search firms in identifying suitable candidates for appointment of directors in the future when the need arise.

6. Chairperson of the NC

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

7. Annual Evaluation

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

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

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

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 NC 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

III. Remuneration

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

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

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the AC, RC or NC receiving a higher fee in respect of his/her 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. 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 FYE2023 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

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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. For the FYE2023, no former key audit partner of the Company's Auditors was appointed as a member of AC.

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

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

On an annual basis, the AC considers the re-appointment of the external auditors and their remuneration and makes recommendations to the Board. The external auditors are subject to re-appointment each year at the AGM.

The external auditors met the AC without the presence of the executive Board members and Management on regular basis pertaining to matters relating to the Group and its audit activities. During such meetings, the external auditors highlighted and discussed the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the AC or the Board.

The AC ensures that 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 FYE2023, 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	144,000	88,000
Non-Audit:		
Review of the Statement on Risk Management and Internal Control	6,000	6,000
Total Non-audit fees	6,000	6,000

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. AC (Cont'd)

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 provide reasonable and not absolute assurance against material misstatement or loss.

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

The Group has outsourced the internal audit function as being the most cost-effective means of implementing an internal audit function. The independent third party service provider of the internal audit services for the FYE2023 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 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.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

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

I. Communication with stakeholders

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

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

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

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

II. Conduct of General Meetings

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the Statement on Risk Management and Internal Control ("**Statement**"), which outlines the nature and scope of risk management and internal control of the Company and its subsidiaries ("**the Group**") during the financial year ended 31 December 2023 ("**FYE2023**").

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. documented 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 controls of Consistent Harvest Sdn. Bhd., one of the Group's subsidiaries and internal control of the tenancy procedures 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 staff 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 FYE2023 was RM15,000.

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 FYE2023.

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 2 April 2024.

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 and its subsidiaries' ("**the Group**") 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 2023 ("**FYE2023**"), 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

All deliberation at the AC meetings were properly recorded. The minutes of the AC meetings were tabled for confirmation at the meetings that followed and subsequently presented to the Board for notation. The AC Chairman also reported to the Board on the activities and significant matters discussed at each AC meeting.

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 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 FYE2023 are as follows:

- 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**");
- Reviewed with External Auditors on their Audit Planning Memorandum for the FYE2023;
- Reviewed the Audited Financial Statements of the Group for the FYE2023 before recommending to the Board for approval and release of the results to Bursa Securities;
- 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 FYE2023 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 FYE2023 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 of Bursa Securities, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- n) Report to the Board on its activities and significant findings and results; and
- o) 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.

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 the internal control of Tenancy Procedures of the Company as well as internal control of Consistent Harvest 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 although some of the processes have weaknesses, they do not present serious risk exposures to the Group.

During the FYE2023, 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 2 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year ending 31 December 2023 ("FYE2023").

Share Issuance Scheme ("SIS")

The SIS is governed by the SIS By-Laws and was approved by shareholders on 17 April 2015. The SIS was implemented for a period of 5 years effective from 28 May 2015 and will be expiring on 28 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 2023 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	694,941,000	526,200,000

Note:

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

The percentages of options applicable to Directors and Senior Management under the SIS during the financial year and since its commencement up to 31 December 2023 are set out below:

Directors and Senior Management	Percentage	
	During the financial year	Since commencement up to 31 December 2023
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 ("PHB Group") involving the interests of Directors and major shareholders.

Contracts Relating to Loans

There were no contracts relating to loans entered into by PHB Group during the FYE2023 are disclosed in the audited financial statements.

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 2023, 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 2023.

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	<u>5,215</u>	<u>2,516</u>

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

There was no issuance of shares or 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").

DIRECTORS' REPORT (Cont'd)

Options Granted Over Unissued Shares (Cont'd)

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.

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 31.12.2023 '000
		At 1.1.2023 '000	Granted '000	Lapsed '000	Exercised '000	
18 August 2015	RM0.10	13,300	-	-	-	13,300
19 July 2018	RM0.02	249,641	-	-	-	249,641
28 August 2019	RM0.01	434,000	-	-	-	434,000

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 * (Resigned on 23 June 2023)

** Director of the Company and its subsidiary companies*

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

Toh Guat Khem
 Tiew Chee Ming
 Yong Keong Fai

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' REPORT

(Cont'd)

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 1.1.2023 '000	Bought '000	Sold '000	At 31.12.2023 '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	200,000	-	1,422,736

	<-----Number of Options over Ordinary Shares----->				
	At 1.1.2023 '000	Grant '000	Lapsed '000	Exercised '000	At 31.12.2023 '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

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' 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.

DIRECTORS' REPORT (Cont'd)

Directors' Benefits (Cont'd)

The details of the directors' remuneration for the financial year ended 31 December 2023 are disclosed below:

	Group RM'000	Company RM'000
Salaries, fees and other emoluments	2,340	754
Social security contributions	8	2
Defined contribution plans	407	103
Other benefits	43	16
	<u>2,798</u>	<u>875</u>

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 RM5,300 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; 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.

DIRECTORS' REPORT (Cont'd)

Other Statutory Information (Cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (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;
 - (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.

DIRECTORS' REPORT (Cont'd)

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 for the Company as disclosed in Note 24 to the financial statements are RM144,000 and RM88,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 2 April 2024.

TOH HONG CHYE

DATO' SRI LEE SEE YANG

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being the two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 70 to 150 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 2023 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 2 April 2024.

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 70 to 150 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 2 April 2024)

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 2023 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 material accounting policy information, as set out on pages 70 to 150.

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 2023, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEGASUS HEIGHTS BERHAD (Cont'd)

[Registration No.: 197401002677 (19727-P)]
(Incorporated in Malaysia)

Basis for Opinion (Cont'd)

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 2023, the carrying amount of the Group’s investment properties was RM110,000,000 representing approximately 82% 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 judgment. 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 other 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEGASUS HEIGHTS BERHAD (Cont'd)

[Registration No.: 197401002677 (19727-P)]
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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.

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)

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 of 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.

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)

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Other 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
03447/08/2025 J
Chartered Accountant

KUALA LUMPUR
2 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	1,640	1,902	371	476
Investment properties	5	110,000	110,000	-	-
Deferred expenses	6	-	-	-	-
Intangible assets	7	22	106	-	-
Right-of-use assets	8	508	1,097	423	634
Investment in subsidiary companies	9	-	-	24,332	24,032
Amount due from a subsidiary company	10	-	-	-	-
		<u>112,170</u>	<u>113,105</u>	<u>49,271</u>	<u>21,664</u>
Current assets					
Inventories	11	80	86	-	-
Trade receivables	12	16,798	12,577	-	-
Other receivables	13	2,519	1,171	84	258
Amount due from subsidiary companies	10	-	-	6,506	1,619
Tax recoverable		498	435	-	-
Fixed deposits with licensed banks	14	-	1,040	-	1,040
Cash and bank balances		<u>1,307</u>	<u>10,688</u>	<u>652</u>	<u>10,053</u>
		<u>21,202</u>	<u>25,997</u>	<u>7,242</u>	<u>12,970</u>
Total assets		133,372	139,102	56,513	59,776

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (Cont'd)

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital	15	30,176	210,176	30,176	210,176
Reserves	16	5,768	5,768	5,768	5,768
Retained earnings/ (Accumulated losses)		89,728	(85,057)	19,982	(157,502)
Total equity		125,672	130,887	55,926	58,442
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	255	511	221	435
Deferred tax liabilities	18	3,502	3,502	-	-
		3,757	4,013	221	435
Current liabilities					
Borrowing	19	10	13	-	-
Lease liabilities	17	269	267	214	208
Trade payables	20	14	48	-	-
Other payables	21	3,650	3,864	152	212
Amount due to subsidiary companies	10	-	-	-	479
Provision for taxation		-	10	-	-
		3,943	4,202	366	899
Total liabilities		7,700	8,215	587	1,334
Total equity and liabilities		133,372	139,102	56,513	59,776

