

Unless otherwise stated, all defined terms and abbreviations used herein are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan (Tel: +603 7841 8088/+603 7841 8099).

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue. The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus. A copy of this Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), has also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue has been obtained from our shareholders at our EGM convened on 8 March 2019 and 7 May 2019. Approval has been obtained from Bursa Securities vide its letter dated 14 January 2019 for the admission of the Warrants to the Official List as well as the listing of and quotation for the Rights Shares, Warrants and new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares, Warrants and new Shares arising from the exercise of the Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited with the Rights Shares and Warrants allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue and are in no way reflective of the merits of the Rights Issue.

The Documents will only be despatched to our Entitled Shareholders whose names appear in our Record of Depositors at 5.00 p.m. on 24 May 2019 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 24 May 2019. The Documents are not intended to (and will not be made to) comply with the laws of any countries or jurisdictions other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and/or other professional adviser as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue, application for Excess Rights Shares with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue made by any Entitled Shareholders and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholders and/or their renounees/transferees (if applicable) are residents.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



(Company No. 19727-P)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 5,990,975,598 ORDINARY SHARES IN PEGASUS HEIGHTS BERHAD ("PEGASUS SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 3,993,983,732 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.01 PER RIGHTS SHARE ON THE BASIS OF 3 RIGHTS SHARES AND 2 WARRANTS FOR EVERY 1 EXISTING PEGASUS SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 24 MAY 2019

Principal Adviser



MERCURY SECURITIES SDN BHD

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Friday, 24 May 2019 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Allotments	:	Friday, 31 May 2019 at 5.00 p.m.
Transfer of Provisional Allotments	:	Tuesday, 4 June 2019 at 4.30 p.m.
Acceptance and payment	:	Wednesday, 12 June 2019 at 5.00 p.m.
Excess Rights Shares with Warrants Application and payment	:	Wednesday, 12 June 2019 at 5.00 p.m.

This Abridged Prospectus is dated 24 May 2019

UNLESS OTHERWISE STATED, ALL DEFINED TERMS AND ABBREVIATIONS USED HEREIN ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

OUR BOARD HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THIS RIGHTS ISSUE. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

MERCURY SECURITIES, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE, ACKNOWLEDGES THAT BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS, INCLUDING ANY STATEMENTS IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACTS IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSONS IN RELATION TO OUR COMPANY.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE, FOR WHICH ANY PERSONS SET OUT IN SECTION 236 OF THE CMSA, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

Abridged Prospectus	:	This abridged prospectus dated 24 May 2019 in relation to the Rights Issue
Act	:	Companies Act 2016
Announcement	:	Our Company's announcement dated 15 November 2018 in relation to the Corporate Exercises
Bloomberg	:	Bloomberg Finance Singapore L.P. and its affiliates
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	:	A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits and dealings in securities by the depositor
Closing Date	:	12 June 2019 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants Applications
CMSA	:	Capital Markets and Services Act 2007
Corporate Exercises	:	Collectively, the Rights Issue and diversification of our Group's principal activities to include the undertaking and provision of F&B services and related activities
Dato' Sri Lee	:	Dato' Sri Lee See Yang, our Executive Director and substantial shareholder as well as one of the Undertaking Shareholders
Deed Poll	:	Deed poll constituting the Warrants dated 7 May 2019
Directors	:	Members of our Board and shall have the meaning given in Section 2(1) of the CMSA
Documents	:	Collectively, this Abridged Prospectus together with the NPA and RSF
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	:	24 May 2019 at 5.00 p.m., being the date and time on which our Entitled Shareholders' names must appear in our Record of Depositors in order to participate in the Rights Issue
EPS	:	Earnings per Share

DEFINITIONS (Cont'd)

Excess Rights Shares with Warrants	:	Rights Shares with Warrants which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounees/transferees (if applicable) by the Closing Date
Excess Rights Shares with Warrants Applications	:	Applications for Excess Rights Shares with Warrants as set out in Section 10.7 of this Abridged Prospectus
Exercise Price	:	RM0.01, being the price at which 1 Warrant is exercisable into 1 new Pegasus Share, subject to adjustments in accordance with the provisions of the Deed Poll
F&B	:	Food and beverage
FYE	:	Financial year ended/ending, as the case maybe
IMR Report	:	Independent market research report prepared by PROVIDENCE and dated 29 April 2019, on the: <ul style="list-style-type: none"> • F&B Service Market in Malaysia • Shopping Mall Market in Seremban • Property Market in Malaysia • Domestic Appliance Market in Malaysia
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	29 April 2019, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	:	Loss per Share
LTD	:	14 November 2018, being the last trading date prior to the date of the Announcement
Market Day	:	A day between Monday and Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assuming all the outstanding SIS Options are exercised into new Pegasus Shares prior to the Entitlement Date and the Rights Issue is fully subscribed by the Entitled Shareholders and/or their renounees/transferees (if applicable)
Mercury Securities or Principal Adviser	:	Mercury Securities Sdn Bhd (113193-W)
Minimum Scenario	:	Assuming only the Undertaking Shareholders subscribe for an aggregate 1,215,241,137 Rights Shares with 810,160,758 Warrants pursuant to their Undertakings in order to achieve the minimum level of funds of approximately RM12.2 million that our Company wishes to raise from the Rights Issue
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue

DEFINITIONS (Cont'd)

Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
PAT	:	Profit after tax
PBT	:	Profit before tax
Pegasus or Company	:	Pegasus Heights Berhad (19727-P)
Pegasus Group or Group	:	Collectively, Pegasus and our subsidiaries
Pegasus Shares or Shares	:	Ordinary shares in Pegasus
PMC	:	Project management consultancy
PROVIDENCE	:	Providence Strategic Partners Sdn Bhd (1238910-A)
Provisional Allotments	:	Rights Shares with Warrants provisionally allotted to our Entitled Shareholders pursuant to the Rights Issue
Record of Depositors	:	Record of securities holders established and maintained by Bursa Depository pursuant to the Rules of Bursa Depository
Rights Issue	:	Renounceable rights issue of up to 5,990,975,598 Rights Shares together with up to 3,993,983,732 Warrants at the Rights Issue Price on the basis of 3 Rights Shares and 2 Warrants for every 1 existing Pegasus Share held by our Entitled Shareholders on the Entitlement Date
Rights Issue Price	:	Issue price of RM0.01 per Rights Share
Rights Shares	:	Up to 5,990,975,598 new Pegasus Shares to be issued pursuant to the Rights Issue
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights subscription form in relation to the Rights Issue
Rules of Bursa Depository	:	Rules of Bursa Depository, as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Share Issuance Scheme	:	Share issuance scheme of up to 15% of our Company's issued share capital, which was approved during our EGM held on 17 April 2015
Share Registrar	:	Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) (378993-D)
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SIS Options	:	Options granted to eligible persons pursuant to our Company's Share Issuance Scheme which will expire on 27 May 2020
TEAP	:	Theoretical ex-all price
Undertaking Shareholders	:	Collectively, Dato' Sri Lee and Toh Hong Chye

DEFINITIONS (Cont'd)

- Undertakings** : Irrevocable written undertakings from the Undertaking Shareholders dated 14 November 2018 and 4 April 2019, to subscribe for an aggregate 1,215,241,137 Rights Shares with 810,160,758 Warrants in order to achieve the subscription level under the Minimum Scenario
- VWAP** : Volume weighted average market price
- Warrants** : Up to 3,993,983,732 free detachable warrants to be issued pursuant to the Rights Issue

In this Abridged Prospectus, all references to “our Company” are to Pegasus and references to “our Group” are to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to “you” and “your” in this Abridged Prospectus are to our Entitled Shareholders and/or where the context otherwise requires, their renounees/transferees.

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

Any reference in this Abridged Prospectus to any legislation, statute, guidelines, rules or regulations is a reference to that legislation, statute, guidelines, rules or regulations as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts stated and the totals thereof are due to rounding.

Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise stated.

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ADVISERS' DIRECTORY

- PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd
L-7-2, No. 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel: +603 6203 7227
Fax: +603 6203 7117
- SOLICITORS FOR THE RIGHTS ISSUE** : Messrs Gary Teh & Ngiam
Advocates & Solicitors
Unit 1608, 16th Floor
Block A, Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7732 9323
Fax: +603 7733 5326
- SHARE REGISTRAR** : Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7841 8088/+603 7841 8099
Fax: +603 7841 8100
- INDEPENDENT MARKET RESEARCHER** : Providence Strategic Partners Sdn Bhd
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7625 1769
- Executive Director's name: Melissa Lim Li Hua
(Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia)
- STOCK EXCHANGE** : Main Market of Bursa Securities

SUMMARY OF RIGHTS ISSUE

This summary of the Rights Issue only highlights the key information from other parts of this Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

(i) Number of Rights Shares to be issued and basis of allotment

The Rights Issue entails a provisional allotment of up to 5,990,975,598 Rights Shares together with up to 3,993,983,732 Warrants on the basis of 3 Rights Shares and 2 Warrants for every 1 existing Share held by our Entitled Shareholders on the Entitlement Date.

Any unsubscribed Rights Shares together with the Warrants will be made available for subscription by other Entitled Shareholders and/or their renounees/transferees (if applicable) via Excess Rights Shares with Warrants Applications. It is our Board's intention to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in the following priority:

- (a) firstly, to minimise the incidence of odd lots;
- (b) secondly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess Rights Shares with Warrants, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (c) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess Rights Shares with Warrants, calculated based on the quantum of their respective Excess Rights Shares with Warrants Applications; and
- (d) finally, on a pro-rata basis and in board lots, to the renounees/transferees (if applicable) who have applied for Excess Rights Shares with Warrants, calculated based on the quantum of their respective Excess Rights Shares with Warrants Applications.

In the event of any balance Excess Rights Shares with Warrants after the above allocations are completed, the balance will be allocated again through the same sequence of allocations as set out in (b) to (d) above until all Excess Rights Shares with Warrants are allocated.

Please refer to Sections 2.1 and 10.7 of this Abridged Prospectus for further information.

(ii) Price of the Rights Shares and Warrants

Both of the Rights Issue Price of the Rights Shares and Exercise Price of the Warrants have been fixed at RM0.01.

Please refer to Sections 2.2 and 2.3 of this Abridged Prospectus for further information.

(iii) Shareholders' Undertaking

To meet the minimum subscription level, our Company has procured Undertakings from the Undertaking Shareholders as follows:

Undertaking Shareholders	No. of Rights Shares	%⁽¹⁾	Amount (RM)
Dato' Sri Lee	597,163,899	10.0	5,971,638.99
Toh Hong Chye ⁽²⁾	618,077,238	10.3	6,180,772.38
Total	1,215,241,137	20.3	12,152,411.37

Notes:

- (1) Based on the maximum number of 5,990,525,598 Rights Shares available for subscription pursuant to the Rights Issue.
- (2) Toh Hong Chye is our Executive Director and substantial shareholder.

Please refer to Section 3 of this Abridged Prospectus for further information.

SUMMARY OF RIGHTS ISSUE (Cont'd)**(iv) Utilisation of proceeds**

The gross proceeds to be raised from the Rights Issue of up to RM59.9 million are intended to be utilised in the following manner:

Proposed utilisation	Minimum Scenario	Maximum Scenario	Expected timeframe for utilisation from receipt of proceeds
	RM'million	RM'million	
F&B service business	6.0	14.0	Within 24 months
Promotion, upgrade and maintenance of Centerpoint Seremban	5.0	26.4	Within 36 months
Repayment of bank borrowings	-	13.5	Within 6 months
Working capital	0.4	5.2	Within 24 months
Estimated expenses	0.8	0.8	Within 1 month
Total	12.2	59.9	

Please refer to Section 5 of this Abridged Prospectus for further information.

(v) Risk factors

There are number of risks you should consider before subscribing for or investing in the Rights Issue, amongst other, termination risk of F&B franchise/license agreements, business risk of our F&B service business (i.e. operational risk, changes in consumers' lifestyles, preferences and discretionary spending as well as reputational risk), risk of Centerpoint Seremban not achieving the expected yields and returns, non-renewal of expiring tenancy agreements and loss of tenants, competition risk, insurance risk, revaluation risk of the investment property, risk relating to our trading of domestic appliances business as well as dependency on the performance of the property market.

Please refer to Section 6 of this Abridged Prospectus for further information.

(vi) Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RFS enclosed with this Abridged Prospectus and must be completed in accordance with notes and instructions contained therein. If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) so as to arrive not later than 5.00 p.m. on Wednesday, 12 June 2019.

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants applied for to our Share Registrar so as to arrive not later than 5.00 p.m. on Wednesday, 12 June 2019.

Please refer to Section 10 of this Abridged Prospectus for further information.

