POWER ROOT BERHAD
Registration No.: 200601013517
(733268-U)

Annual Report 2022

CONTENT

Key Reads
Within This Report

176

Notice of the
Sixteenth Annual General
Meeting

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Afifuddin bin Abdul Kadir
Independent Non-Executive Co-Chairman

Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj
Independent Non-Executive Co-Chairman

Wong Tak Keong
Chief Executive Officer

Dato' How Say Swee
Executive Director

Dato' Wong Fuei Boon
Executive Director

See Thuan Po
Executive Director

Azahar bin Baharudin
Independent Non-Executive Director

Dato' Tea Choo Keng
Independent Non-Executive Director

Tan Lay Beng
Independent Non-Executive Director
(appointed on 3 January 2022)

Ong Kheng Swee
Non-Independent Non-Executive Director

Low Jun Lee
Non-Independent Non-Executive Director
(appointed on 30 April 2021)

COMPANY SECRETARIES

Zuriati binti Yaacob (F)
SSM PC No. 202008003191
(LS 0009971)

Tai Yit Chan (F)
SSM PC No. 202008001023
(MAICSA NO. 7009143)

Santhi A/P Saminathan (F)
SSM PC No. 201908002933
(MAICSA NO. 7069709)

REGISTERED OFFICE

Suite 9D, Level 9, Menara Ansar
65 Jalan Trus
80000 Johor Bahru
Johor
Tel : 07 – 224 1035
Fax : 07 – 221 0891

CORPORATE OFFICE

No. 30, Jalan Tago 9
Taman Perindustrian Tago
52200 Kuala Lumpur
Website : www.powerroot.com

BUSINESS ADDRESS

No. 1, Jalan Sri Plentong
Taman Perindustrian Sri Plentong
81750 Masai, Johor

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad

CIMB Islamic Bank Berhad

Hong Leong Bank Berhad

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF: 0758)
Level 3, CIMB Leadership Academy
No. 3, Jalan Medini Utara 1
Medini Iskandar
79200 Iskandar Puteri, Johor

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
Tel : 03 – 7890 4700
Fax : 03 – 7890 4670

STOCK EXCHANGE LISTING

The Main Market of
Bursa Malaysia Securities Berhad
Stock Name : PWROOT
Stock Code : 7237
Date of listing : 14 May 2007

CORPORATE STRUCTURE

As at 30 June 2022

MALAYSIAN COMPANIES

- 100% Power Root (M) Sdn. Bhd.
- 100% Power Root Marketing Sdn. Bhd.
- 100% Power Root Manufacturing Sdn. Bhd.
- 100% Power Root Nnergy Sdn. Bhd.
- 100% Alicafe Sdn. Bhd.
- 50.1% Power Root Distributor Sdn. Bhd.
- 100% Power Impian International Sdn. Bhd.
- 33% Jobtact Sdn. Bhd.
- 100% Power Root Support Services Sdn. Bhd.
- 80% Alicafe Roasters Sdn. Bhd.
- 69.6% Superwrapz International Sdn. Bhd.
- 92.5% French Patisserie Sdn. Bhd.
- 100% Affari Inversions Sdn. Bhd.

OVERSEAS COMPANIES

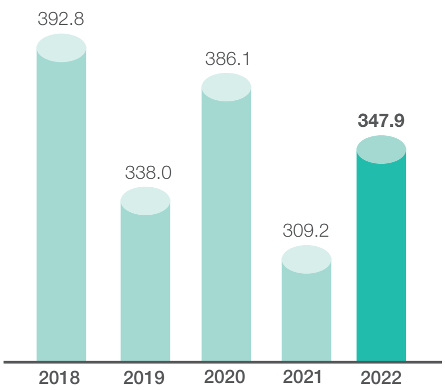
- 100% Power Root (Shanghai) Food Trading Co., Ltd.
- 90% Power Root HK-China Company Limited
- 100% PR Global Assets Limited
- 100% PT. Natbio Marketing Indonesia
- 97% Power Root ME FZCO
  - 100% P.R. Egypt
  - 100% PRME Foodstuff Trading L.L.C *(formerly known as PRME Food Manufacturing L.L.C)*

FINANCIAL HIGHLIGHTS

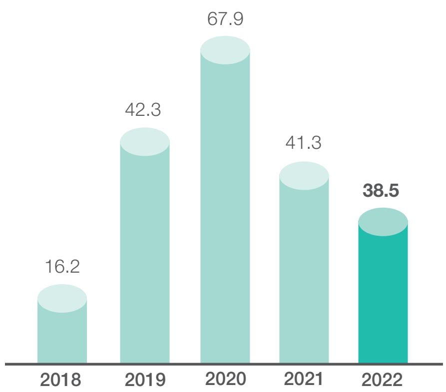
	Financial year ended 31 March				
	2018 RM'000 Restated	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**
Revenue	392,782	338,012	386,099	309,218	**347,910**
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	16,170	42,339	67,855	41,259	**38,473**
Profit Before Taxation ("PBT")	10,310	37,079	62,625	34,925	**31,994**
Profit After Taxation ("PAT")	9,730	28,127	51,746	28,339	**26,319**
Earnings Per Share ("EPS") (sen)					
Basic	2.33	7.12	12.83	6.79	**6.21**
Diluted	2.25	6.94	11.97	6.33	**6.11**
Dividend Per Share ("DPS") (sen) #	7.92	8.00	12.50	6.50	**5.40**

 # adjusted pursuant to the bonus issue completed on 23 July 2018

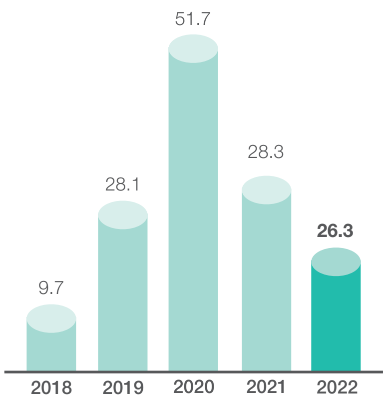
REVENUE (RM' million)



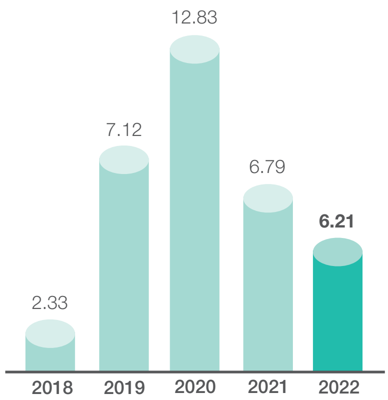
EBITDA (RM' million)



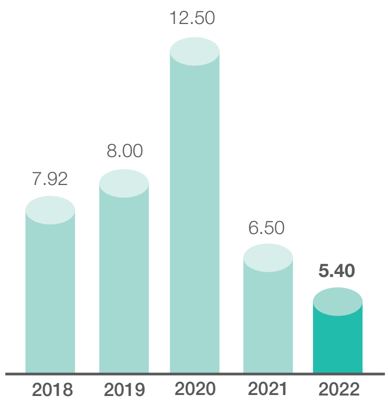
PAT (RM' million)



BASIC EPS (Sen)



DPS (Sen)



DIRECTORS' PROFILE

DATO' AFIFUDDIN BIN ABDUL KADIR

Independent Non-Executive Co-Chairman

Malaysian / aged 69 / male

Dato' Afifuddin was appointed as Independent Non-Executive Co-Chairman on 16 August 2016. He is also the member of the Audit Committee and the Chairman of the Nominating Committee and Remuneration Committee.

Dato' Afifuddin graduated from Universiti Putra Malaysia with a Bachelor of Science in Agriculture Business degree in 1979. He joined the Malaysian Industrial Development Authority (MIDA) in 1979 as a Technical Professional Officer in the Industrial Studies Division.

He was attached to MIDA Sabah from 1982 – 1985; and from1986 - 1990 he served as the Deputy Director in MIDA London. Later he was attached to the Transport and Machinery Industries Division as a Deputy Director.

In 1996 he was promoted as the Director in MIDA Paris and held the post until 2001. He was then transferred to London as the Director in MIDA London for four years before returning to MIDA HQ in early 2005 as the Director of the Electronics Industries Division.

At the end of 2005, he was given the task to head the Foreign Investment Promotion Division in MIDA HQ; among others his responsibilities include overall planning, implementation and co-ordination of investment promotion strategies to attract foreign direct investments into Malaysia.

In March 2007, he was promoted to the post of Senior Director, Investment Promotion. He was responsible for the overall investment promotion activities particularly in promoting foreign and domestic investments as well as cross border investments.

In April 2008, he was promoted to the post of the Deputy Director General II and subsequently to the Deputy Director General I of MIDA in June 2008. He held this position until his retirement on 14 September 2011.

Dato' Afifuddin does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings held during the financial year ended 31 March 2022.

Y.A.D. TENGKU DATO' SETIA PUTRA ALHAJ BIN TENGKU AZMAN SHAH ALHAJ

Independent Non-Executive Co-Chairman

Malaysian / aged 70 / male

Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj was appointed as our Independent Non-Executive Co-Chairman on 5 July 2019. After completing his formal education in the 1960's, Tengku Dato' Setia Putra Alhaj was appointed as the Military Aide-de-Camp to His Royal Highness The Sultan of Selangor. He resigned from this position and entered the corporate world in 1995. Since then, he has extensive interests in civil, building construction and property development. He is currently an Independent Non-Executive Director of CME Group Berhad listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the Board of several other private limited company.

Tengku Dato' Setia Putra Alhaj does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 4 out of 5 Board meetings held during the financial year ended 31 March 2022.

DIRECTORS' PROFILE
cont'd

WONG TAK KEONG

Chief Executive Officer

Malaysian / aged 51 / male

Wong Tak Keong was appointed to our Board on 26 February 2018 and on 1 July 2020 he was designated as Chief Executive Officer. He is also a member of the Option Committee.

He graduated from the University of Western Australia in 1991 with a Bachelor Degree in Accounting and Finance. In 1993, Mr. Wong started his career as an audit assistant with Pricewaterhouse Coopers and KPMG. In 1995, Mr. Wong joined Horwath Malaysia (now known as Crowe Malaysia PLT), a member of Horwath International (now known as Crowe Global), an international accounting firm as a Manager where he was then admitted as a partner in 1999. Mr. Wong is a member of both the Malaysian Institute of Accountants and the Certified Practising Accountant (CPA) Australia. He has 13 years of experience in public practice. Mr. Wong resigned as partner from Horwath in December 2006 and started his own consultancy business in 2007. He joined Power Root as the International Business Manager in 2008 and was promoted as Director of International Business in 2017 and Managing Director in 2018 before he assumed his current position as Chief Executive Officer.

Mr. Wong does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings during the financial year ended 31 March 2022.

DATO' WONG FUEI BOON

Executive Director

Malaysian / aged 56 / male

Dato' Wong Fuei Boon was appointed as our Executive Director on 2 February 2007. He is also one of the founding members of our Group. Prior to his involvement in our business, he owned and operated several mini-markets in Johor Bahru. Together with the other founding members, he formed Power Root (M) Sdn Bhd and Power Root Marketing Sdn Bhd, wholly owned subsidiaries of Power Root Berhad. To further channel his efforts and time on our Group, he divested his mini-markets business in January 2006. He has 34 years of working experience in the sales of consumer products, out of which 22 years were in the food and beverage industry.

Dato' Wong does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings held during the financial year ended 31 March 2022.

DATO' HOW SAY SWEE

Executive Director

Malaysian / aged 59 / male

Dato' How Say Swee was appointed as our Executive Director on 2 February 2007. He is also one of the founding members of our Group. He operated several retail food outlets before forming Power Root (M) Sdn Bhd and Power Root Marketing Sdn Bhd, wholly owned subsidiaries of Power Root Berhad with the other founding members. He has been involved in the food retailing business for 30 years.

Dato' How does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings held during the financial year ended 31 March 2022.

SEE THUAN PO

Executive Director

Malaysian / aged 46 / male

See Thuan Po was appointed as our Executive Director on 27 October 2007. He is also a member of the Option Committee. He holds a second upper honours degree in Accounting and Finance from the London School of Economics and Political Science and is a member of the Institute of Chartered Accountants of England and Wales.

His career path included auditing with Clarke & Co. Chartered Accountants, London for more than 3 years and investment banking with CIMB Investment Bank Berhad, having placements with the Corporate Finance and Structure Investment Division for approximately 5 years. Since joining the Group, he has approximately 15 years of experience in the food and beverage industry.

Mr. See does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings held during the financial year ended 31 March 2022.

DIRECTORS' PROFILE
cont'd

ONG KHENG SWEE

Non-Independent Non-Executive Director

Malaysian / aged 64 / male

Ong Kheng Swee was redesignated as a Non-Independent Non-Executive Director on 1 April 2022. He was previously an Independent Non-Executive Director of the Company since February 2008. He is currently the Chairman of the Options Committee and a member of the Remuneration Committee.

Mr. Ong is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia. He held various senior positions in both the professional sector (having worked with two major international accounting firms) and in the commercial sector including as chief financial officer. He had previously served as an Executive Director and Chief Financial Officer of an automotive components distribution company listed on the Main Market of Bursa Malaysia Securities Berhad until March 2020 when he left to pursue his interest in management consulting and advisory. He is currently an Independent Non–Executive Director of Haily Group Berhad which is listed on the ACE market of Bursa Malaysia Securities Berhad.

Mr. Ong does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. Save as disclosed above, he does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings during the financial year ended 31 March 2022.

AZAHAR BIN BAHARUDIN

Independent Non-Executive Director

Malaysian / aged 66 / male

Azahar bin Baharudin was appointed as our Independent Non-Executive Director on 28 April 2014. He is also the member of the Audit Committee, Remuneration Committee and Nominating Committee.

He is a graduate from MARA Institute of Technology. He has considerable experience in the banking and finance field with his tenure at two Malaysian financial institutions and subsequently as business development head and consultant in the manufacturing and financial services sector. He is currently an Independent Non-Executive Director of Gromutual Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Azahar does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings held during the financial year ended 31 March 2022.

DATO' TEA CHOO KENG

Independent Non-Executive Director

Malaysian / aged 54 / male

Dato' Tea Choo Keng was appointed as the Independent Non-Executive Director on 1 September 2019. He graduated with a law degree (LL.B Hons) from the University of Hull (United Kingdom) in 1991. He was called to Bar and admitted as the advocate and solicitor in 1993. He set up his own legal practice under the name of Messrs Tea & Company in year 1994. He is now the managing partner of Messrs Tea, Kelvin Kang & Co, a legal firm in Johor Bahru.

Dato' Tea does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He is an Independent Non-Executive Director of Lien Hoe Corporation Berhad and Cheetah Holdings Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 4 out of 5 Board meetings held during the financial year ended 31 March 2022.

TAN LAY BENG

Independent Non-Executive Director

Malaysian / aged 68 / Female

Tan Lay Beng was appointed as an Independent Non-Executive Director on 3 January 2022. She is also the Chairman of the Audit Committee, a member of the Remuneration Committee and Nominating Committee.

Ms Tan is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a Public Accountant of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia. She is the past Chairman for Southern Branch of Chartered Tax Institute of Malaysia and also the past Johor Regional Chairman of Malaysian Institute of Accountants.

She has wide experience in accounting, audit and tax having worked with a mid-size and an international accounting firm before starting her own consulting practice.

She was an independent non-executive director of Sersol Technologies Berhad, a company listed on the ACE Market.

She is presently an independent non-executive director of Solid Automotive Berhad and AME Elite Consortium Berhad. She is the Chairman of the Audit Committee of Solid Automotive Berhad and the Chairman of the Audit And Risk Management Committee of AME Elite Consortium Berhad.

Ms. Tan does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

She attended 1 Board meeting during her tenure as a Director of the Company since her appointment for the financial year ended 31 March 2022.

LOW JUN LEE

Non-Independent Non-Executive Director

Malaysian / aged 22 / male

Low Jun Lee was appointed as our Non-Independent Non-Executive Director on 30 April 2021.

He is currently pursuing a Bachelor of Commerce at University of Melbourne, Australia.

Mr. Low is the son of the late Dato' Low Chee Yen, our former Executive Deputy Chairman who was also a substantial shareholder of the Group. He does not have any conflict of interest with the Group. He does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

He attended 5 out of 5 Board meetings held during the financial year ended 31 March 2022.

KEY SENIOR MANAGEMENT'S PROFILE

CHONG WEE KOK

Group Financial Controller

Malaysian / aged 50 / male

Chong Wee Kok was appointed as Financial Controller on 18 February 2013 and subsequently promoted as Group Financial Controller on 1 July 2015. He is a Fellow of the Association of Chartered Certified Accountants of United Kingdom and a member of the Malaysian Institute of Accountants.

He has more than 20 years of experience in the field of financial management practices in various industries with local SME and MNCs. Prior to joining the Group, he was the Country Finance Manager of Innovalues Precision (Thailand) Ltd for the last three years of his employment.

Mr. Chong does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in public companies and listed issuers. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant bodies during the financial year.

SIGNIFICANT EVENTS

FRENCHÉ ROAST

For Frenché Roast, we engaged local food community groups to draw consumer attention to the brand. We also employed key opinion leaders (KOLs) or influencers to attract and increase consumer interest during a two-month campaign which featured Instagram postings on the delights of the Frenché Roast coffee-at-home experience during the COVID-19 lockdown periods. As part of this campaign, exclusive 25% discount promotions were offered to customers.

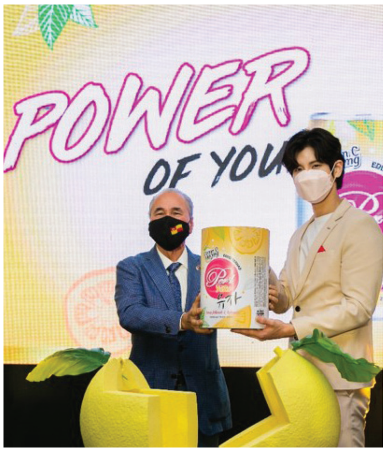
Power Root also continued to pursue the cross-category brand collaboration campaigns which we had started last year. For the current financial year, we partnered with QL Eggs and Daily's Bakery by including complimentary Frenché Roast sachet samples with their products which allowed us to reach out to an estimated 100,000 consumers. These partnerships gave us a different avenue to introduce our product samples directly to end consumers, as opposed to our conventional store sampling method which had been curtailed by movement restrictions.

Another new marketing avenue we explored was a tie-up with iQiyi, one of the largest on-demand video streaming video platforms featuring Pan-Asian entertainment programmes such as dramas, movies and anime. Under this collaboration, purchasers of Frenché Roast products were eligible for a one-month free iQiyi VIP subscription. Concurrently, KOLs featured this promotion to targeted customers via social media.

SIGNIFICANT EVENTS
cont'd

PER'L YUZU

We are excited to have signed up the popular Korean singer and television personality Jang Han Byul as the Brand Ambassador for our newly-launched Per'l Yuzu drink. Han Byul is fast gaining a following in Malaysia with appearances on Malaysian reality programmes and singing engagements. He will be headlining Per'l Yuzu advertisements and promotional activities under the 'Power of You' slogan. To tap into Han Byul's popularity and the target customer base, 20 KOLs were also appointed to publicise Per'l Yuzu's launch.



SIGNIFICANT EVENTS
cont'd

ALICAFÉ

Power Root's festive campaigns centred around our top-selling brands. For Hari Raya, our aim was to ensure that our Alicafé and Per'l products were the 'must buy' items of the season. We also ran a contest from 9 April to 20 June 2021 where the Grand Prize was a Proton X50, with 20 gold lockets (loket emas) as consolation prizes.

SIGNIFICANT EVENTS
cont'd

AH HUAT

The Huat Gold! Contest which ran from May to July 2021 saw participants vying for prizes worth up to RM75,000. These included 3 grand prizes of 50g of 999.9 gold bars, and 28 special prizes of one-year free supply of Ah Huat Kopitiam products.

During our Ah Huat Mid-Autumn promotion which ran in August and September 2021, free ceramic mugs were included in the festive packs . We also made a festive greeting video to celebrate the occasion.

Our Chinese New Year festive campaign, which ran from December 2021 to January 2022, provided purchasers of Ah Huat Gold Medal, Ah Huat Extra Rich and Ah Huat Charcoal Roast tri-packs with free flasks and angpow packets.

SIGNIFICANT EVENTS
cont'd

OLIGO

Between June and November 2021, there was a stream of goodies on offer including free Minions Cooler Bags, free Minions mugs, television and digital advertisements as well as a Facebook Livestream Selling session. We also had billboard advertisements at 31 sites along the North-South Highway ("NSE").

EXTRA POWER ROOT

In July and August 2021, free Extra Power Root Vitamin C drinks were provided to Grab, Foodpanda and Lalamove delivery riders/ drivers as a token of Power Root's appreciation for their hard work, especially during the pandemic.

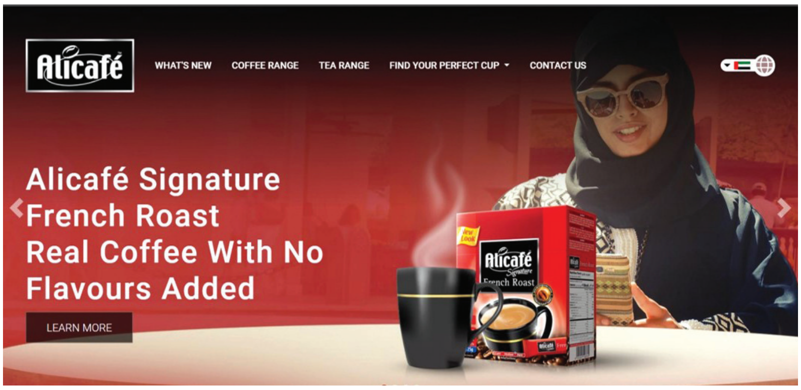
We also had 30 billboards advertising Extra Power Root drinks along the NSE between August and November 2021 reminding drivers on the road to stay alert and hydrated during their journey.