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 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	22	13,358	16,063	96	96
Cost of sales		(9,257)	(12,554)	-	-
Gross profit		4,101	3,509	96	96
Other income		163	656	110	452
Administrative expenses		(9,365)	(9,138)	(2,660)	(3,330)
Net (loss)/gain on impairment of financial instruments		(14)	315	(46)	888
Loss from operations		(5,115)	(4,658)	(2,500)	(1,894)
Finance costs	23	(90)	(67)	(16)	(23)
Loss before tax	24	(5,205)	(4,725)	(2,516)	(1,917)
Taxation	25	(10)	87	-	(20)
Net loss for the financial year, representing total comprehensive loss for the financial year		(5,215)	(4,638)	(2,516)	(1,937)
Loss for the financial year attributable to:					
Owners of the Company		(5,215)	(4,638)	(2,516)	(1,937)
Total comprehensive loss attributable to:					
Owners of the Company		(5,215)	(4,638)	(2,516)	(1,937)
Loss per share (sen)					
Basic	26(a)	(0.05)	(0.04)		
Diluted	26(b)	(0.05)	(0.04)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Attributable to Owners of the Company				
	Note	Non-distributable		Total equity
		Share capital	SIS Options (Accumulated reserve)	
		RM'000	RM'000	RM'000
Group				
At 1 January 2023		210,176	5,768	130,887
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(5,215)
Transaction with owners:				
Share capital reduction	15	(180,000)	-	-
At 31 December 2023		30,176	5,768	125,672

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Attributable to Owners of the Company				
	Share capital RM'000	Non-distributable SIS Options reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Group (Cont'd)					
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)
Transactions with owners:					
Issuance of ordinary shares:					
- conversion of Warrants	821	-	(301)	-	520
SIS options to employees:					
- lapsed	-	(3)	-	-	(3)
Lapsed of warrants	17,892	-	(17,892)	-	-
	18,713	(3)	(18,193)	-	517
At 31 December 2022	210,176	5,768	-	(85,057)	130,887

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16(b)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Note	Attributable to Owners of the Company			Total equity RM'000
		Non-distributable		Retained earnings/ (Accumulated losses)	
		Share capital RM'000	SIS Options reserve RM'000	RM'000	
Company					
At 1 January 2023		210,176	5,768	(157,502)	58,442
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(2,516)	(2,516)
Transaction with owners:					
Share capital reduction	15	(180,000)	-	180,000	-
At 31 December 2023		30,176	5,768	19,982	55,926

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Attributable to Owners of the Company				
	Non-distributable				Total equity RM'000
Note	Share capital RM'000	SIS Options reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	
Company (Cont'd)					
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)
Transactions with owners:					
Issuance of ordinary shares:					
- conversion of warrants	821	-	(301)	-	520
SIS options to employees:					
- lapsed	-	(3)	-	-	(3)
Lapsed of warrants	17,892	-	(17,892)	-	-
	18,713	(3)	(18,193)	-	517
At 31 December 2022	210,176	5,768	-	(157,502)	58,442

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before tax	(5,205)	(4,725)	(2,516)	(1,917)
Adjustments for:				
Amortisation of:				
- intangible assets	66	67	-	-
- deferred expenses	-	208	-	-
Bad debts written off	45	-	-	-
Depreciation of property, plant and equipment	590	646	105	81
Depreciation of right-of-use assets	472	614	211	211
Gain on disposal of property, plant and equipment	-	(240)	-	(138)
Gain on termination of lease contracts	(3)	-	-	-
Impairment losses on:				
- intangible assets	18	-	-	-
- other receivables	65	-	-	-
- investment in subsidiary companies	-	-	-	532
- amount due from subsidiary companies	-	-	606	11,102
Interest income	(134)	(354)	(110)	(314)
Inventories written off	13	-	-	-
Interest expenses	90	67	16	23
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(560)	(11,990)
- trade receivables	(51)	(315)	-	-
Share options to employees	-	(3)	-	(3)
Operating loss before working capital changes	(4,034)	(4,035)	(2,248)	(2,413)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Operating loss before working capital change brought forward	(4,034)	(4,035)	(2,248)	(2,413)
Changes in working capital:				
Inventories	(7)	(24)	-	-
Receivables	(5,777)	(2,582)	174	1,700
Payables	(125)	892	(60)	38
Director	25	-	-	-
Cash used in operating activities	(9,918)	(5,749)	(2,134)	(675)
Interest paid	(60)	-	-	-
Tax paid	(89)	(587)	-	(350)
Tax refund	7	-	-	-
Net cash used in operating activities	(10,060)	(6,336)	(2,134)	(1,025)
Cash flows from investing activities				
Acquisition of property, plant and equipment	-	(805)	-	(460)
Interest received	134	354	110	314
Proceeds from disposal of property, plant and equipment	-	390	-	180
Net cash from/(used in) investing activities	134	(61)	110	34
Cash flows from financing activities				
Interest paid	(30)	(67)	(16)	(23)
Proceed from advance to subsidiary companies	-	-	(7,714)	(4,675)
Repayment to subsidiary companies 28	-	-	(479)	(751)
Repayment of lease liabilities 28	(462)	(576)	(208)	(202)
Proceeds from warrant conversion 15	-	520	-	520
Net cash used in financing activities	(492)	(123)	(8,417)	(5,131)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Net decrease in cash and cash equivalents		(10,418)	(6,520)	(10,441)	(6,122)
Cash and cash equivalents at beginning of the financial year		<u>11,715</u>	<u>18,235</u>	<u>11,093</u>	<u>17,215</u>
Cash and cash equivalents at end of the financial year		<u>1,297</u>	<u>11,715</u>	<u>652</u>	<u>11,093</u>
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		1,307	10,688	652	10,053
Fixed deposits with licensed banks	14	-	1,040	-	1,040
Borrowing	19	(10)	(13)	-	-
		<u>1,297</u>	<u>11,715</u>	<u>652</u>	<u>11,093</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 1-40-2, 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 financial statements.

(i) New MFRSs adopted during the financial year

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

(i) New MFRSs adopted during the financial year (Cont'd)

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

Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

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

(ii) New MFRSs issued but not yet effective

The Group and the Company have not applied the following 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 <u>beginning on or after</u>
Amendments to MFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

(ii) New MFRSs issued but not yet effective (Cont'd)

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

The initial applications of the above-mentioned 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

Classification between investment properties and property, plant and equipment (Cont'd)

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 2023 (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/depreciation 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 2023. 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.

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 2023 (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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unutilised tax losses, unutilised 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 2023, the Group has tax recoverable and tax payable of RM498,000 (2022: RM435,000) and RMNil (2022: RM10,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information

The Group adopted the Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosure of Accounting Policies* effective from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant” accounting policies. The amendments did not result in any changes to the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in this 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. Potential voting rights are considered when assessing whether the Group has power over another entity. Subsidiary companies are fully consolidated from the date that control commences until the date that control ceases.

In the Company's separate financial statements, investments 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 Note 3(n)(i) for accounting policy on impairment of non-financial assets.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment.

(ii) Business combinations

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Business combinations (Cont'd)

When 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.

The initial accounting for the acquisition of the new subsidiary company is incomplete by the end of the reporting period, 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.