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PEGASUS HEIGHTS BERHAD

(Company No. 19727-P)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

Registered Office

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan

24 May 2019

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*)

Alice Lim Hui Chee (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 5,990,975,598 RIGHTS SHARES TOGETHER WITH UP TO 3,993,983,732 WARRANTS AT AN ISSUE PRICE OF RM0.01 PER RIGHTS SHARE ON THE BASIS OF 3 RIGHTS SHARES AND 2 WARRANTS FOR EVERY 1 EXISTING PEGASUS SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 24 MAY 2019

1. INTRODUCTION

On 15 November 2018, Mercury Securities had, on behalf of our Board, announced that our Company proposes to undertake the Rights Issue and diversification of our Group's principal activities to include the undertaking and provision of F&B services and related activities.

On 14 January 2019, Mercury Securities had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 14 January 2019, granted its approval for the following:

- (i) admission to the Official List and the initial listing of and quotation for up to 3,993,983,732 Warrants to be issued pursuant to the Rights Issue;
- (ii) listing of and quotation for up to 5,990,975,598 Rights Shares to be issued pursuant to the Rights Issue; and
- (iii) listing of and quotation for up to 3,993,983,732 new Pegasus Shares to be issued pursuant to the exercise of the Warrants.

The approval by Bursa Securities is subject to the following conditions:

Condition	Status of Compliance
(i) Pegasus and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied
(ii) Pegasus and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue;	To be complied
(iii) Pegasus to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and	To be complied
(iv) Pegasus to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 8 March 2019, our shareholders have approved the Rights Issue at our EGM.

Subsequently on 15 April 2019, our Board announced that our Company proposes to revise the exercise price of the Warrants from RM0.015 to RM0.01 ("**Variation**"). The Variation was approved by our shareholders at our EGM held on 7 May 2019.

On 8 May 2019, Mercury Securities had, on behalf of our Board, announced the Entitlement Date along with the other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or Mercury Securities.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Rights Issue

In accordance with the terms of the Rights Issue as approved by Bursa Securities and our shareholders at our EGM held on 8 March 2019 and 7 May 2019 and subject to the terms of this Abridged Prospectus and the accompanying documents, the Rights Issue entails provisional allotments of up to 5,990,975,598 Rights Shares together with up to 3,993,983,732 Warrants at the Rights Issue Price of RM0.01 on the basis of 3 Rights Shares and 2 Warrants for every 1 existing Share held by our Entitled Shareholders on the Entitlement Date.

The actual number of Rights Shares and Warrants to be issued would depend on the total issued shares of Pegasus as at the Entitlement Date and the eventual subscription rate. As at the LPD, Pegasus has an issued share capital of RM131,944,836.28 comprising 1,798,991,866 Shares and 197,850,000 granted SIS Options which have yet to be exercised.

For the purpose of implementing the Rights Issue, our Board has undertaken not to grant any further SIS Options to eligible directors and/or employees under our Share Issuance Scheme from the date of the Announcement until the completion of the Rights Issue.

The Rights Issue will be undertaken on a minimum subscription level of 1,215,241,137 Rights Shares with 810,160,758 Warrants via the Undertakings by the Undertaking Shareholders, the details of which are set out in Section 3 of this Abridged Prospectus.

As the Shares and Warrants are prescribed securities, your CDS Accounts will be duly credited with the number of Provisional Allotments that you are entitled to subscribe in full or in part under the terms of the Rights Issue. You will find enclosed in this Abridged Prospectus, the NPA notifying you the crediting of such Provisional Allotments into your CDS Accounts and the RSF to enable you to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants if you so choose to. However, you will only receive this Abridged Prospectus, together with the NPA and RSF, when you have an address in Malaysia as stated in our Record of Depositors or when you have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date.

Any dealings in our Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants and the new Shares to be issued arising from the exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and holders of Warrants who exercise their Warrants (as the case may be). No physical certificates will be issued to the successful applicants, nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants.

The Rights Issue is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce your entitlements to the Rights Shares in full or in part. The renunciation of the Rights Shares will also entail the renunciation of the Warrants to be issued together with the Rights Shares. If our Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Shares entitlements. For the avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

Any unsubscribed Rights Shares together with the Warrants will be made available for subscription by other Entitled Shareholders and/or their renounees/transferees (if applicable) via Excess Rights Shares with Warrants Applications. It is our Board's intention to allocate the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in accordance with the procedures set out in Section 10.7 of this Abridged Prospectus.

We will allot the Rights Shares with Warrants and despatch the notices of allotment to the successful applicants within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in Section 2.5 of this Abridged Prospectus.

The Warrants will be admitted to the Official List and the listing of and quotation for the Rights Shares and Warrants will commence 2 Market Days upon the receipt of an application for quotation for the Warrants as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited with the Rights Shares and Warrants.

Fractional entitlements of the Warrants arising from the Rights Issue, if any, shall be disregarded and dealt with in such manner as our Board shall in its absolute discretion deem fit and expedient, and in the best interest of our Company.

2.2 Basis of Determining the Rights Issue Price

The Rights Issue Price of RM0.01 represents a discount of approximately 14.5% to the TEAP of RM0.0117 based on the 5-day VWAP of Pegasus Shares up to the LTD of RM0.0203.

The Rights Issue Price was determined after taking into consideration the following:

- (i) the funding requirements of our Group as set out in Section 5 of this Abridged Prospectus;
- (ii) the historical trading prices of our Shares for the past 12 months prior to the LTD; and
- (iii) the TEAP of our Shares of RM0.0117 based on the 5-day VWAP of Pegasus Shares up to the LTD of RM0.0203.

2.3 Basis of Determining the Exercise Price

The Exercise Price of RM0.01 represents a discount of approximately 20.0% to the TEAP of RM0.0125 based on the 5-day VWAP of Pegasus Shares up to 12 April 2019, being the latest trading date prior to the date of announcement of the Variation of RM0.0251.

The Exercise Price was determined after taking into consideration the following:

- (i) the Warrants will be issued at no cost to our Entitled Shareholders and/or their renounees/transferees (if applicable) who successfully subscribe for the Rights Shares;
- (ii) the TEAP of our Shares of RM0.0125 based on the 5-day VWAP of Pegasus Shares up to 12 April 2019, being the latest trading date prior to the date of announcement of the Variation of RM0.0251; and
- (iii) the tenure of the Warrants of 3 years.

2.4 Ranking of the Rights Shares, Warrants and New Pegasus Shares to be Issued Arising from the Exercise of the Warrants

The Rights Shares and new Pegasus Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is prior to the date of allotment and issuance of the Rights Shares and new Pegasus Shares to be issued arising from the exercise of the Warrants.

The holders of the Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants for new Pegasus Shares.

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2.5 Salient Terms of the Warrants

The salient terms of the Warrants to be issued pursuant to the Rights Issue are set out below:

- Issue size : Up to 3,993,983,732 Warrants.
- Form and denomination : The Warrants will be issued in registered form and constituted by the Deed Poll.
- Exercise Rights : Each Warrant entitles the holder to subscribe for 1 new Pegasus Share at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
- Exercise Period : The Warrants may be exercised at any time within a period of 3 years commencing on and including the date of issuance of the Warrants and ending on the close of business at 5.00 p.m. on the last Market Day immediately preceding the date which is the 3rd anniversary of the date of issuance of the Warrants. Any Warrants which are not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- Exercise Price : RM0.01 only payable in respect of each Pegasus Share, subject to adjustments in accordance with the provisions of the Deed Poll.
- Mode of exercise : The holders of the Warrants are required to lodge a duly completed, signed and stamped exercise notice, as set out in the Deed Poll, with our Company's Share Registrar together with payment of the Exercise Price by way of bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the provisions of the Deed Poll.
- Board lot : For the purpose of trading on Bursa Securities, a board lot of the Warrants shall comprise of 100 units of Warrants carrying the rights to subscribe for 100 new Pegasus Shares at any time during the Exercise Period, unless otherwise revised by the relevant authorities.
- Rights of the holder of the Warrants : The Warrants do not entitle the holders to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new Pegasus Shares to be issued arising from the exercise of the Exercise Rights by the holders of the Warrants. The Warrants do not entitle the holders of the Warrants to any voting rights in any general meeting of our Company until and unless the holders of the Warrants exercise their Exercise Rights represented by the Warrants and the new Pegasus Shares have been allotted and issued to such holders.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the amalgamation of our Company with one or more companies, then:
- (i) for the purpose of such winding up, compromise or scheme of arrangement (other than consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the holder of the Warrants (or some other person designated by them for such purpose by special resolution) shall be a party, the terms of such winding up, compromise or scheme of arrangement shall be binding on all the holders of the Warrants; or

- (ii) in any other case, every holder of the Warrants shall be entitled to exercise the Exercise Rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of our Company or within 6 weeks from the granting of the court order approving the winding up, compromise or arrangement, as the case may be, by the irrevocable surrender of his Warrants to our Company by submitting the duly completed exercise notice(s) authorising the debit of his Warrants, together with payment of the relevant payments and fees for the Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the Exercise Rights to the extent specified in the exercise notice(s) and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company must give effect to such election accordingly. All Exercise Rights which have not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants will cease to be valid for any purpose.

If our Company is wound up (other than by way of a members' voluntary winding up), all the Exercise Rights which have not been exercised prior to the date of the commencement of the winding up shall lapse and cease to be valid for any purpose.

- Adjustments in the Exercise Price and/or number of Warrants : The Exercise Price and/or the number of unexercised Warrants in issue may be subject to adjustments from time to time by our Board in consultation with an approved principal adviser and/or certified by the auditors under certain circumstances, amongst others, rights issue, bonus issue, consolidation of shares or issuance of securities convertible into shares, in accordance with the provisions of the Deed Poll.
- Modifications : Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modifications, amendments, deletions or additions in respect of the rights of the holders of the Warrants.
- Transferability : The Warrants shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
- Governing law and jurisdiction : The Deed Poll and the Warrants shall be governed by the laws of Malaysia and the Courts of Malaysia shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Deed Poll.

2.6 Details of Other Corporate Exercises

Save for the Rights Issue, there are no other corporate exercises which has been approved by the regulatory authorities but yet to be completed as at the LPD.

3. SHAREHOLDERS' UNDERTAKINGS

Our Company intends to raise a minimum of approximately RM12.2 million from the Rights Issue under the minimum subscription level of 1,215,241,137 Rights Shares together with 810,160,758 Warrants, after taking into consideration our Group's funding requirements as set out in Section 5 of this Abridged Prospectus.

To meet this minimum subscription level, our Company had, on 14 November 2018, procured undertakings from the Undertaking Shareholders to subscribe and/or procure the subscription in full for their total entitlement of 675,241,137 Rights Shares together with 540,000,000 Excess Rights Shares with Warrants. Subsequent to their undertaking letters dated 14 November 2018, the Undertaking Shareholders have acquired additional Pegasus Shares and/or exercised their SIS Options which resulted in an increase in their direct shareholdings. Pursuant thereto, our Company had, on 4 April 2019, received revised irrevocable undertakings from the Undertaking Shareholders, whereby the respective Undertaking Shareholders:

- (i) irrevocably and unconditionally undertake to subscribe and/or procure the subscription in full for their respective entitlements under the Rights Issue based on their direct shareholdings as at the Entitlement Date and to subscribe for such number of Excess Rights Shares with Warrants, which shall result in Dato' Sri Lee and Toh Hong Chye subscribing in aggregate of not less than 597,163,899 and 618,077,238 Rights Shares respectively.

For clarification, the aggregate number of Rights Shares to be subscribed by both Dato' Sri Lee and Toh Hong Chye under the original and revised undertaking letters remain unchanged;

- (ii) irrevocably and unconditionally warranted that they shall not sell or in any way dispose of or transfer their existing interest in our Company or any part thereof during the period commencing from the date of their Undertakings up to the Entitlement Date; and
- (iii) confirmed that they have sufficient financial means and resources to subscribe in full for the number of Rights Shares under their respective Undertakings and Mercury Securities, as our Principal Adviser for the Rights Issue, has verified the same.

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The details of the Undertakings are as follows:

Undertaking Shareholders	Direct Shareholdings as at the LPD		Entitlement Undertaking	⁽¹⁾ Additional Undertaking	Total Undertaking	
	No. of Shares	%			No. of Rights Shares	No. of Rights Shares
Dato' Sri Lee	159,054,633	8.8	477,163,899	120,000,000	597,163,899	5,971,638.99
Toh Hong Chye ⁽³⁾	163,683,946	9.1	491,051,838	127,025,400	618,077,238	6,180,772.38
Total	322,738,579	17.9	968,215,737	247,025,400	1,215,241,137	12,152,411.37

Notes:

- (1) Number of Rights Shares to be subscribed via Excess Rights Shares with Warrants Application.
- (2) Based on the total number of 5,990,525,598 Rights Shares available for subscription pursuant to the Rights Issue.
- (3) Toh Hong Chye is our Executive Director and substantial shareholder.