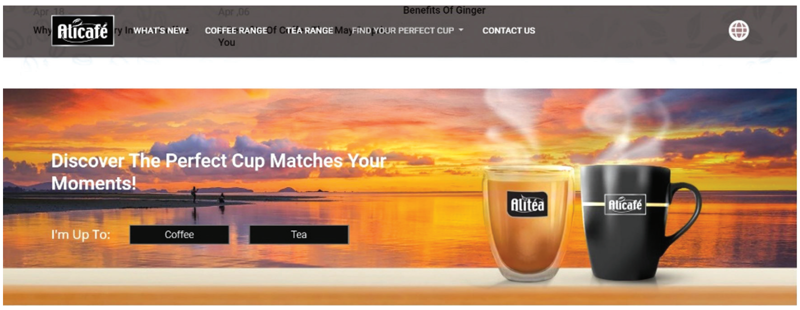
SIGNIFICANT EVENTS
cont'd

EXPORT MARKETS

The Group launched and promoted Ah Huat Charcoal Roast to our overseas markets in Hong Kong and Singapore during the year. Ah Huat Charcoal Roast was launched in Hong Kong with promotions in September and November 2021. Meawhile, in Singapore earlier in the year, we collaborated with Sunshine Bread in cross-collaboration marketing campaigns. Between April and June 2021, customers who purchased a loaf of Sunshine Bread Loaf were able to redeem two sachets of Ah Huat Charcoal Roast and for July 2021, buyers of a 65g Sunshine Cream Bun could redeem a sachet of Ah Huat Charcoal Roast. These campaigns were open to customers at major grocery outlets such as Cold Storage, FairPrice, Giant, Prime Supermarket and Sheng Siong.

In August 2021, we launched a new Alicafé Arabia website for countries in the Gulf Cooperation Council (GCC) – Bahrain, the Kingdom of Saudi Arabia ("KSA"), Kuwait, Oman, Qatar, and the United Arab Emirates ("UAE") – giving visitors a fresh look at the range of our products on offer in the region. The Group also extended our use of KOLs with influencers such as "Omar' and "Mom in Dubai" promoting Alitéa through their YouTube and Instagram channels respectively.





CORPORATE SOCIAL RESPONSIBILITIES

The Group shares the values imbedded under our Ah Huat's 'Believe Eight Virtues' (八德) tagline, that is to "Be Polite (礼), Be Righteous (义), Be Truthful (廉), Be Mindful (耻), Be Filial (孝), Be Caring (悌), Be Loyal (忠) and Be Credible (信)."

Due to COVID-19 conditions, we took a cautionary approach this year in choosing not to celebrate with our friends by making visits to their Homes as in the past. Instead, we made product donations to the Homes in the hope that it would bring some relief and joy to their residents.

During the year, we donated Oligo products to children's homes. These homes were Pusat Jagaan Kanak-Kanak Yatim/ Miskin Rukaiyah, Persatuan Kebajikan Rumah Jalinan Kasih Anak-Anak Yatim Miskin Selangor, Rumah Kanak-kanak Tengku Budriah, House Of Joy, Rumah Amal Budi Bistari, Selangor Children Welfare Home, Padmasambhava Children Loving Association, Abundant (Semarak Kasih Home), House of Love, Good Samaritan Home, Pusat Jagaan Kanak Kanak WP, Rumah Anak Yatim Nur Qaseh Taman Melawati, Pusat Jagaan Nurul Hasanah, and Pertubuhan Kebajikan Anak Anak Yatim Dan Asnaf Qaseh Ibu.

In January 2022, we provided some flood relief help in the form of Ah Huat product donations to Padmasambhaya Children Loving Association, Klang, Selangor. A similar Oligo product donation was made to The Hope Branch.

Oligo products donation to children's homes

Flood relief help to The Hope Branch

Flood relief help to Padmasambhaya Children Loving Association, Klang, Selangor

MANAGEMENT DISCUSSION AND ANALYSIS

Power Root's financial year ended 31 March 2022 ("FYE 2022") could be characterised as a tale of two halves. During the first half, Malaysia was still in the midst of dealing with the uncertainties of the COVID-19 pandemic with restrictions reimposed in some states, culminating in the nationwide total lockdown from 1 June 2021 under the third Movement Control Order ("MCO 3.0"). These restrictions were gradually eased from July 2021 with states opening up under different phases as conditions improved and with the roll-out of the National COVID-19 Immunisation Programme.

The widespread positive COVID-19 cases in the early part of 2021 adversely affected Power Root's manufacturing and sales performance. We voluntarily closed our production plant three times in 2021 to deal with outbreaks at our manufacturing plant. The first outbreak in January 2021 proved a timely lesson for us in managing the impact of COVID-19. Precautionary measures including regular testing procedures, improved medical availability, and better inventory management with the setting up of a satellite warehouse were put in place following that experience. These actions put us in good stead as the pandemic peaked in mid-2021, and we were able to minimise the impact of subsequent shutdowns in July and August 2021.

The large waves of COVID-19 cases, particularly in the Klang Valley, affected customer shopping habits. Lockdown measures, the temporary closure of premises such as malls identified under the Hotspot Identification for Dynamic Engagement (HIDE) system, and avoidance of crowded areas reduced customer foot traffic at our usual outlets, affecting sales. On the other hand, we saw better product movement in smaller neighbourhood malls and convenience stores, as well as through e-commerce platforms for our products which include Alicafé, Per'l Café, Ah Huat White Coffee, Ah Huat Tea, Frenché Roast, Oligo and Extra Power Root.

The economic recovery following the lifting of MCO 3.0 brought about different challenges in the second half of FYE 2022. As states and nations opened up their borders, increased business activities across industries fueled rising demands. The supply chain struggled to deal with these changes which resulted in a shortage in the supply of raw materials and labour, leading to a corresponding hike in prices and wages.

Power Root was similarly affected by these challenges as we faced labour shortages in the short term. However, the Group as a whole responded with early proactive actions that helped mitigate the impact for FYE 2022 and we look forward to a new and better business environment in the coming year.

THE BUSINESS ENVIRONMENT

As pandemic restrictions continue to ease, governments are opening up national borders and loosening travel restrictions. The rapid economic pick-up, though, has seen supply chains struggling to cope. High demand for raw materials has caused pricing hikes amid scarcity, while logistics are scrambling to keep up with market movements.

Against this backdrop, Power Root expects to build on what we achieved in FYE 2022. We have ingrained the Return on Investment ("ROI") culture throughout our organisation in the past few years, and continue to focus on growing revenues with cost and control as the foundation of our growth. We have also improved communication across all functions with the business increasingly utilising technology in making data-driven decisions. Safety standards remain a priority as we continue to enhance a conducive working environment.

DOMESTIC ACTIVITIES

Operational Strategies

On the local front, Power Root saw an increase in sales following the lifting of MCO 3.0. The relaxation of restrictions spurred the domestic market as consumers returned to their pre-pandemic shopping patterns. As activities picked up, the Group's investment in the use of technology and employee training in smoothing out operational efficiencies are bearing fruit.

The efforts we have put in to improve communication channels have resulted in better coordination across the different functions of the Group, from brand product development to marketing, sales and distribution as well as on the factory floor. The result is an increasingly seamless execution of business strategies and achievement of our corporate objectives in a timely manner.

Such systematic implementation of our business strategies has also improved monitoring of our marketing 5Ps – product, price, promotion, place and people – and its effectiveness and enabled us to respond quickly and effectively. Technological tools equipped the Group to track the volume and pattern of sales across regions and products. In turn, with a stronger Commercial Finance team positioned to analyse in detail profitability by products, channels and customers, this led to better analysis to find gaps and opportunities for sales and profitability.

We also rolled out our handheld sales force reporting system which provides real-time distribution network status and updates. The information includes data on outlet levels which allows for a quick response to market demand, and helps us assess the implementation and effectiveness of our marketing 5Ps.

Power Root was also prepared for the imposition of the sugar tax which was to be implemented on 1 April 2022. Although the Malaysian government has deferred the sugar tax implementation for the moment, our team is ready for this eventuality. Should the sugar tax regime be implemented, Power Root will have an advantage in being able to leverage on our previous experience from similar sugar tax roll-outs in the Middle East markets over the past two years to mitigate its impact. Furthermore, the Group is supportive of government policies aimed at improving the health of the Malaysian public, and of customers' increasing desire to seek a healthier diet. Thus, we expect to roll out new products with lower sugar levels to meet the changing trends and tastes of consumers.

Due to inflationary pressures across the Malaysian beverage industry and the market as a whole, Power Root adjusted the prices of our products from 1 January 2022. While we are cognisant of its impact on our customers' budget, this increase was necessary to reflect escalating costs. As it were, Power Root was one of the last industry players in the country to increase our prices. We expect to see the full impact of these price increases in our next financial year ending March 2023.

The Group continues to codify ROI-based criteria and guidelines into our processes focusing on cost and control. During the current financial year, guidelines on plant and machinery investment were set to comply with these criteria.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

We revamped our Standard Operating Procedures (SOP) and inventory management policies to reduce unnecessary wastage and optimise productivity. On the marketing front, SOPs were enhanced for targeted advertising and promotion (A&P) investments to ensure their maximum impact on increasing long-term sales and market share.

The Group also set non-sales key performance indicators (KPIs) to improve our sales distribution network effectiveness and the monitoring of its performance which includes the enhancement of product placement, price management, and the execution of promotions.

Marketing and branding

With the return to the new 'normalcy', Power Root ramped up its marketing campaigns through new and existing avenues, including digital media, e-commerce platforms, partnerships, contests and traditional media. The activities carried out for our various brands during the financial year were as follows:

Frenché Roast

Power Root increased our use of digital campaigns in marketing Frenché Roast to the mass premium consumer market. We adopted a targeted approach in our advertising strategy and through content seeding, via an influencer or influencer group using social media, we were able to create brand awareness for Frenché Roast which is relatively new to our range of products.

For Frenché Roast, we engaged local food community groups to draw consumer attention to the brand. We also employed key opinion leaders (KOLs) or influencers to attract and increase consumer interest during a two-month campaign which featured Instagram postings on the delights of the Frenché Roast coffee-at-home experience during the COVID-19 lockdown periods. As part of this campaign, exclusive 25% discount promotions were offered to customers.

Power Root also continued to pursue the cross-category brand collaboration campaigns which we had started last year. For the current financial year, we partnered with QL Eggs and Daily's Bakery by including complimentary Frenché Roast sachet samples with their products which allowed us to reach out to an estimated 100,000 consumers. These partnerships gave us a different avenue to introduce our product samples directly to end consumers, as opposed to our conventional store sampling method which had been curtailed by movement restrictions.

Another new marketing avenue we explored was a tie-up with iQiyi, one of the largest on-demand video streaming video platforms in the world featuring Pan-Asian entertainment programmes such as dramas, movies and anime. Under this collaboration, purchasers of Frenché Roast products were eligible for a one-month free iQiyi VIP subscription. Concurrently, KOLs also featured this promotion to targeted customers via social media.

Per'l Yuzu

We are excited to have signed up the popular Korean singer and television personality Jang Han Byul as the Brand Ambassador for our newly-launched Per'l Yuzu drink. Han Byul is fast gaining a strong following in Malaysia with appearances on Malaysian reality programmes and singing engagements. He will be headlining Per'l Yuzu advertisements and promotional activities under the 'Power of You' slogan. To tap into Han Byul's popularity and the target customer base, 20 KOLs were also appointed to publicise Per'l Yuzu's launch.

Alicafé

Power Root's festive campaigns centred around our top-selling brands. For Hari Raya, our aim was to ensure that our Alicafé and Per'l products were the 'must buy' items of the season. We also ran a contest from 9 April to 20 June 2021 where the Grand Prize was a Proton X50, with 20 gold lockets (loket emas) as consolation prizes.

To refresh our customer base, we introduced informational leaflets on our Alicafé packs to educate younger consumers in particular of the holistic health properties of our products. Power Root believes that the supplemental benefits of Tongkat Ali and Ginseng should also be highlighted as we move towards being a more health-conscious society.

Ah Huat

We had equally good responses to our Ah Huat festive promotions during the year. The Huat Gold! Contest which ran from May to July 2021 saw participants vying for prizes worth up to RM75,000. These included 3 grand prizes of 50g of 999.9 gold bars, and 28 special prizes of one-year free supply of Ah Huat Kopitiam products.

During our Ah Huat Mid-Autumn promotion which ran in August and September 2021, free ceramic mugs were included in the festive packs. We also made a festive greeting video to celebrate the occasion.

Our Chinese New Year festive campaign, which ran from December 2021 to January 2022, provided purchasers with Ah Huat Gold Medal, Ah Huat Extra Rich and Ah Huat Charcoal Roast tri-packs with free flasks and angpow packets.

Oligo

With an eye on our younger customers, we had light-hearted fun with our Oligo promotion in collaboration with Universal Studio's Minions. Between June and November 2021, there was a stream of goodies on offer including free Minions Cooler Bags, free Minions mugs, television and digital advertisements as well as a Facebook Livestream Selling session. We also had Oligo billboard advertisements at 31 sites along the North-South Highway ("NSE").

Extra Power Root

Power Root continued to boost its e-commerce platform sales with competitive offerings. We did not forget the e-hailing riders/drivers who deliver the orders to our homes and offices. In July and August 2021, free Extra Power Root Vitamin C drinks were provided to Grab, Foodpanda and Lalamove delivery riders/drivers as a token of Power Root's appreciation for their hard work, especially during the pandemic.

We also had 30 billboards advertising Extra Power Root drinks along the NSE between August and November 2021 reminding drivers on the road to stay alert and hydrated during their journey.

PRODUCT UPDATE

During the year, we introduced new products aimed at different customer groups.

Per'l Yuzu

Per'l Yuzu was released to the market in November 2021 and formally launched in February 2022. Per'l Yuzu is an extension to our Per'l Kacip Fatimah & Kurma beauty drinks range. It contains innovative health and beauty properties, with added Vitamin C which is highly associated with beauty restoration, as well as internal and external revitalisation qualities especially beneficial to female consumers. The Yuzu fruit itself, which inspired the name of the product, is rich in Vitamin C. Our extensive marketing campaign, featuring brand ambassador Jang Han Byul, included advertising on billboards, television and radio commercials, newspapers, trade displays and the digital space.

Ah Huat

In March 2022, we launched Ah Huat Instant Black Sugar Milk Tea. This blend of smooth black sugar and fragrant milk tea primarily caters to a younger consumer group that loves the taste of bubble milk tea.

Extra Power Root

The younger consumer group is also the target of our new energy drink, Extra Power Root Vitamin C Honey 250ml. This energy drink, launched in April 2021, combines the holistic benefits of Tongkat Ali with Vitamins B6, B12 and extra Vitamin C. The Tongkat Ali element provides an energy boost by allaying tiredness while enhancing mental alertness and concentration levels. Meanwhile, the extra Vitamin C content in the drink stimulates immunity levels which is very helpful under current conditions.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Alicafé

We also added Alicafé Tongkat Ali & Ginseng Kurma Madu to our Alicafé range in April 2021. This revolutionary energy coffee mix provides extra energy and nutrition to consumers, combining the holistic benefits of Tongkat Ali & Ginseng to strengthen the immune system with the goodness and deliciousness of Kurma Madu.

EXPORTS

Our export business was still largely impacted by the pandemic with closed borders and dampened economic activity throughout the world for much of FYE 2022. On the positive side, we have seen a momentum in recovery in the final quarter of the financial year.

With the China and Hong Kong governments pursuing zero-COVID goals, activities in these regions were muted with sporadic strict movement restrictions despite early optimism. Online marketing and sales which had been expected to thrive during this period of physical isolation were affected by the Chinese government's move to control online activities and platforms to ensure fairer pricing competition. This resulted in an uncertain online sales climate which was less vibrant compared to the preceding years. Livestreaming (real-time online selling entertainment programmes that include audience participation) which had become a popular marketing and sales tool, also took a hit as celebrity influencers were investigated as part of the government's attempt to eliminate income disparity.

Within this climate of restrictions, Power Root found it difficult to implement our marketing and sales plans. We made adjustments to our plans and explored different avenues for marketing and sales, and are preparing for China's re-opening.

The Group launched and promoted Ah Huat Charcoal Roast to our overseas markets in Hong Kong and Singapore during the year. Ah Huat Charcoal Roast was launched in Hong Kong with promotions in September and November 2021. Meanwhile, in Singapore earlier in the year, we collaborated with Sunshine Bread in cross-collaboration marketing campaigns. Between April and June 2021, customers who purchased a loaf of Sunshine Bread Loaf were able to redeem two sachets of Ah Huat Charcoal Roast and for July 2021, buyers of a 65g Sunshine Cream Bun could redeem a sachet of Ah Huat Charcoal Roast. These campaigns were open to customers at major grocery outlets such as Cold Storage, FairPrice, Giant, Prime Supermarket and Sheng Siong.

The shutdown of our southern border did provide us with unexpected foreign exchange earnings as Singapore based customers who would normally have bought our products in Johor could only buy them in Singapore instead. We do expect this to be a temporary situation, however, with sales reverting to the usual pattern once the border has reopened completely.

The Middle East and North Africa ("MENA") region again saw cautious demand with travel restrictions, depopulation and high living costs being major factors, although there was some market recovery during the fourth quarter of our financial year.

In August 2021, we launched a new Alicafé Arabia website for countries in the Gulf Cooperation Council ("GCC") – Bahrain, the Kingdom of Saudi Arabia ("KSA"), Kuwait, Oman, Qatar, and the United Arab Emirates ("UAE") – giving visitors a fresh look at the range of our products on offer in the region. The Group also extended our use of KOLs influencers such as "Omar" and "Mom in Dubai" promoting Alitéa through their YouTube and Instagram channels respectively.

In the KSA, due to the rise in the cost of raw materials and higher manufacturing costs, we started to increase the price of our products from May 2022. As with our Malaysian domestic market, we expect to increase our prices gradually in our MENA markets. To mitigate the impact of the KSA's sugar tax, we have taken a creative approach in focusing our marketing attention on box packages instead of pouch packages as the boxes, which come with fewer sachets, are more budget-friendly for consumers at this time. We also focused on improving inventory management during the year. As countries open up, we plan to follow through on our MENA strategies and intensify our growth efforts in the region.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

PRODUCTION

During the FYE 2022, we expanded our production and warehousing capacity. Our head office and main plant is located at No. 1 Jalan Sri Plentong, Taman Perindustrian Sri Plentong, Masai, Johor, an 18-acre manufacturing complex which caters mainly for the production of premixed instant powder beverages. This is also known as our Instant Powder ("IP") plant. A smaller factory, located at No. 2 & 4 Jalan Sri Plentong 5, produces our canned drinks and roasted coffee beans.

An additional factory building which Power Root acquired in FYE 2021 at No. 1 Jalan Sri Plentong 5 now serves as our new plant where we carry out our promotional goods packing activities. It is also used as additional warehousing space and to accommodate our sales and marketing team.

In the FYE 2022, we commissioned one unit of a high-speed 10-lane stick filling machine and one unit of an 8-lane stick filling machine which added 10% to our production capacity. A state-of-the-art Internet of Things (IoT)-based overall equipment effectiveness system has also been installed at the IP plant production lines to drive process improvement activities. The Group remains fully committed to leveraging technology to drive process improvements and continue with the competency building of our people to achieve our manufacturing excellence vision.

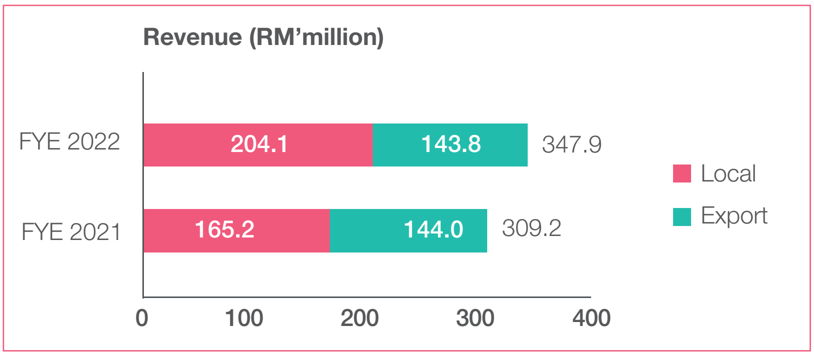
To cater for higher demand, we increased our annual beverages capacity from 2.04 million cartons to 2.88 million cartons beginning April 2022 by increasing production hours from one shift to two shifts.

COVID-19 cases impacted our production operations during 2021 with voluntary factory shutdowns in January, July and August 2021. Following our first shutdown in January, we re-evaluated our COVID-19 strategy and safety policies and started conducting regular COVID-19 testing even before it became a required SOP. Factory workers were tested once every two weeks and administrative staff tested monthly.

This pro-active approach served to protect our workers' health and safety, and also acted as a business precaution. In addition, we stationed medical personnel on site to look into any staff heath issues. While production and supply were still vulnerable to stoppages due to sporadic positive cases along the supply line, these measures have minimised the disruptions in areas where we are able to control.

The Group also faced higher operational costs due to labour market shortages across industries and the resulting rise in wages, as well as the implementation of the new minimum wages level policy. While Power Root faced price pressures and availability issues in sourcing for raw materials, our team has managed to minimise its impact through a far-sighted progressive purchasing strategy.

FINANCIAL REVIEW



For the FYE 2022, the Group recorded revenue of RM347.9million, an increase of approximately 12.5% from the revenue of RM309.2 million recorded in FYE 2021.

This increase was due to higher local sales, particularly after the lifting of MCO 3.0, and the improved operational efficiencies and capabilities as outlined above.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Profit After Tax ("PAT")

For the FYE 2022, the Group recorded a PAT of RM26.3 million, a decrease of 7.1% from the PAT of RM28.3 million in FYE 2021.

The decrease in PAT was due to higher staff costs with additional headcount required in operations, and the higher sales incentives incurred. Another factor was the higher operating expenses incurred due to increased advertising and promotion costs, and higher freight costs.