The contingent consideration to be transferred by the Group 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 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.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to the owners 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 owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Non-controlling interests (Cont'd)

The Group treats all changes in its ownership interest in a subsidiary company that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Loss of control

When the Group loses control over a subsidiary company, it recognised 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 resulting gains or losses recognised in profit or loss. If the Group retains any interest in the former subsidiary company, then such interest is remeasured at fair value when 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

Goodwill is initially recognised at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable net assets acquired and liabilities assumed). 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.

After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See Note 3(n)(i) for accounting policy on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. See Note 3(n)(i) for accounting policy 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.

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.

(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 2023 (Cont'd)

3. Material Accounting Policy Information (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.

(iv) Derecognition

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between net disposal proceeds, if any, and the net carrying amount recognised in profit or loss.

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

The ROU asset 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
Equipment	Over the remaining lease period

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(c) Leases (Cont'd)

(i) As lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the respective Group entities' incremental borrowing rates is used. 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 exclude variable lease payments that are dependent on future performance or usage of the underlying asset from the lease liability. These payment recognised as expenses in profit or loss in the period in which the performance or use 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.

When there is a lease modification due to increase in scope of lease by adding the ROU asset one or more, the Group or the Company assess whether the modification is accounted for lease modification as separate lease or similar reassessment of lease liability. The Group or the Company accounted for lease modification as separate lease when consideration for the lease increase by an amount commensurate with the stand-alone price for increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group or the Company decrease the carrying amount of ROU asset and remeasure the lease liability to reflect the partial or full termination of the lease. The gain or loss is recognised in profit or loss. Lease liability are remeasured for all other lease modifications with corresponding adjustments to right-of-use asset.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have lease term of 12 months or less and leases of low value assets at less than RM20,000 each when purchased new. The Group recognises the lease payments associated with these leases as an expense on straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (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.

Rental income from operating lease recognised as income on a straight-line basis over the lease term. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(d) Investment properties

Investment properties, (including right-of-use assets held by lessee), are properties held to earn rental income or for capital appreciation, or for both, are measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, with resulting gains and losses recognised in profit or loss.

Investment properties are derecognised when they are disposed of. Any gain or loss on disposal of an investment property recognised in the profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(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 are carried at cost less accumulated amortisation and accumulated impairment losses. Capitalised costs are amortised on a straight-line basis over their estimated useful lives. Amortisation expenses are recognised in profit or loss and included within the cost of sales or administrative expenses.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination 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 depreciation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Derecognition

An intangible asset is derecognised on disposal. Gains or losses on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised in profit or loss within other income or other expenses.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(g) Financial assets

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

A financial asset, except for 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"), 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 as financial assets measured at amortised cost.

Financial assets 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.

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.

The Group's financial assets at amortised cost includes trade and other receivables, fixed deposits with licensed banks, cash and bank balances.

The Group and the Company have not designated any financial assets at fair value through other comprehensive income and FVTPL.

Financial asset are derecognised where the contractual rights 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 consideration received for financial instrument is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (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.

The Group and the Company classify their financial liabilities measured at amortised cost.

Subsequent to initial recognition, financial liabilities are 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.

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

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

(i) Intra-group financial guarantees in the separate financial statements

Financial guarantees are instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for a loss it incurs when the specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instruments.

Financial guarantee issued are initially measured 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 in accordance with the principles of MFRS 9; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

Expected credit losses ("ECLs") are a probability weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from financial guarantee are included within borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(j) Offsetting of financial instruments

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

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out basis. The cost of consumable stocks consists of direct material, direct labour and an appropriate share of production overheads based on normal operating capacity.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(n) Impairment of assets

(i) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of non-financial assets other than inventories and investment properties measured at fair value to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs and pro-rated to the asset by reference to the cost of the asset to the cost of the cash-generating unit.

Impairment loss is recognised in profit or loss. Any impairment losses recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

Reversal of impairment losses recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the asset no longer exists, except for impairment loss on goodwill is not reversed. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of depreciation or amortisation), had no impairment loss been recognised. Reversal of impairment losses are credited to profit or loss.

(ii) Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost and financial guarantee contracts. ECLs is estimated as 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.

The Group applies the simplified approach to provide for ECLs for all trade receivables (including finance lease receivables) and inter-company balances. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(o) Share capital

Ordinary shares are classified as equity. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised as a liability in the period they are declared.

(p) Provisions and contingent liabilities

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

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. Where the effect of 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(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.

(ii) Defined contribution plans

The Group's contribution to statutory pension funds are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(q) Employee benefits (Cont'd)

(iii) Share-based payment transactions

Equity-settled Share-based Payment Transaction

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase share option reserve in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(r) Revenue recognition

(i) Revenue from contracts with customers

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from contracts with customers from its construction contracts, when or as it transfers control over the goods or services to the customers.

The Group's contract with customers mainly contains one performance obligation where the Group is contracted to construct a specific asset for a customer. The Group considers whether there are other promises in the contract with customers that denote separate performance obligations

Under the terms of the contracts, control of the works performed is transferred over time as the Group creates and enhances an asset that the customer controls as the asset is created and enhanced. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(r) Revenue recognition (Cont'd)

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

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

(a) Revenue from construction contracts (Cont'd)

Revenue from construction contracts is measured at the transaction price agreed under the construction contracts comprises the initial amount of consideration agreed in contract, variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(b) Sale of goods

The Group sells electronic equipment in the wholesale market. Revenue from sales of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of goods.

Revenue is recognised based on the price specified in the contract, net of any discounts.

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts delivery of the goods.

There is no right of return and warranty provided to the customer on the sale of products.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policies Information (Cont'd)

(r) Revenue recognition (Cont'd)

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

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

(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.

(d) Rendering of services

Revenue from services is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(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.

(s) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred and reported in finance costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(t) Income taxes

(i) Current tax

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 reporting date, and any adjustment to tax payable in respect of previous financial years.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

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 carrying amount of deferred tax asset are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be allowable to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items related to the underlying transactions are recognised either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset, if there is a legally enforceable rights exist to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same tax authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

3. Material Accounting Policy Information (Cont'd)

(u) Operating segments

An operating segments is a component of the Group that engages in business activities from which it may earn revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(v) Contingencies

(i) Contingent liabilities

A contingent liability is a possible obligation, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group, are disclosed as contingent liabilities if the probability of inflow or outflow of economic benefits is not considered as remote

(ii) Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but its existence where inflows of economic benefits are probable, but not virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

4. Property, Plant and Equipment

	Note	Office and					Total
		Computer equipment	Electrical fittings	Furniture and fittings	Motor vehicles	Office and kitchen equipment	Renovation
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2023							
Cost							
At 1 January 2023		451	261	284	1,084	854	4,478
Written off		(4)	-	-	-	-	(4)
Transfer from right-of-use assets		-	-	-	856	-	856
At 31 December 2023	8	447	261	284	1,940	854	5,330
Accumulated depreciation							
At 1 January 2023		414	111	247	204	755	2,576
Charge for the financial year		25	19	5	374	48	590
Written off		(4)	-	-	-	-	(4)
Transfer from right-of-use assets		-	-	-	528	-	528
At 31 December 2023	8	435	130	252	1,106	803	3,690
Carrying amount							
At 31 December 2023		12	131	32	834	51	1,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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)									
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		-	-	-	120	-		-	120
At 31 December 2022	8	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		-	-	-	76	-		-	76
At 31 December 2022	8	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 2023 (Cont'd)

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

Company 2023 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 2023/31 December 2023	63	3	4	460	7	537
Accumulated depreciation						
At 1 January 2023	47	2	3	7	2	61
Charge for the financial year	11	-	-	92	2	105
At 31 December 2023	58	2	3	99	4	166
Carrying amount						
At 31 December 2023	5	1	1	361	3	371

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

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

Company (Cont'd)

2022

Cost

At 1 January 2022

Additions

Disposals

At 31 December 2022

Computer equipment RM'000	Electrical fittings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
63	3	4	315	7	392
-	-	-	460	-	460
-	-	-	(315)	-	(315)
63	3	4	460	7	537

Accumulated depreciation

At 1 January 2022

Charge for the financial year

Disposals

At 31 December 2022

33	2	2	215	1	253
14	-	1	65	1	81
-	-	-	(273)	-	(273)
47	2	3	7	2	61

Carrying amount

At 31 December 2022

16	1	1	453	5	476
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

5. Investment Properties

	Group	
	2023 RM'000	2022 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 (2022: 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 are within level 3 of the fair value hierarchy.