Upon completion of the Rights Issue, the Undertaking Shareholders' shareholdings represented by their holdings of Pegasus Shares will not result in any mandatory take-over obligation under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC.

The Undertakings provided by the Undertaking Shareholders reflect their commitment and confidence in our Group's business and prospects. As the minimum subscription level will be fully satisfied via the Undertakings, our Company will not procure any underwriting arrangement for the remaining Rights Shares with Warrants for which no other irrevocable undertaking to subscribe for has been obtained.

Our Company shall also comply with the public shareholding spread requirement of at least 25% of our issued shares (excluding treasury shares, if any) are in the hands of public shareholders under the Minimum Scenario.

4. RATIONALE FOR THE RIGHTS ISSUE

After due consideration of various fund-raising options including bank borrowings to meet our Group's funding requirements as set out in Section 5 of this Abridged Prospectus, our Board is of the view that the Rights Issue is the most appropriate avenue of raising funds based on the following:

- (i) it provides an avenue for our Company to raise funds without having to incur interest cost as compared to bank borrowings and/or other interest-bearing debt instruments;
- (ii) it enables our Company to raise funds and channel them towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus;
- (iii) it provides our Entitled Shareholders with an opportunity to participate in an equity offering on a pro-rata basis to minimise dilution of their interests in our Company and to increase their equity participation in our Group at a discount to the prevailing market price, provided that such Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue;
- (iv) the Warrants provide an incentive to our Entitled Shareholders to subscribe for the Rights Shares. The Warrants will potentially allow our Entitled Shareholders who subscribe for the Rights Shares to benefit from the potential capital appreciation of the Warrants and increase their equity participation in our Company at a predetermined exercise price over the tenure of the Warrants;
- (v) our Company would also be able to raise additional proceeds as and when the Warrants are exercised for new Shares; and
- (vi) it will increase and strengthen our Company's capital base and therefore create additional headroom for our Group to incur debt financing (if required) for our business expansion activities in the future.

5. UTILISATION OF PROCEEDS

The gross proceeds to be raised from the Rights Issue of up to RM59.9 million are intended to be utilised in the following manner:

Proposed utilisation	Note	Minimum Scenario		Maximum Scenario		Expected timeframe for utilisation from receipt of proceeds
		RM'million	%	RM'million	%	
F&B service business	5.1	6.0	49.2	14.0	23.4	Within 24 months
Promotion, upgrade and maintenance of Centerpoint Seremban	5.2	5.0	41.0	26.4	44.1	Within 36 months
Repayment of bank borrowings	5.3	-	-	13.5	22.5	Within 6 months
Working capital	5.4	0.4	3.3	5.2	8.7	Within 24 months
Estimated expenses	5.5	0.8	6.5	0.8	1.3	Within 1 month
Total		12.2	100.0	59.9	100.0	

The actual proceeds to be raised from the Rights Issue will depend on the actual number of Rights Shares subscribed by our Entitled Shareholders and/or their renounees/transferees (if applicable).

Prior to the proceeds being utilised for the above purposes, it will be placed in interest-bearing deposits and/or short-term money market instruments with financial institutions as our Board in its absolute discretion deems fit and in the best interest of our Group. The resulting interest income derived from such short-term placements will be used as additional working capital for our Group.

Up to RM39.9 million may be raised by our Company if all the Warrants are fully exercised under the Maximum Scenario. The actual proceeds that may be raised from the exercise of the Warrants are dependent on the actual number of Warrants being exercised over the tenure of the Warrants of 3 years. Such proceeds, when available, will be utilised as additional working capital for our Group which include, amongst others, payments to suppliers, selling, general and administrative expenses as well as other operating expenses. However, the exact timeframe and breakdown of the utilisation of proceeds to be raised from the exercise of Warrants are not determinable at this juncture.

5.1 F&B Service Business

As our Group continues to upkeep and promote our investment property, a shopping mall known as 'Centerpoint Seremban' as well as secure suitable tenants to occupy the mall, our Group also intends to set up, manage and operate up to 8 F&B franchise/license outlets on the ground floor of the mall to enhance the overall tenant mix and increase footfall in Centerpoint Seremban. We plan to set up a minimum of 4 F&B franchise/license outlets (i.e. under the Minimum Scenario) and a maximum of 8 F&B franchise/license outlets (i.e. under the Maximum Scenario). The expected resultant enhanced tenant mix and increased footfall in Centerpoint Seremban will ultimately encourage more tenants to operate in the mall and thereby, improve occupancy rates and yield of the mall.

The details of the F&B franchise/license outlets to be set up in Centerpoint Seremban under the Minimum Scenario are as follows:

Types of F&B served	Franchisor's/licensor's country of origin	No. of outlets in Malaysia
Confirmed/committed F&B franchise/license		
(i) Middle Eastern cuisine	Indonesia	2
(ii) Hainanese cuisine with local favourites (i.e. local kopitiam)	Malaysia	12
Potential F&B franchise/license		
(iii) Korean and Western cuisines	Korea	15
(iv) Western cuisine	Malaysia	150

As at the LPD, our Group has entered into a license agreement with 1 of the confirmed F&B licensor (i.e. Middle Eastern cuisine) and we expect to commence operations of the F&B license outlet upon obtaining the business license (i.e. by the 2nd quarter of 2019).

Our Group has also executed a letter of intent with another F&B franchisor (i.e. Hainanese cuisine with local favourites) which sets out the principal terms and conditions in respect of the F&B franchise outlet. The said letter of intent was intended to express our Group's commitment and interest to the F&B franchisor. Our Group is still in the midst of negotiation with the said F&B franchisor and expect to execute the franchise agreement and commence operations of the F&B franchise outlet by the 3rd quarter of 2019.

As at the LPD, our Group is also in advance discussions with another 2 potential F&B franchisors/licensors as stated above with regard to their respective franchises/licenses. These 2 F&B franchise/license outlets are expected to commence operations after completion of the Rights Issue (i.e. by the 4th quarter of 2019).

Subject to the availability of funds and actual subscription rate of the Rights Issue, our Group intends to set up, manage and operate up to 8 F&B franchise/license outlets under the Maximum Scenario. Thus, in addition to the aforementioned 4 F&B franchisors/licensors under the Minimum Scenario, we are also in discussions with another 4 F&B franchisors/licensors with regard to their respective franchises/licenses. The details of the additional 4 F&B franchise/license outlets to be set up in Centerpoint Seremban under the Maximum Scenario are as follows:

Types of F&B served	Franchisor's/licensor's country of origin	No. of outlets in Malaysia
(i) Asian and Western cuisines	Malaysia	5
(ii) Western cuisine	Malaysia	10
(iii) Traditional Indonesian cuisine	Malaysia	27
(iv) Specialty coffeeshouse	Australia	42

Our Group plans to utilise approximately RM6.0 million and RM14.0 million of the proceeds raised under the Minimum Scenario and Maximum Scenario respectively to defray the estimated costs required to set up, manage and operate the F&B franchise/license outlets. Further details of our proposed utilisation of proceeds for the F&B service business are as follows:

	Note	Minimum Scenario RM'million	Maximum Scenario RM'million
<u>Start-up costs</u>			
Franchise/license fees		0.3	0.7
Renovation costs		1.2	2.5
Equipment costs		0.8	1.6
Initial material costs		0.3	0.5
Miscellaneous expenses	(a)	0.2	0.4
Sub-total	(b)	2.8	5.7
Staff costs	(c)	1.4	4.0
Administrative expenses	(d)	1.8	4.3
Total		6.0	14.0

Notes:

- (a) Include supervision fees for the supervision of fit out and operations of the F&B franchise/license outlets provided by the F&B franchisors/licensors for a certain period before and/or after the opening of the F&B franchise/license outlets as well as training costs payable to the F&B franchisors/licensors.
- (b) The start-up costs of approximately RM2.8 million and RM5.7 million under the Minimum Scenario and Maximum Scenario respectively exclude the start-up costs of the Middle-Eastern cuisine license outlet as it was funded by our internally generated funds.
- (c) Our Group intends to employ up to 147 employees to manage and operate up to 8 F&B franchise/license outlets in Centerpoint Seremban.

The breakdown of the number of employees is as follows:

	No. of employees	
	Minimum Scenario	Maximum Scenario
<u>F&B Operations</u>		
Head of Operations	1	1
Human Resource Manager	1	1
Human Resource Executive	1	1
Accounts Manager	1	1
Accounts Executive	1	3
Accounts Assistant	3	6
Admin Executive	1	3
Admin Assistant	3	5
Operations Manager	9	17
Operations staff (e.g. cooks, waiters/waitresses and cleaners)	53	105
	74	143
<u>Sales & Marketing</u>		
Marketing Manager	1	1
Marketing Executive	1	3
	2	4
Total	76	147

- (d) Include utilities and other miscellaneous expenses in relation to the F&B franchise/license outlets.

The start-up costs are derived based on our management's estimation in accordance with proposals provided by the F&B franchisors/licensors. The staff costs and administrative expenses are derived based on our discussions with the F&B franchisors/licensors based on their experience and knowledge on the number of staffs required to operate the respective F&B franchise/license outlets and salary range.

The proceeds to be raised from the Rights Issue are expected to be utilised for the start-up costs of our F&B franchise/license outlets for up to 24 months and staff costs and administrative expenses of our F&B franchise/license outlets for the up to 12 months. The subsequent staff costs and administrative expenses are expected to be funded via internally generated funds as the F&B franchise/license outlets are expected to contribute positively to our financial performance.

5.2 Promotion, Upgrade and Maintenance of Centerpoint Seremban

Our Company intends to allocate approximately RM5.0 million and RM26.4 million of the gross proceeds under the Minimum Scenario and Maximum Scenario respectively for the promotion, upgrade and maintenance of Centerpoint Seremban as follows:

	Note	Minimum Scenario RM'million	Maximum Scenario RM'million
Refurbishment and upgrade of facilities	(a)	1.5	5.9
Sales and marketing expenses	(b)	1.0	9.2
Staff costs	(c)	1.0	4.6
Operating and administrative expenses	(d)	1.5	6.7
Total		5.0	26.4

Notes:

- (a) Our Group intends to utilise up to RM5.9 million of the proceeds to refurbish/upgrade major facilities in Centerpoint Seremban, namely 4 elevators, 8 escalators and the centralised air conditioning system, progressively over a period of 36 months to avoid major disruption to the mall's operations. The aforementioned major facilities have been operating for about 23 years and have been experiencing frequent breakdowns, causing undue disruptions and inconvenience to tenants and visitors of Centerpoint Seremban.

In addition, our Group is also looking to install up to 2 additional elevators to cater for the anticipated increase in footfall in Centerpoint Seremban.

- (b) Our Group intends to utilise up to RM9.2 million of the proceeds to fund the sales and marketing expenses in relation to Centerpoint Seremban for a period of 36 months. The sales and marketing expenses comprise, amongst others, costs of organising seasonal events and exhibitions to attract visitors to Centerpoint Seremban as well as investment in billboard advertising and digital marketing via social media to create awareness of the mall to the surrounding community.
- (c) Our Group intends to utilise up to RM1.0 million and RM4.6 million of the proceeds under the Minimum Scenario and Maximum Scenario respectively to fund the staff costs of up to 36 employees, which consist of 21 existing and 15 new employees, to manage, maintain and operate Centerpoint Seremban (excluding the F&B franchise/license outlets). The proceeds of RM1.0 million and RM4.6 million under the Minimum Scenario and Maximum Scenario are expected to fund the staff costs for 6 months and 24 months respectively. Subsequently, the staff costs are expected to be funded via internally generated funds as Centerpoint Seremban is expected to contribute positively to our Group's financial performance.

The number of new employees is further detailed below:

	No. of new employees
<u>Mall Operations</u>	
General workers (e.g. cleaners, security guards and gardener)	7
Customer service staff	1
Technician	1
	9
<u>General Administration</u>	
Admin Executive	1
Admin Assistant	2
Accounts Assistant	1
	4
<u>Sales & Marketing</u>	
Marketing Manager	1
Marketing Executive	1
	2
Total	15

- (d) Our Group intends to utilise up to RM6.7 million of the proceeds to fund the operating expenses for a period of 24 months. Subsequently, the operating expenses are expected to be funded via internally generated funds as Centerpoint Seremban is expected to contribute positively to our Group's financial performance. The operating expenses shall include but are not limited to maintenance of common areas of Centerpoint Seremban including the car park, foyer, toilets and lifts, security services, utilities, payments to service providers (e.g. auditors and company secretary) as well as management office related expenses.