Statement of financial position

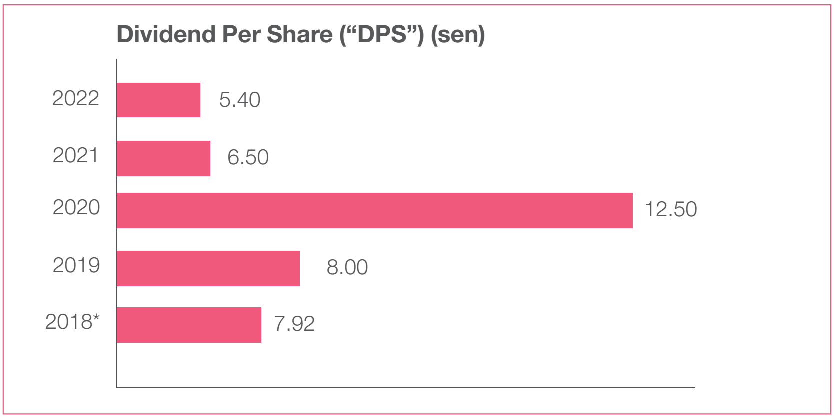
	FYE 2022 (RM'000)	FYE 2021 (RM'000)
Total Assets	386,382	348,726
Equity attributable to owners of the Company	266,618	265,529
Total Liabilities	119,703	82,725
Borrowings	19,922	702
Gearing (times)	0.075	0.003

The Total Assets of the Group increased by RM37.7 million in FYE 2022 due to an increase in inventories, trade and other receivables, and cash and bank balances.

The Total Liabilities of the Group increased by RM37.0 million in FYE 2022 mainly due to an increase in loans and borrowings, and trade and other payables.

With a low gearing of 0.075 as at 31 March 2022, the Group's financial position remains sound.

DIVIDENDS



*Note: *adjusted pursuant to bonus issue completed on 23 July 2018.*

On 12 October 2021, the Group paid a first interim single tier dividend of 0.5 sen per ordinary share amounting to RM2.1 million in respect of the current financial year.

On 5 January 2022, the Group paid a second interim single tier dividend of 1.2 sen per ordinary share amounting to RM5.0 million in respect of the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

On 8 April 2022, the Group paid a third interim single tier dividend of 1.2 sen per ordinary share amounting to RM5.0 million in respect of the current financial year.

On 31 May 2022, the Board approved a fourth interim single tier dividend of 2.5 sen per ordinary share amounting to RM10.4 million in respect of the current financial year under review, and this was paid on 13 July 2022. It comprised a fourth interim single tier dividend of 2.0 sen per ordinary share, and a special interim single tier dividend of 0.5 sen per ordinary share.

The Board did not recommend the payment of any final dividend in respect of the FYE 2022.

As such, the total dividends paid for FYE 2022 is 5.4 sen per ordinary share amounting to RM22.5 million, representing a dividend pay-out ratio of approximately 86.3%.

The Group's dividend policy is to maintain a minimum of 50% dividend pay-out ratio. Since our listing on Bursa Malaysia Securities Berhad in 2007, the Group has paid out a total of RM386.6 million in dividends, representing a dividend pay-out ratio of approximately 89.1%. It is our intention to continue to reward our shareholders for their loyalty and participation in our growth.

BUSINESS OUTLOOK

Moving forward, the Board and Management of Power Root will continue to focus on ROI. While revenue growth is important, we believe that ROI is a better measure of performance and business sustainability in the long run. The Group will continue to build on the work we have already begun to instil the spirit and culture of ROI throughout our organisation. Each business unit will be focusing on profitability and their performance will be reviewed on a quarterly basis.

The Group will continue to adapt to the changing marketplace by implementing innovative marketing tactics such as collaborating with strategic partners to enhance product awareness, leveraging on a wider customer base and enticing consumers to sample our products at home.

These will be supplemented with ongoing advertising and promotional activities on social media and e-commerce platforms to solidify our current customer base and expand consumer outreach. We intend to enhance the reputation and trust in our brand, the quality of our products and the support of our loyal customer base. At the same time, we aim to reach out to new consumers who have yet to try our products through targeted advertising and promotional activities with targeted sampling in retail outlets that currently allow it.

On the operations front, we will continue our bottom line-focused measures by optimising our sales force distribution both locally and abroad, increasing product coverage and improving on production efficiencies.

AREAS OF RISK

In its 'Economic and Financial Developments in Malaysia in the first quarter of 2022' report, Bank Negara Malaysia stated that the domestic economy was expected to improve in 2022 with growth projected at 5.3% to 6.3%. However, risks to Malaysia's growth included a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, adverse developments surrounding COVID-19 and heightened financial market volatility.

In addition, Power Root believes that the costs of materials, labour and logistics will continue to be volatile in the foreseeable future and this will be a risk to our Group's business performance. A significant increase in commodity prices will affect our cost and profitability. In mitigation, we are looking for alternative suppliers and longer term hedging to manage our purchase prices.

Similarly, volatile foreign exchange movements could noticeably impact our export sales and the cost of imported raw materials. While we have a natural hedge against forex movements particularly for the US dollar, we are looking at other options, including hedging, to further mitigate these risks.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Although we expect the worst of the COVID-19 pandemic to be in the past, we will continue to take the necessary precautions in adhering to regulations and SOPs, which will be reviewed as and when required. The Group will continue to conduct regular Rapid Antigen testing at our factories in Johor Bahru and sponsor further COVID-19 vaccinations for our staff as necessary.

Another area of risk concerns potential labour shortages as the labour market remains unpredictable. Power Root is preparing for the eventuality that we may have to incur higher wage costs should these labour shortages continue. We also intend to apply for an increased foreign worker quota to mitigate the possible shortfalls.

SUSTAINABILITY

The Group is conscious of doing our part for the environment and has taken several measures as we continue on our journey towards environmental sustainability with an eye on cost control and ROI.

We installed a 573KW solar photovoltaic system at our Johor Bahru plant in October 2021. Through this initiative, we will be able to harness renewable solar energy and offset 563 tons of carbon emission at our plant at the same time, while yielding us cost-savings of up to RM200,000 annually.

To minimise Green House Gas emissions, we have started moving to replacing our existing vehicle fleet with hybrid cars. We have also installed variable refrigerant volume (VRV) air conditioning systems in our office buildings. VRV systems minimise the amount of refrigerant used and enable individual control of air conditioning zones. The Group has also switched to the use of light emitting diode (LED) lighting in our Kuala Lumpur office and encouraged our staff to take simple measures such as turning off lights and air conditioners which are not needed as well as reducing water wastages. In addition, we are encouraging recycling and reduction of paper usage as well as also increasing the use of paperless and automated systems in functional areas such as promotional and marketing spending management.

APPRECIATION

We would like to welcome Ms. Tan Lay Beng to the Board following her appointment as an Independent Non-Executive Director on 3 January 2022. Ms Tan has wide experience in accounting, audit and taxation. The Group looks forward to Ms Tan's contribution and her expertise in helping Power Root grow.

Finally, the Board would like to extend our sincere appreciation to all stakeholders of Power Root, especially our shareholders, management and staff. This has been another challenging and uncertain year with health and safety concerns at the forefront. We have met these challenges and remained strong because of your continuous support.

Dato' Afifuddin bin Abdul Kadir
Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj
Independent Non-Executive Co-Chairmen

SUSTAINABILITY STATEMENT

INTRODUCTION

Power Root Berhad and its subsidiary companies ("Power Root" or "the Group") are committed to promoting sustainability and recognise the need to adopt a proactive approach and establish a broader sustainability agenda as a core factor to reduce the environmental impact of all our activities. Given the current COVID-19 pandemic, it is more important than ever to ensure that the community's quality of life is protected and enhanced.

The Group has embraced corporate social responsibility values and sustainability management elements since the early days of its operations which are reflected in our core values, work practices and policy statements across our business operations; hence, these have contributed to the Group's Sustainability Framework development. As a manufacturer of beverages, Power Root's primary contribution to sustainable development is in offering sustainable products in line with the United Nation Sustainable Development Goal ("SDG") 12 – responsible consumption and production – which is at the centre of the Group's sustainability policy.

While the challenges presented by the COVID-19 pandemic continued to impact our business this financial year, Power Root remains committed to pursuing excellence, with a focus on material sustainability matters, which include occupational safety and health, and energy conservation.

Below is a snapshot of the key initiatives taken with additional details described later in this Sustainability Statement ("Statement"):

- Completed the installation of a 573KW solar photovoltaic ("PV") system;
- Enforced periodic COVID-19 swab tests for our employees since February 2021;
- Upgraded office air-conditioning systems to the energy-efficient Variable Refrigerant Volume ("VRV") systems; and
- Converted traditional fluorescent lightings and fittings to light-emitting diodes ("LEDs") lamps.

ABOUT THIS STATEMENT

This Statement is prepared in accordance with the Main Market Listing Requirements and with reference to the Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia Securities Berhad.

The information reported in this Statement covers the period from 1 April 2021 to 31 March 2022 ("financial year"). This Statement covers the sustainability performance and initiatives for all business operations of the Group, focusing on our main operations in Malaysia - which is the main contributor of revenue and profit to the Group - unless otherwise specified. We have not sought any external assurance for this Statement.

As we mature in our sustainability journey, we will continue to expand our reporting scope and boundaries to eventually cover the full geographical presence of Power Root, as well as consider seeking external assurance for our key sustainability indicators.

SUSTAINABILITY GOVERNANCE

Our Board and Management recognise that good corporate governance is important in managing our sustainability risks and opportunities, and emphasise the need for transparency and accountability towards our stakeholders. In setting the tone from the top, the Board affirms its responsibility in integrating the Group's sustainability agenda within its corporate and business strategies. Our sustainability governance structure has been established by the Board in the following manner:

SUSTAINABILITY STATEMENT
cont'd

The sustainability governance structure defines clearly the roles and responsibilities expected of the Board, the Audit Committee ("AC"), the Sustainability & Risk Management Committee ("SRMC"), Risk Owners and the Internal Audit Function. The Board assumes ultimate responsibility for the sustainability strategy, management and performance within the Group, while the AC is tasked with the duties of overseeing the sustainability management and performance of the Group and reporting to the Board.

The SRMC is tasked with the following duties:

a. Implement the sustainability strategy and management policy as approved by the Board;

b. Lead and implement the process of sustainability matters, identification, assessment and management, devise appropriate action plan(s) in cases where sustainability issues are not adequately or effectively addressed, and communicate the proposed action plan(s) to the respective Head of Departments/Divisions;

c. Conduct periodic reviews of all sustainability matters pertaining to the Group (at least on an annual basis), determine the adequacy of the responses and the current standing of sustainability matters, and report the review results and recommendations to the AC;

d. Manage stakeholder engagement for input on assessments and communicate results of reviews and responses;

e. Implement the material indicators on sustainability matters, targets and performance monitoring thereof, prepare sustainability disclosures as required by laws and/or rules, and report to the AC for review;

f. Oversee the Head of Departments/Divisions in the implementation of sustainability management systems; and

g. Update the AC on changes to material sustainability matters on a periodic basis (at least on an annual basis) or when appropriate (due to changes in the internal or external environment), and the course of action(s) to be taken by Management in managing the changes.

As for the Risk Owners, their primary responsibilities are to manage sustainability matters of the business processes under their control and to assist the SRMC with the implementation of the process of sustainability matters identification, assessment, management and monitoring.

The sustainability matters management process established by the Board takes into consideration the business strategies approved by the Board as follows:

- Identification of the intended stakeholder groups and sub-groups, the focus areas expected by the intended stakeholders and engagement objective(s) for each stakeholder group through Stakeholders' Mapping, and the establishment of the Stakeholders' Profile;

- The stakeholders identified for each significant business and geographical segment are prioritised in relation to their influence over and dependence on the Group, so that the Group can put in more effort on stakeholder groups that have higher influence and dependency, and the concerns of key stakeholders will carry greater weight. The prioritisation of the stakeholders is conducted by the SRMC by using the Stakeholder Prioritisation Matrix, whereby each stakeholder identified is assessed using the influence and dependence criteria and rating scale established by the Board. The results of the prioritisation shall be used to determine the level of engagement to be employed by the Group with the respective stakeholders (ranging from "collaborate"/"empower" to "keep informed") based on the perceived influence and dependency of each stakeholder group;

- Identification of sustainability matters for each significant business and geographical segment via internal sources (through internal documentations as well as management information system and internal stakeholders' communication via various engagement mediums and direct communication) and from external sources (through external documentations, trusted public domains, correspondences with external stakeholders and external stakeholders' communication via various engagement mediums and direct communication);

- Sustainability matters identified for each significant business and geographical segment via internal and external sources are refined, consolidated and categorised into respective sustainability categories determined by the Board and listed in the Sustainability Matters Listing, detailing the influential and dependent internal and external stakeholders;

- Sustainability matters categorised in the Sustainability Matters Listing are subject to internal materiality assessment by the SRMC in order to prioritise the sustainability matters relevant to the respective internal and external stakeholders.

Sustainability issues are considered material if:

- they have significant economic, environmental and social impact on the Group from the organisation's point of view;

- they substantively influence the assessments and decisions of stakeholders from the stakeholders' point of view; and

- they have significant economic, environmental and social impact that affect the ability to meet the needs of the present and future generations.

The internal materiality assessment entails evaluation by the SRMC based on the rating scale established by the Board on the significance of each sustainability matter on revenue, cost, reputation, strategic and operational risk, and business opportunities criteria.

From the internal and external stakeholders' perspectives, stakeholders' assessments of sustainability matters are based on the significance of such matters influencing the assessment and decisions of respective stakeholders. Stakeholders' assessments of sustainability matters are obtained during stakeholder engagements, either through a prescribed checklist or direct communication by the SRMC or Risk Owners, via the rating system established by the Board.

Subsequent to the assessment process, sustainable matters identified above are subject to the risk management policy and process established by the Board for the assessment and management of the sustainability-related risks and opportunities identified.

In the context of sustainability matters management, the current standing of sustainability matters is assessed for its adequacy and effectiveness by the SRMC, which will then formulate management responses (if existing controls are inadequate or ineffective) to mitigate the sustainability risk or optimise the sustainability opportunities, in line with the risk tolerance and business strategies established by the Board. Please refer to the Statement on Risk Management and Internal Control on the risk management system employed by the Group in the identification, management and monitoring of business risks.

SUSTAINABILITY STATEMENT
cont'd

For the management of material sustainability matters, the Risk Owners are responsible for their respective/relevant material sustainability matters in the following manner:

- developing policies and procedures;
- implementing various initiatives, measures or action plans;
- complying with applicable laws and regulations;
- setting indicators, goals, targets and timeframe in line with the strategic objectives; and
- implementing new, or changing existing systems, to capture, report, analyse, and manage data requirements.

The SRMC shall monitor the current standing (including but not limited to indicators, target and actual performance) and responses of the material sustainability matters and actual performance, and report to the AC (at least on a yearly basis) for its review and recommendation(s) to the Board for their review and approval.

STAKEHOLDERS ENGAGEMENT

At Power Root, stakeholder engagement is a key element in strengthening our relationships with relevant stakeholders, understanding the needs of the customers, and enabling key insights to further improve processes, products and service levels for current and future growth.

To ensure its continued strong business performance, Power Root has adopted a multi-channel, multi-level approach in engaging its stakeholders, building a comprehensive stakeholder map of its stakeholders' universe, and formulating a robust engagement method.

During the financial year under review, our key stakeholder groups were identified and prioritised during our materiality assessment process, taking into consideration the level of influence and dependence that a stakeholder group has over our business. Our key stakeholders include but are not limited to employees, suppliers, distributors and trade customers, government and regulators, consumers, shareholders and investors, communities, media and non-governmental organisations ("NGOs").

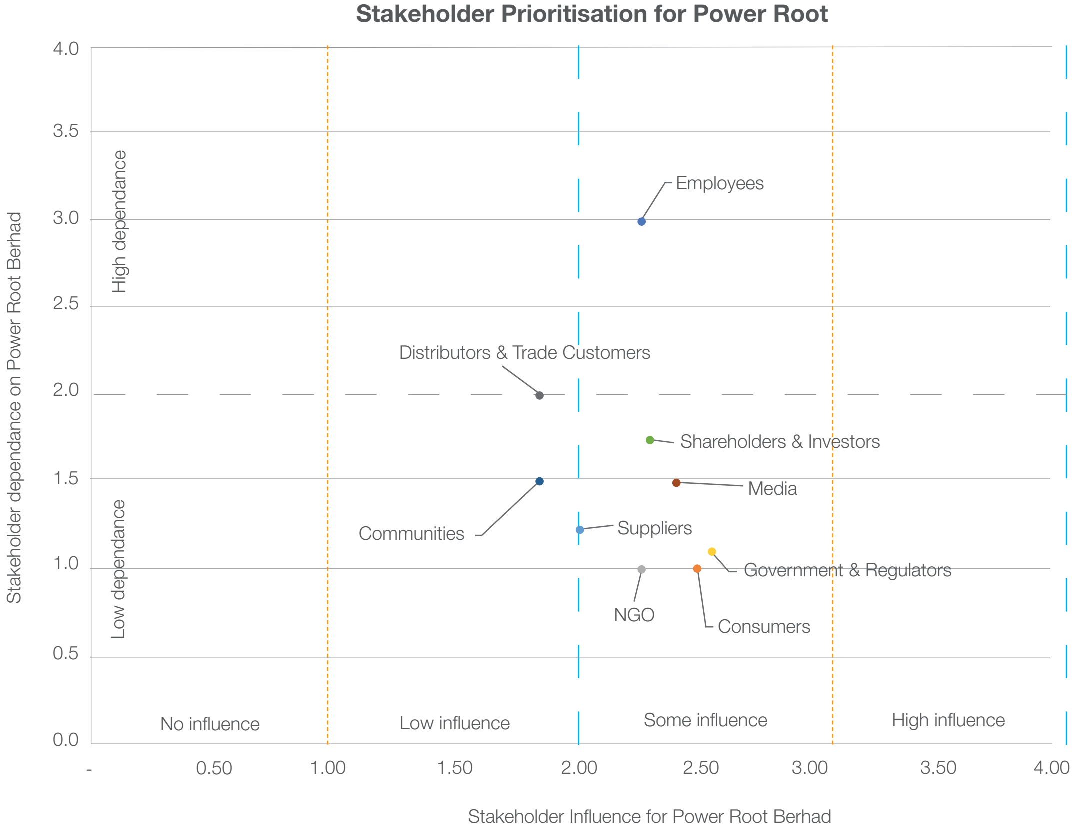
Stakeholder Group	Engagement Objective(s)	Preferred Engagement Method(s)
Employees	• To retain competent employees • To ensure safety at work • To implement COVID-19-related safety precautions and improvement in employee wellness	• Management, operational and committee meetings • Annual performance appraisal • Briefings and trainings • Events, celebrations and sporting activities • Memorandums • Employee dialogues • Electronic mail system
Suppliers	• To ensure a sustainable supply of quality services and materials • To ensure a consistent and reliable supply of high-quality products • To ensure product quality and safety • To ensure a fair and robust procurement system	• Meetings • Factory visits • Supplier evaluation and appraisal • Electronic mail system • Annual supplier audit

Stakeholder Group	Engagement Objective(s)	Preferred Engagement Method(s)
Distributors and Trade Customers	• To improve our distribution platform • To manage customer relationship	• Marketing plans • Product promotions • Events and trainings • Feedback and surveys • Social Media • Meetings / Outlet Visits
Government and Regulators	• To ensure full compliance with the relevant laws and regulations • To practise good governance • To have fair labour practices	• Official Submissions, Licencing and Permits • Official Letters of Approval/ Endorsements • Public dialogue involving government officials • Periodical audits • Public announcements • Meetings • Electronic mail system
Consumers	• To improve consumer satisfaction • To induce brand loyalty • To enhance branding and value • To meet customers' changing tastes and requirements	• Face-to-face meetings • Electronic mail system • Telephone conversations • Company website and social media • Marketing and promotional programmes and events • Product launches and roadshows • In-store brand activities
Shareholders and Investors	• To demonstrate a strong commitment to sustainability and Environmental, Social and Governance (ESG) matters • To keep shareholders and investors informed of key company matters and enhance their confidence level • To ensure transparent and accurate disclosure	• Annual report • Annual general meeting • Shareholder communication • Press releases and public announcements • Analyst briefings
Communities	• To contribute to improvements in the well-being of the community where we operate • To stimulate local economies	• Corporate social responsibility initiatives • Face-to-face meetings • Press releases • Outreach programmes
Media	• To minimise negative reporting and protect our company image and reputation • To ensure reporting accuracy and factualness	• Press releases • Company website and social media • Face-to-face meetings/briefings

SUSTAINABILITY STATEMENT
cont'd

Stakeholder Group	Engagement Objective(s)	Preferred Engagement Method(s)
Non-Governmental Organisations	• To engage with the community	• Press releases and public announcements • Corporate social responsibility initiatives • Face-to-face meetings

Subsequent to the stakeholder group identification and coupled with the respective proposed engagement methods, a stakeholder prioritisation exercise was conducted by the Group to rank the respective stakeholder group's influence over and dependence on the Group, based on the criteria and scale approved by the Board. The results of the stakeholder prioritisation exercise for the Group are tabulated in the following Stakeholder Prioritisation Matrix:



MATERIAL SUSTAINABILITY MATTERS

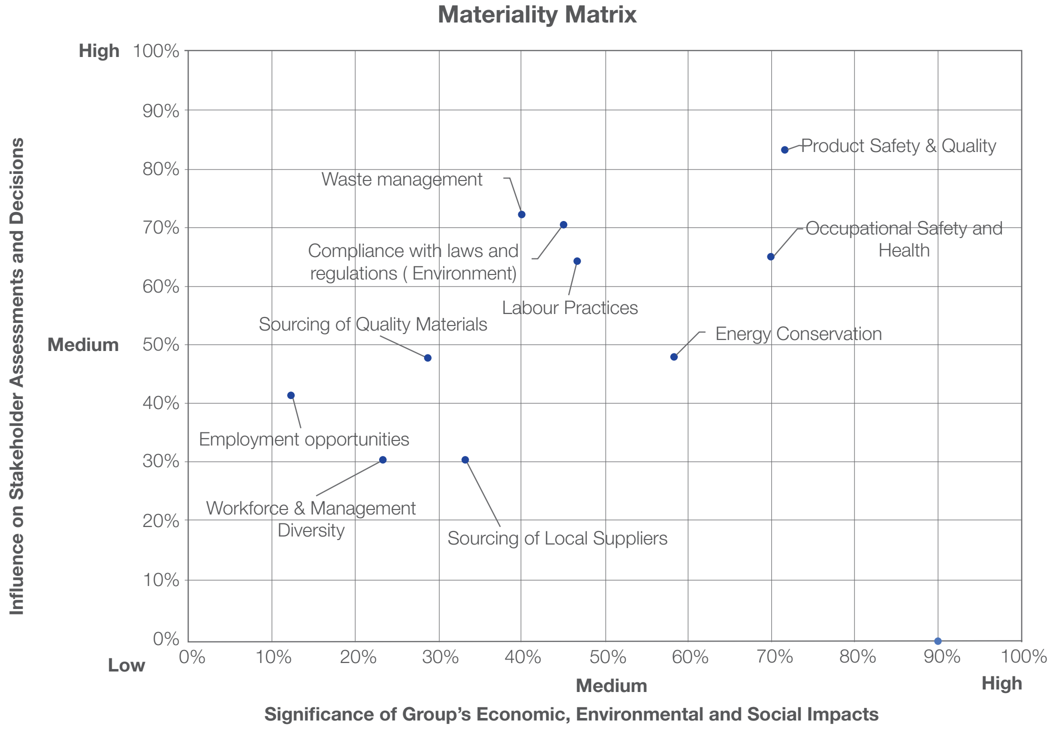
At Power Root, we define material sustainability matters as those that cause significant economic, environmental and social impact and are able to substantively influence the decisions of our key stakeholders. Our material sustainability matters form the focus of this Statement and the basis for the indicators that we use to track and measure our sustainability performance.