There were 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
			2023	2022	
Commercial properties	Investment method	Estimated rental (RM/psf/month)	2-20	2-20	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	6.5	Higher the range of inputs, lower the fair value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 (2022: RM110,000,000) have been pledged to secured borrowing facilities granted to the Group as disclosed in Note 19.

(c) Income and expenses recognised in profit or loss

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

	Group	
	2023	2022
	RM'000	RM'000
Rental income	4,569	5,312
Direct operating expenses:		
- Income generating investment properties	4,706	4,068

6. Deferred Expenses

	Group	
	2023	2022
	RM'000	RM'000
Cost		
At 1 January	-	1,500
Expiration of tenancy agreement	-	(1,500)
At 31 December	-	-
Accumulated amortisation		
At 1 January	-	1,292
Charge for the financial year	-	208
Expiration of tenancy agreement	-	(1,500)
At 31 December	-	-
Carrying amount		
At 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

6. Deferred Expenses (Cont'd)

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.

7. Intangible Assets

	Goodwill	Franchise and license	Total
	RM'000	RM'000	RM'000
Group			
Cost			
2023			
At 1 January 2023	16,000	399	16,399
Written off	(16,000)	(80)	(16,080)
At 31 December 2023	-	319	319
Accumulated amortisation			
At 1 January 2023	-	293	293
Amortisation for the financial year	-	66	66
Written off	-	(80)	(80)
At 31 December 2023	-	279	279
Accumulated impairment loss			
At 1 January 2023	16,000	-	16,000
Impairment loss for the financial year	-	18	18
Written off	(16,000)	-	(16,000)
At 31 December 2023	-	18	18
Carrying amount			
At 31 December 2023	-	22	22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

7. Intangible Assets (Cont'd)

	Goodwill	Franchise and license	Total
	RM'000	RM'000	RM'000
Group (Cont'd)			
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
Company			
	2023	2022	
	RM'000	RM'000	
Goodwill			
Cost			
At 1 January 2023	16,000	16,000	
Written off	(16,000)	-	
At 31 December 2023	-	16,000	
Accumulated impairment loss			
At 1 January 2023	16,000	16,000	
Written off	(16,000)	-	
At 31 December 2023	-	16,000	
Carrying amount			
At 31 December	-	-	

Amortisation

The amortisation of franchise and license of the Group amounting to RM66,000 (2022: RM67,000) is included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

8. Right-of-use Assets

		Hostel	Motor	Office	Equipment	Total
	Note	RM'000	vehicles	rental	RM'000	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Cost						
2023						
At 1 January 2023		35	856	967	-	1,858
Additions		-	-	392	31	423
Termination of lease contracts		-	-	(392)	-	(392)
Transfer to property, plant and equipment	4	-	(856)	-	-	(856)
At 31 December 2023		35	-	967	31	1,033
Accumulated depreciation						
At 1 January 2023		6	513	242	-	761
Charge for the financial year		17	15	422	18	472
Termination of lease contracts		-	-	(180)	-	(180)
Transfer to property, plant and equipment	4	-	(528)	-	-	(528)
At 31 December 2023		23	-	484	18	525
Carrying amount						
At 31 December 2023		12	-	483	13	508

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

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

	Note	Hostel RM'000	Motor vehicles RM'000	Office rental RM'000	Total RM'000
Group (Cont'd)					
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

	Company	
	2023 RM'000	2022 RM'000
Office rental		
Cost		
At 1 January	845	-
Additions	-	845
At 31 December	845	845
Accumulated depreciation		
At 1 January	211	-
Charge for the financial year	211	211
At 31 December	422	211
Carrying amount		
At 31 December	423	634

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

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

Assets held under lease contracts

Included in the above, the motor vehicles with a carrying amount of RMNil (2022: RM343,000) of the Group are pledged as securities for the lease liabilities as disclosed in Note 17.

9. Investment in Subsidiary Companies

	Company	
	2023	2022
	RM'000	RM'000
In Malaysia:		
At cost		
Unquoted shares	50,185	49,885
Quasi loans	18,500	18,500
	<u>68,685</u>	<u>68,385</u>
Less: Accumulated impairment losses	(44,353)	(44,353)
	<u>24,332</u>	<u>24,032</u>

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	
	2023	2022
	RM'000	RM'000
At 1 January	44,353	43,821
Impairment losses recognised	-	532
At 31 December	<u>44,353</u>	<u>44,353</u>

During the financial year, the Company has recognised an impairment loss amounting to RMNil (2022: RM532,000) for its investment in certain subsidiary companies that are persistently making losses. The recoverable amount of each subsidiary companies was based on value in use method. In determining the value in use for the cash flows were discounted at rate of 7.09% (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

9. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2023 %	2022 %	
Consistent Harvest Sdn. Bhd.	Malaysia	100	100	Property management
CPL Solutions Sdn. Bhd.	Malaysia	100	100	Building contractor and provision of management and consultancy services and investment holding
Naim Indah Properties Sdn. Bhd.	Malaysia	100	100	Property management, leasing and renting property
Pegasus Heights F&B Sdn. Bhd.	Malaysia	100	100	Food and beverage related activities
Naim Indah Marketing Sdn. Bhd.	Malaysia	100	100	Wholesale of household appliances
Pegasus Food Court Sdn. Bhd.	Malaysia	100	100	Food caterer/hawkers and providing food and beverage in market stalls/hawkers
PHB Capital Sdn. Bhd.	Malaysia	100	100	Providing credit and leasing facilities

Additional investment in subsidiary company

On 20 July 2023, the Company has increased its investment in Naim Indah Properties Sdn. Bhd. by issuing 299,998 new ordinary shares of RM1 each for a total consideration of RM299,998 by way of offsetting against the amount due from subsidiary company.

There were no changes in previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

10. Amount Due from/(to) Subsidiary Companies

	Company	
	2023	2022
	RM'000	RM'000
Amount due from subsidiary companies		
Non-current		
<u>Non-trade related</u>		
Non-interest bearing	68,872	66,391
Less: Accumulated impairment losses	(44,727)	(44,727)
	<u>24,145</u>	<u>21,664</u>
Current		
<u>Non-trade related</u>		
Non-interest bearing	18,843	13,910
Less: Accumulated impairment losses	(12,337)	(12,291)
	<u>6,506</u>	<u>1,619</u>
Amount due from subsidiary companies		
<u>Non-trade related</u>		
Non-interest bearing	-	(479)

Movements in the allowance for impairment losses are as follows:

	Company	
	2023	2022
	RM'000	RM'000
At 1 January	57,018	57,906
Impairment losses recognised	606	11,102
Reversal of impairment losses	(560)	(11,990)
At 31 December	<u>57,064</u>	<u>57,018</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

11. Inventories

	Group	
	2023	2022
	RM'000	RM'000
Consumable stocks	80	86
Recognised in profit or loss		
Inventories recognised as cost of sales	846	865
Inventories written off	13	-

12. Trade Receivables

	Group	
	2023	2022
	RM'000	RM'000
Trade receivables		
- Third parties	17,622	13,364
- Related parties	-	98
- Accrued sales	57	47
	17,679	13,509
Less: Accumulated impairment losses	(881)	(932)
	16,798	12,577

Included above is the loan receivable from third party amounted to RM4,641,000 (2022: RM7,018,000) related to the money lending business. The amount is secured, interest bearing at 6% (2022: 7.20%) per annum and repayable within 12 months (2022: 12 months).