The proceeds allocated for refurbishment and upgrade of facilities as well as sales and marketing expenses are derived by our management based on quotations from suppliers/contractors. The staff costs as well as operating and administrative expenses for Centerpoint Seremban are derived based on historical costs incurred by our Group.

5.3 Repayment of Bank Borrowings

As at the LPD, the total bank borrowings of our Group are approximately RM12.5 million, which mainly comprised term loans and bank overdrafts.

Our Group expects to drawdown at least RM1.3 million from bank overdrafts within 2 months subsequent to the LPD (i.e. prior to the completion of the Right Issue) for the following purposes:

Purpose	RM'million
(i) Capital expenditure for Centerpoint Seremban	1.1
(ii) Repayment of term loans	0.2
Total	1.3

The estimated capital expenditure for Centerpoint Seremban of RM1.1 million is derived based on our management's estimates of the renovation costs to be incurred by our Group after discussion with the prospective tenants.

In view of the above, our Group plans to utilise RM13.5 million of the proceeds under the Maximum Scenario for full repayment of our bank overdrafts amounting to RM3.0 million and partial repayment of our term loans amounting to RM10.5 million. The repayment of these bank borrowings are expected to result in interest savings of approximately RM1.1 million per annum (calculated based on the prevailing interest/financing rates of the aforementioned credit facilities of 7.97% per annum as at the LPD). The term loans are repayable in monthly instalments with the final payment scheduled in October 2025. For information purposes, we will not incur any penalty costs for the prepayment of these bank borrowings.

The net drawdown of bank overdrafts for the past 12 months preceding the LPD amounted to approximately RM1.7 million, which were utilised in the following manner:

Purpose	RM'million
(i) Repayment of term loans	0.7
(ii) Upkeep and maintenance of Centerpoint Seremban	0.4
(iii) Working capital	0.4
(iv) Interest expenses	0.2
Total	1.7

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5.4 Working Capital

The proceeds allocated for our Group's working capital purposes shall be utilised for its day-to-day operations which shall include the following:

	<u>Note</u>	<u>Minimum Scenario</u> RM'million	<u>Maximum Scenario</u> RM'million
Payments to suppliers		0.2	2.2
Other operating and general expenses	(a)	0.2	3.0
Total		0.4	5.2

Note:

- (a) Comprise payment of our Group's office and administrative expenses which include but not limited to professional fees (such as audit fees, company secretarial fees, tax agent fees and other professional fees), other office expenses (such as utilities, insurance, maintenance, quit rent and assessment) and other expenses, the breakdown of which has yet to be determined by our management at this juncture.

The working capital is derived based on our management's estimates and any shortfall or surplus in the funds allocated to one component of working capital may be adjusted from or to the other component depending on our operating and financing requirements at the time of use.

5.5 Estimated Expenses

The estimated expenses in relation to the Corporate Exercises include the following:

	<u>RM'million</u>
Professional fees	0.4
Fees payable to authorities ⁽¹⁾	0.1
Other miscellaneous expenses ⁽²⁾	0.3
Total	0.8

Notes:

- (1) Include fees payable to Bursa Securities, the SC and the Registrar of Companies Malaysia.
- (2) Other miscellaneous expenses include printing and advertising costs.

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6. RISK FACTORS

In addition to the other information contained in this Abridged Prospectus, you and/or your renounees/transferees (if applicable) should carefully consider the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue.

6.1 Risks Relating to Our Group

Our Group's historical financial performance by business segments for the FYE 31 December 2016, FYE 31 December 2017 and FYE 31 December 2018 are summarised below:

	FYE 31 December 2016		FYE 31 December 2017		FYE 31 December 2018	
	RM'000	%	RM'000	%	RM'000	%
Revenue						
PMC	11,884	98.9	7,340	94.8	150	1.5
Investment property	131	1.1	400	5.2	3,175	31.2
Trading	-	-	-	-	6,854	67.3
Investment holdings and others ⁽¹⁾	-	-	-	-	-	-
Total	12,015	100.0	7,740	100.0	10,179	100.0
PAT						
PMC	8,589	83.1	5,800	(152.6)	(66)	0.3
Investment property	7,948	76.9	(3,905)	102.7	(16,207)	70.9
Trading	-	-	-	-	36	(0.1)
Investment holdings and others ⁽¹⁾	(6,203)	(60.0)	(5,696)	149.9	(6,614)	28.9
Total	10,334	100.0	(3,801)	100.0	(22,851)	100.0

Note:

- (1) Comprises accounting, administrative and human resources services rendered to our group of companies.

In addition, our Group had, on 8 March 2019, obtained the approval from our shareholders to diversify our principal activities to include the undertaking and provision of F&B services and related activities to complement the operations of Centerpoint Seremban.

Based on the above, our Group are and/or will be exposed to risks relating to our following businesses:

- (i) F&B service business;
- (ii) investment property i.e. Centerpoint Seremban;
- (iii) trading of domestic appliances business; and
- (iv) PMC business.

The risks related to our businesses are as follows:

(i) Risks relating to our F&B service business

The relevant risk factors related to our F&B service business are as follows:

(a) Termination risk of F&B franchise/license agreements

Our ability to deliver F&B services are derived from the rights granted to us for the establishment and operation of F&B franchise/license outlets in Centerpoint Seremban under the franchise/license agreements entered and/or to be entered into by our Group with the F&B franchisors/licensors. Accordingly, our revenue from the F&B service business is dependent on our rights under the franchise/license agreements. The success of our F&B service business also depends largely on our continued ability to use the trademarks, service marks, recipes, know-how, information and other components of the F&B franchisors'/licensors' branded systems that we franchise/license from them pursuant to the franchise/license agreements. Our rights under a franchise/license agreement are typically valid for a period of up to 5 years and are renewable at our option for additional period of up to 5 years on similar contractual terms, subject to us complying to certain obligations and standards. These obligations and standards include:

- (1) sell and market products approved by the F&B franchisor/licensor;
- (2) upgrade, modify, renovate or replace any aspect of the F&B franchise/license outlet in accordance with the F&B franchisor's/licensor's standards;
- (3) purchase certain supplies exclusively from approved suppliers and distributors;
- (4) obtain the F&B franchisor's/licensor's approval for any advertising/promotional activities of the F&B franchise/license outlet; and
- (5) ensure our employees undertake training under programmes prescribed by the F&B franchisor/licensor.

There can be no assurance that we will be able to renew the F&B franchise/license agreements upon their expiry or that the said agreements will not be revoked or terminated by the F&B franchisors/licensors prior to their expiry (during the initial term or any renewal term), which in either case would prohibit us from carrying out our business operations of the F&B franchise/license outlets. If any of the franchise/license agreements are terminated, our F&B service business, financial condition and results of operations would be adversely affected.

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(b) Business risk

Through the F&B franchise/license outlets to be opened in Centerpoint Seremban, our Group is diversifying our principal activities to include the undertaking and provision of F&B services and related activities. The diversification would expose our Group to the following inherent challenges and risks in the F&B service market:

(1) Operational risk

Our Group has no prior experience in managing and operating F&B service business. As a new franchisee/licensee, our Group requires a significant amount of support/training from the F&B franchisors/licensors. However, save for the provision of certain training, merchandising, design and other operational materials and manuals, the F&B franchisors/licensors are not contractually obligated to provide us with a continuous level of operational support. If the operational support from the F&B franchisors/licensors were to cease before we acquire the necessary experience in managing and operating our F&B service business, our ability to run our F&B service business and to meet our customers' expectations and requirements may be materially adversely affected.

Our Group will be sourcing F&B ingredients from 3rd party suppliers/distributors and thus, we may rely on them for a consistent supply of F&B ingredients that meet our F&B franchisors'/licensors' quality criteria and requirements. We may also be required to purchase certain supplies exclusively from our F&B franchisors'/licensors' approved suppliers/distributors. Any disruptions to the operations of these suppliers/distributors due to, amongst others, restrictions on imports or exports, problems in production and distribution which are beyond our control may give rise to fluctuations in prices and/or cause shortages of F&B ingredients, which would have a negative impact on our F&B service business operation.

As the F&B industry is a competitive industry where the barriers of entry are low, we are competing with large and diverse groups of restaurant chain operators, individual restaurants and cafe outlets. Further, as our rights under the franchise/license agreements are granted to us on a non-exclusive basis, there can be no assurance that the F&B franchisors/licensors will not grant similar rights in the future to other parties in the vicinity where we operate. Our F&B service business through the F&B franchise/license outlets may also be affected if any competitor is successful in imitating the F&B franchisor's/licensor's recipes and restaurant concepts and is able to provide such products and services at competitive prices. In the event that we are unable to compete effectively in the F&B industry, our business and financial performance may be materially and adversely impacted.

(2) Changes in consumers' lifestyles, preferences and discretionary spending

Though the F&B franchise/license outlets' ability to deliver good quality food is a critical success factor in the F&B service market, our success in the F&B service business through the F&B franchise/license outlets is also dependent on factors such as brand positioning, competitiveness, product packaging and unique selling points established by the F&B franchisors/licensors given their knowledge on consumers' lifestyles and preferences.

However, consumers' lifestyles and preferences change continuously. Factors which may result in changes to consumers' lifestyles and preferences include disposable income and cost of living. If disposable income decreases and/or cost of living increases, consumers are generally more cautious on their discretionary expenses and spend less in dining out, which in turn may adversely impact our F&B service business.

(3) Reputational risk

Although the F&B franchise/license model provides benefits to franchisees/licensees, more particularly the established and reputable brand name, the F&B franchise/license business model does not come without risks. Our Group is not only investing in the F&B service business but we are also investing in the reputation of the F&B franchises/licenses. Any negative publicity related to the F&B franchise/license concerning amongst others, food poisoning, poor quality of food and service as well as unethical behaviour or decisions in the processes of ingredient sourcing and food preparation may lead to damages to the F&B franchise/license's reputation and diminished confidence and trust from consumers. Any reduction in patronage to our F&B franchise/license outlets as a result of such negative publicity may materially impact our F&B service business operations and financial performance.

(ii) **Risks relating to our investment property i.e. Centerpoint Seremban**(a) **Risk of not achieving expected yields and returns**

One of our Group's growth strategies is to improve occupancy rates, yields and total returns from Centerpoint Seremban. In the past we have undertaken various initiatives such as:

- (1) major refurbishment with upgrading work carried to enhance the Centerpoint Seremban atmosphere which resulted in, amongst others, new drive through facilities for F&B service outlets at Centerpoint Seremban, enhanced air conditioning, mechanical ventilation, elevators and escalators as well as improved mall design;
- (2) appointment of 3rd party consultant to assist our Group to secure tenants for Centerpoint Seremban;
- (3) organise events and exhibitions to create attraction and raise awareness of Centerpoint Seremban to the surrounding communities; and
- (4) set up and operate an ice-skating rink in Centerpoint Seremban to increase footfall to Centerpoint Seremban.

The above initiatives have contributed improvement in Centerpoint Seremban's occupancy rate from 13.2% as at the end of 2016 to 65.3% at the end of 2018. Outcomes from any of our initiatives to improve occupancy rates, yields and total returns from Centerpoint Seremban may be materially different from our expectations and projections. There can be no assurance that our Group will be able to continuously achieve higher footfall and occupancy rates in Centerpoint Seremban and in turn, improve yields and total returns from the mall by implementing similar growth strategies as aforementioned. If we are not able to achieve the expected yields and returns from Centerpoint Seremban, our financial performance may be adversely impacted.

(b) **Non-renewal of expiring tenancy agreements and loss of tenants**

Our financial condition attributable to Centerpoint Seremban may be adversely affected by the bankruptcy and/or insolvency of tenants or downturn in the business of tenants, including the decision by such tenants who decided not to renew their tenancy agreement or to terminate their tenancy agreement prior to expiry. Most of the tenancies secured in Centerpoint Seremban are typically for periods of up to 3 years. As a result, generally there will be a number of tenancies which are subject to renewal each year in accordance with their respective tenancy cycles. These renewals make our Group susceptible to fluctuations of occupancy and rental rates which, in a declining market condition, may lead to higher vacancies and lower rental income which may and materially and adversely impact our financial performance.

(c) Competition risk

Centerpoint Seremban competes with other existing sub-regional shopping malls in the vicinity to attract or retain tenants. Factors influencing the competitiveness of Centerpoint Seremban and other sub-regional shopping malls in the vicinity include, amongst others, footfall of the respective shopping mall, overall tenant mix and tenants' quality of the respective shopping mall. Based on the IMR Report, there are 4 other sub-regional shopping malls in Seremban i.e. Aeon Seremban 2, Seremban Prima, Palm Mall and Terminal 1, all of which are located more than a 2-kilometre radius from Centerpoint Seremban. Whenever the competing shopping malls in the vicinity of Centerpoint Seremban are developed, upgraded and refurbished, the attractiveness of Centerpoint Seremban to prospective tenants may be affected. The rental income and market value of Centerpoint Seremban is largely dependent on its abilities to compete against other sub-regional shopping malls in the vicinity as well as attract and retain tenants. If Centerpoint Seremban is unable to compete effectively with other existing sub-regional shopping malls in the vicinity, our business and financial performance may be materially and adversely impacted.