Materiality Assessment Process

A materiality assessment is key to supporting Power Root in understanding and allocating our resources to address and manage our material sustainability matters.

We carried out a structured review of the previous materiality assessment to identify and prioritise material sustainability matters relevant to the Group. A materiality reassessment workshop was conducted with key internal stakeholders, including the Management team and Head of Departments across the Group, who provided their views on the abovementioned dimensions.

The assessment results of material matters for the Group are tabulated in the following Materiality Matrix:



Occupational Safety & Health

The Group believes that the safety and well-being of its employees are the foundations of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. In this respect, the Company places the utmost importance on continuous compliance with all relevant safety and health laws and regulations such as the Occupational Safety and Health Act 1994 ("OSHA").

The safety and health management at our workplace is guided by the Safety and Health Policy established by the Safety and Health Committee and approved by the Chief Executive Officer ("CEO"). The same Committee also initiated the Management-approved safety and health rules and regulations to ensure that operational activities are carried out in a manner which minimises industrial accidents as the Group strives towards its goal of achieving "A Zero Accident" workforce. In addition, the Safety and Health Committee oversees the observance of these rules and regulations in promoting an environment and conduct which are safe and healthy.

The audit on safety and health is conducted by the Safety and Health Committee for all departments of the Company to ensure that incidents of non-compliance with safety and health rules are identified promptly and corrective actions implemented swiftly. Scheduled meetings of the Safety and Health Committee are held at predetermined intervals in accordance with the rules and regulations of the Committee to monitor and report any incidents.

Further, fire-fighting and prevention equipment and systems are installed in all specified locations and inspected at predetermined intervals to ensure their functionality are not compromised and clear escape route plans are placed at strategic locations. All plants and equipment used within the Company are subject to service and maintenance at predetermined intervals to ensure their functionalities with any defects or potential defects detected at the earliest opportunity to reduce the risk of unplanned machinery breakdown and/or industrial accidents.

SUSTAINABILITY STATEMENT
cont'd

	2022	2021	2020	2019
Number of Incidents	1	1	2	2
Target	0			

Occupational safety and health performance is regularly monitored and reported in monthly progress reports, which also identify any new or recurring health and safety issues that may occur in the workplace and the measures undertaken to address these issues.

Product Safety & Quality

At Power Root, we adhere to all health and safety regulations applicable to the food and beverage industry in which we operate. All Power Root products are manufactured under stringent international quality and food safety standards. Our plants are certified with ISO 22000, ISO 9001:2015, Good Manufacturing Practice ("GMP") and Hazard Analysis and Critical Control Points ("HACCP") Food Safety management systems, and all stages of our production processes have in-built stringent quality control procedures and are subjected to audits by an external independent third-party.

Our Sustainability & Risk Management Board Committee regularly reviews our key risks in relation to consumer health and safety.

	2022	2021	2020	2019
Product Recall	0	0	0	0
Target	0			

EMBEDDING HALAL STANDARDS & REQUIREMENTS

As a leading manufacturer of Halal-compliant beverage products, ensuring Halal compliance and maintaining Halal integrity is important throughout the supply chain for Power Root. Strict adherence and implementation of Halal standards are needed to ensure that the needs of our local and global Muslim consumers are met.

The Halal team is responsible for all matters pertaining to Halal compliance in our supply chain, from material selection, purchasing, raw materials receiving, manufacturing facilities, and personnel involved in production processes, to the storage and transportation of our products. All our products are Halal-certified by the Department of Islamic Development Malaysia (JAKIM). Based on our strict Halal standards, we have been awarded the Whitelist status by JAKIM, in which Halal applications and approval are fast-tracked.

The Halal Assurance Management System (HAS) was implemented to maintain and ensure the sustainability of our Halal production processes in accordance with JAKIM Halal requirements and standards. Furthermore, we regularly performed porcine analysis on our products as further assurance of our Halal status, and none of our products have been found to contain any traces of porcine. Used equipment or machines brought into our factories undergo "sertu cleansing" (Shariah cleansing) to ensure and maintain the Halal integrity of our products as well.

Labour Practices

Attracting and retaining the right talent is a priority at Power Root. We aim to provide a platform for our employees to perform to the best of their ability and recognise their potential to be leaders. The Group actively develops, invests in, and fosters career growth amongst our employees as the success and progress of the Group are built on the talent and efforts of our employees.

We pride ourselves on having a diverse workforce. We do not tolerate discrimination on the basis of age or gender and we are committed to providing a work environment that is free of discrimination for our employees. The analysis of the Company's employees by age and gender reflects a gender-balanced and age-diversified workforce. The diagrams below illustrate the diversity distribution across the Company.

Age Distribution	2022(%)	2021(%)	2020 (%)
18 – 30	46	49	48
31 - 40	30	26	27
41 - 50	18	19	19
50 Above	6	6	6
Workforce by Gender			
Male	55	54	55
Female	45	46	45

With the aim of nurturing strong human capital with a competitive edge, we are intensifying our training programmes to develop skilled employees through internal and external training that enhances both soft and technical skills relevant to their work. The Group notes that fair compensation is essential in motivating and engaging our workforce to achieve our growth target. Our objective is to create a structured way to define and assess compensation packages through yearly employee assessments in ensuring fair compensation for our employees, as well as practice internal promotions for worthy employees to hold higher responsibilities.

Energy Conservation

We are constantly looking for ways to better utilise renewable energy and generate savings. As part of our strategic direction to reduce fossil fuel consumption and our carbon footprint, we have installed a 573KW solar photovoltaic system which will yield us cost-savings of up to RM200,000 yearly and offset 563 tons of carbon dioxide, which is equivalent to an average gasoline-powered passenger vehicle with mileage of 2,163,844 kilometres being taken off the road.

Additionally, we are in the midst of upgrading our office air-conditioning systems to the Variable Refrigerant Volume ("VRV") system which is extremely energy efficient. This high energy efficiency is achieved by varying the flow of refrigerant to indoor units based on the exact demands of individual areas. This in turn allows for precise temperature control and results in lower energy consumption and zoned comfort.

As part of the efforts undertaken to reduce energy and water consumption, our Facility Department was tasked with reducing our environmental footprint. Measures taken thus far include replacing all traditional fluorescent lightings and fittings with light-emitting diodes ("LEDs") lamps. Our office in Tago, Kuala Lumpur has fully converted to LED lamps while our offices and production areas in Johor Bahru are in the midst of conversion.

Amongst some of the environmental initiatives the Group has undertaken this financial year are:

- Compliance with preservation of environmental aspects;
- Avoidance of contamination and improvement in the quality of environment;
- Optimisation of manufacturing efficiency through energy efficient production machinery;
- Conservation of the consumption of water, electricity and other natural resources in our business operations;
- Ensured that materials used are sourced from sustainable or recycled means, where possible;
- Ensured that wastes are responsibly managed and disposed; and
- Opted for hybrid vehicles for our fleet of company cars.

THE WAY FORWARD

Power Root acknowledges the importance of the sustainability element in our business and the Group pledges to work collectively to mould a better future for generations to come by improving our sustainability performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Power Root Berhad ("Power Root" or "the Company") is committed to ensuring that good corporate governance practices are applied throughout the Company and its subsidiaries ("the Group") and form the fundamentals of corporate sustainability pursued by the Group for long-term shareholder value creation. Hence, the Board fully supports the Principles and Practices of good corporate governance (including the Intended Outcomes) as promulgated by the Malaysian Code on Corporate Governance 2021 ("MCCG") in directing and managing the business and affairs of the Group towards promoting business prosperity and corporate accountability, with the ultimate objective of realising long-term shareholder value while considering the interest of other stakeholders.

This statement sets out the overview under which the Company applied the Principles set out in the MCCG and the extent of compliance with the Principles of the MCCG advocated therein in accordance with paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The application of each practice set out in the MCCG during the financial year is disclosed in the Corporate Governance Report prescribed by Bursa Securities ("CG Report") and released together with the announcement of this Annual Report in accordance with paragraph 15.25 and Practice Note 9 of the MMLR. The CG Report for the financial year ended 31 March 2022 is available for viewing at the company's website at http://www.powerroot.com/malaysia/profile_investor_relations.html.

This Corporate Governance Overview Statement should be read in tandem with the CG Report as they provide comprehensive disclosure of the application of each Principle and Practice set out in the MCCG during the financial year.

The following disclosure statements provide an overview of the Company's application of the Principles set out in the MCCG that has been in place throughout the financial year ended 31 March 2022.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

1.1 Board leadership

The Board is responsible for the success of the Group by providing entrepreneurial leadership and direction, strategic management, enterprise risk management, sustainability management and management oversight. It is also accountable in measuring and monitoring performances, upholding standards of conduct as well as determining critical business issues and decisions. The Board comprises directors who are entrepreneurs and experienced professionals in the fields of food and beverage, auditing, taxation, accounting, banking, law, and finance and business consultancy and advisory. These collective skills enable the Board to effectively lead and control the Group. The Board is guided by the *Board Charter* approved by the Board and is led by Independent Non-Executive Co-Chairmen to ensure its effectiveness. Together with other Directors, the Independent Non-Executive Co-Chairmen lead the Board in discussions on the strategies and policies recommended by the Management. A summary of the responsibilities of the Co-Chairmen is disclosed in Practice 1.2 of the CG Report.

The Board is responsible for overseeing the management of the Company. The Board fully understands its responsibilities in ensuring sound and sustainable operations and optimal corporate governance in order to safeguard shareholder value. It is the duty of the Board to lead the Group towards its vision and mission and the success of the Group by providing entrepreneurial leadership and direction. The Chief Executive Officer is delegated with the authority and responsibility in ensuring proper execution of strategies as well as effective and efficient business operations throughout the Group. Authorisation procedures for key processes are stated in the Group's policies and procedures.

The Board has established and approved the Group's *Board Charter* and relevant board policies and the Chief Executive Officer, with the assistance of the Executive Directors and Management, is responsible for the implementation of operating policies and procedures that are in line with the Group's *Board Charter* and relevant board policies.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

As stated in the *Board Charter*, the Board assumes the following broad categories of roles and responsibilities:

a) To review and approve the strategic business plans for the Group as well as monitor its implementation by the Management;
b) To oversee the conduct and performance of the Group's businesses;
c) To review and manage principal risks affecting the Group through a sound risk management framework;
d) To review and ensure that the Senior Management team is of sufficient calibre and succession planning for Senior Management is put in place;
e) To review the adequacy and integrity of the Group's internal control systems and management information systems;
f) To approve the policies relating to investor relations and shareholder communication programmes;
g) To ensure compliance with applicable laws and regulations relevant to the Group's operations;
h) To set corporate values and visions as well as clear lines of responsibility and accountability;
i) To review the overall sustainability and corporate governance practices of the Group;
j) To establish, maintain and ensure compliance with ethical standards through a code of conduct applicable throughout the Group;
k) To review and approve proposals for the allocation of capital and other resources within the Group;
l) To review and approve the capital expenditure budget and annual budget (including major changes to such budgets); and
m) To ensure financial statements are prepared in accordance with applicable financial reporting standards.

The roles and responsibilities of the Board and the application of the MCCG's practice are disclosed in Practice 1.1 of the CG Report.

Aside from the core responsibilities listed above, significant matters requiring deliberation and approval from the Board is clearly defined by the Board in the *Board Charter* as *Matters Reserved for the Board* for consideration and approval during Board meetings.

The Board has delegated specific duties to Board Committees which operate within clearly defined *Terms of Reference* approved by the Board.

To ensure that there is a balance of power and authority within the Board, the positions of the Co-Chairmen and the Chief Executive Officer are separated and there is a clear division of responsibilities between the Co-Chairmen and the Chief Executive Officer. The Co-Chairmen are responsible for the governance, orderly conduct and effectiveness of the Board, while the Chief Executive Officer is responsible for implementing the Group's strategies and execution of effective operations within the Group. A summary of the separation of the roles of Co-Chairmen and Chief Executive Officer is disclosed in Practice 1.3 of the CG Report.

The Independent Non-Executive and Non-Independent Non-Executive Directors play an important role in ensuring that strategies proposed by the Management are fully deliberated and examined, to ensure that the interests of all stakeholders are given due consideration during the decision-making process.

The Board has not nominated a Senior Independent Non-Executive Director whom the shareholders and other stakeholders can access fully and directly or to chair the Nominating Committee as the Independent Non-Executive Co-Chairmen are directly accessible to shareholders and other stakeholders, and the Chairman of the Nominating Committee is an Independent Non-Executive Director/ Co-Chairman of the Board, who possesses the required skills, knowledge and experience to lead the Nominating Committee to ensure an effective and well-balanced Board composition in order to meet the needs of the Company and the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

All Board members shall notify the Co-Chairmen of the Board before accepting any new directorship or significant commitments outside the Company, including an indication of the time that will be spent on the new appointment. The Co-Chairmen shall also notify the Board if they have any new significant commitments outside the Company. In addition, all Directors of the Company will ensure that their directorship in listed companies does not exceed five (5) to meet the expectation on time commitment and in line with the MMLR.

In discharging its duties efficiently and effectively, the Board is assisted by qualified and licensed Company Secretaries and details of the Company Secretaries are disclosed in Practice 1.5 of the CG Report.

i. Board Charter

The Board is guided by a formal *Board Charter* approved by the Board. The *Board Charter* was last reviewed and updated on 27 August 2021. The *Board Charter* sets out the composition, roles, functions, responsibilities and authorities of the Board and the Board Committees of the Company, including the roles and responsibilities of the Co-Chairmen of the Board, the Chief Executive Officer and the Company Secretary.

The *Board Charter* further defines the specific responsibilities and matters reserved for the Board, delegation of authorities, commitment by the Directors, independence of Directors, tenure of Independent Directors, Board Committees, unrestricted rights for access to information and independent advice, Board and member assessment, Directors' training and continuing education, Board activities and processes, code of conduct and sustainable economic, environmental and social practices.

Further disclosure on the details of the *Board Charter* is stated in Practice 2.1 of the CG Report. The Board Charter is available at the company's website at http://www.powerroot.com/malaysia/profile_investor_relations.html.

ii. Code of Conduct, Anti-Bribery and Corruption Policy and Whistleblowing Policy

The Board, individually and collectively, is fully committed to the highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations to ensure business sustainability. The Board is focused on the key principles of serving with integrity, respecting stakeholders, avoiding conflicts of interest, preserving confidentiality and privacy, good corporate citizenship, establishing clear reporting channels as well as being resolute against bribery and corruption.

The Board incorporated the above key values and principles of expected conduct into the Group's *Code of Conduct* to govern the standards of ethics and good conduct applicable to all the Group's employees, customers and vendors and subsidiaries worldwide. To further promote ethical values throughout the Group, an *Anti-Bribery and Corruption Policy* was put in place by the Board on 28 May 2020 which sets out the Group's stance against bribery, corruption and conflict of interest within the Group.

Please refer to Practice 3.1 of the CG Report for details.

To foster an environment where integrity and ethical behaviour are maintained, the Board has put in place a *Whistleblowing Policy* with a direct incident-reporting avenue to the Audit Committee Chairman and In-House Internal Audit Manager to encourage employees and other interested parties to disclose concerns or incidents of fraud, bribery, abuse of power, conflict of interest, theft or embezzlement, misuse of property and non-compliance on procedures.

Please refer to Practice 3.2 of the CG Report for details.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

ii. Code of Conduct, Anti-Bribery and Corruption Policy and Whistleblowing Policy (Cont'd)

In addition, a *Grievance Procedures* has been established by the Board to manage grievances received from both internal and external stakeholders.

The *Code of Conduct*, *Anti-Bribery and Corruption Policy, Whistleblowing Policy* and *Grievance Procedures* are available at the company's website at http://www.powerroot.com/malaysia/profile_investor_relations.html.

iii. Board Meetings

The Board meets regularly to perform its main functions of developing and monitoring of strategic plans, formulation of policies, oversight of the conduct, operations and performances of the businesses of the Group, succession planning, and ensuring the appropriateness of internal controls and effectiveness of risk management. The Board is mindful of the importance of business sustainability in conducting the Group's business. Prior to each Board meeting, all Board members are furnished with relevant documents and sufficient information, i.e. minutes of board committee meetings, minutes of previous meetings as well as Board papers, normally at least seven (7) days before the meeting, to enable them to have sufficient time to obtain a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

To carry out its functions and responsibilities, the Board met five (5) times during the financial year ended 31 March 2022 and the attendance of each Director at the Board Meetings was as follows:

Name of Director	Designation	No. of Meetings Attended
Dato' Afifuddin bin Abdul Kadir	Co-Chairman, Independent Non-Executive Director	5/5
Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj	Co-Chairman, Independent Non-Executive Director	4/5
Wong Tak Keong	Chief Executive Officer	5/5
Dato' Wong Fuei Boon	Executive Director	5/5
Dato' How Say Swee	Executive Director	5/5
See Thuan Po	Executive Director	5/5
Ong Kheng Swee#	Independent Non-Executive Director	5/5
Azahar bin Baharudin	Independent Non-Executive Director	5/5
Dato' Tea Choo Keng	Independent Non-Executive Director	4/5
Low Jun Lee @	Non-Independent Non-Executive Director	5/5
Tan Lay Beng *	Independent Non-Executive Director	1/1

Redesignated as Non-Independent Non-Executive Director on 1 April 2022
@ *Appointed on 30 April 2021*
* *Appointed on 3 January 2022*

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

iii. Board Meetings (Cont'd)

The Board plans to meet at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings.

Audit Committee meetings were not combined with the Board Meetings during the financial year under review. Other directors and employees attended a particular Audit Committee meeting only at the Audit Committee's invitation in order for the Audit Committee to discharge its delegated oversight duties by the Board and such invitations were specific to the relevant agenda item of the meeting.

All meetings of the Board were duly recorded in the Board minutes by the Company Secretary. The Company Secretary also attended all Board Meetings of the Company. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register kept at the registered office of the Company. In the interval between Board meetings, for exceptional matters requiring urgent Board decisions, the Board's approval is sought via circular resolutions, which are accompanied with sufficient and relevant information required for an informed decision to be made.

iv. Supply of Information

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information, i.e., Board papers, normally at least seven (7) days before the meeting, to enable them to have sufficient time to obtain a comprehensive understanding of the issues to be deliberated upon in order to arrive at a decision.

Besides direct access to Management, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors also have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are adhered to.

Please refer to Practice 1.6 of the CG Report for details of the Board's proceedings on meeting materials and supply of information.

v. Board Composition

The appointment of a new Director to the Board or Board Committee is recommended to the Nominating Committee for consideration and upon the recommendation of the Nominating Committee, the approval by the Board in accordance with the *Policy and Procedures on Nomination and Selection of Directors* as approved by the Board for the Nominating Committee's guidance. It is the responsibility of the Nominating Committee to review the composition of the Board periodically, based on the Board evaluation and performance results, including consideration of the tenure of each Director.

Please refer to Practice 5.1 of the CG report for the detailed disclosure on the review of Board composition.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

v. Board Composition (Cont'd)

It is the responsibility of the Board to ensure that all members of the Board possess the necessary leadership experience, skill and background diversity, integrity and professionalism to discharge their duties and responsibilities diligently and effectively.

The Board currently has eleven (11) members comprising two (2) Independent Non-Executive Co-Chairmen, four (4) Executive Directors (including the Chief Executive Officer), two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The composition of Independent Non-Executive Directors is in compliance with Paragraph 15.02(1) of the MMLR which states that "a listed issuer must ensure that at least 2 Directors or 1/3 of the Board of Directors of a listed issuer, whichever is the higher, are Independent Directors".