The loan receivables from third parties amounted to RM10,901,000 (2022: RM3,750,000) related to the money lending business. The amount is unsecured, interest bearing from 6% to 18% (2022: 18%) per annum and repayable within 12 months (2022: 12 months).

Other trade receivables are non-interest bearing and are generally on 30 days (2022: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

12. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses are as follow:

	Group	
	2023	2022
	RM'000	RM'000
At 1 January	932	1,247
Reversal of impairment losses	(51)	(315)
At 31 December	<u>881</u>	<u>932</u>

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.

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			
2023			
Not past due	15,929	(17)	15,912
Past due:			
Less than 30 days	193	(13)	180
31 to 60 days	367	(7)	360
61 to 90 days	87	(63)	24
	<u>16,576</u>	<u>(100)</u>	<u>16,476</u>
Credit impaired:			
Past due more than 90 days	1,103	(781)	322
	<u>17,679</u>	<u>(881)</u>	<u>16,798</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

12. Trade Receivables (Cont'd)

The following table provide information about the exposure to credit risk and ECLs for trade receivables: (Cont'd)

	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
	<u>12,668</u>	<u>(204)</u>	<u>12,464</u>
Credit impaired:			
Past due more than 90 days	841	(728)	113
	<u>13,509</u>	<u>(932)</u>	<u>12,577</u>

13. Other Receivables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	2,030	623	16	183
Less: Accumulated impairment losses	(65)	-	-	-
	<u>1,965</u>	<u>623</u>	<u>16</u>	<u>183</u>
Deposits	457	444	58	57
Prepayments	97	104	10	18
	<u>2,519</u>	<u>1,171</u>	<u>84</u>	<u>258</u>

Included in the other receivables is an amount of RM1,679,000 (2022: RMNil) representing judgement sum held by stakeholder account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

13. Other Receivables (Cont'd)

Movements in the allowance for impairment losses on other receivables are as follow:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	-	-
Impairment losses recognised	65	-	-	-
At 31 December	65	-	-	-

14. Fixed Deposits with Licensed Banks

The effective interest rates of the fixed deposit with licensed banks is Nil (2022: 2.30% to 2.70%) per annum and its maturity period is Nil (2022: 60 to 90 days).

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2023	2022	2023	2022
	Unit'000	Unit'000	RM'000	RM'000
Issued and fully paid				
At 1 January	10,821,178	10,769,219	210,176	191,463
Issuance of shares pursuant to:				
- share capital reduction	-	-	(180,000)	-
- conversion of warrants	-	51,959	-	520
Warrants reserve arising from right issue [Note 16(b)]	-	-	-	18,193
At 31 December	10,821,178	10,821,178	30,176	210,176

During the financial year, the Company completed a capital reduction pursuant to Section 116(1)(b) of the Companies Act 2016 in Malaysia to reduced its issued share capital by RM180,000,000 for the purpose of reduction its accumulated losses of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

15. Share Capital (Cont'd)

In previous 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 previous financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

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

16. Reserves

		Group and Company	
		RM'000	RM'000
Non-Distributable			
SIS options reserve	(a)	5,768	5,768
Warrants reserve	(b)	-	-
		<u>5,768</u>	<u>5,768</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

16. Reserves (Cont'd)

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

(a) SIS options reserve (Cont'd)

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.

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	
			2023 Unit'000	2022 Unit'000
18 August 2015	RM0.10	28.5.2025	13,300	13,300
19 July 2018	RM0.02	28.5.2025	249,641	249,641
28 August 2019	RM0.01	28.5.2025	434,000	434,000
			<u>696,941</u>	<u>696,941</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

16. Reserves (Cont'd)

The nature of reserves of the Group and of the Company are 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: (Cont'd)

The fair values of share options granted were estimated using a Black-Scholes Model (2022: 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)	<u>0.0064</u>	<u>0.0149</u>	<u>0.0194</u>
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 (%)	<u>3.433</u>	<u>3.849</u>	<u>4.02</u>

(b) Warrants reserve

	Group and Company 2023 RM'000	2022 RM'000
At 1 January	-	18,193
Conversion of warrants B	-	(301)
Lapsed	-	(17,892)
At 31 December	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

16. Reserves (Cont'd)

The nature of reserves of the Group and of the Company are 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 shares held by the entitled shareholder of the Company. The reserves was arrived based on the theoretical fair value of RM0.0058 per warrant determined based on the black scholes pricing model.

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 2023 (Cont'd)

17. Lease Liabilities

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current	255	511	221	435
Current	269	267	214	208
	<u>524</u>	<u>778</u>	<u>435</u>	<u>643</u>

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Within one year	281	287	224	224
Between 1 to 2 years	259	270	224	224
Between 2 to 5 years	-	257	-	225
	<u>540</u>	<u>814</u>	<u>448</u>	<u>673</u>
Less: Future finance charges	<u>(16)</u>	<u>(36)</u>	<u>(13)</u>	<u>(30)</u>
Present value of minimum lease liabilities	<u>524</u>	<u>778</u>	<u>435</u>	<u>643</u>

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

The average effective rates per annum at the end of the reporting period for lease liabilities is ranging from 2.36% to 5.45% (2022: 2.36% to 4.44%).

18. Deferred Tax Liabilities

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January/31 December	<u>3,502</u>	<u>3,502</u>	<u>-</u>	<u>-</u>

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 2023 (Cont'd)

18. Deferred Tax Liabilities (Cont'd)

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unutilised business losses	81,696	78,231	55,613	53,800
Unutilised capital allowances	807	640	331	326
Other deductible temporary differences	1,000	1,048	101,417	101,371
Lease liabilities	524	766	435	643
Property, plant and equipment	(95)	(158)	(26)	(42)
Right-of-use assets	(508)	(755)	(423)	(634)
	<u>83,424</u>	<u>79,772</u>	<u>157,347</u>	<u>155,464</u>

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	
	2023	2022
	RM'000	RM'000
Secured		
Current		
Bank overdraft	<u>10</u>	<u>13</u>

The bank overdraft is secured by the following:

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

The effective interest rate per annum at the end of the reporting period for borrowing is 7.72% (2022: 7.47%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

20. Trade Payables

The normal trade credit terms of the Group ranged from 30 to 60 days (2022: 30 to 60 days) depending on the terms of the contracts.

21. Other Payables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other payables	417	523	16	28
Accruals	1,418	1,897	136	184
Deposits	1,726	1,400	-	-
SST payables	64	44	-	-
Amount due to Director	25	-	-	-
	<u>3,650</u>	<u>3,864</u>	<u>152</u>	<u>212</u>

The amount due to Director is unsecured, non-interest bearing and repayable on demand.