(d) Revaluation risk of the investment property

Our Group carries Centerpoint Seremban as our investment property at fair value and it is revalued annually based on market value as assessed by independent valuer. The market value of Centerpoint Seremban declined from RM120 million in the previous financial year to RM110 million in the FYE 31 December 2018. There is no assurance that Centerpoint Seremban will not be subject to any downward revaluations in the future. Factors such as higher anticipated return on investment as well as decrease in rental and occupancy rates may result in a downward revaluation of Centerpoint Seremban. Any unrealised gain or loss due to the revaluation of Centerpoint Seremban will be recognised in our income statement and hence, any decline in the market value of Centerpoint Seremban will adversely affect our financial results.

(e) Insurance risk

Centerpoint Seremban, which is owned by our Group, face the risk of physical damage caused by, amongst others, fire, natural disasters or other acts of God. Certain types of risks may be uninsurable or the cost of insurance may be prohibitive when compared to the risks. There can be no assurance that the insurance coverage obtained by our Group to insure Centerpoint Seremban would be adequate for replacement costs due to any consequential losses in the event of any insurance claims in the future.

In addition, our Group's insurance policies and terms of coverage are subject to periodic renewals and renegotiations with the insurer. There is no assurance as to the nature and extent of coverage will be available on commercially reasonable terms in the future. Any material increase in the premium of the insurance policies or decrease in available coverage in the future will adversely affect our Group's business and financial condition.

Our Group is also exposed to potential claims or litigation by tenants, shoppers, contractors or other persons relating to personal injury or other damages resulting from visiting our Centerpoint Seremban. There can be no assurance that the insurance coverage obtained by our Group will be adequate to safeguard our Group from the impact of such potential third party claims or litigation.

(f) Compulsory acquisition risk

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960 for certain purposes. The amount of compensation awarded pursuant to a compulsory acquisition is based on the market value of a land assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. The amount of compensation awarded may be less than the market value of Centerpoint Seremban if it was sold in the open market. In such event, the compulsory acquisition may have an adverse effect on our Group's operations and future financial performance as Centerpoint Seremban constituted approximately 95.9% of our Group's total assets as at FYE 31 December 2018 and our F&B service business are focused on F&B franchise/license outlets located in Centerpoint Seremban.

(iii) Risks relating to our trading of domestic appliances business

Our Group does not have long-term contracts with our customers in trading of domestic appliances as our sales are mainly based on purchase orders. The absence of long-term contracts may result in fluctuation of our sales and overall business performance.

In addition, the domestic appliances market is competitive and we are subject to the risk of having to compete with various competitors including new industry entrants. Our competitors in the industry compete in the aspects of pricing, range of products and marketing strength. Increased competition could result in price and revenue erosion which could adversely affect our Group's financial performance.

(iv) Risks relating our PMC business

The performance of our Group's PMC business is dependent on the performance of the property market. In turn, this is affected by, amongst others, population growth, economic growth, government policies and regulations as well as demographic trends. Any adverse developments affecting the property market may result in an adverse impact on our PMC business.

The property market in Malaysia has been dampened in the past few years, particularly since the introduction of cooling measures by the Government to restrict the overheating of the property market and curb excessive price increases such as the following:

- (a) real property gains tax ("**RPGT**") was reintroduced in 2010. The effective maximum RPGT rates were raised from 5% in 2010 to 30% in 2014. Further, the RPGT for disposal of real estate from the 6th year of ownership onwards was increased from 5% to 10% for companies, from 0% to 5% for citizens and permanent residents as well as from 5% to 10% for non-citizens and non-permanent residents in 2019 (Source: Budget 2019, Ministry of Finance Malaysia); and
- (b) stamp duty on the transfer of properties valued at more than RM1 million will be subject to an increase whereby the amount in excess of RM1 million will be charged at 4% instead of 3% (Source: Budget 2019, Ministry of Finance Malaysia). Properties valued at RM2.5 million and below are currently exempted from this increase but this exemption will be removed on 1 July 2019.

Any further introduction of cooling measures by the Government may lead to a softer property market, which in turn may adversely affect the performance and growth of our Group's PMC business moving forward.

6.2 Risks Relating to the Rights Issue

(i) Investment risk

The market price of the new securities arising from the Rights Issue, like all other listed securities traded on Bursa Securities, are subject to fluctuations and will be influenced by, amongst others, prevailing market sentiment, volatility of the stock market, volatility of Pegasus Shares and Warrants, movements in interest rate, outlook of the industries in which we operate in and our future financial performance. In view of this, there can be no assurance that Pegasus Shares will trade at or above the TEAP disclosed in Sections 2.2 and 2.3 of this Abridged Prospectus.

The Warrants are new instruments issued by our Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be 'in-the-money' during the Exercise Period.

(ii) Failure or delay in the completion of the Rights Issue

The Rights Issue may be aborted or delayed if a material adverse change of events or circumstances such as force majeure events, which is beyond the control of our Group and Principal Adviser arises prior to the completion of the Rights Issue.

In the event the Rights Shares and Warrants have been allotted to successful Entitled Shareholders and/or their renounees/transferees (if applicable) and the Rights Issue is subsequently cancelled or terminated other than pursuant to Section 245 of the CMSA, a return of monies to the successful applicants can only be achieved by way of cancellation of share capital under the Act. Such cancellation may require the approval of our shareholders by way of a special resolution in a general meeting, consent of our Company's creditors (where applicable) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time under such circumstances.

In the event the Rights Issue cannot be implemented or completed due to a stop order issued by the SC pursuant to Section 245 of the CMSA, our Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest in respect of any application for the subscription of the Rights Shares and Warrants including the Excess Rights Shares with Warrants within 14 days after our Company becomes liable to do so, in accordance with the provisions of the CMSA. If such monies are not repaid within 14 days after our Company becomes liable to do so, our Company will repay such monies in accordance with Section 245(7) of the CMSA.

(iii) Potential dilution

Entitled Shareholders who do not or are not able to accept their Provisional Allotments will have their proportionate ownership and voting interests in our Company reduced in the enlarged issued share capital of our Company. Consequently, their proportionate entitlements to any future distribution, rights and/or allotment that our Company may declare, make or pay after completion of the Rights Issue will correspondingly be diluted.

6.3 Forward Looking Statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on estimates and assumptions made by our Group, unless stated otherwise. Although our Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, the risk factors as set out in this section.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Overview and Outlook of the Malaysian Economy

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the historic change of Government in Malaysia, became sources of uncertainty for the economy. Unanticipated supply disruptions in the mining and agriculture sectors, as well as commodity exports adversely affected Malaysia's economic performance, resulting in a larger-than-expected moderation in growth.

Domestic demand continued to anchor growth, supported mainly by private sector expenditure. Private consumption growth, in particular, recorded the fastest rate since 2012 at 8.1% (2017: 7.0%). Favourable wage and employment growth continued to drive household spending with additional support from the three-month tax holiday (1 June – 31 August) following the zerorisation of the Goods and Services Tax (GST) rate, as well as other Government measures such as the fixing of the retail fuel price of RON95 petrol and special payments to civil servants and pensioners.

Private investment grew at a slower pace of 4.5% (2017: 9.3%) amid heightened uncertainty stemming from both external and domestic developments. However, firms, particularly in the export-oriented sectors, continued to increase production capacity and improve efficiency to meet demand.

Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% – 4.8% in 2019 (2018: 4.7%). Domestic demand will remain the anchor of growth, underpinned by continued expansion in private sector activity. Private consumption growth is expected to moderate, but remain firm supported by stable labour market conditions and continued wage growth. The implementation of several Government measures, particularly aimed at alleviating rising cost of living, is expected to further support consumption spending, especially by lower income households. Private investment activity will be supported by the implementation of on-going multi-year projects, particularly in the manufacturing and services sectors. The normalisation of destocking activities by firms after the strong demand during the tax holiday period in 2018 will serve as an additional support to growth. Public sector expenditure, however, is expected to weigh on growth. The projected contraction in public investment will be due mainly to lower investment by public corporations following the completion of large-scale projects, while the expectations for a moderate growth in public consumption reflect the continued reprioritisation of Government spending.

(Source: Annual Report 2018, Bank Negara Malaysia)

7.2 Overview and Outlook of the F&B Service Market in Malaysia

The F&B service market size in Malaysia, as measured by sales value transacted in F&B service outlets, grew from RM31.3 billion in 2013 to RM38.4 billion in 2017, registering a compound annual growth rate (“**CAGR**”) of 5.2% during the period. PROVIDENCE estimates that the F&B service market size will record a sales transaction value of RM40.0 billion in 2018. Moving forward, PROVIDENCE forecasts the F&B service market size in Malaysia to grow at a further CAGR of 4.5% to reach RM43.7 billion by 2020.

The average monthly household expenditure in Negeri Sembilan in 2016 is RM3,688 (2014: RM3,117). The average monthly household expenditure in Negeri Sembilan in F&B service outlets is RM342 and RM478, which represented 11.1% and 13.0% of the average monthly household consumption in Negeri Sembilan in 2014 and 2016 respectively. Between 2014 and 2016, the average monthly household expenditure in Negeri Sembilan registered a CAGR of 18.2%.

The growth in the F&B service market in Malaysia is expected to continue to be driven by:

- (i) Malaysia’s GDP per capita which grew from RM99,843 in 2013 to RM122,266 in 2017. The increasing GDP per capita indicates a more affluent population with greater propensity to spend, which would in turn benefit the F&B service market;
- (ii) Malaysia’s growing urbanisation rate which led to a change in lifestyle of the population in Malaysia to become increasingly busy, as more women join the labour workforce and people work longer hours. This has led to a growing need for convenient meal options and a culture of dining out in Malaysia, resulting in a greater demand for the F&B service market in the country; and
- (iii) culture diversity with various cuisines available in Malaysia, thus providing consumers with a variety of dining options to suit different tastes and preferences. It has become a common activity amongst the Malaysians to gather with friends and family members at F&B service outlets to experience different cuisines. This culture, coupled with the affordability of dining out in Malaysia, contributes to the continuous growth of the F&B service market.

(Source: IMR Report)

7.3 Overview and Outlook of the Shopping Mall Market in Seremban

The retail space of shopping complexes (comprising shopping malls and shopping arcades) in Seremban grew from 1.9 million square feet (“**sq. ft.**”) in 2008 to 3.6 million sq. ft. in 2017. In the third quarter of 2018, the retail space of shopping complexes in Seremban remained at 3.6 million sq. ft. and recorded an occupancy rate of 71.0%.

In December 2017, there were 14 shopping malls and leisure centres in Seremban under the following categories:

- (i) Neighbourhood shopping malls: Small, convenience-oriented retail malls with multi-branded rental units. Typically have a net lettable area size ranging between 20,000 sq. ft. and 200,000 sq. ft.
- (ii) Sub-regional shopping malls: Provide a wider range of apparels and products than neighbourhood shopping malls, and typically have F&B outlets and entertainment centres. Typically have a net lettable area size ranging between 200,000 sq. ft. and 500,000 sq. ft.
- (iii) Leisure centres: Typically have more than 50.0% F&B or entertainment tenants. May be indoor or outdoor. Comprise premises with a net lettable area of less than 100,000 sq. ft and above.

As Centerpoint Seremban is a sub-regional shopping mall, it generally competes with other sub-regional shopping malls in Seremban. There are only 4 other sub-regional shopping malls in Seremban i.e. Aeon Seremban 2, Seremban Prima, Palm Mall and Terminal 1, all of which are located more than a 2-kilometre radius from Centerpoint Seremban.

Further, the 'Malaysian Vision Valley' (renamed to Malaysian Vision Valley 2.0 in 2018), which has a gross development value of RM640 million, aims to transform Negeri Sembilan into a developed state and create 1.3 million jobs. This initiative is expected to result in improved amenities as well as infrastructure development, and this will potentially increase the business activities within the state. Malaysian Vision Valley is a public-private project and is led by an established local property development and investment company.

The project will cover more than 379,000 acres in Negeri Sembilan and is estimated to complete in 30 years post the launch of this project in 2018. It includes the development of 5 strategic clusters, namely Central Business District (Seremban, Ampangan and Rasah), Nature City (Pantai and Lenggeng), Edu-Tech Valley (Labu and Setul), Wellness, Eco and Agro Tourism (Port Dickson, Kuantan, Linggi and Serusa) and New Livable township (Jimah). The Malaysian Vision Valley masterplan has been developed and the first phase of the masterplan covers more than 11,000 acres. The initial and immediate development plan is a high-tech industrial park in Nilai.