Although the above composition is a departure from Practice 5.2 of the MCCG which requires at least half of the Board to comprise Independent Non-Executive Directors, the Board is of the opinion that an adequate degree of independence is maintained notwithstanding the fact that only five (5) out of eleven (11) members of the Board are Independent Non-Executive Directors. The Independent Non-Executive Directors had demonstrated their independence and objectivity and actively participated during the Board and Board Committees' proceedings. Therefore, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors.

vi. Board and Key Senior Management Diversity

It is the Board's responsibility to ensure that the diversity within the Board and Key Senior Management is maintained so that the required mix of knowledge, skills, expertise and experience, as well as age, ethnic and gender diversity is brought to the Board and the Group. The Board is satisfied that, through the formal nomination and selection process and the annual performance appraisal of the Board, the Board Committees, individual Directors and Key Senior Management (including the Group Financial Controller and General Manager (Factory Operation)), the current Board's composition represents an appropriate mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively as well as to ensure that no individual, or small groups of individuals dominate the Board's decision-making process.

The Board established the *Board Diversity Policy* on 26 November 2020. Whilst the Board supports age, ethnic and gender diversity within the Board and Key Senior Management, the Board believes that appointments to the Board and Key Senior Management should be based on the merit of the candidates as well as a required mix of knowledge, skills, expertise and experience to be brought to the Board and the Group, instead of purely based on gender consideration alone. Presently, there is one (1) female Director on the Board of Directors and the Board will continue to seek to strengthen diversity on new appointments to the Board and Key Senior Management.

Please refer to Practice 5.5 of the CG Report for detailed disclosures on Boardroom Diversity and Practice 5.10 of the CG Report for detailed disclosures on gender diversity.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

vii. Independence of Independent Non-Executive Directors

The independence of candidates acting as Independent Non-Executive Directors is assessed by the Nominating Committee prior to their appointment based on a formal nomination and selection process. The results of the review are reported to the Board for consideration and decision.

On an annual basis, all Independent Non-Executive Directors are subjected to an independence assessment by the Nominating Committee based on a prescribed criteria via the *Independent Directors' Self-Assessment Checklist* (with criteria adopted from the Corporate Governance Guide issued by Bursa Malaysia Berhad) to determine his/her independence, objectivity and self-declaration of interests in the Group, any corporation, partnership, business transactions and/or services with the Group. The Nominating Committee will conduct the independence and objectivity review and provide a recommendation to the Board. Based on the above assessment performed for the financial year ended 31 March 2022, the Board is satisfied with the level of independence and objectivity demonstrated by all Independent Non-Executive Directors, and their ability to bring independent and objective judgement to bear during Board deliberations.

The tenure of an Independent Non-Executive Director, as stated in the *Board Charter*, shall not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, such Independent Non-Executive Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Non-Executive Director. In the event that such Director is to be retained as an Independent Director after the ninth (9th) year, the Board should seek annual shareholders' approval through a two-tier voting process. Mr Ong Kheng Swee, who had served as an Independent Non-Executive Director since April 2008, was redesignated as a Non-Independent Non-Executive Director on 1 April 2022. None of the other Independent Non-Executive Directors have served more than 9 years.

Please refer to Practice 5.3 of the CG Report for further details.

viii. Appointment of Directors and Re-appointment of Directors

Appointment of new Directors to the Board or Board Committees are recommended to the Nominating Committee for consideration and approval by the Board in accordance with the *Policy and Procedures on Nomination and Selection of Directors* which was established by the Nominating Committee and approved by the Board. It is the practice of the Board that highly qualified candidates with sufficient and relevant knowledge, skills and competency are sought out to serve as members of the Board in discharging its responsibilities and duties effectively and contributing to the governance of the Group. At the same time, gender and ethnic diversity within the Board would be considered if such potential candidate is available.

The process for the nomination and selection of new Directors per the *Policy and Procedures on Nomination and Selection of Directors* entails identification of potential candidates (including candidates proposed by independent sources), evaluation of the suitability of candidates based on an agreed-upon criteria for experience, knowledge, skill and boardroom diversity, meeting up with candidates and background checks, final deliberation by the Nominating Committee and recommendation to the Board. Subject to prior discussions concerning the costs, the Nominating Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities in the nomination and selection of new Directors.

All Board members who are newly appointed are subject to retirement at the subsequent Annual General Meeting of the Company. All Directors (including the Chief Executive Officer who is an Executive Director) shall retire at regular intervals by rotation at least once every three (3) years and shall be eligible for re-election.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

viii. Appointment of Directors and Re-appointment of Directors (Cont'd)

The recommendations for re-appointment of retiring Directors at the forthcoming Sixteenth Annual General Meeting (16th AGM) were made by the Nominating Committee to the Board and the Board to the shareholders of the Company upon satisfactory results of the independence assessment (for Independent Non-Executive Directors) and performance evaluation of all the retiring Directors by the Nominating Committee. To facilitate an informed decision by the shareholders on the re-appointment of retiring Directors during the forthcoming 16th AGM, disclosures on the interest, position and relationship of such Directors that might influence their independent judgement or influence their acting in the best interests of the Group were made in the notes to the agenda of the General Meeting. Recommendations for re-appointment are based on the satisfactory results of independence assessments (for Independent Directors) and performance evaluations of such Directors.

Please refer to Practice 5.6 and 5.7 of the CG Report for details on the nomination, appointment and re-appointment process of the Directors.

ix. Performance Assessment and Evaluation of Board, Board Committees, Individual Directors and Key Senior Management

The Nominating Committee reviews the required mix of skills, competencies, experience and other qualities on an annual basis, including core competencies of individual Directors which the Directors should bring to the Board. The Nominating Committee undertakes an annual assessment of the independence of the Independent Directors to determine and ensure that they can continue to bring independent and objective judgment to Board deliberations. The Board has implemented a process, carried out by the Nominating Committee annually, for the assessment on the effectiveness of the Board as a whole and the contribution of each individual Director, for discussion and acceptance and for further improvement.

On an annual basis, the Company Secretary circulates to each Director the relevant evaluations and assessment forms/checklists in relation to the evaluation of the Board, Board Committees, individual Directors and Key Senior Management. Sufficient time is given to all the Directors to read, comprehend, complete and return the assessment forms/checklists in advance of the meeting of the Nominating Committee. The assessment/evaluation results are then collated and summarised for the Nominating Committee's review and subsequent reporting of its recommendations for the Board's review and deliberation.

During the financial year under review, the Board, through the Nominating Committee, conducted the assessment and evaluation on the Board and Board Committees, self and peer evaluation for individual Directors, independence assessment for Independent Directors, assessment on the composition and effectiveness of the Audit Committee and performance evaluation on Key Senior Management.

Based on the above assessments/ evaluations conducted for the financial year ended 31 March 2022, the Board, based on the recommendations of the Nominating Committee and after due deliberations, was satisfied with the composition, competency and effectiveness of the present Board, the Board Committees and contribution of individual Directors and Key Senior Management. In particular, based on the assessments performed on the Audit Committee and its members, the Board is of the opinion that the Audit Committee and its members had effectively discharged their duties in accordance with its terms of reference.

Please refer to Practice 6.1 of the CG Report for details on the performance evaluation of the Board, Board Committees, individual Directors and Key Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

x. Directors' Remuneration

The Board assumes the overall responsibility for establishing and implementing effective remuneration policies for members of the Board in order to attract, retain and motivate Directors positively in pursuit of the medium to long term objectives of the Group. Such remuneration shall be reflective of their experience and level of responsibilities.

The Board has put in place a *Board Remuneration Policy* for adoption by the Remuneration Committee in the review and consideration of proposed remuneration packages for members of the Board. Major components of the remuneration package for Executive Directors and Non-Executive Directors are identified for review based on the criteria established in the formal policy.

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration packages of Board members (i.e. Executive Directors and Non-Executive Directors). None of the Directors participated in any way in determining his/her own remuneration. Individual Directors abstained from all deliberation and approval of his/her own remuneration.

Please refer to Practice 7.1 and 7.2 of the CG Report for details of the remuneration policy established by the Board and summary of the terms of reference of the Remuneration Committee.

The Board is of the opinion that detailed disclosure on a named basis of the remuneration of individual Directors may jeopardize the personal security of the Directors. As such, a summary on the remuneration packages of the Directors of the Company who served during the financial year ended 31 March 2022 in each successive band of RM50,000, distinguishing between Executive Directors and Non-Executive Directors is as follows:

	Company			Group		
	Basic Salary, Bonus, Incentives, Allowance, EPF, SOCSO RM '000	Fees RM '000	Others RM '000	Basic Salary, Bonus, Incentives, Allowance, EPF, SOCSO RM '000	Fees RM '000	Others RM '000
Executive Directors	–	–	–	13,500	–	147
Non-Executive Directors	14	852	–	14	852	–

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

x. Directors' Remuneration (Cont'd)

The number of Directors whose remuneration fall into the following bands are as follows:

Remuneration bands per annum	Company		Group	
	Executive	Non-Executive	Executive	Non-Executive
RM0 to RM 50,000	–	3	–	3
RM50,001 to RM100,000	–	3	–	3
RM550,001 to RM600,000	–	1	–	1
RM1,300,001 to RM1,350,000	–	–	1	–
RM3,650,001 to RM3,700,000	–	–	2	–
RM4,750,001 to RM4,800,000	–	–	1	–

The detailed disclosure on a named basis of the remuneration of Key Senior Management in bands of RM50,000 for the financial year ended 31 March 2022 was not adopted as the Board is of the opinion that such detailed disclosure may jeopardise their personal security and increases the risk of loss of key personnel if the individual Key Senior Management's remuneration packages are published publicly.

Please refer to Practice 8.2 of the CG Report for the explanation on the departure in relation to disclosure on Key Senior Management's remuneration component in bands of RM50,000.

xi. Directors' Training

As per the *Board Charter*, the Board is assigned with the responsibility of assessing the training needs of the Directors (via the Nominating Committee) and ensuring that all Directors have access to continuing education programmes and continuously update their knowledge and enhance their skills through such training programs.

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities. In addition, any newly-appointed Director will be given briefings and orientation by the Executive Directors and Senior Management on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors.

All members of the Board have completed the Mandatory Accreditation Program prescribed by Bursa Securities and they are mindful that they should receive appropriate continuous training and attend seminars and briefings in order to broaden their perspective and to keep abreast of new developments for the furtherance of their duties. Specifically, Audit Committee members shall undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

On an annual basis, the Board through the Nominating Committee reviews and identifies training programmes for its members via an assessment conducted on the Directors' training needs, pursuant to Paragraph 15.08(2) of the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

xi. Directors' Training (Cont'd)

During the financial year ended 31 March 2022, members of the Board received regular briefings and updates on the Group's business and operations as well as updates on amended/ new regulations and statutory requirements. All members of the Board have attended training programs that were organised by regulatory bodies or professional organisations. The training programs attended by individual Board members during the financial year under review are as follows:

Name of Directors	Seminars and Briefing Attended	Conducted by
Dato' Afifuddin bin Abdul Kadir	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Wong Tak Keong	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Dato' Wong Fuei Boon	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Dato' How Say Swee	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
See Thuan Po	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Ong Kheng Swee	MIA Virtual Conference Series: Risk Management Conference 2021	Malaysian Institute of Accountants
	Virtual MIA International Accountants Conference 2021	Malaysian Institute of Accountants
	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
	CTIM Talk on Achieving Tax- Aligned Mergers & Acquisitions (M&A)	Chartered Tax Institute of Malaysia
	MIA Webinar Series: Sustainable Finance & ESG for Value Creation	Malaysian Institute of Accountants
	2021 IIA Malaysia National Conference	The Institute of Internal Auditors Malaysia
	MIA Webinar Series: CFO's Business Strategic Consulting & Coaching	Malaysian Institute of Accountants
	ACCA Technical Symposium 2021: Business Strategy and Financial Reporting Considerations in response to the impact of Covid-19 and Past Pandemic Recovery	ACCA UK

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

xi. Directors' Training (Cont'd)

During the financial year ended 31 March 2022, members of the Board received regular briefings and updates on the Group's business and operations as well as updates on amended/ new regulations and statutory requirements. All members of the Board have attended training programs that were organised by regulatory bodies or professional organisations. The training programs attended by individual Board members during the financial year under review are as follows: (Cont'd)

Name of Directors	Seminars and Briefing Attended	Conducted by
	MIA Virtual Conference Series: CFO Conference 2021	Malaysian Institute of Accountants
	Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Revised Malaysian Code on Corporate Governance & Corporate Disclosure Policy	Tricor Training Academy
	Financial reporting and ethical considerations	ACCA UK
Azahar bin Baharudin	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Dato' Tea Choo Keng	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Low Jun Lee	Updates on Malaysian Code of Corporate Governance 2021 (MCCG 2021)	NeedsBridge Advisory Sdn Bhd
Tan Lay Beng	Malaysian Tax Conference 2021	Malaysian Institute of Accountants & Malaysian Association of Tax Accountants
	Virtual MIA International Accountants Conference 2021	Malaysian Institute of Accountants
	MIA Webinar Series: Corporate Tax Strategies	Malaysian Institute of Accountants
	MIA Webinar Series: Latest Tax Considerations and Issues for SMEs	Malaysian Institute of Accountants
	Service Tax, Sales Tax, GST & Customs Duties: Special Tax Incentives in 2022 - Voluntary Disclosure & Amnesty	ACCA Malaysia

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

xii. Board Committees

In discharging its fiduciary duties, the Board has delegated specific duties to four (4) Board Committees, namely the Audit Committee, Nominating Committee, Remuneration Committee and Option Committee with each having clearly defined terms of reference. The Board Committees have the authority to examine particular issues and report to the Board on the outcome of the Committee meetings including their recommendations. The ultimate responsibility and the final decision on all matters, however, lies with the Board of Directors.

- **Audit Committee**

  The terms of reference, the number of meetings held, and activities carried out during the financial year, as well as the attendance of each member can be found on pages 61 to 66 of the Audit Committee Report.

  Please refer to Practice 9.1, 9.2, 9.3, 9.4 and 9.5 of the CG Report on disclosures in relation to the Audit Committee.

- **Nominating Committee**

  During the financial year under review, the Nominating Committee comprised exclusively Independent Non-Executive Directors, which is in compliance with the MMLR and is chaired by an Independent Non-Executive Director appointed from among its members. The Nominating Committee is guided by written Terms of Reference duly approved by the Board which states the authorities, duties and responsibilities of the Committee.

  The Terms of Reference for the Nominating Committee is available on the company's website at http://www.powerroot.com/malaysia/profile_investor_relations.html.

  The Nominating Committee members and their attendance records for meetings held during the financial year ended 31 March 2022 are as follows:

Nominating Committee	Position & Designation	No. of Meetings Held	Attendance
Dato' Afifuddin bin Abdul Kadir	Chairman, Independent Non-Executive Director	2	2/2
Ong Kheng Swee #	Member, Non-Independent Non-Executive Director	2	2/2
Azahar bin Baharudin	Member, Independent Non-Executive Director	2	2/2

Redesignated as Non-Independent Non-Executive Director on 1 April 2022

On 1 April 2022, Ms. Tan Lay Beng, an Independent Non-Executive Director was appointed as a member of the Nominating Committee and Mr. Ong Kheng Swee stepped down as a member of the Nominating Committee.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

xii. Board Committees (Cont'd)

- **Nominating Committee (Cont'd)**

During the financial year ended 31 March 2022, the Nominating Committee conducted evaluations and assessments on the performance of the Board, the Board Committees, the Audit Committee (including its members), the contribution by each individual Director, Key Senior Management and independence assessments of Independent Directors based on the pre-determined processes and evaluation/review criteria. The Nominating Committee reported the results of all evaluations and assessments to the Board for review and deliberation to enable effective actions (including identified training to be attended via Training Needs Analysis) to be formulated and implemented for the proper and effective functioning of the Board and its Committees.

Please refer to Practice 5.1, 5.2, 5.3, 5.5, 5.6, 5.7, 5.8 and 6.1 of the CG Report for details on the Nominating Committee and its activities.

- **Remuneration Committee**

The Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors so as to attract, retain and motivate the Directors. The Remuneration Committee is guided by formal Terms of Reference approved by the Board which states the composition requirement, authorities, roles and responsibilities of the committee. The Terms of Reference for the Remuneration Committee is available on the company's website at http://www.powerroot.com/malaysia/profile_investor_relations.html. Further disclosure on the Remuneration Committee (and its activities) and the remuneration policy and procedure established by the Board can be found in Practice 7.1 and 7.2 of the CG Report.

As at the financial year ended 31 March 2022, the Remuneration Committee comprised three (3) Independent Non-Executive Directors and their attendance records are as follows:

Remuneration Committee	Position & Designation	No. of Meetings Held	Attendance
Dato' Afifuddin bin Abdul Kadir	Chairman, Independent Non-Executive Director	2	2/2
Ong Kheng Swee #	Member, Independent Non-Executive Director	2	2/2
Azahar bin Baharudin	Member, Independent Non-Executive Director	2	2/2

\# *Redesignated as Non-Independent Non-Executive Director on 1 April 2022*

On 1 April 2022, Ms. Tan Lay Beng, an Independent Non-Executive Director was appointed as a member of the Remuneration Committee.

The Remuneration Committee met two (2) times during the financial year ended 31 March 2022 to review the proposed remuneration package of Executive Directors and proposed Directors' fees for Non-Executive Directors with such recommended remuneration packages and Directors' fees submitted to the Board for review, approval and recommendation to shareholders for approval, as applicable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

xii. Board Committees (Cont'd)

- **Option Committee**

During the financial year under review, the Option Committee consisted of two (2) Executive Directors and one (1) Independent Non-Executive Director who is the Chairman of the Committee with the primary responsibility of administering the existing Employees' Share Option Scheme ("ESOS") established on 23 July 2012 and expiring on 22 July 2022 for eligible employees and Directors, and the new ESOS established on 11 June 2019 and expiring on 10 June 2029 for Executive Directors and key employees.

Option Committee	Position & Designation	No. of Meetings Held	Attendance
Ong Kheng Swee #	Chairman, Independent Non-Executive Director	4	4/4
Wong Tak Keong	Member, Chief Executive Officer	4	4/4
See Thuan Po	Member, Executive Director	4	4/4

Redesignated as Non-Independent Non-Executive Director on 1 April 2022

The functions of the Option Committee are:

- The Option Committee shall be vested with such powers and duties as conferred upon it by the Board to administer the ESOS in such manner as it deems fit. The Option Committee may, for the purpose of administering this ESOS, enter into any transactions, agreements, deeds, documents of arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the ESOS which the Option Committee may in its discretion consider to be necessary;
- To select any eligible employees to participate in the ESOS Scheme, whereby the decision shall be binding and final;
- To determine the basis of allotment and the number of shares to be offered and allotted to the eligible employees;
- To determine the terms and conditions of offer to eligible employees in accordance with the established criteria of allocation;
- To administer the offer to eligible employees and the acceptance thereof;
- To determine the option price;
- To determine the limits on the exercise of option, including the number of shares exercisable and the prescribed option period and to impose any other terms and/or conditions it deems fit;
- To administer the exercise of option; and
- To suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its absolute discretion.

During the financial year, the Option Committee met four (4) times to review and determine the issuance of new ordinary shares in the Company in relation to the exercise of options granted in accordance with the *ESOS By-Laws* and to review the allocated options list to determine its compliance with *ESOS By-Laws*.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

1.1 Board leadership (Cont'd)

xiii. Sustainability Oversight and Management

In order to promote the sustainability of the Group's businesses, one of the key business strategies adopted by the Board is to ensure that the sustainability aspects of the businesses undertaken are well-managed. The Group upholds the principle of maintaining effective sustainability management continuously in order to contribute positively to the socio-economic development of the communities we operate in, to promote environmentally-friendly business practices and to uphold good social practices.

The Board is responsible for regularly evaluating the economic, environmental and social issues of the Group and assume the ultimate responsibility for the oversight role of sustainability management on a group wide basis. The sustainability management of the Group is governed by the *Sustainability Framework* established by the Board. The formal governance structure, stakeholder engagement and process to identify, assess and formulate and monitor responses to material sustainability issues are prescribed in the Sustainability Framework with the assessment results and responses incorporated into the risk management process of the Group for continuous monitoring.

Please refer to the Practice 4.1, 4.2, 4.3, 4.4 and 4.5 of the CG Report and the Sustainability Statement for the governance structure and process employed as well as the identification, assessment, management and reporting of sustainability matters during the financial year under review and up to the date of this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit Committee is tasked with the oversight role on the effectiveness of audit and risk management of the Group. The composition of the Audit Committee and activities carried out during the financial year under review, including the number of meetings held and member's attendance are disclosed in Practice 9.1 to 9.5 of the CG Report and the Audit Committee Report set out in this Annual Report.

i. Relationship with External Auditors

The Audit Committee maintains a close and transparent relationship with the Group's External Auditors in seeking professional advice and ensuring compliance with the approved accounting standards and relevant regulations in Malaysia and the countries where it has operations and the Group's policies and procedures.

The roles and responsibilities of the Audit Committee in relation to the External Auditors are set out in the Audit Committee's Terms of Reference.

The engagement of the External Auditors is governed by the engagement letter with terms of engagement (which includes, amongst others, the scope of coverage, the responsibilities of the external auditors, confidentiality, independence and the proposed fees), which is reviewed by the Audit Committee and recommended to the Board. Prior to the commencement of the audit work and upon completion of the audit engagement, the External Auditors of the Group confirmed on their independence in relation to the audit work and their commitment to communicate to the Audit Committee on their independence status in an ongoing manner.

The Audit Committee met with the External Auditors thrice during the financial year under review to discuss their Audit Plans, their audit findings and other special matters that require the Audit Committee's attention in relation to the financial statements. In addition, the Audit Committee met privately with the External Auditors thrice on 28 May 2021, 19 July 2021 and 24 February 2022, without the presence of the Executive Directors and Management, to encourage free flow of information and views and for the External Auditors to freely express their opinion without undue pressure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

i. Relationship with External Auditors (Cont'd)

The Audit Committee had also considered the nature of other non-audit services provided during the year by the External Auditors and the quantum of the fees, as tabulated in the table below, and was satisfied that the provision of these non-audit services did not in any way compromise their independence.

The oversight of the External Auditors was enhanced by the annual assessment/ evaluation on the External Auditors by the Audit Committee and the results subsequently reported to the Board.