22. Revenue

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts				
with customers:				
Construction contracts	2,094	3,507	-	-
Sale of foods and beverages	1,680	1,780	-	-
Sale of goods	1,427	2,887	-	-
Managament fee	-	-	96	96
Rendering of services	2,247	2,117	-	-
	<u>7,448</u>	<u>10,291</u>	<u>96</u>	<u>96</u>
Other revenue:				
Financing income	1,060	389	-	-
Others	281	373	-	-
Rental income from investment properties	4,569	5,010	-	-
	<u>13,358</u>	<u>16,063</u>	<u>96</u>	<u>96</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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				
2023				
Major goods and services:				
Construction contracts	2,094	-	-	2,094
Sales of foods and beverages	-	-	1,680	1,680
Sales of goods	-	1,427	-	1,427
Rendering of services	54	-	2,193	2,247
Total revenue from contracts with customers	<u>2,148</u>	<u>1,427</u>	<u>3,873</u>	<u>7,448</u>
2022				
Major goods and services:				
Construction contracts	3,507	-	-	3,507
Sales of foods and beverages	-	-	1,780	1,780
Sales of goods	-	2,887	-	2,887
Rendering of services	169	-	1,948	2,117
Total revenue from contracts with customers	<u>3,676</u>	<u>2,887</u>	<u>3,728</u>	<u>10,291</u>
	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition:				
At a point in time	5,300	6,784	-	-
Over time	2,148	3,507	96	96
	<u>7,448</u>	<u>10,291</u>	<u>96</u>	<u>96</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

23. Finance Costs

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- bank overdraft	60	34	-	-
- lease liabilities	30	33	16	23
	<u>90</u>	<u>67</u>	<u>16</u>	<u>23</u>

24. Loss Before Tax

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit:				
- current year	144	138	88	87
- under/(over) provision in prior year	7	(1)	1	-
- non-statutory audit	6	6	6	6
Amortisation of:				
- intangible assets	66	67	-	-
- deferred expenses	-	208	-	-
Bad debt written off	45	-	-	-
Depreciation of property, plant and equipment	590	646	105	81
Depreciation of right-of-use assets	472	614	211	211
Interest income	(134)	(354)	(110)	(314)
Inventories written off	13	-	-	-
Impairment losses on:				
- intangible assets	18	-	-	-
- investment in subsidiary companies	-	-	-	532
- amount due from subsidiary companies	-	-	606	11,102
- other receivables	65	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

24. Loss Before Tax (Cont'd) b

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Lease expenses relating to:				
- short-term leases (a)	75	62	-	2
- low-value assets (a)	8	15	3	-
- variable lease payment	28	51	-	-
Non-executive Directors' remunerations				
- fees	96	92	96	92
- other emoluments	99	129	99	129
Gain on disposal of property, plant and equipment	-	(240)	-	(138)
Gain on termination of lease contracts	(3)	-	-	-
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(560)	(11,990)
- trade receivables	(51)	(315)	-	-
Wages subsidies (b)	-	(12)	-	-

(a) The Group and the Company rent a number of 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 has elected to apply the recognition exemption under MFRS 16 *Leases*.

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

25. Taxation

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss:				
Current tax:				
- Current year	11	10	-	-
- (Over)/Under provision in prior years	(1)	(97)	-	20
	10	(87)	-	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

25. Taxation (Cont'd)

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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 expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(5,205)	(4,725)	(2,516)	(1,917)
At Malaysian statutory tax rate of 24% (2022: 24%)	(1,249)	(1,134)	(604)	(460)
Expenses not deductible for tax purposes	383	322	152	68
Income not subject to tax	-	(28)	-	(28)
Utilisation of deferred tax assets	(23)	(229)	-	-
Deferred tax assets not recognised	900	1,079	452	420
	11	10	-	-
(Over)/Under provision of current tax in prior years	(1)	(97)	-	20
	10	(87)	-	20

The Group and the Company have unutilised business losses and unutilised capital allowances for carry forward to offset future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unutilised business losses	81,696	78,231	55,613	53,800
Unutilised capital allowances	807	640	331	326
	82,503	78,871	55,944	54,126

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

26. Loss Per Share

(a) Basic loss per share

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

	Group	
	2023	2022
	RM'000	RM'000
Loss attributable to owners of the Company	<u>(5,215)</u>	<u>(4,638)</u>
Weighted average number of ordinary shares in issue (in thousands of shares):		
Issued ordinary shares at 1 January	10,821,178	10,769,219
Effect of ordinary shares issued during the financial year	<u>-</u>	<u>29,921</u>
Weighted average number of ordinary shares at 31 December	<u>10,821,178</u>	<u>10,799,140</u>
Basic loss per ordinary shares (in sen)	<u>(0.05)</u>	<u>(0.04)</u>

(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	
	2023	2022
	RM'000	RM'000
Loss attributable to owners of the Company (diluted)	<u>(5,215)</u>	<u>(4,638)</u>
Weighted average number of ordinary shares used in the calculation of basis loss per share (in thousands of shares)	10,821,178	10,799,140
Effect of share issuance scheme issued	<u>135,724</u>	<u>135,724</u>
Weighted average number of ordinary shares at 31 December	<u>10,956,902</u>	<u>10,934,864</u>
Diluted earnings	<u>(0.05)</u>	<u>(0.04)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

27. Staff Costs

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	4,893	5,409	1,206	1,180
Social security contributions	41	44	13	11
Defined contribution plans	668	703	188	177
Other benefits	92	96	17	18
	<u>5,694</u>	<u>6,252</u>	<u>1,424</u>	<u>1,386</u>

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Salaries and other emoluments	2,145	2,586	545	546
Social security contributions	8	7	2	2
Defined contribution plans	407	448	103	102
Other benefits	43	75	17	18
	<u>2,603</u>	<u>3,116</u>	<u>667</u>	<u>668</u>

Directors of the subsidiary company

Salaries and other emoluments	420	518	-	-
Social security contributions	1	1	-	-
Other benefits	24	25	-	-
	<u>445</u>	<u>544</u>	<u>-</u>	<u>-</u>

Past Director of the Company *

Salaries and other emoluments	450	-	-	-
Social security contributions	1	-	-	-
Defined contribution plans	54	-	-	-
Other benefits	16	-	-	-
	<u>521</u>	<u>-</u>	<u>-</u>	<u>-</u>

* This represents the remuneration paid to the Director until his resignation on 30 September 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

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	Other changes (ii) RM'000	At 31 December RM'000
Group					
2023					
Lease liabilities	778	423	(462)	(215)	524
2022					
Lease liabilities	352	1,002	(576)	-	778
Company					
2023					
Lease liabilities	643	-	(208)	-	435
Amount due to subsidiary companies	479	-	(479)	-	-
	1,122	-	(687)	-	435
2022					
Lease liabilities	-	845	(202)	-	643
Amount due to subsidiary companies	1,230	-	(751)	-	479
	1,230	845	(953)	-	1,122

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

(ii) Other changes included termination of lease contract.