Seremban, as the capital of Negeri Sembilan, is expected to benefit from this Government initiative. The development in Seremban, coupled with its proximity to neighbouring cities such as Kuala Lumpur and Selangor, is expected to attract a higher population to reside in Seremban. Furthermore, the Malaysian Vision Valley 2.0 is also expected to attract businesses to set up offices and encourage tourism in Seremban as well as promote the agriculture sector in Negeri Sembilan. Consequently, an increase in business activities is expected to result in a growth in employment opportunities which would in turn lead to an overall increase in the disposable income of the population residing in Seremban. These factors will bode well for the shopping mall market in Seremban.

(Source: IMR Report)

7.4 Overview and Outlook of the Property Market in Malaysia

The value of property transactions recorded a decline of 3.9% between 2016 and 2017, from RM145.4 billion in 2016 to RM139.8 billion in 2017. The value of property transactions in Malaysia for the first 3 quarters of 2018 was RM100.9 billion, which was marginally lower than the property transaction value in the first 3 quarters of 2017 of RM102.3 billion. The lower property transaction value in Malaysia for the first 3 quarters of 2018 was largely due to a fall in transaction value of development lands of 43.9% from the previous 3 quarters of 2017. Nevertheless, the decline in property transaction value of development lands was partially offset by the growth in commercial and industrial properties of 20.1% and 36.7% respectively during the same period. The value of residential property transactions remained relatively stable during the period.

In line with the decline in value of property transactions, the number of property transactions also recorded a decline of 2.7%, from 320,425 transactions in 2016 to 311,824 transactions in 2017. The number of property transactions also recorded a marginal decline of 0.3% between the first 3 quarters of 2017 and 2018, from 229,495 transactions to 228,790 transactions. The lower number of property transactions in the first 3 quarters of 2018 was largely attributed to a fall in agricultural and development land transactions. Nevertheless, the property market in Malaysia was largely supported by a slight growth in residential and commercial property transactions in Malaysia of 1.2% and 5.0% respectively during the period. Industrial property transactions remained relatively stable during the period.

The property market, particularly the residential property market, is expected to recover in the coming years, in light of several initiatives announced under Budget 2019 to encourage home ownership especially for first time buyers, such as the National Home Ownership Campaign and the creation of 'Property Crowdfunding' platforms as an alternative source of financing for first-time home buyers. Further, the residential property market is also expected to be supported by Government initiatives to develop more affordable housing units.

(Source: IMR Report)

7.5 Overview and Outlook of Domestic Appliance Market in Malaysia

The domestic appliance market size in Malaysia, as indicated by the sales value of domestic appliances in the country, grew from RM5.2 billion in 2016 to RM6.7 billion in 2018. Between 2016 and 2018, the domestic appliance market size in Malaysia registered a CAGR of 13.5%.

The consumption for domestic appliances exhibited positive growth due to the following key driving factors:

- (i) the importance of domestic appliances in households today. This has led to consumers purchasing domestic appliances to replace existing products that have been subject to damage from general use and aging, as well as purchasing new product innovations to keep up with latest technological trends; and
- (ii) the number of residential properties transactions in Malaysia. As elaborated in Section 7.4 of this Abridged Prospectus, the number of residential property transactions grew by 1.2% between the first 3 quarters of 2017 and 2018. The purchase of new residential properties typically results in the purchase of domestic appliances to furnish the new households.

Moving forward, it is expected that the number of domestic appliances which are integrated with the lifestyle of today's society will only increase further. In addition, the growth in population, economy and urbanisation rate in Malaysia over the long-term is expected to bode well for the domestic appliance market in Malaysia.

(Source: IMR Report)

7.6 Prospects of Our Group

Our management is in the process of reinvigorating our Group by undertaking new initiatives to realise the full potential of our core asset, i.e. Centerpoint Seremban. Currently, we intend to further refurbish/upgrade major facilities of the mall to enhance shoppers experience. To increase the attractiveness of Centerpoint Seremban, we have been organising events and exhibitions since the reopening of the mall in 4th quarter of 2016 to raise awareness of Centerpoint Seremban to shoppers and visitors in the surrounding neighbourhood. In the FYE 31 December 2017, our Group has also appointed a 3rd party consultant to assist our Group to enhance tenant mix and increase rental yield by approaching and attracting potential tenants for the mall. As a result of the initiatives implemented, our Group has achieved an occupancy rate of 65.3% as at the end of 2018 as compared to 13.2% at the end of 2016.

To complement the operations of the mall, the proposed utilisation of the proceeds from the Rights Issue will also facilitate our Group to embark our F&B service business (as detailed in Section 5 of this Abridged Prospectus). Our F&B service business is expecting to benefit from the increasing average monthly household expenditure in F&B service outlets of Negeri Sembilan as reported by PROVIDENCE. Our Group expects the commencement of our F&B service business will improve our financial performance moving forward as it will generate an additional stream of revenue for our Group. In addition, the F&B franchise/license outlets in Centerpoint Seremban are expected to have a spill over effect of enhancing the overall tenant mix and increase footfall in the mall. As such, our management is of the view that the establishment of F&B franchise/license outlets in Centerpoint Seremban will enhance the tenant mix and boost footfall of the mall and thus, improve the overall rental yield of the mall.

Even though Centerpoint Seremban is located in a sub-urban area, we plan to continuously upgrade and refurbish the mall as well as undertake initiatives to achieve improved footfall and occupancy rates, which in turn will improve yields and total returns from the mall. Further, our Board is of the view that footfall in the mall will be supported by the expected higher population in Seremban as a result of the Government's initiative such as Malaysian Vision Valley 2.0 to develop Negeri Sembilan into a developed state and develop Seremban as one of the central business districts of the Malaysia Vision Valley 2.0 project.

Premised on the above and coupled with the positive outlook of the F&B service market in Malaysia and shopping mall market in Seremban as set out in Sections 7.2 and 7.3 of this Abridged Prospectus, our Board is positive that the utilisation of the Rights Issue proceeds to venture into the F&B service business will enable our Group to enhance our profitability and shareholders' value.

8. EFFECTS OF THE RIGHTS ISSUE

8.1 Share Capital

The pro forma effects of the Rights Issue on the issued share capital of our Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	1,798,991,866	131,944,836	1,798,991,866	131,944,836
Assuming full exercise of the outstanding SIS Options	-	-	197,850,000	⁽¹⁾ 8,081,730
	1,798,991,866	131,944,836	1,996,841,866	140,026,566
To be issued pursuant to the Rights Issue	1,215,241,137	⁽²⁾ 5,995,190	5,990,525,598	⁽²⁾ 29,553,260
	3,014,233,003	137,940,026	7,987,367,464	169,579,826
To be issued pursuant to the full exercise of the Warrants	810,160,758	⁽³⁾ 14,258,829	3,993,683,732	⁽³⁾ 70,288,834
Enlarged issued share capital	3,824,393,761	152,198,855	11,981,051,196	239,868,660

Notes:

- (1) Based on the exercise prices of RM0.10 and RM0.0217 of the SIS Options which were offered on 18 August 2015 and 19 July 2018 respectively as well as after accounting for the reversal of the option reserve.
- (2) After adjusting for the creation of warrant reserve based on the theoretical fair value of the Warrants of RM0.0076 per Warrant, which amount to approximately RM6.1 million and RM30.4 million under the Minimum Scenario and Maximum Scenario respectively (Source: Trinomial option pricing valuation from Bloomberg as at the LPD).
- (3) After adjusting for the reversal of the warrant reserve pursuant to the full exercise of the Warrants.

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8.2 NA and Gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of our Group since our Group's latest audited financial statement for the FYE 31 December 2018.

The pro forma effects of the Rights Issue on the NA and gearing of our Group are as follows:

	Minimum Scenario			Maximum Scenario		
	(I)	(II)	(III)	(II)	(III)	(IV)
		After (I) and the Rights Issue	After (II) and assuming full exercise of the Warrants	After (I) and assuming full exercise of outstanding SIS Options	After (II) and the Rights Issue	After (III) and assuming full exercise of the Warrants
		RM'000	RM'000	RM'000	RM'000	RM'000
Audited As at 31 December 2018						
Share capital	130,114	(⁽²⁾ 137,940	(⁽³⁾ 152,199	140,027	(⁽²⁾ 169,580	(⁽³⁾ 239,869
Option reserve	3,739	2,995	2,995	-	-	-
Warrant reserve	-	(⁽²⁾ 6,157	(⁽³⁾ -	-	(⁽²⁾ 30,352	(⁽³⁾ -
Accumulated losses	(40,102)	(⁽⁴⁾ (40,852)	(40,852)	(40,102)	(⁽⁴⁾ (40,852)	(40,852)
Shareholders' funds / NA	93,751	106,240	114,342	99,925	159,080	199,017
No. of Shares in issue ('000)	1,748,992	3,014,233	3,824,394	1,996,842	7,987,367	11,981,951
NA per Share (RM)	0.05	0.04	0.03	0.05	0.02	0.02
Total borrowings ('000)	(⁽⁵⁾ 14,033	14,033	14,033	14,033	(⁽⁶⁾ 533	533
Gearing (times)	0.15	0.13	0.12	0.14	(⁽⁷⁾)	(⁽⁷⁾)

Notes:

- (1) Adjusted for the issuance of 50,000,000 new Shares at RM0.0217 per Share and the reversal of the option reserve of RM0.7 million pursuant to the exercise of SIS Options on 28 January 2019.

- (2) After adjusting for the creation of warrant reserved based on the theoretical fair value of the Warrants of RM0.0076 per Warrant which amounting to approximately RM6.1 million and RM30.4 million under the Minimum Scenario and Maximum Scenario respectively (Source: Trinomial option pricing valuation from Bloomberg as at the LPD).
- (3) After adjusting for the reversal of the warrant reserve pursuant to the full exercise of the Warrants.
- (4) After deducting estimated expenses of approximately RM0.8 million in relation to the Corporate Exercises.
- (5) Includes finance lease liability (i.e. hire purchase of motor vehicles) of RM0.2 million.
- (6) After adjusting for repayment of bank borrowings of RM13.5 million pursuant to the proposed utilisation of proceeds from the Rights Issue.
- (7) Less than 0.01.

8.3 Earnings and EPS

Upon completion of the Rights Issue, our Board expects the Rights Issue to contribute to the future earnings of our Group in the FYE 31 December 2019 via the utilisation of proceeds as detailed in Section 5 of this Abridged Prospectus.

Subsequent to the completion of the Rights Issue, our Group's EPS or LPS shall be correspondingly diluted as a result of the increase in the number of Shares in issue arising from the issuance and allotment of the Rights Shares to successful Entitled Shareholders and/or their renounees/transferees (if applicable) and any new Shares to be issued arising from the exercise of the Warrants.

For illustrative purpose, based on the latest audited financial statements of our Group for the FYE 31 December 2018, the pro forma effects of the Rights Issue on our Group's LPS is set out below:

	Audited FYE 31 December 2018	Minimum Scenario		Maximum Scenario		
		(I) After the Rights Issue	(II) After (I) and assuming full exercise of the Warrants	(I) After assuming full exercise of the outstanding SIS Options	(II) After (I) and the Rights Issue	(III) After (II) and assuming full exercise of the Warrants
LAT attributable to owners of our Company (RM'000)	(22,851)	⁽¹⁾ (23,601)	(23,601)	(22,851)	⁽¹⁾ (23,601)	(23,601)
Weighted average no. of Shares ('000)	1,590,186	2,805,427	3,615,588	1,788,036	7,778,562	11,772,245
Basic LPS (sen)	(1.44)	(0.84)	(0.65)	(1.28)	(0.30)	(0.20)

Note:

- (1) After deducting estimated expenses of approximately RM0.8 million in relation to the Corporate Exercises.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working Capital

Our Group's current working capital is funded through credit extended by suppliers, credit facilities from licensed institutions and advances from Directors as well as our Group's existing cash and bank balances. As at the LPD, we held cash and bank balances of RM0.4 million as well as unutilised bank overdrafts of RM1.3 million.

Our Board is of the opinion that after taking into account the proceeds to be raised from the Rights Issue as well as our existing cash and bank balances and available banking facilities, our Group will have sufficient working capital to meet our operational requirements for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out as follows:

Borrowings	Total RM'000
Short-term borrowings	
- Bank overdraft	1,717
- Term loans	1,108
- Hire purchase	79
	2,904
Long-term borrowings	
- Term loans	9,444
- Hire purchase	111
	9,555
Total	12,459

Our Group has not defaulted on payments of either interest and/or principal sums on any of our borrowings for the FYE 31 December 2018 and the subsequent financial period up to the LPD.