The audit and non-audit fees incurred for services rendered by KPMG PLT (The External Auditors) and their affiliated firms and companies to the Company and its subsidiaries for the financial year were as follows:

	Company	Group	Description
Audit Fees (RM)	58,000	223,500	
Non-Audit Fees (RM)	11,500	94,000	Tax return and compliance, review of Statement on Risk Management and Internal Control and preparation of transfer pricing documentation.

The summary of the Audit Committees' activities and oversight of the External Auditors during the financial year under review is set out in the Audit Committee Report on pages 63 to 64 of this Annual Report.

ii. Risk Management

The Board affirms its overall responsibility for maintaining a sound risk management and internal control system in pursuing the Company's objectives and have in place a formal *Group Risk Management Framework*. The details of the *Group Risk Management Framework* and risk management process are disclosed in Practice 10.1 and 10.2 of the CG Report and the Statement on Risk Management and Internal Control on pages 68 to 70 of this Annual Report.

iii. Internal Control and Internal Audit Functions

The Board acknowledges its overall responsibility for maintaining a sound internal control system to safeguard shareholders' investment and the Group's assets. This includes ensuring the review of the adequacy and integrity of the system of internal control in managing the principal risks of the Group. As such, the Internal Audit Function was established to perform the review of the adequacy and integrity of the system of internal control in managing the principal risks of the Group. The Internal Audit Function of the Group comprises an in-house Internal Audit Function with the primary responsibility of reviewing the key internal control processes within the Group, and an outsourced Internal Audit Function with the primary responsibility for reviewing the internal control processes of the distributorship management system implemented by the Group. The in-house Internal Audit Function and the outsourced Internal Audit Function report directly to the Audit Committee and provide the Audit Committee with the assurance it requires on the adequacy and effectiveness of the Group's internal control system.

The state of the internal control system and Internal Audit Function of the Group is explained in greater detail in the Statement on Risk Management and Internal Control on pages 71 to 75 of this Annual Report and Practice 11.1 and 11.2 of the CG Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

iv. Uphold Integrity in Financial Reporting

The Board strives to ensure that a balanced, clear and meaningful assessment of the financial positions and prospects of the Group are made in disclosures to shareholders, investors and the regulatory authorities via timely release of quarterly reports, annual reports and timely announcements on material information.

All financial statements, including annual financial statements to shareholders and quarterly announcements of financial results, were reviewed by the Audit Committee and thereafter recommended to the Board for approval to ensure the accuracy, adequacy and completeness of information, and compliance with relevant accounting standards and regulations prior to their release to the public and regulatory authorities.

The Board, through the review by the Audit Committee and in consultation with the Management and the External Auditors, presents fair and meaningful assessments of the Group's financial performance and position.

A summary of the work of the Audit Committee in the discharge of its functions and duties during the financial year is set out in the Audit Committee Report on pages 62 to 66 of this Annual Report.

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

i. Corporate Disclosure and Stakeholders Communication

The core communication channel with stakeholders employed by the Company is via announcements made through Bursa Securities. All announcements made through Bursa Securities are approved by the Board prior to its release. The Board observes all disclosure requirements as laid down by the MMLR and Capital Markets and Services Act 2007 in order to have all material events and information disseminated publicly and transparently on a timely basis to ensure fair and equitable access by all stakeholders without selective disclosure of such information to specific individual or groups. The corporate disclosure by the Company is further enhanced by way of the Co-Chairmen of the Board, Chief Executive Officer and Executive Director (Corporate Affairs) assuming the role of authorised spokesperson for the Company during press conferences and analyst briefings to ensure factual, accurate and consistent disclosure.

The Board has adopted such practice for the disclosure of material information of the Group to ensure that communication to the relevant stakeholders is timely, factual, accurate, and complete. The corporate disclosure process and mechanism is guided by the *Corporate Disclosure Policy* approved by the Board. The Board also provides timely disclosure of all material information on the Group to stakeholders through announcements made on Bursa Securities and such announcements are also made available on the company's website at http://www.powerroot.com/malaysia/profile_investor_relations.html.

The Annual Report and the quarterly interim financial reports are the main communication tools between the Company and its stakeholders. The Annual Report communicates comprehensive information on the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are governed by the MMLR.

Furthermore, the Company's website has a "Contact Us" section at http://www.powerroot.com/malaysia/profile_investor_relations.html which lists out the contact details (including email and contact numbers) of representatives from the Corporate Finance Department where stakeholders can direct their enquiries to.

Please refer to Practice 12.1 of the CG Report for further disclosures on stakeholders' communication.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

ii. Encourage Shareholders Participation at General Meetings

The Company's general meetings serve as one of the key avenues of communication and the principal forum for dialogue with the shareholders. Shareholders are given the opportunity and are encouraged to participate in the general meetings of the Company and to raise questions or seek clarifications on the agenda items of the meeting from the Company's Directors. The agenda of the meeting and proposed resolutions including the voting rights and procedures for shareholders to exercise their rights to appoint their proxy in relation to the general meeting are to be provided to the shareholder at least twenty-eight (28) days prior to the meeting to ensure that shareholders are given sufficient time and information prior to attending the general meeting.

Adequate time is given during general meetings to encourage and allow shareholders to seek clarification or ask questions on pertinent and relevant matters. In order to facilitate and provide a more meaningful response to questions raised by shareholders, all Directors had attended the 15th Annual General Meeting ("AGM") and the External Auditors were also present at the same meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.

In addition, the Company schedules meetings and interviews with professionals from the investment community and meets up with institutional investors, when requested.

iii. Poll Voting

Pursuant to Paragraph 8.29A(1) of the MMLR, the Company is required to ensure that any resolution set out in the notice of general meetings is to be voted by poll. All resolutions put forth for shareholders' approval at the forthcoming 16th AGM are to be voted by way of poll voting.

To further promote the participation of members in the poll voting and general meetings through proxy(ies), the Company has amended its Constitution to include explicitly the right of proxies to speak at general meetings, to allow a member to appoint not more than two (2) proxies to attend on his/her behalf and expressly disallow any restriction on proxy qualification. In addition, the Constitution allows exempt authorised nominees to appoint multiple proxies for each omnibus account it holds.

iv. Leverage on Information Technology for General Meetings

In order to promote transparency and thoroughness in the public dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via http://www.powerroot.com/malaysia/profile_investor_relations.html. The "Investor Relations" section enhances the Investor Relations function by including all announcements made by the Company, the Annual Reports of the Company, *Board Charter* and prescribed policies as well as the *Terms of Reference* of the relevant Board Committees.

Amid the COVID-19 pandemic and as part of the safety measures adopted, the Company's 15th AGM held on 27 August 2021 was conducted on a fully virtual platform. The virtual general meeting allowed shareholders to exercise their right to participate, pose questions, and vote at the general meeting safely and remotely via the Remote Participation and Voting ("RPV") facility, after having successfully registered online (subject to verification and the onboarding process of the RPV facility).

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

iv. Leverage on Information Technology for General Meetings (Cont'd)

The 15th AGM was held as a fully virtual meeting through live streaming and online remote voting via the RPV facility and conducted in a fully virtual basis where all meeting participants including the Co-Chairmen, Board members, Senior Management and shareholders participated online. The Administrative Guide for attending the 15th AGM was issued along with the Notice of 15th AGM to provide guidance to shareholders who intended to attend and participate in the virtual AGM. The shareholders were able to participate and interact with the Board actively with questions submitted via the query box function provided. Sufficient time was allocated for the shareholders to pose questions to the Board of the Company and all pertinent questions relevant to the agendas of the general meeting were answered. The details of the features and activities of the virtual general meeting are disclosed in Practice 13.3, 13.4 and 13.5 of the CG Report.

The explanation for departure of the practice in regards on the publication of minutes of the general meeting within 30 business days after the conclusion of the general meeting is disclosed in Practice 13.6 of the CG Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are prepared in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards of Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2022, and of the results of their operations and cash flows for the financial year ended on that date.

In preparing the annual audited financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going-concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE STATEMENT

- **Material Contracts or Loan Involving the interests of the Directors, Chief Executive or Major Shareholders**

  The following is the material contract involving the interests of the Directors, Chief Executive who is not a Director or major shareholders, either still subsisting at the end of the financial year ended 31 March 2022 or, if not then subsisting, entered into since the end of the previous financial year ended 31 March 2021:

  - On 31 March 2021, the Company had entered into separate Put Option Agreements ("Put Option") with the Company's Chief Executive Officer (the "Grantee"), to grant the Grantee a put option over all his shares held ("Option shares") in the Company's subsidiaries, namely Power Root Distributor Sdn. Bhd. ("PRD"), Alicafe Roasters Sdn. Bhd. ("ARSB"), Power Root HK-China Company Limited ("PRHK") and Superwrapz International Sdn. Bhd. ("SISB") (individually referred to as "Subsidiary" and collectively referred to as "Subsidiaries") ("Put Option(s)").

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

- **Material Contracts or Loan Involving the interests of the Directors, Chief Executive or Major Shareholders (Cont'd)**

The salient terms of the Put Option Agreements are, amongst others, as set out below:

1. Through the agreement, the Grantee has the option to require the Company to purchase his entire equity interest in the Subsidiaries at the date of the exercise of the Option Shares. The consideration for the Option Shares will be by way of issuance of new Company's shares ("Consideration Shares"). The basis for the calculation for the Consideration Shares is as follows:

   Step 1: Calculation of Option Ratio

   To be based on the latest audited consolidated PAT ("Profit After Tax") of the Group (inclusive of 100% consolidated PAT of the Subsidiary) and the latest audited PAT of the respective Subsidiaries based on the following formula:

$$\text{Option Ratio} = \frac{\text{Audited PAT of Subsidiary in RM}}{\text{Audited PAT of the Group (inclusive of 100\% consolidated PAT of the Subsidiary)}} \times \text{\% of shareholding of Grantee in the Subsidiary at the date of exercise of the Put Option}$$

   Step 2: Calculation of Consideration Shares

$$\text{Consideration Shares} = \text{Option Ratio} \times \frac{\text{Total number of shares of the Grantor in issue as at the date of the exercise of the Put Option}}{\text{(100\% - Option Ratio)}}$$

   The number of Consideration Shares (which is a function of the Option Ratio) will be subject to the quantum of profit contributions of the respective subsidiaries to the Group.

2. The entering into the Put Options is not subject to any approvals. The issuance of new ordinary shares by the Company to fulfil the consideration in the Put Options is conditional upon approvals being obtained (where applicable) from the following:

   (a) Bursa Malaysia Securities Berhad, for the approval for the listing of and quotation for the new ordinary shares;
   (b) The shareholders of the Company at an Extraordinary General Meeting of the Company to be convened, if required; and
   (c) Any other relevant authorities, if required.

3. Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Put Options are expected to be completed within one (1) month from obtaining the last required approval, unless otherwise stated.

As at the date of this Statement, the Put Options remained unexercised.

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

- **Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")**

  The breakdown of the aggregate value of the RRPT of a revenue or trading nature during the financial year ended 31 March 2022 are as follows:

Name of Related Party	Nature of RRPT	Interested Director and Shareholder	Aggregate Value of Transactions RM'000
Power Root HK-China Company Limited	Sale of beverage products by Power Root Manufacturing Sdn Bhd to Power Root HK-China Company Limited	Wong Tak Keong [@]	9,854
Power Root HK-China Company Limited	Advertising and Promotional support by Power Root Manufacturing Sdn Bhd to Power Root HK-China Company Limited	Wong Tak Keong [@]	1,723
Power Root HK-China Company Limited	Distribution of Power Root's products by Power Root HK-China Company Limited to Power Root (Shanghai) Food Trading Co Ltd	Wong Tak Keong [@]	8,848
Power Root HK-China Company Limited	Advertisement and Promotional support by Power Root HK-China Company Limited to Power Root (Shanghai) Food Trading Co Ltd	Wong Tak Keong [@]	–
Power Root Distributor Sdn Bhd	Sale of non-food related products being cling wraps and aluminium foil products by Power Root Distributor Sdn Bhd to Power Root (Shanghai) Food Trading Co Ltd	Wong Tak Keong [@]	–
Superwrapz International Sdn Bhd	Sale of non-food related products being cling wraps and aluminium foil products by Superwrapz International Sdn Bhd to Power Root ME FZCO	Wong Tak Keong [@]	–
Alicafe Roasters Sdn Bhd	Sale of coffee beans by Alicafe Roasters Sdn Bhd to Power Root Manufacturing Sdn Bhd	Wong Tak Keong [@]	2
Alicafe Roasters Sdn Bhd	Royalty fee payable by Power Root Manufacturing Sdn Bhd to Alicafe Roasters Sdn Bhd for the sale of roasted coffee products	Wong Tak Keong [@]	337

[@] Wong Tak Keong, the Chief Executive Officer who is also an Executive Director and substantial shareholder of the Company, is an Interested Director and Shareholder by virtue of his directorships, direct and indirect shareholdings in the Related Parties.

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

- **Employees' Share Option Schemes**

During the financial year under review, there were two (2) subsisting Employees' Share Option Scheme ("ESOS").

1. ESOS established on 23 July 2012 and expiring on 22 July 2022 for eligible employees and directors ("ESOS No. 1")

The maximum number of ESOS Shares to be offered and allotted to eligible Directors and employees of the Group under the ESOS No. 1 shall not exceed in aggregate ten percent (10%) of the issued and paid-up share capital of the Company at any point in time or any limit prescribed by any guidelines, rules and regulations of the relevant authorities within the duration of the Scheme.

The basis of allotment and maximum allowable allocation of ESOS Shares under ESOS No. 1 are as follows:

i. Not more than ten percent (10%) of shares available under the ESOS No. 1 shall be allocated to any Director or employee who, singly or collectively through persons connected with such directors or employees, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and
ii. Maximum entitlement of options by categories of eligible directors and employees as per stated in the *ESOS By-Laws*.

The Directors and Senior Management were granted with options under the ESOS No. 1 to exercise for shares representing 5.21% (Maximum allocation: 9.06%) of the issued and paid-up share capital of the Company since the commencement of the ESOS No. 1 as at 31 March 2022. There was no grant of new options to Directors and the Chief Executive Officer during the financial year ended 31 March 2022 in relation of ESOS No. 1.

There was no grant of new options during the financial year ended 31 March 2022 and a total of 46,422,700 options has been granted and accepted since the commencement of the ESOS No. 1.

	Financial Year Ended 31 March 2022					Since Commencement			
	No. Options Outstanding (No. of Options) (b/f)	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options) (c/d)	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options)
All Options Granted	20,769,600	–	(787,600)	(5,345,000)	14,637,000	46,422,700 *	(10,575,700)	(21,210,000)	14,637,000
There in:									
Directors and Chief Executive Officer	11,710,000	–	–	(3,790,000)	7,920,000	20,970,000 *	–	(13,050,000)	7,920,000

* *Including adjustment made to number of options granted and the options' exercise price arising from the bonus issue of ordinary shares on the basis of 1 bonus share for every 5 existing ordinary shares held by the entitled shareholders on 23 July 2018 ("Bonus Adjustment")*

There was no option offered to and exercised by any Non-Executive Directors pursuant to the ESOS No. 1 during financial year ended 31 March 2022.

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

- **Employees' Share Option Schemes (Cont'd)**

2. **New ESOS established on 11 June 2019 and expiring on 10 June 2029 for eligible directors and key employees ("ESOS No. 2")**

The maximum number of ESOS Shares to be offered and allotted to eligible directors and key employees under the ESOS No. 2 shall not exceed in aggregate Twenty Million (20,000,000) or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the ESOS No. 2 as referred to in *ESOS By-Laws*.

At any one time during the duration of the ESOS No. 2 and any other schemes involving issuance of new shares to eligible Directors and employees which have been implemented by the Company, the total number of new shares which may be issued under ESOS No. 2 and any other schemes involving issuance of new shares to eligible Directors and employees which are still subsisting must not exceed 15% of the total number of issued shares of the Company.

The basis of allotment and maximum allowable allocation of ESOS Shares under ESOS No. 2 are as follows:

i. Not more than ten percent (10%) of new shares available under the ESOS No. 2 shall be allocated to any eligible Director or key employee who, singly or collectively through persons connected with such Directors or employees, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company; and
ii. the decision of the Option Committee shall be final, conclusive and binding provided that the Executive Directors and Senior Management of the Group must not participate in the deliberation or discussion of their own allocation of the ESOS Options.

The Directors and Senior Management were granted with options under the ESOS No. 2 to exercise for shares representing 4.00% (Including ESOS No. 1, 9.21%) (Maximum allocation: Including ESOS No. 1, 13.85%) of the issued share capital of the Company since the commencement of the ESOS No. 2 as at 31 March 2022. There was no grant of new options to Directors and the Chief Executive Officer during the financial year ended 31 March 2022 in relation of ESOS No. 2.

There was no grant of new options during the financial year ended 31 March 2022 and a total of 20,000,000 options has been granted and accepted since the commencement of the ESOS No. 2.

	Financial Year Ended 31 March 2022					Since Commencement			
	No. Options Outstanding (No. of Options) (b/f)	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options) (c/d)	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options)
All Options Granted	19,825,000	–	(275,000)	–	19,550,000	20,000,000	(450,000)	–	19,550,000
There in:									
Directors and Chief Executive Officer	16,000,000	–	–	–	16,000,000	16,000,000	–	–	16,000,000

There was no option offered to and exercised by any Non-Executive Directors pursuant to the ESOS No. 2 during financial year ended 31 March 2022 and since the commencement of the ESOS No. 2.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

- **Utilisation of Proceeds**

  The net proceeds from the exercise of options by eligible Directors and employees granted in accordance with the *ESOS By-Laws* of the relevant subsisting ESOS (after deducting expenses incurred in the issuance of new shares, if any) were and will be utilised for the purpose of working capital requirement of the Group.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The key focus areas of the Board during the financial year under review included preservation of the governance practices championed and approved by the Board during the challenging COVID-19 pandemic. It entailed prioritising the safety and health of the employees of the Group, ensuring business and operation continuity, leveraging virtual meeting technology for Board meetings and general meeting held during the financial year under review, and continuous updates to the shareholders and interested stakeholders on the impact of the COVID-19 pandemic on the Group.

With the new MCCG 2021 coming into effect on 28 April 2021, the Board had taken the necessary initiatives to understand and enhance the corporate governance measures promulgated in the MCCG 2021 including the updating of the Board Charter and relevant board policies and procedures to be in line with the MCCG 2021. As of the date of this Annual Report, the Board has taken steps to gradually strengthen the independence and gender diversity elements at Board level by appointing a female Independent Non-Executive Director to the Board, establishing a "Fit and Proper Policy" and incorporating a fit and proper assessment for the appointment and re-appointment of Directors.

The Board has also taken steps to comply with the recent revision to the definition of "Independent Director" under paragraph 1.01 of the MMLR wherein the tenure of the Independent Director is limited to twelve (12) years, with Mr Ong Kheng Swee, who has served as an Independent Non-Executive Director since April 2008, being redesignated as a Non-Independent Non-Executive Director on 1 April 2022. It is also the aims of the Board to upload the minutes of the General Meeting to the Company's website no later than 30 business days after the General Meeting to comply with the latest practice in the MCCG.

Moving forward, the Board intends to strengthen the independence and diversity elements within the Board by restructuring the Board's composition including restricting the Board Chairman from chairing the Audit Committee, Nominating Committee or Remuneration Committee or being appointed as a member of the Board committees to ensure that there is check and balance as well as an objective review by the Board on deliberations emanating from the concerned Board Committee, and to have at least half of the Board consist of Independent Non-Executive Directors in order to foster greater objectivity in the boardroom. In line with the restructuring of the Board's composition, should there be any addition of new Board members, the Board will also consider utilising independent sources to identify suitably qualified candidates instead of solely relying on recommendations from existing Board members, the Management or major shareholders. It is also the intent of the Board to consider further improvements in the transparency of disclosure of the remuneration of the Board members and Key Senior Management and taking into consideration the impact of such disclosure on the personal security of the individual directors and Key Senior Management, and the risk of loss of Key Management.

AUDIT COMMITTEE REPORT

A. ESTABLISHMENT AND COMPOSITION

The Audit Committee comprises the following members for the financial year ended 31 March 2022 and as at the date of this report:

Chairman:

Tan Lay Beng (Independent Non-Executive Director) *(appointed as Chairman of the Audit Committee with effect from 1 April 2022)*

Ong Kheng Swee (Independent Non-Executive Director up to 1 April 2022 and redesignated as Non-Independent Non-Executive Director on 1 April 2022) *(resigned as Chairman of the Audit Committee with effect from 1 April 2022)*

Members:

Dato' Afifuddin bin Abdul Kadir *(Co-Chairman of the Board, Independent Non-Executive Director)*
Azahar bin Baharudin (*Independent Non-Executive Director)*

The composition of the Audit Committee is in compliance with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), where the Audit Committee consists of three (3) Independent Non-Executive Directors. Mr. Ong Kheng Swee, who was the Audit Committee Chairman for the financial year under review, and Ms. Tan Lay Beng, who is the current Audit Committee Chairman are members of the Malaysian Institute of Accountants ("MIA") which fulfils the requirement under paragraph 15.09(1)(c)(i) and paragraph 7.1 of Practice Note 13 of the MMLR. In compliance with Practice 9.1 of the Malaysian Code on Corporate Governance ("MCCG"), the Audit Committee Chairman is not the Chairman of the Board of Directors of the Company.

The Audit Committee also meets the requirement under Step Up Practice 9.4 of the MCCG whereby all members of the Audit Committee (including the Chairman) are Independent Non-Executive Directors. No alternate Director was appointed as a member of the Audit Committee.

The profile of the members is presented on pages 5 to 9 of this Annual Report.

B. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available on the Company's website at the "Profile - Investor Relations" section of www.powerroot.com.my.