29. Financial Guarantees

	Company	
	2023 RM'000	2022 RM'000
Unsecured		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary company	10	13

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Transactions with subsidiary companies				
- Management fee received	-	-	96	96
Transactions with related parties				
- Consultancy service income	21	182	-	-
- Consultancy service expense	11	-	-	-
- Lease expenses on office	257	257	225	225
- Lease expenses on motor vehicles	60	60	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

30. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	3,306	3,379	836	821
Social security contributions	10	9	4	3
Defined contribution plans	477	462	120	117
Other benefits	83	100	17	18
	<u>3,876</u>	<u>3,950</u>	<u>977</u>	<u>959</u>

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 2023 (Cont'd)

31. Segment Information (Cont'd)

(a) Business segment

	Group 2023	Revenue	Project management RM'000	Project management consultancy RM'000	Trading RM'000	Investment holding and others RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
External customers	7,043		2,148		1,427	2,740	13,358	-	13,358
Inter-segment sales	308		-		-	96	404	(404)	-
Total revenue	7,351		2,148		1,427	2,836	13,762	(404)	13,358
Results									
Interest income	24		-		-	110	134	-	134
Finance costs	(61)		(9)		-	(55)	(125)	35	(90)
Amortisation	-		-		-	(66)	(66)	-	(66)
Depreciation	(280)		(306)		-	(615)	(1,201)	139	(1,062)
Other non-cash items	29		(3)		43	37	106	(19)	87
Taxation	-		-		-	(10)	(10)	-	(10)
Segment (loss)/profit	(954)		(579)		(376)	(3,333)	(5,242)	27	(5,215)
Segment assets	114,111		1,251		40	73,707	189,109	(55,737)	133,372
Included in the measurement of segment assets are capital expenditure	-		392		-	31	423	-	423
Segment liabilities	93,430		905		1,488	18,861	114,684	(106,984)	7,700

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

31. Segment Information (Cont'd)

(a) Business segment (Cont'd)

	Project management		Project management consultancy		Trading		Investment holding and others		Total		Eliminations		Consolidated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group (Cont'd)														
2022														
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		-		-		495		912		(354)		558	
Taxation	115		(8)		-		(20)		87		-		87	
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 the 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 2023 (Cont'd)

31. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Adjustments and elimination

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	
	2023	2022
	RM'000	RM'000
Bad debts written off	45	-
Gain on disposal of property, plant and equipment	-	(240)
Impairment losses on other receivables	65	-
Impairment losses on intangible assets	18	-
Inventories written off	13	-
Gain on termination of lease contracts	(3)	-
Reversal of impairment losses on trade receivables	(51)	(315)
Share options to employees	-	(3)
	87	(558)

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	
	2023	2022
	RM'000	RM'000
		Segment
Customer 1	2,102	3,078
		Consultancy

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Financial assets				
Trade receivables	16,798	12,577	-	-
Other receivables	2,422	1,067	74	240
Amount due from subsidiary companies	-	-	30,651	23,283
Fixed deposits with licensed banks	-	1,040	-	1,040
Cash and bank balances	1,307	10,688	652	10,053
	<u>20,527</u>	<u>25,372</u>	<u>31,377</u>	<u>34,616</u>
Financial liabilities				
Borrowing	10	13	-	-
Lease liabilities	524	778	435	643
Trade payables	14	48	-	-
Other payables	3,586	3,820	152	212
Amount due to subsidiary companies	-	-	-	479
	<u>4,134</u>	<u>4,659</u>	<u>587</u>	<u>1,334</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

32. Financial Instruments (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

32. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

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 RM10,000 (2022: RM13,000), 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 (2022: 3 customers) accounted for approximately 92% (2022: 86%) of all the receivables outstanding.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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
Group					
2023					
Non-derivative financial liabilities					
Lease liabilities	281	259	-	540	524
Borrowing	10	-	-	10	10
Trade payables	14	-	-	14	14
Other payables	3,586	-	-	3,586	3,586
	3,891	259	-	4,150	4,134
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	3,820
	4,168	270	257	4,695	4,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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					
2023					
Non-derivative financial liabilities					
Lease liabilities	224	224	-	448	435
Other payables	152	-	-	152	152
Financial guarantee liabilities*	10	-	-	10	-
	386	224	-	610	587
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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

32. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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)

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:

	2023 RM'000	2022 RM'000
Group		
Fixed rate instruments		
Financial assets	15,542	11,808
Financial liabilities	(524)	(778)
	<u>15,018</u>	<u>11,030</u>
Floating rate instrument		
Financial liabilities	<u>(10)</u>	<u>(13)</u>
Company		
Fixed rate instruments		
Financial assets	-	1,040
Financial liabilities	(435)	(643)
	<u>(435)</u>	<u>397</u>

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 RM100 (2022: RM130), 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

32. Financial Instruments (Cont'd)

(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 2023 (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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Borrowing	10	13	-	-
Lease liabilities	524	778	435	643
Less: Fixed deposits with licensed banks	-	(1,040)	-	(1,040)
Less: Cash and bank balances	(1,307)	(10,688)	(652)	(10,053)
Net debts	<u>(773)</u>	<u>(10,937)</u>	<u>(217)</u>	<u>(10,450)</u>
Total equity	<u>125,672</u>	<u>130,887</u>	<u>55,926</u>	<u>58,442</u>
Gearing ratio (times)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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 2 April 2024.

LIST OF PROPERTY

AS AT 31 DECEMBER 2023

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 31.12.2023
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 209,983 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 70 years)	27 years	3.1.2024	25.08.2003	RM110,000,000

ANALYSIS OF SHAREHOLDINGS

AS AT 4 APRIL 2024

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	397	1.91	17,206	0.00
100 to 1,000	2,076	10.01	1,559,011	0.01
1,001 to 10,000	5,115	24.67	27,818,044	0.26
10,001 to 100,000	7,038	33.95	369,739,836	3.42
100,001 to 541,058,887*	6,105	29.45	8,298,089,358	76.68
541,058,888 and above**	2	0.01	2,123,954,316	19.63
TOTAL	20,733	100.00	10,821,177,771	100.00

* 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	1,422,735,784	13.1477	-	-
2.	Dato' Sri Lee See Yang	901,218,532	8.3283	-	-

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	1,422,735,784	13.1477	-	-
3.	Dato' Sri Lee See Yang	901,218,532	8.3283	-	-
5.	Andrew Ho Tho Kong	-	-	-	-
6.	Low Yen Hoon	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 4 APRIL 2024 (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	11.2995
2.	Lee See Yang	901,218,532	8.3283
3.	M & A Nominee (Asing) Sdn. Bhd. For Winfields Development Pte. Ltd.	540,000,000	4.9902
4.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Chin Hoong	507,017,543	4.6854
5.	RHB Nominees (Tempatan) Sdn. Bhd. Toh Hong Chye	200,000,000	1.8482
6.	Vinayaka Capital Sdn. Bhd.	160,000,000	1.4786
7.	VM Team Engineering Sdn. Bhd.	100,000,000	0.9241
8.	Steady Influx Sdn. Bhd.	91,068,800	0.8416
9.	Rajandran A/L Visvalingam	89,749,300	0.8294
10.	Ooi Chieng Sim	89,749,300	0.8294
11.	Ooi Chieng Sim	89,749,300	0.8294
12.	Gandi A/L Muthusamy	78,300,000	0.7236
13.	Progerex Sdn. Bhd.	62,846,600	0.5808
14.	Progerex Sdn. Bhd.	62,846,600	0.5808
15.	Zen Heritage Capital Sdn. Bhd.	54,000,000	0.4990
16.	Ooi Chew Wei	52,941,000	0.4892
17.	Thor Poh Keow	52,038,000	0.4809
18.	Siti Munajat Binti Md Ghazali	50,000,000	0.4621
19.	Boh Chit Pang	49,789,600	0.4601
20.	Hock Lok Siew Realty Sdn. Bhd.	44,911,400	0.4150
21.	Hock Lok Siew Realty Sdn. Bhd.	44,911,400	0.4150
22.	Skylitech Resources Sdn. Bhd.	44,911,400	0.4150
23.	Lagenda Perdana Sdn. Bhd.	44,911,400	0.4150
24.	HLS Properties Sdn. Bhd.	44,911,400	0.4150
25.	HLS Properties Sdn. Bhd.	44,911,400	0.4150
26.	Lim Kean Wah	44,911,400	0.4150
27.	A1 Capital Sdn. Bhd.	44,911,400	0.4150
28.	A1 Capital Sdn. Bhd.	44,911,400	0.4150
29.	Lim Seow Chin	44,911,400	0.4150
30.	Lim Seow Chin	44,911,400	0.4150