9.3 Contingent Liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group, which upon becoming due or enforceable, may have a material impact on the financial position or businesses of our Group.

9.4 Material Commitments

As at the LPD, there are no material commitments for capital expenditure incurred or known to be incurred by our Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or businesses of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE/TRANSFER, EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS AND PAYMENT

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants provisionally allotted to you, as well as to apply for Excess Rights Shares with Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

We shall make an announcement to Bursa Securities on the outcome of the Rights Issue after the Closing Date.

10.2 NPA

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA. Therefore, all dealings in such Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Procedures for Full Acceptance and Payment

Acceptance of and payment for the Provisional Allotments must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained in these Documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR PROVISIONAL ALLOTMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

You and/or your renounees/transferees (if applicable) who wish to accept the Provisional Allotments either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar at the following address:

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7841 8088/+603 7841 8099
Fax : +603 7841 8100

so as to arrive no later than **5.00 p.m. on Wednesday, 12 June 2019**, being the last time and date for acceptance and payment for the Provisional Allotments.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, our registered office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

1 RSF can only be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. If successful, the Rights Shares with Warrants subscribed for will be credited into your respective CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed with this Abridged Prospectus. In order to facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

If acceptance of and payment for the Provisional Allotments (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on Wednesday, 12 June 2019, being the last time and date for acceptance and payment for the Provisional Allotments, you and/or your renounees/transferees (if applicable) will be deemed to have declined the Provisional Allotments and it will be cancelled. Proof of time of postage will not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot such Rights Shares with Warrants not taken up or not validly taken up to applicants who have applied for Excess Rights Shares with Warrants in the manner as set out in Section 10.7 of this Abridged Prospectus. Our Board reserves the right not to accept any application or to accept any application in part only without assigning any reason thereof.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AND EXACT AMOUNT PAYABLE FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA AND MADE PAYABLE TO "PHB RIGHTS ISSUE ACCOUNT", CROSSED "A/C PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES AND WARRANTS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

YOU SHOULD NOTE THAT ALL RSF(S) AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.4 Procedures for Part Acceptance

You are entitled to accept part of your Provisional Allotments that can be subscribed/applied for provided always that the minimum number of Rights Shares that can be subscribed for or accepted is 3 Rights Shares with 2 Warrants. Fractions of a Rights Share and/or Warrant arising from the Rights Issue shall be disregarded and be dealt with as our Board in its absolute discretion deems fit and expedient and in the best interest of our Company. You and/or your renounees/transferees (if applicable) should take note that a trading board lot comprises 100 Pegasus Shares and 100 Warrants respectively.

You must complete both Parts I(A) and II of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

The portion of the Provisional Allotments that has not been accepted or renounced will be made available to the applicants for Excess Rights Shares with Warrants Applications.

10.5 Procedures for Sale or Transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last time and date for sale or transfer of the Provisional Allotments without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account(s). You may sell such entitlement on Bursa Securities or transfer to such person(s) as may be allowed under the Rules of Bursa Depository, both for the period up to the last time and date for transfer of the Provisional Allotments.

If you have sold or transferred only part of your Provisional Allotments, you may still accept the balance of your Provisional Allotments by completing Parts I(A) and II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU ARE ADVISED TO READ, UNDERSTAND AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. HOWEVER, YOU ARE ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT(S) THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

10.6 Procedures for Acceptance by Renounees/Transferees

As a renounee/transferee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for Excess Rights Shares with Warrants and/or payment is the same as that which is applicable to our Entitled Shareholders as described in Sections 10.3, 10.4, 10.5 and 10.7 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or the RSF, you can request the same from your stockbroker, our registered office, our Share Registrar or at Bursa Securities' website (<http://www.bursamalaysia.com>).

RENOUNCEES/TRANSFEREES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.7 Procedures for Excess Rights Shares with Warrants Applications

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it together with a separate remittance in RM for the full and exact amount payable in respect of the Excess Rights Shares with Warrants applied for, to our Share Registrar so as to arrive no later than **5.00 p.m. on Wednesday, 12 June 2019**, being the last time and date for Excess Rights Shares with Warrants Applications.

Payment for the Excess Rights Shares with Warrants Applications should be made in the same manner as set out in Section 10.3 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia must be made payable to "**PHB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name, contact number, address and your CDS Account number in block letters so as to be received by our Share Registrar by the Closing Date. The payment must be made for the full and exact amount payable for the Excess Rights Shares with Warrants Applications. Any excess or insufficient payment may be rejected at the absolute discretion of our Board.

It is our Board's intention to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess Rights Shares with Warrants, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess Rights Shares with Warrants, calculated based on the quantum of their respective Excess Rights Shares with Warrants Applications; and
- (iv) finally, on a pro-rata basis and in board lots, to the renounees/transferees (if applicable) who have applied for Excess Rights Shares with Warrants, calculated based on the quantum of their respective Excess Rights Shares with Warrants Applications.

In the event any balance of Excess Rights Shares with Warrants after the above allocations are completed, the balance will be allocated again through the same sequence of allocations as set out in (ii) to (iv) above until all Excess Rights Shares with Warrants are allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient, and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i) to (iv) above is achieved.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES AND WARRANTS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

WHERE AN EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.8 CDS Account

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue are prescribed securities and as such, all dealings in such said securities will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants shall signify your consent to receive such Rights Shares and Warrants as deposited securities which will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants shall be credited directly into the CDS Account of the successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.9 Laws of Foreign Jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdictions and have not been (and will not be) lodged, registered or approved pursuant to or under any legislations (or with or by any regulatory authority or other relevant bodies) of any jurisdictions other than Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Accordingly, the Documents have not been (and will not be) sent to foreign Entitled Shareholders and/or their renounees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so. Our Company, our Board and officers, our Share Registrar, Mercury Securities and/or other experts ("**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any jurisdictions to which the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation or sale or transfer made by any foreign Entitled Shareholders and/or their renounees/transferees (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such countries or jurisdictions.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdictions and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any countries or jurisdictions to which the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject;
- (ii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotments;
- (iii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are not nominees or agents of any person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisionally Allotments, be in breach of the laws of any jurisdiction to which that person is or may be subject;
- (iv) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are aware that the Rights Shares and Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been provided the opportunity to ask such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

Persons receiving the Documents (including without limitation, custodians, nominees and trustees) must not, in connection with the offer, distribute or send the Documents into any foreign jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If the Documents are received by any persons in such jurisdictions, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection therewith.

Any person who does forward the Documents to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if we believe that such acceptance may violate applicable legal or regulatory requirements.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES WITH WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS OF SUCH TERRITORY.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll and the accompanying NPA and RSF enclosed herein.

12. FURTHER INFORMATION

Please refer to the attached appendices for further action.

Yours faithfully
For and on behalf of the Board of
PEGASUS HEIGHTS BERHAD



TOH HONG CHYE
Executive Director

INFORMATION ON OUR COMPANY**1. SHARE CAPITAL**

As at the LPD, the issued share capital of our Company was RM131,944,836.28 comprising 1,798,991,866 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue on the shareholdings of our Company's substantial shareholders as at the LPD, calculated based on the number of issued Shares as disclosed in Section 8.1 of this Abridged Prospectus, are as follows:

Minimum Scenario

Substantial Shareholder	As at the LPD				(I)				(II)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000		'000		'000		'000		'000	
Toh Hong Chye	163,684	9.1	-	-	781,761	25.9	-	-	1,193,813	31.2	-	-
Dato' Sri Lee	159,055	8.8	(1)10,000	0.6	756,219	25.1	(1)10,000	0.3	1,154,328	30.2	(1)10,000	0.3

Note:

(1) Deemed interest by virtue of his spouse's shareholdings held pursuant to Sections 8 and 59(1)(c) of the Act.

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INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Substantial Shareholder	As at the LPD						Assuming full exercise of the outstanding SIS Options						After (I) and the Rights Issue						After (II) and assuming full exercise of the Warrants					
	Direct			Indirect			Direct			Indirect			Direct			Indirect			Direct			Indirect		
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%		
Toh Hong Chye	163,684	9.1	-	-	253,684	12.7	-	-	1,014,735	12.7	-	-	-	-	1,522,102	12.7	-	-	-	-	-	-	-	
Dato' Sri Lee	159,055	8.8	(1)'10,000	0.6	199,055	10.0	(1)'10,000	0.5	796,218	10.0	(1)'40,000	0.5	(1)'60,000	0.5	1,194,326	10.0	(1)'60,000	0.5	(1)'60,000	0.5	(1)'60,000	0.5	(1)'60,000	0.5

Note:

- (1) Deemed interest by virtue of his spouse's shareholdings held pursuant to Sections 8 and 59(11)(c) of the Act.

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INFORMATION ON OUR COMPANY (Cont'd)**3. DIRECTORS**

The details of the Board as at the LPD are set out in the table below:

Name (Designation)	Age	Address	Nationality
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar <i>(Independent Non-Executive Chairman)</i>	66	No. 12, Jalan Memanah 13/55G Laman Seri, Section 13 40100 Shah Alam Selangor Darul Ehsan	Malaysian
Dato' Sri Lee <i>(Executive Director)</i>	49	592, Taman Nee Yan Jalan Temiang 70200 Seremban Negeri Sembilan Darul Khusus	Malaysian
Toh Hong Chye <i>(Executive Director)</i>	43	37B, Lorong Bunga Matahari 1B Taman Maju Jaya 56100 Kuala Lumpur Wilayah Persekutuan	Malaysian
Andrew Ho Tho Kong <i>(Independent Non-Executive Director)</i>	53	120 Jalan Terasek Lapan Bangsar Baru 59100 Kuala Lumpur Wilayah Persekutuan	Malaysian
Alice Lim Hui Chee <i>(Independent Non-Executive Director)</i>	33	No 423, Lorong Wan Chik Jalan Salleh 84000 Muar Johor Darul Takzim	Malaysian

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INFORMATION ON OUR COMPANY (Cont'd)

The pro forma effects of the Rights Issue on the shareholdings of our Directors as at the LPD, calculated based on the number of issued Shares as disclosed in Section 8.1 of this Abridged Prospectus, are as follows:

Minimum Scenario

Director	(I)						(II)					
	As at the LPD			After the Rights Issue			After (I) and assuming full exercise of the Warrants			After (I) and assuming full exercise of the Warrants		
	Direct	Indirect	No. of Shares %	Direct	Indirect	No. of Shares %	Direct	Indirect	No. of Shares %	Direct	Indirect	No. of Shares %
	'000			'000			'000			'000		
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	9,434	0.5	-	9,434	0.3	-	9,434	0.3	-	9,434	0.3	-
Dato' Sri Lee	159,055	8.8	(1)10,000	756,219	25.1	(1)10,000	0.3	0.3	30.2	1,154,328	(1)10,000	0.3
Toh Hong Chye	163,684	9.1	-	781,761	25.9	-	-	31.2	-	1,193,813	-	-
Andrew Ho Tho Kong	-	-	-	-	-	-	-	-	-	-	-	-
Alice Lim Hui Chee	-	-	-	-	-	-	-	-	-	-	-	-

Note:

- (1) Deemed interest by virtue of his spouse's shareholdings held pursuant to Sections 8 and 59(1)(c) of the Act.

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INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Director	As at the LPD						Assuming full exercise of the outstanding SIS Options						After (I) and the Rights Issue						After (II) and assuming full exercise of the Warrants					
	Direct			Indirect			Direct			Indirect			Direct			Indirect			Direct			Indirect		
	No. of Shares	%	'000	No. of Shares	%	'000	No. of Shares	%	'000	No. of Shares	%	'000	No. of Shares	%	'000	No. of Shares	%	'000	No. of Shares	%	'000	No. of Shares	%	'000
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	9,434	0.5	-	-	-	9,434	0.5	-	-	-	37,736	0.5	-	-	56,604	0.5	-	-	-	-	-	-	-	-
Dato' Sri Lee	159,055	8.8	(1)10,000	0.6	(1)10,000	199,055	10.0	(1)10,000	0.5	(1)40,000	10.0	(1)40,000	0.5	1,194,326	10.0	(1)60,000	0.5	-	-	-	-	-	-	-
Toh Hong Chye	163,684	9.1	-	-	-	253,684	12.7	-	-	1,014,735	12.7	-	-	1,522,102	12.7	-	-	-	-	-	-	-	-	-
Andrew Ho Tho Kong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alice Lim Hui Chee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note:

- (1) Deemed interest by virtue of his spouse's shareholdings held pursuant to Sections 8 and 59(1)(c) of the Act.