C. MEETINGS OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2022, the Audit Committee held five (5) meetings. Details of each member's meeting attendances are as follows:

Name of Directors	No. of Meetings Attended
Ong Kheng Swee	5/5
Dato' Afifuddin bin Abdul Kadir	5/5
Azahar bin Baharudin	5/5

AUDIT COMMITTEE REPORT
cont'd

C. MEETINGS OF THE AUDIT COMMITTEE (CONT'D)

The meetings were conducted with the quorum of a majority of the members present at all of these meetings as required under the Audit Committee's Terms of Reference.

The meetings were appropriately structured through the use of agendas, which were distributed together with the minutes of the meeting and relevant papers and reports to the members, normally at least seven (7) days before the meeting with sufficient time allowed for review by the members of the Audit Committee for the proper discharge of its duties and responsibilities diligently and effectively in compliance with the MMLR and its terms of reference. The Company Secretary, the appointed secretary of the Audit Committee, attended all the meetings during the financial year.

The External Auditors, Internal Auditors, Executive Directors, Group Financial Controller, Group Accountant and Corporate Finance Manager, at the invitation of the Audit Committee, attended the Audit Committee meetings to present their reports/findings or required information and explanations for the proper deliberation of the matters at hand.

The Audit Committee reported to and updated the Board on significant issues and matters discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board.

Minutes of the Committee's meetings were made available to all Board Members for review and for them to seek clarification and confirmation from the Audit Committee Chairman where necessary.

D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year under review. The summary of work undertaken by the Audit Committee during the financial year included the following:

1. Reviewed the Quarterly Financial Reports

During the quarterly meetings, the Group Financial Controller and Group Accountant presented the draft unaudited quarterly financial results for the Audit Committee's review, briefed the Audit Committee on the contents of the draft quarterly financial reports (including the condensed statement of financial position, condensed statement of profit or loss and other comprehensive income, condensed statement of cash flow, condensed statement of changes in equity and explanatory notes and additional information thereto), and answered all queries raised and clarifications sought by the Audit Committee. The review focused on key financial results and comparison to the corresponding quarter of the preceding year as well as the immediate preceding quarter, with reasons for variances provided by the Group Financial Controller and Group Accountant. In addition, the business prospects of the Group for the rest of the financial year were provided by the Management to the Audit Committee for discussion.

The review of the quarterly financial reports performed by the Audit Committee was supplemented by the review of key financial information (such as debtor ageing, inventory ageing analysis and major expenses) as well as comparison of actual financial results against budgeted financial results.

The unaudited financial reports reviewed by the Audit Committee were then recommended to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").

D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year under review. The summary of work undertaken by the Audit Committee during the financial year included the following: (Cont'd)

2. Reviewed the Company's Compliance with Regulatory, Statutory and Accounting Standards

During the quarterly meeting, with respect to the quarterly and annual financial statements, the Audit Committee reviewed the Company's compliance with the MMLR, accounting standards promulgated by the Malaysian Accounting Standards Board and other legal and regulatory requirements.

3. Reviewed the Latest Changes of Pronouncements Issued by the Accountancy, Statutory and Regulatory Bodies

At such quarterly meetings, the Audit Committee was kept informed of the application and impact of new and revised accounting standards by the External Auditors and on changes to the MMLR compliance requirements by the Company Secretary. The Audit Committee members also underwent training by professionals during the financial year to update themselves on the financial reporting and compliance requirements.

4. Reviewed the External Auditors' Audit Plan, Scope of Work and Audit Fee

During the financial year, the External Auditors presented their audit plan and strategy to the Audit Committee for review and comments prior to the commencement of the audit to ensure that the audit scope was adequate and reasonable time was allowed to ensure that the audit could be carried out effectively without undue time pressure.

The audit plan presented included information on the engagement team, audit scope, materiality, audit methodology and timing of audit, involvement of component auditors, other independent auditors, significant accounting policies and disclosures, audit focus areas (including potential key audit matters, other significant risks and other matter), emerging issues, key milestones, reported observations in prior year's audit, fraud consideration, newly effective Malaysian Financial Reporting Standards ("MFRS"), as well as the responsibilities of Directors and External Auditors. The audit plan was discussed and clarifications were sought from the External Auditors prior to the approval of the said plan by the Audit Committee.

During the same meeting, the proposed audit and non-audit fees were presented by the External Auditor for review by the Audit Committee to ensure that the proposed fees commensurate with the work to be performed by the External Auditors, and the independence and objectivity of the External Auditors were not compromised by the proposed non-audit fees, which was then recommended to the Board for approval.

5. Reviewed the Audited Financial Statements and Audit Results with External Auditors

The audit findings on the significant risk areas, deficiencies in internal control (if any) and status of the audit were presented to the Audit Committee. Subsequent to the deliberations and clarifications of the audit findings by the Audit Committee with the External Auditors and conclusions derived therefrom, the audit findings and recommendations were presented to the Board by the Chairman of the Audit Committee.

Following the review with the External Auditors and the Management and having satisfied itself that the audit had been carried out in accordance with the approved audit plan and approved auditing standards, and that the presentation of the financial statements was in compliance with the statutory requirements and applicable approved accounting standards, the Audit Committee recommended for the Board's approval and adoption of the audited statutory financial statements for the financial year ended 31 March 2022 of the Company and the Group.

AUDIT COMMITTEE REPORT
cont'd

D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year under review. The summary of work undertaken by the Audit Committee during the financial year included the following: (Cont'd)

6. Private Sessions with External Auditors

For the financial year ended 31 March 2022, the Audit Committee met thrice on 28 May 2021, 19 July 2021 and 24 February 2022 with the External Auditors without the presence of the Executive Directors and Management in order for the Audit Committee and the External Auditors to freely exchange observations and opinions as well as to discuss any significant audit issues.

7. Reviewed the Performance, Independence and Objectivity of the External Auditors

During the financial year under review, the Audit Committee conducted an evaluation of the performance, independence and objectivity of the External Auditors via the *External Auditor Performance and Independence Checklist* per the Corporate Governance Guide issued by Bursa Malaysia Berhad with criteria such as calibre of the firm, quality processes and performance, knowledge and skill sets of the audit team, independence and objectivity, audit scope and planning, audit fees and audit communications. In addition, during the meetings with the External Auditors, the External Auditors reaffirmed their independence of the Group and the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and their commitment to communicate to the Audit Committee on their independence status on an ongoing manner. The Audit Committee also considered information in the Annual Transparency Report presented by the External Auditors during the meeting as part of the criteria to guide the Audit Committee in its assessment on the reappointment of the External Auditors.

Based on the satisfactory results of the assessment of the performance, independence and objectivity of the External Auditors, the Audit Committee recommended the reappointment of the External Auditors to the Board for the financial year ended 31 March 2022.

8. Reviewed the Adequacy and Relevance of the Scope, Functions and Resources, Internal Audit Plan and Results from the Internal Audit Reviews with the Group's Internal Audit Functions

The Audit Committee received internal audit reports from both the in-house internal audit function and outsourced internal audit function, on a quarterly basis, that contained the findings, recommendations and agreed management action plans for internal audits conducted based on the approved internal audit plans. In addition to reporting on the audit findings, the status of agreed management action plans for previous internal audit findings and the status of approved internal audit plans were also presented to the Audit Committee for their review and deliberations. Additionally, the Audit Committee assessed the adequacy and effectiveness of the respective Internal Audit Functions through the review of the resources, experience and continuous professional development of the Internal Audit Functions. Further, the Audit Committee conducted a formal evaluation of the performance, independence and objectivity of both the in-house internal audit function and the outsourced internal audit function via the *In House Internal Audit Function Evaluation Checklist and External/Outsourced Internal Audit Function Evaluation Checklist* per the Corporate Governance Guide issued by Bursa Malaysia Berhad.

During the financial year under review, the internal audit plans (including updates on the progress of approved internal audit plans) and subsequent changes, if any, were presented by the in-house internal audit function for the review and approval by the Audit Committee.

The oversight role of the Audit Committee on the internal audit function is detailed in the Statement on Risk Management and Internal Control set out on pages 73 to 75 of this Annual Report.

D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year under review. The summary of work undertaken by the Audit Committee during the financial year included the following: (Cont'd)

9. Private Session with the Internal Audit Functions

For the financial year ended 31 March 2022, the Audit Committee on 24 February 2022 met with the in-house internal audit function and the outsourced internal audit function separately, without the presence of the Executive Directors and Management in order for the Audit Committee and the respective internal audit functions to freely exchange observations and opinions as well as to discuss any significant audit issues.

10. Reviewed the Related Party Transactions

During the quarterly meetings, updates on the value of the individual Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") transactions and comparison with the shareholders' mandate amounts (for the period from the previous general meeting to the forthcoming general meeting) were reported to the Audit Committee for its review. This would have enabled the Audit Committee to take prompt action in the event any RRPT should exceed 10% of the mandated amount. It was noted by the Audit Committee that no material transactions were entered into by the Group with related parties during the financial year ended 31 March 2022.

11. Review of Allocation of Options or Shares Pursuant to a Share Issuance Scheme

During the quarterly meetings, the Audit Committee reviewed the options listing and confirmed that the options had been granted in accordance with the Employees' Share Option Scheme ("ESOS") By-Laws during the financial year ended 31 March 2022.

During the same meetings, the Audit Committee also reviewed the issuances of new ordinary shares pursuant to the exercise of options granted under the ESOS during the financial year and was satisfied that such issuances were carried out on terms vested on the options granted.

12. Reviewed the Statements and Reports Disclosed in the Annual Report

The Audit Committee reviewed the Corporate Governance Report, Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis, Sustainability Statement, the Directors' Responsibility Statement for preparing the annual audited financial statements, other information required for disclosure (such as the profile of directors and key management, RRPT, etc.) and the audited financial statements of the Group and the Company to ensure compliance with the MMLR, the MCCG and other guidelines for publication in the Company's Annual Report and recommended these to the Board for approval.

13. Reviewed the Draft Circular to Shareholders on the 'Proposed New and Renewal of Shareholders' Mandate for RRPTs of a Revenue or Trading Nature' and 'Share Buy-Back Statement in relation to the Proposed Renewal of Authority to Buy-Back its Own Shares by the Company'.

The Audit Committee reviewed the draft circular to Shareholders to ensure the contents and presentation were in compliance with the MMLR.

AUDIT COMMITTEE REPORT
cont'd

D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year under review. The summary of work undertaken by the Audit Committee during the financial year included the following: (Cont'd)

14. Reviewed the Updated Enterprise Risk Management Report of the Group

The Audit Committee reviewed and deliberated on the adequacy and effectiveness of the updated Risk Management Report of the Group (including but not limited to, the key risk profile, key risk registers (comprising strategic, governance and key operational risks) and the proposed internal audit plan derived therefrom). Based on the review, the Audit Committee was satisfied with the results of the risk assessment and its responses and subsequently reported the results of the review to the Board.

15. Reviewed the Sustainability Matters Assessment Result of the Group

The Audit Committee reviewed the sustainability matters assessment results presented by the in-house internal audit function. The review was on updates of identified material sustainability matters. Based on the review, the Audit Committee was satisfied with the process and results of the sustainability matters assessment and subsequently reported the results of the review to the Board.

16. Others

- The proceedings of the Audit Committee meetings, significant issues and concerns discussed and where appropriate, recommendations were reported to the Board by the Audit Committee Chairman, with the minutes of the Audit Committee made available to all Board members for review. Clarification and confirmation from the Audit Committee Chairman were also provided where required.

- The Audit Committee reviewed its terms of reference and proposed updates and changes in the terms of reference to the Board for its review and approval.

- The Audit Committee reviewed and approved the Annual Budget for the Group prior to its recommendation to the Board for approval.

- The Audit Committee reviewed amendments to the Grievance procedures and Whistle Blowing policy.

E. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is made up of an in-house internal audit function with the primary responsibility to conduct internal control reviews of key internal processes within the Group and an outsourced internal audit function with the primary responsibility to conduct internal control reviews of the distributorship management system implemented by the Group and to conduct such reviews independently, objectively and regularly. The in-house internal audit function and the outsourced internal audit function report directly to the Audit Committee. The appointment and resignation of the internal auditors as well as the proposed/budgeted audit fees are subject to review and approval by the Audit Committee for its reporting to the Board for ultimate approval.

The Audit Committee ensures the adequacy of the internal audit scope by way of review of the proposed internal audit plans tabled by the respective internal audit functions for its adequacy of coverage and scope in relation to the key business risk exposure and risk appetite of the Group prior to its approval for execution. The approved internal audit plans are duly executed by the internal audit functions with any subsequent changes to the plan reviewed and approved by the Audit Committee. The in-house internal audit function and the outsourced internal audit function tabled the results of their review to the Audit Committee during their scheduled meetings, highlighting their findings, recommendations, areas of improvement opportunities, management response and action plan.

E. INTERNAL AUDIT FUNCTION (CONT'D)

In addition, the internal audit functions performed follow-up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow-up reviews were reported to the Audit Committee for their review and deliberation.

The Audit Committee ensures the effectiveness and adequacy of the internal audit functions, their competency and the adequacy of resources allocated to the internal audit functions, through the review of their resources in terms of qualification and experience/exposure and continuous professional development for the employees of these internal audit functions which are tabled by the in-house internal audit function and the outsourced internal audit function at the Audit Committee meetings during the financial year under review.

Further details of the internal audit functions and the oversight roles of the Audit Committee in relation to risk management and internal control are disclosed in the Statement on Risk Management and Internal Control set out in pages 68 to 75 of this annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to the requirement to prepare a statement about the state of risk management and internal controls of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Board of Directors ("the Board") of Power Root Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the state of the risk management and internal controls of the Group for the financial year ended 31 March 2022 and up to the date of approval of this statement. The scope of this Statement includes the Company and all operating subsidiaries.

BOARD RESPONSIBILITY

As per the Board Charter, the Board assumes the ultimate responsibility of maintaining a sound governance, risk management and internal control system and of reviewing their adequacy and effectiveness so as to achieve the Group's mission, core values, strategies and business objectives and to establish the risk appetite of the Group based on the risk capacity, strategies, internal and external business context, business nature, and corporate/product lifecycle. Furthermore, it is also the responsibility of the Board to safeguard stakeholders' interests and protect the Group's assets. The Board is committed to the establishment and maintenance of an appropriate governance, risk management and internal control system that is embedded into the corporate culture, processes and strategies of the Group, and to articulate the importance of an adequate and effective governance, risk management and internal control system.

The Board delegates the duty of identification, assessment and management of key business risks to the Sustainability and Risk Management Committee ("SRMC"), led by an Executive Director as Chairman of the Committee. The Board delegates its review role to the Audit Committee, through the terms of reference approved by the Board, in order to provide assurance to the Board on the adequacy and effectiveness of the governance, risk management and internal control system of the Group.

However, as there are inherent limitations in any risk management and internal control system, such system is designed to manage, rather than eliminate risks that may impede the achievement of the Group's business and corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement of losses and fraud.

The Board does not review the risk management and internal control system of its associate company as the Group does not have management control over the associate company. Notwithstanding that, the Group's interests are served through representation on the Board of Directors of the associate company and the Executive Director provides the Board with information on the performance of the Group's associate company on a yearly basis.

RISK MANAGEMENT

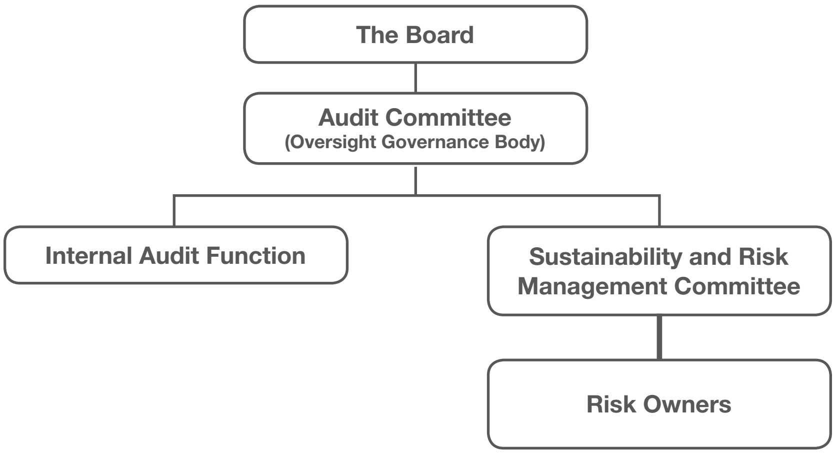
The Board recognises that a sound risk management system is critical in the pursuit of its strategic objectives and maintaining an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. The Board has put in place a formal Group Risk Management Framework to govern the risk management process.

The principles, practices and processes of the Group Risk Management Framework established by the Board are, in all material aspects, guided by ISO 31000:2018 – Risk Management Guidelines. The Group Risk Management Framework clearly defines the risk management objectives and processes, along with clear roles and responsibilities of the Board, Audit Committee, Internal Audit Function, SRMC and risk owners.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

RISK MANAGEMENT (CONT'D)

The Group Risk Management Framework established lays down the risk management principles and processes defined by the Board with formalised governance structure of the risk management activities of the Group as follows:



The roles and responsibilities of the SRMC include the following:

a. implement the Group Risk Management Framework approved by the Audit Committee and the Board;
b. implement the risk management process which includes the identification of key risks and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existent and communicate with the risk owners;
c. ensure that the risk strategies adopted are aligned with the Group's organisational strategies. (e.g., vision/mission, corporate strategies/business objectives, etc.), Group Risk Management Framework (including policies and processes), risk tolerance and risk appetite;
d. continuous review and update of the Key Risk Registers (including changes (increase or decrease) in identified risk events/levels and incorporation of new or emerging risks or integration of business risks from the implementation and integration of new strategies and business objectives, or removal of superseded risk matters), and compilation of the Key Risk Profile and Key Risk Report of the Group due to changes in the internal and external business context, business processes, business strategies or external environment and determine the management action plan, if required; and
e. update the Board, through the Audit Committee, on changes to the Key Risk Profile on a periodical basis (at least on an annual basis) or when appropriate (due to significant change to the internal and external business context) and the course of action(s) to be taken by management in managing the changes.

The roles and responsibilities of the Head of Departments, designated as risk owners, as defined in the Group Risk Management Framework are as follows:

a. manage the risks of the business processes under his/her control;
b. continuously identify risks and evaluate existing controls. If controls are deemed ineffective, inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
c. report to the SRMC on the emergence of new business risks or changes in the existing business risks in a timely manner, and assist the SRMC;
d. assist with the development of the management action plans and implement these action plans;
e. assist the SRMC with the yearly update of the changes in the Key Risks Registers, management action plans and the status of these plans;
f. ensure that departmental staff understand the risk exposure of the relevant processes under their responsibilities and the importance of the related controls; and
g. ensure the adequacy of training for staff on risk and improvement opportunity management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

RISK MANAGEMENT (CONT'D)

The structured risk management process as defined in the Group Risk Management Framework is employed by the SRMC and the risk owners for risk and improvement opportunity identification, evaluation, control identification, treatment and monitoring activities. Risk assessment at gross and residual levels are guided by the likelihood rating and impact rating established, based on the acceptable risk appetite level as determined by the Board. Based on the risk management process, Key Risk Registers are updated by the SRMC and risk owners, with the relevant key risks identified and rated based on the agreed upon risk rating scale. Key Risks Registers are used for the identification of high residual risks which are above the risk appetite of the Group that require the SRMC, Audit Committee and the Board's immediate attention and risk response(s) as well as for future risk monitoring.

As an important risk monitoring mechanism, the SRMC and risk owners review the Key Risks Registers and assess emerging risks identified at strategic, governance and operational level (including sustainability, fraud and bribery related risks) on an annual basis or on more frequent basis (if circumstances require) and report to the Audit Committee and the Board on the results of the review and assessment to ensure that key risks are managed within the risk appetite established by the Board.

During the financial year under review, the SRMC and the risk owners conducted a review and assessment exercise whereby existing strategic, governance, and key operational risks (including sustainability, fraud and bribery related risks) were reviewed and any new emerging risks identified were assessed and incorporated into the Key Risks Registers for on-going risk monitoring and assessment, after taking into consideration the internal audit findings. The Risk Management Report, which consists of key risk profiles (comprising strategic, governance and key operational risks (including sustainability, fraud and bribery related risks)), key risk observations and likelihood and impact rating used during the risk management process by the SRMC, was compiled and tabled to the Audit Committee and Board for review and deliberation. Thereafter, risks above the risk appetite level or with inadequate or ineffective control activities were prioritised for internal audit activities to be carried out by the in-house internal audit function.

At the strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Chief Executive Officer and Senior Management and presented to the Board for review and deliberation to ensure that the proposed plans, strategies and investment proposals are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the Audit Committee and Board during the review of the financial performance of the Group at scheduled meetings.

The risk owners are responsible for managing the risks under their responsibilities. Risk owners are responsible for effective and efficient operational monitoring and management, by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key risks or emergence of new risks are identified through daily operational management and review of financial and operational reports, generated by the internal management information system, supplemented by external data and information collected, by the respective levels of Management. The risk owners are responsible for assessing the changes to the existing risks and emergence of new risks and to formulate and implement effective controls to manage the risks. Material risks are highlighted by the SRMC to the Executive Director for the final decision on the formulation and implementation of effective internal controls and reported to the Audit Committee and the Board by the Executive Director.

The monitoring of the risk management process by the Group is enhanced by the internal audits carried out by the in-house internal audit function with specific business risks identified for each internal audit cycle based on the internal audit plans approved by the Audit Committee.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are made up of five core components, i.e., Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows:

- **Board of Directors/Board Committees**

  The roles, functions, composition, operations and processes of the Board are guided by a formal Board Charter whereby the roles and responsibilities of the Board, Independent Non-Executive Chairmen and Chief Executive Officer are specified to preserve the independence of the Board from the Management.

  Board Committees (i.e., Audit Committee, Remuneration Committee, Nominating Committee and Option Committee) have been established to carry out the duties and responsibilities delegated by the Board and are governed by written terms of reference.

  Meetings of the Board of Directors and the Audit Committee are carried out on a quarterly basis (or more frequently as necessary) to review the performance of the Group from both financial and operational perspectives or to discuss significant key issues. Business plans and business strategies are proposed by the Chief Executive Officer to the Board for their review and approval after taking into account risk considerations and responses.