NOTICE OF FORTY NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Ninth Annual General Meeting ("49th AGM") of Pegasus Heights Berhad ("**Company**") will be conducted at Gallery 2, Level 1, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 13 June 2024 at 4.00 p.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 2023 together with Reports of the Directors' and the Auditors' thereon. | Please refer to Explanatory Note 1 |
| 2. | To re-elect Dato' Sri Lee See Yang as Director in accordance with Clause 105 of the Constitution of the Company. | Ordinary Resolution 1 |
| 3. | To re-elect Andrew Ho Tho Kong as Director in accordance with Clause 105 of the Constitution of the Company. | Ordinary Resolution 2 |
| 4. | To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000.00 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 SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT SHARES OR GRANT RIGHTS | Ordinary Resolution 5 |
|----|---|------------------------------|

"THAT pursuant to Sections 75 and 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 Sections 75 and 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)
Company Secretary

Kuala Lumpur

Date: 30 April 2024

NOTICE OF FORTY NINTH 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 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 2023, 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' Sri Lee See Yang | : | Dato' Sri Lee See Yang has over twenty-five (25) years of experience in business management and development. He 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. The Board believes that his extensive experience provides a strong addition to the skill sets on the Board. |
| Andrew Ho Tho Kong | : | Andrew Ho Tho Kong has extensive experience with over thirty (30) years in accounting, investment banking and private equity. The Board is of the view that he brings significant value to the Board with his past experience and strong track record in senior management and leadership roles. |

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 Sections 75 and 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 NINTH ANNUAL GENERAL MEETING (Cont'd)

NOTES:

1. The 49th AGM of the Company will be conducted at Gallery 2, Level 1, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 13 June 2024 at 4.00 p.m., 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 49th 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 49th 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 or email to ir.shareregistry@gapadvisory.my not less than forty eight (48) hours before the time appointed for holding the 49th AGM (no later than Tuesday, 11 June 2024 at 4.00 p.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
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 6 June 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 49th 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 49th 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 49th 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 49th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 49th 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
FORTY NINTH ANNUAL GENERAL MEETING**

REGISTRATION

1. Registration will start at 3.00 p.m. and will remain open until the conclusion of the Forty Ninth Annual General Meeting ("**49th AGM**") or such time as may be determined by the Chairman of the meeting.
2. Please produce your original MyKad/Identification Card or Passport (for foreigners) during registration. Only original MyKad/Identification Card or Passport will be accepted for the purpose of the identity verification. Please ensure that you collect your MyKad/Identification Card or Passport thereafter.
3. No person will be allowed to register on behalf of another person with the original MyKad/Identification Card or Passport of that other person.
4. Upon verification and registration:
 - a. Please sign the Attendance List and polling slip will be provided at the registration counter;
 - b. If you are attending the 49th AGM as a shareholder as well as a proxy, you will be registered once; and
 - c. No person will be allowed to enter the meeting hall without registration. There will be no replacement in the event that you lose/misplace the polling slip.
5. After registration, please vacate the registration area immediately and proceed to the meeting hall.
6. The registration counter will only handle verification of identity and registration of attendance.
7. Help desk support is available for any other enquiries/assistance/revocation of proxy's appointment.

DOOR GIFT

No door gift would be provided at the 49th AGM.

LODGEMENT OF PROXY FORM

1. If you are unable to attend the 49th AGM in person and wish to appoint the Chairman of the 49th AGM as your proxy to vote on your behalf, the instrument appointing proxy(ies) may be made in the following manner:
 - a) In hard copy form
Please deposit your proxy form at the office of the Poll Administrator, GAP Advisory Sdn. Bhd. ("**GAP**"), E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur not less than forty-eight (48) hours before the time of holding the 49th AGM, i.e. latest by Tuesday, 11 June 2024 at 4.00 p.m. Any alteration to the Form of Proxy must be initialled.
 - b) By electronic means
Please email to ir.shareregistry@gapadvisory.my not less than forty-eight (48) hours before the time of holding the 49th AGM, i.e. latest by Tuesday, 11 June 2024 at 4.00 p.m. Any alteration to the Form of Proxy must be initialled.
2. If you wish to participate in the 49th AGM yourself, please do not submit any proxy form for the 49th AGM. You will not be allowed to participate in the 49th AGM together with a proxy appointed by you.

REVOCATION OF PROXY

If you have submitted your Proxy Form prior to the AGM and subsequently decide to appoint another person or wish to participate in the 49th AGM yourself, please write in to ir.shareregistry@gapadvisory.my to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the 49th AGM or proceed to the Help desk counter on the 49th AGM day to do proxy revocation. On revocation, your proxy(ies) will not be allowed to participate in the 49th AGM. In such event, you should advise your proxy(ies) accordingly.

DIGITAL COPIES OF 49th AGM DOCUMENTS

As a part of our commitment to environmentally sustainable practices by reducing paper usage, the following documents can be accessed from our website at <https://www.pegasusheights.com/>.

1. Annual Report 2023
2. Notice of the 49th AGM and Proxy Form
3. Corporate Governance Report 2023

VOTING AT MEETING

1. Voting will be conducted by poll in accordance Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed GAP as the Poll Administrator and Quantegic Services Sdn. Bhd. as the Independent Scrutineer to verify the poll results.
2. Voting for all the resolutions set out in the Notice of 49th AGM will take place concurrently after the relevant questions in respect of these resolutions have been addressed.

ENQUIRY

For any enquiries and administrative details relating to the meeting, please contact GAP during office hours from Monday to Friday (9:00 a.m. to 6:00 p.m.), detail as follows:

GAP Advisory Sdn. Bhd.

Address : E-10-4, Megan Avenue 1,
189, Jalan Tun Razak,
50400 Kuala Lumpur,
W.P. Kuala Lumpur, Malaysia.

General Line : 603 2181 0516

Email : ir.shareregistry@gapadvisory.my

PERSONAL DATA POLICY

By resigning for the meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data by Pegasus Heights Berhad (or its agents) for the following purposes:

1. For registration;
2. Communicate with the shareholders and proxy holders who participate at the 49th AGM;
3. Respond to the shareholders' and proxy holders' enquiries;
4. For internal record keeping;
5. Send promotional materials, advertisement for marketing purposes;
6. Publication of your personal information in any minutes, website, newsletter, brochure or any other materials which may be published internally or externally;
7. For processing and administration by the Company (or its agents); and
8. Comply with any laws, listing rules, regulations and/or guidelines.

The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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 Ninth Annual General Meeting ("49th AGM") of the Company which will be conducted at Gallery 2, Level 1, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 13 June 2024 at 4.00 p.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 49th 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 49th 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' Sri Lee See Yang				
Ordinary Resolution 2	To re-elect Andrew Ho Tho Kong				
Ordinary Resolution 3	To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000.00 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 Sections 75 and 76 of the Companies Act 2016.				

Dated this _____ day of _____ 2024

Signature / Common Seal of Shareholder

Contact No: _____

Fold this flap for sealing

NOTES:

1. The 49th AGM of the Company will be conducted at Gallery 2, Level 1, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 13 June 2024 at 4.00 p.m., 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 49th 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 49th 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 or email to ir.shareregistry@gapadvisory.my not less than forty eight (48) hours before the time appointed for holding the 49th AGM (no later than Tuesday, 11 June 2024 at 4.00 p.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
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 6 June 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 49th AGM.
10. Any alteration in the Proxy Form must be included.
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 49th 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 49th 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 49th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 49th 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

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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