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INFORMATION ON OUR COMPANY (Cont'd)
4. HISTORICAL FINANCIAL INFORMATION

Our Group's historical financial performance for the FYE 31 December 2016, FYE 31 December 2017 and FYE 31 December 2018 are summarised below:

4.1 Historical Financial Performance

	Audited		
	FYE 31 Dec 2016	FYE 31 Dec 2017	FYE 31 Dec 2018
	RM'000	RM'000	RM'000
Revenue	12,015	7,740	10,179
Cost of sales	(1,968)	(3,718)	(10,021)
Gross profit	10,047	4,022	158
Other income	11,669	351	441
Administrative expenses	(7,050)	(5,940)	(6,206)
Other expenses	(544)	(374)	(13,896)
Net impairment loss on financial assets	-	5	(927)
Finance costs	(1,609)	(1,615)	(1,141)
Share of results of associate company	(12)	-	-
PBT/(LBT)	12,501	(3,551)	(21,571)
Taxation	(2,167)	(250)	(1,280)
PAT/(LAT)	10,334	(3,801)	(22,851)
PAT/(LAT) attributable to:			
Owners of the Company	10,338	(3,798)	(22,851)
Non-controlling interests	(4)	(3)	-
	10,334	(3,801)	(22,851)
Gross profit margin (%)	83.6	52.0	1.6
PAT/(LAT) margin (%)	10.3	(49.1)	(224.5)
Weighted average no. of Shares ('000)	863,460	869,194	1,590,186
Basic EPS/(LPS) (sen)	1.20	(0.44)	(1.44)

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INFORMATION ON OUR COMPANY (Cont'd)

4.2 Historical Financial Position

	Audited		
	As at 31 Dec 2016	As at 31 Dec 2017	As at 31 Dec 2018
	RM'000	RM'000	RM'000
Non-current assets	121,880	120,971	111,044
Current assets	4,727	3,914	3,689
Total assets	126,607	124,885	114,733
Share capital	86,346	89,789	130,114
Reserves	3,280	273	3,739
Accumulated losses	(14,613)	(17,370)	(40,102)
Equity attributable to owners of the Company	75,013	72,692	93,751
Non-controlling interests	(6)	(9)	-
Total equity	75,007	72,683	93,751
Non-current liabilities	32,688	35,247	13,544
Current liabilities	18,912	16,955	7,438
Total liabilities	51,600	52,202	20,982
Total equity and liabilities	126,607	124,885	114,733

4.3 Historical Cash Flows

	Audited		
	FYE 31 Dec 2016	FYE 31 Dec 2017	FYE 31 Dec 2018
	RM'000	RM'000	RM'000
Net cash from/(used in):			
Operating activities	2,662	(2,898)	(8,975)
Investing activities	(17,063)	188	(550)
Financing activities	8,706	3,454	9,417
Net increase/(decrease) in cash and cash equivalents	(5,695)	744	(108)
Cash and cash equivalents at beginning of the financial year	2,892	(2,803)	(2,059)
Cash and cash equivalents at end of the financial year	(2,803)	(2,059)	(2,167)

INFORMATION ON OUR COMPANY (Cont'd)

4.4 Financial Commentaries**(a) FYE 31 December 2016**

Our Group reported a revenue of RM12.0 million in the FYE 31 December 2016 as compared to RM8.9 million in the previous financial year, representing an increase of RM3.1 million or 34.8%. The increase in revenue was largely attributable to higher revenue registered by the PMC segment from 2 projects, namely Gateway Klang project and Likas Boulevard project with total contract value of RM42.0 million. The PMC segment recorded RM11.0 million revenue from these 2 projects in the FYE 31 December 2016 as compared to RM7.9 million in the previous financial year.

Our Group recorded a PBT of RM12.5 million in the FYE 31 December 2016 as compared to a LBT of RM0.2 million in the FYE 31 December 2015, representing an improvement of RM12.7 million. The improvement was mainly attributable to the higher revenue achieved and a one-time fair value gain of RM11.5 million from the revaluation of Centerpoint Seremban.

Hence, our Group recorded a RM11.2 million or 17.5% increase in NA as at 31 December 2016 as compared to 31 December 2015.

For the FYE 31 December 2016, our Group recorded a net decrease in cash and cash equivalents of RM5.7 million (FYE 31 December 2015: net increase of RM4.4 million) mainly due to:

- (i) the increase in trade and other payables of RM3.4 million was lower as compared to the previous financial year (FYE 31 December 2015: RM9.0 million) following the completion of the renovation of Centrepoint Seremban during the financial year whereby majority of the renovation works were undertaken in the previous financial year; and
- (ii) absence of proceeds from private placement exercise completed in the previous financial year (FYE 31 December 2015: RM7.8 million).

Our Group recorded a RM17.1 million cash outflow from investing activities in the FYE 31 December 2016 (FYE 31 December 2015: RM22.2 million), which was mainly due to renovation cost for Centerpoint Seremban totalling RM17.3 million (FYE 31 December 2015: RM21.2 million).

(b) FYE 31 December 2017

For the FYE 31 December 2017, our Group recorded a lower revenue of RM7.7 million as compared to RM12.0 million in the FYE 31 December 2016, representing a decrease of RM4.3 million or 35.8%. The lower revenue was mainly due to a decline in revenue from the PMC segment following the termination of a contract, namely Gateway Klang project with a total contract value and outstanding contract value of RM18.0 million and RM5.5 million respectively as well as slow progress in the remaining PMC project as a result of softened property market conditions in 2017. The termination of the Gateway Klang project was due to the project owner's delay in obtaining approval for the land transfer and changing in the land usage status matters from the local authorities (i.e. Lembaga Port Klang and Pejabat Tanah dan Galian Selangor).

In the FYE 31 December 2017, our Group recorded a LBT of RM3.6 million as compared to a PBT of RM12.5 million achieved in the previous financial year, representing a decrease of RM16.1 million. The LBT was mainly due to the lower revenue recorded during the year and the absence of a fair value gain of RM11.5 million from the revaluation of Centerpoint Seremban recorded in the FYE 31 December 2016.

INFORMATION ON OUR COMPANY (Cont'd)

Hence, our Group recorded a RM2.3 million or 3.1% decrease in NA as at 31 December 2017 as compared to 31 December 2016.

For the FYE 31 December 2017, our Group recorded a net cash used in operating activities mainly due to the operating loss of RM1.6 million (FYE 31 December 2016: operating profit of RM3.9 million) and net settlements to creditors of RM1.7 million. Notwithstanding, our Group recorded a net increase in cash and cash equivalents of RM0.7 million in the FYE 31 December 2017 (FYE 31 December 2016: net decrease of RM5.7 million) mainly due to the net cash generated from investing activities of RM0.2 million in the FYE 31 December 2017 (FYE 31 December 2016: net cash used in investing activities of RM17.1 million) following the completion of renovation works for Centerpoint Seremban in the FYE 31 December 2016.

(c) FYE 31 December 2018

Our Group recorded a higher revenue of RM10.2 million as compared to RM7.7 million in the FYE 31 December 2017, representing an increase of RM2.5 million or 32.5%. The increase in revenue was mainly attributable to

- (i) a RM6.9 million revenue recorded by our trading in domestic appliances business. Prior to this, our trading business did not record any revenue in the FYE 31 December 2016 and FYE 31 December 2017 as we did not receive any orders from our customers; and
- (ii) an increase in revenue of RM2.8 million in the investment property segment, mainly as a result of an improvement in occupancy rate of from 15.1% as at the FYE 31 December 2017 to 65.3% as at the FYE 31 December 2018.

However, the above was partially off-set by a decrease in revenue of RM7.2 million from the PMC segment as a result of slow progress in the PMC project.

Our Group recorded a LBT of RM21.6 million in the FYE 31 December 2018 as compared to a LBT of RM3.6 million in the FYE 31 December 2017, representing an increase of RM18.0 million. The higher LBT was mainly due to fair value loss on investment property of RM10.0 million as well as accounting charges of RM3.6 million in relation to SIS Options granted by our Company in the FYE 31 December 2018.

Notwithstanding, our Group recorded a RM21.1 million or 29.0% increase in NA as at 31 December 2018 as compared to 31 December 2017. The increase in NA was mainly due to the issuance of 403,613,500 new Shares pursuant to a private placement exercise which raised gross proceeds of RM12.7 million and 468,918,402 new Shares pursuant to the capitalisation of advances from creditors and former directors totalling RM27.6 million (please refer to Section 7.0 of Appendix I of this Abridged Prospectus for the settlement agreements entered into by our Group pursuant to the capitalisation of advances from creditors and former directors).

For the FYE 31 December 2018, our Group recorded a slight net decrease in cash and cash equivalents of RM0.1 million (FYE 31 December 2017: net increase of RM0.7 million).

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INFORMATION ON OUR COMPANY (Cont'd)**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of Pegasus Shares as traded on Bursa Securities for the past 12 months up to April 2019 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:

	<u>High</u> RM	<u>Low</u> RM
2018		
May	0.040	0.025
June	0.030	0.020
July	0.035	0.020
August	0.035	0.025
September	0.030	0.020
October	0.030	0.020
November	0.025	0.015
December	0.020	0.015
2019		
January	0.025	0.015
February	0.025	0.020
March	0.025	0.015
April	0.030	0.020
Last transacted market price on the LTD		0.025
Last transacted market price on the LPD		0.020
Last transacted market price on 21 May 2019, being the last market day prior to the ex-date for the Rights Issue		0.025

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save for the Provisional Allotments and Excess Rights Shares with Warrants as well as the SIS Options, no option to subscribe for our Shares has been granted or is entitled to be granted to any person.

Under the Share Issuance Scheme, our Company may grant SIS Options to subscribe for new Shares up to but not exceeding 15% of our Company's total issued Shares at any point in time during the 5 years duration from the effective date of the Share Issuance Scheme on 28 May 2015. As at the LPD, 197,850,000 SIS Options have been granted and are unexercised. The exercise prices of these outstanding SIS Options are RM0.10 and RM0.0217.

For the purpose of implementing the Rights Issue, our Board has undertaken not to grant any further SIS Options to eligible directors and/or employees under the Shares Issuance Scheme from the date of the Announcement until the completion of the Rights Issue.

INFORMATION ON OUR COMPANY (Cont'd)

7. MATERIAL CONTRACTS

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

- (i) On 9 November 2017, our Company had entered into the following settlement agreements with the following parties:
 - (a) Siaw Swee Hin ("**SSH**") for the settlement of RM5,670,432.19 due and owing by our Company to SSH by way of issuance of 96,272,193 Pegasus Shares at the issue price of RM0.0589.
 - (b) Mutiara Management Sdn Bhd for the settlement of RM5,245,317.90 due and owing by our Company to Mutiara Management Sdn Bhd by way of issuance of 89,054,633 Pegasus Shares at the issue price of RM0.0589.
 - (c) Consistent Harvest Sdn Bhd, our wholly-owned subsidiary ("**Consistent Harvest**") and SSH for the settlement of RM9,006,685.49 due and owing by Consistent Harvest to SSH by way of issuance of 152,914,864 Pegasus Shares at the issue price of RM0.0589.
 - (d) Consistent Harvest and Voon Brothers Construction Sdn Bhd for the settlement of RM6,462,572.20 due and owing by Consistent Harvest to Voon Brothers Construction Sdn Bhd by way of issuance of 109,721,089 Pegasus Shares at the issue price of RM0.0589.
 - (e) Consistent Harvest and Eakonmech Sdn Bhd for the settlement of RM1,234,286.20 due and owing by Consistent Harvest to Eakonmech Sdn Bhd by way of issuance of 20,955,623 Pegasus Shares at the issue price of RM0.0589.

All the above-mentioned settlements were completed on 29 January 2018 following the issuance of an aggregate 468,918,402 Pegasus Shares to the respective parties.

8. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of our Group and our Board has confirmed that there are no proceedings, pending or threatened, against our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or businesses of our Group.

9. CONSENTS

- (i) The written consents of our Principal Adviser, Solicitors and Share Registrar for the Rights Issue for the inclusion in this Abridged Prospectus of their name and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of our Independent Market Researcher for the Rights Issue for the inclusion in this Abridged Prospectus of its name, extract of the IMR Report and all references thereto in the form and context in which it appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

INFORMATION ON OUR COMPANY (Cont'd)

- (iii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Mondays to Fridays (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (i) Constitution of our Company;
- (ii) Undertakings as referred to in Section 3 of this Abridged Prospectus;
- (iii) IMR Report;
- (iv) Material contracts as referred to in Section 7 of this Appendix;
- (v) Letters of consent as referred to in Section 9 of this Appendix; and
- (vi) Deed Poll.

11. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF in the Documents. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries and to the best of their knowledge and belief, they confirmed that there is no false or misleading statement or other facts, which if omitted, would make any statement in the Documents false or misleading.

Mercury Securities, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.