- **Integrity and Ethical Values**

  The tone from the top on integrity and ethical values are enshrined in the formal Code of Conduct established and approved by the Board. This formal code forms the foundation of integrity and ethical values for the Group.

  To further enhance the level of integrity and ethics practiced throughout the Group, the Group has in place a formalised Anti-Bribery & Corruption Policy that has been reviewed by the Audit Committee and approved by the Board, to prevent the risk of bribery and conflict of interest within the Group, coupled with the formalised Whistleblowing Policy and Grievance Procedures for all stakeholders to raise genuine concerns about possible improprieties in matters of unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements at the earliest opportunity.

  Compliance with the Code of Conduct and relevant policies on ethics are monitored via monitoring mechanisms and reporting channels implemented to ensure non-compliances are detected and investigated in a timely manner with appropriate corrective action, including but not limited to disciplinary actions and other actions, to rectify non-compliance.

- **Organisation Structure, Accountability and Authorisation Procedures**

  The Group has a formal organisation structure in place with clear lines of reporting and accountability with the Board assuming the oversight roles. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated, while accountability of performance and controls are assigned accordingly to competent staff to ensure operational effectiveness and efficiency. The establishment and communication of job responsibilities as well as accountability of performance and controls for key positions are further enhanced via job descriptions established by the Management.

  The authorisation requirements for key processes are incorporated in the design of the relevant forms and stated in the Group's policies and procedures.

- **Annual Budget and Performance Measurement**

  The Annual Budget for the Group is presented and approved by the Board on an annual basis and forms one of the basis to monitor the actual performances and to identify significant variances for prompt actions to be taken.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL CONTROL SYSTEM (CONT'D)

The key features of the Group's internal control system are made up of five core components, i.e., Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows: (Cont'd)

- **Succession Planning and Human Resources**

  It is the Board's commitment that the Group identifies and seeks to meet the aspirations of employees and continuously develop their knowledge, skills and competencies for personal development and corporate excellence. The Succession Planning Policy is put in place by the Board so that employees with potential are identified and groomed for key positions within the Group for business continuity management and to minimise the impact of abrupt vacancies or departure of key personnel.

  Guidelines on human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by attracting, employing and retaining adequate competent employees possessing the necessary knowledge, skills and experiences (which are enhanced by continuous training thereafter) in order to carry out their job duties and responsibilities effectively and efficiently.

  Performance evaluations are carried out for all levels of staff to identify performance gaps, training needs and talent development.

- **Risk Assessment and Control Activities**

  Risk assessment (including sustainability, fraud and bribery related risks) is performed by risk owners at scheduled intervals (at least on an annual basis) or whenever there is a change in the internal and/or business context in accordance with the Group Risk Management Framework. Internal controls, as with risk responses, are formulated and put in place to mitigate risks identified at a level acceptable by the Board, i.e., the risk appetite.

  The Group has documented policies and procedures in place that are reviewed and updated annually or as and when circumstances dictate to ensure its relevance, to regulate key operational areas including International Organisation for Standardisation ("ISO"), Hazard Analysis and Critical Control Points ("HACCP") and Good Manufacturing Practices ("GMP") certifications as well as internal control requirements.

- **Information and Communication**

  At operational levels, clear reporting lines are established across the Group. Operations and management reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group to facilitate timely decision-making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision-making on a timely basis.

  The Group has in place effective and efficient information and communication infrastructures and channels (i.e., computerised enterprise resources planning system, mobile applications, secure electronic mail system and modern telecommunication system) so that operational data and management information can be collected and processed into relevant and adequate information and communicated timely, reliably and securely to the appropriate personnel within the Group for decision-making and for communication with relevant external stakeholders. Apart from that, financial and management reports are generated and provided to the relevant level of employees in the Group for information dissemination, review and/or decision-making. Management and board meetings are held for effective two-way communication of information at different levels of management and the Board.

  Communication of policies and procedures of the Group are conducted via written format, electronic mail system and in-house training by the respective risk or control owners.

INTERNAL CONTROL SYSTEM (CONT'D)

The key features of the Group's internal control system are made up of five core components, i.e., Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows: (Cont'd)

- **Monitoring and Review**

  As the Executive Directors are closely and directly involved in the daily operations of the Group, regular reviews of operational data including production, sales and marketing, and financial data are performed by the Executive Directors.

  At the operational level, monitoring activities are embedded into the policies and procedures established by the Management with incidents of non-compliance and exceptions noted and escalated to the appropriate level of management. The Audit Committee and Board meetings are held quarterly to discuss and review the financial and operational performance of key divisions/departments of the Group, including review of key financial indicators/ ratios and comparison against budgeted financial results and previous corresponding financial results.

  Furthermore, internal audits are carried out by the in-house internal audit function (which reports directly to the Audit Committee) on key risk areas identified based on the key risk profile of the Group. The in-house internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommends improvements on the observations made to mitigate the risks. The results of the internal audits carried out are reported to the Audit Committee.

  The monitoring of compliance with relevant laws and regulations are further enhanced by independent reviews of specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies.

  Corrective actions are formulated and implemented for incidents of non-compliance and exceptions reported with its implementation monitored.

INTERNAL AUDIT FUNCTION

The Group relies on the internal audit functions to provide the Board and the Management with the required level of assurance that the governance, risk management and internal control system are adequate and effective in mitigating organisational risks to achieve the Group's corporate objectives.

The internal audit functions of the Group are made up of an in-house internal audit function with the primary responsibility of the internal control review of key internal processes within the Group and an outsourced internal audit function provided by Messrs. NeedsBridge Advisory Sdn Bhd, with the primary responsibility of the internal control review of the distributorship management system implemented by the Group.

The in-house Internal Audit Manager and the engagement director of the outsourced internal audit function are both Certified Internal Auditors accredited by the Institute of Internal Auditors Global. The in-house internal audit function and the outsourced internal audit function report to the Audit Committee directly and provide the Audit Committee with the assurances it requires on the adequacy and effectiveness of the Group's governance, risk management and internal control system. Internal audits are carried out by both the in-house internal audit function and outsourced internal audit function, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e., Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The in-house internal audit function comprises one (1) Internal Audit Manager and three (3) Internal Audit Executives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

The in-house internal audit function is governed by the Internal Audit Charter while the outsourced internal audit function is governed by a formal engagement letter with key terms including mission/purpose and scope of work, accountability, independence, the internal audit function's responsibilities and the authority accorded to the internal audit function. The internal audit functions are accorded unrestricted access to all functions, records (for highly sensitive information where a higher authority's prior approval is required), property, personnel, Audit Committee members and other specialised services from within or outside the Group and where necessary, the assistance of personnel in the relevant business units of the Group. To preserve their independence and objectivity, both the in-house internal audit function and the outsourced internal audit function are independent of the activities audited and to be audited, as stated in the Internal Audit Charter and engagement letter respectively.

The oversight of the in-house and outsourced internal audit functions by the Audit Committee is enhanced with the annual review by the Audit Committee of the resources of the in-house and outsourced internal audit functions in terms of qualification and experience/exposure and continuous professional development for the employees of the in-house and outsourced internal audit functions, details of which are tabled by the in-house and outsourced internal audit functions during the Audit Committee meetings held for the financial year under review.

During the financial year under review, the Audit Committee conducted a formal evaluation of the performance, independence and objectivity of both the in-house internal audit function and outsourced internal audit function via the In-House Internal Audit Function Evaluation Checklist and External/Outsourced Internal Audit Function Evaluation Checklist in line with the Corporate Governance Guide issued by Bursa Malaysia Berhad, focusing on the professional qualification, scope, accountability, responsibilities, independence, authorities, knowledge and competencies, resources, compliance with internationally recognised standard, and communication channel.

Based on the above review and performance evaluation, the approved internal audit plans, internal audit work performed and reports by the in-house internal audit function and outsourced internal audit function, the Audit Committee is satisfied that:

- the scope, functions (including independence), competency, resources, authorities granted to the internal audit functions, as well as internal audit plans and processes are adequate to provide the Audit Committee with reasonable assurance that governance, risk and control structures and processes of the Group are adequate and effective;
- the results of the internal audit plan, processes or investigation undertaken are adequately communicated to the Audit Committee and appropriate actions are taken on the recommendations of the internal audit functions; and
- both internal audit functions had undertaken continuous professional development to equip themselves with the relevant knowledge and skills to discharge their responsibilities.

The risk-based internal audit plan in respect of the financial year ended 31 March 2022 was prepared after taking into consideration the existing and emergent key business risks identified in the Group's key risk profile. The audit plan and any subsequent amendments (if any) were reviewed and approved by the Audit Committee prior to its execution.

The internal control review procedures performed by the internal audit functions are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes, and the recommendations formulated by both internal audit functions are based on the root cause(s) of the observations noted during the internal audit process. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows.

For the financial year ended 31 March 2022, the internal audit functions conducted reviews for:

- Quality Assurance Management of the Manufacturing division
- Sales and Marketing Management of the Sales and Marketing division
- Human Resource Management of the Manufacturing division
- Costing Management of the Manufacturing division
- Distribution Management System for selected key dealers

INTERNAL AUDIT FUNCTION (CONT'D)

Upon the completion of the internal audit work, the internal audit reports were presented to the Audit Committee during its quarterly meetings. During such presentations, the internal audit findings, risk/potential implication and recommendations as well as management responses and action plans were presented to and deliberated by the Audit Committee. Updates on the status of action plans identified in the previous internal audit reports were also presented during the financial year under review to the Audit Committee for review and deliberation. The Audit Committee reported the results of the review and deliberations to the Board in order for the Board to discharge its responsibility of ensuring that sound governance, risk management and internal control system are in place to manage the risks within the risk appetite of the Group and for regulatory compliance.

The cost incurred in maintaining the in-house and outsourced internal audit functions for the financial year ended 31 March 2022 amounted to RM399,258.

ASSURANCE PROVIDED BY CHIEF EXECUTIVE OFFICER AND GROUP FINANCIAL CONTROLLER

In accordance with the Guidelines, the Chief Executive Officer, being the highest-ranking executive in the Group and the Group Financial Controller, being the person primarily responsible for the management of the financial affairs of the Group have provided assurance to the Board that the Group's risk management and internal control system have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

OPINION AND CONCLUSION

Based on the review of the risk management results and processes, results of the internal audit activities, monitoring and review mechanism stipulated above coupled with the assurance provided by the Chief Executive Officer and the Group Financial Controller, the Board is of the view that the governance, risk management and internal control system are operating satisfactorily and have not resulted in any material losses, contingencies or uncertainties during the financial year under review that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to review and, where necessary, improve the Group's governance, risk management and internal control system to meet the Group's strategic objectives.

The Board is committed towards maintaining a sound governance, risk management and internal control system throughout the Group and reaffirms its commitment to continuously review and where necessary, enhance further the system.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2022, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b. is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the year ended 31 March 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	26,200,456	61,082,978
Non-controlling interests	118,221	–
	26,318,677	61,082,978

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 March 2021 as reported in the Directors' Report of that year:

- a third dividend of 1.5 sen per ordinary share totalling RM6,339,118 declared on 25 February 2021 and paid on 9 April 2021; and

- a fourth dividend of 0.5 sen per ordinary share totalling RM2,117,459 declared on 28 May 2021 and paid on 12 July 2021.

DIRECTORS' REPORT

For the year ended 31 March 2022
cont'd

DIVIDENDS (CONT'D)

ii) In respect of the financial year ended 31 March 2022:

- a first dividend of 0.5 sen per ordinary share totalling RM2,131,830 declared on 27 August 2021 and paid on 12 October 2021;
- a second dividend of 1.2 sen per ordinary share totalling RM5,032,873 declared on 23 November 2021 and paid on 5 January 2022;
- a third dividend of 1.2 sen per ordinary share totalling RM5,031,960 declared on 24 February 2022 and paid on 8 April 2022;
- a fourth dividend of 2.0 sen per ordinary share totalling RM8,325,790 declared on 31 May 2022 and paid on 13 July 2022; and
- a special dividend of 0.5 sen per ordinary share totalling RM2,081,447 declared on 31 May 2022 and paid on 13 July 2022.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' How Say Swee
Dato' Wong Fuei Boon
Mr. Wong Tak Keong
Mr. See Thuan Po
Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj
Dato' Afifuddin bin Abdul Kadir
Mr. Ong Kheng Swee
En. Azahar bin Baharudin
Dato' Tea Choo Keng
Mr. Low Jun Lee (appointed on 30 April 2021)
Ms. Tan Lay Beng (appointed on 3 January 2022)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares, options over shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end *(including the interests of the spouses or children of the Directors who themselves are not Directors of the Company)* as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares			
Name of Directors	**Interest**	**At 1 April 2021/ date of appointment**	**Bought/ ESOS exercised**	**Sold**	**At 31 March 2022**
Company					
Dato' How Say Swee	Direct	76,087,436	–	–	76,087,436
	Deemed	3,000,000	–	–	3,000,000
Dato' Wong Fuei Boon	Direct	67,767,856	–	–	67,767,856
	Deemed	10,000,000	–	–	10,000,000
Mr. Wong Tak Keong	Direct	29,038,800	3,050,000	–	32,088,800
	Deemed	8,250,800	–	–	8,250,800
Dato' Tea Choo Keng	Direct	3,480	–	–	3,480
Mr. See Thuan Po	Direct	3,788,000	790,000	–	4,578,000
	Deemed	6,332,600	180,000	–	6,512,600
Mr. Ong Kheng Swee	Direct	235,315	–	–	235,315
	Deemed	144,000	10,000	–	154,000
En. Azahar bin Baharudin	Direct	6	–	–	6
Mr. Low Jun Lee	Deemed	47,750,016	1,080,000	–	48,830,016
Subsidiaries					
- Power Root HK-China Company Limited					
Mr. Wong Tak Keong	Direct	100,000	–	–	100,000
- Power Root Distributor Sdn. Bhd.					
Mr. Wong Tak Keong	Direct	60,000	–	–	60,000
- Alicafe Roaster Sdn. Bhd.					
Mr. Wong Tak Keong	Direct	10,000	–	–	10,000
- Superwrapz International Sdn. Bhd.					
Mr. Wong Tak Keong	Direct	5,000	–	–	5,000
- French Patisserie Sdn. Bhd.					
Mr. Wong Tak Keong	Direct	200,000	–	–	200,000
Mr. See Thuan Po	Direct	50,000	–	–	50,000

DIRECTORS' REPORT

For the year ended 31 March 2022
cont'd

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

		Number of options over ordinary shares ('000)			
Name of Directors	**Option price**	**At 1 April 2021**	**Granted**	**Exercised**	**At 31 March 2022**
Company					
Dato' How Say Swee	RM0.563#	720	–	–	720
Dato' Wong Fuei Boon	RM0.563#	720	–	–	720
Mr. Wong Tak Keong	RM0.563#	3,000	–	(3,000)	–
	RM1.291	14,000	–	–	14,000
Mr. See Thuan Po	RM0.563#	790	–	(790)	–
	RM1.291	2,000	–	–	2,000

\# The Company completed its bonus issue exercise on 23 July 2018 and the option exercise price has been adjusted accordingly.

		Number of Warrants ('000)			
Name of Directors	**Interest**	**At 1 April 2021/ date of appointment**	**Bought**	**Sold/ Converted**	**At 31 March 2022**
Company					
Dato' How Say Swee	Direct	5,295	1,000	(1,000)	5,295
Dato' Wong Fuei Boon	Direct	6,547	–	–	6,547
	Deemed	1,000	–	–	1,000
Mr. Wong Tak Keong	Direct	8,866	–	(691)	8,175
	Deemed	792	–	–	792
Mr. Ong Kheng Swee	Direct	–#	–	–	–#
En. Azahar bin Baharudin	Direct	–@	–	–	–@
Mr. Low Jun Lee	Deemed	7,383	–	–	7,383

\# This represents 17 Warrants.
@ This represents 1 Warrant.

None of the other Directors holding office at 31 March 2022 had any interest in the shares, options over shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 27 to the financial statements.

Other than the options granted pursuant to the Employees' Share Option Scheme ("ESOS") and Warrants, there were no other arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES

During the financial year, the Company issued:

a) 5,259,000 new ordinary shares for cash totalling RM2,960,817 arising from the exercise of the employees' share options at an exercise price of RM0.563 per ordinary share; and

b) 86,000 new ordinary shares for cash totalling RM98,900 arising from the exercise of the employees' share options at an exercise price of RM1.150 per ordinary share.

At the Annual General Meeting held on 27 August 2021, the shareholders of the Company renewed their approval for the Company to repurchase its own shares. During the financial year, the Company repurchased from the open market a total of 10,514,600 of its issued ordinary shares with an average repurchase price of RM1.35. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

ISSUE OF WARRANTS

The Warrants are constituted by the deed poll dated 29 June 2018.

The Company issued 65,591,464 free Warrants on the basis of one (1) Warrant for every five (5) existing shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 27 July 2018.

The main features of the Warrants are as follows:

a) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM1.54 during the exercise period, subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

b) The Warrants may be exercised at any time on or after 27 July 2018 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of five (5) years from 24 July 2018.

c) The new shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing share of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared, made or paid by the Company prior to the relevant date of allotment and issue of the new shares to be issued pursuant to the exercise of the Warrants;

d) For purpose of trading on Bursa Securities, a board lot for the Warrants shall comprise one hundred (100) Warrants carrying right to subscribe for 100 new shares at any time during the exercise period or such denomination as determined by Bursa Securities; and

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

No Warrants were exercised during the year. As at year end, 48,550,093 (2021: 48,550,093) Warrants remained unexercised.

DIRECTORS' REPORT

For the year ended 31 March 2022
cont'd

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

At the Extraordinary General Meeting held on 23 July 2012, the Company's shareholders approved the establishment of an ESOS of not more than 10% of the issued share capital of the Company to eligible Directors and employees of the Group.

The salient features of the ESOS are, inter alia, as follows:

a) The ESOS is administered by a committee appointed by the Board of Directors.

b) The aggregate number of options exercised and options offered and to be offered under the ESOS shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS. Furthermore, not more than ten percent (10%) of ESOS Shares available under the Scheme shall be allocated to any Directors or employee, who singly or collectively through persons connected with such Directors or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.

c) Any employee of the Group shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and have been confirmed in service and have been in the employment of the Group for a period of at least six (6) months in the Group.

d) Any Director of the Group shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and is an existing Director of the Group.

e) The option price for each share shall be at a discount to the five (5) days weighted average market price of the shares of the Company immediately preceding the date of the offer, provided that the discount shall not exceed ten percent (10%).

f) The ESOS shall be in force for a period of ten (10) years commencing from 23 July 2012.

At the Extraordinary General Meeting held on 10 June 2019, the Company's shareholders approved the establishment of a second ESOS to eligible key employees and Directors of the Group.

The salient features of the ESOS are, inter alia, as follows:

a) The ESOS is administered by a committee appointed by the Board of Directors.

b) The aggregate number of options exercised and options offered and to be offered under the ESOS shall not exceed fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS. Furthermore, not more than ten percent (10%) of ESOS Shares available under the Scheme shall be allocated to any Directors or employee, who singly or collectively through persons connected with such Directors or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.

c) Any executive director or key employee of the Group shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and (i) must not be an undischarged bankrupt nor subject to any bankruptcy proceedings; (ii) must have complied with any other criteria imposed by the ESOS Committee from time to time; and (iii) must be an existing Director or be a full time employee confirmed in writing by Power Root Berhad and its subsidiaries.

d) The option price for each share shall be at a discount to the five (5) days weighted average market price of the shares of the Company immediately preceding the date of the offer, provided that the discount shall not exceed ten percent (10%).

e) The ESOS shall be in force for a period of ten (10) years commencing from the date of offer, which is 11 June 2019.

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The options offered to take up unissued ordinary shares and the exercise price is as follows:

		Number of options over ordinary shares ('000)			
Date of offer	**Exercise price RM**	**At 1 April 2021**	**Exercised**	**Forfeited**	**At 31 March 2022**
27 July 2012	0.563*	13,978	(5,259)	(172)	8,547
23 August 2017	1.558*	1,968	–	(312)	1,656
3 April 2019	1.150	3,052	(86)	(99)	2,867
14 May 2019	1.190	120	–	–	120
11 June 2019	1.291	16,000	–	–	16,000
14 April 2020	1.740	1,652	–	(205)	1,447
14 April 2020	1.740	3,825	–	(275)	3,550
		40,595	(5,345)	(1,063)	34,187

* The Company completed its bonus issue exercise on 23 July 2018 and the exercise price has been adjusted accordingly.

INDEMNITY AND INSURANCE COSTS

During the financial year, the premium paid for insurance effected for Directors and officers of the Company is RM33,798.

There were no indemnity given to or insurance effected for auditors of the Company during the financial year.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' reports on the audited financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

DIRECTORS' REPORT

For the year ended 31 March 2022
cont'd

OTHER STATUTORY INFORMATION (CONT'D)

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' How Say Swee
Director

See Thuan Po
Director

Date: 25 July 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Assets					
Property, plant and equipment	3	97,843,118	98,915,404	27,219	12,556
Investment properties	4	10,208,438	8,946,885	–	–
Intangible assets	5	–	–	–	–
Investments in subsidiaries	6	–	–	182,513,009	183,086,590
Investment in an associate	7	–	–	–	–
Investment in a joint venture	8	–	–	–	15,300
Other investments	9	3,213,746	2,479,388	3,213,746	2,479,388
Deferred tax assets	10	3,060,454	1,940,871	15,000	6,000
Total non-current assets		114,325,756	112,282,548	185,768,974	185,599,834
Inventories	11	78,884,941	64,135,862	–	–
Trade and other receivables	12	91,546,845	79,879,564	71,979,162	53,411,626
Current tax assets		9,010,560	6,295,777	41,135	113,504
Cash and cash equivalents	13	92,614,378	86,131,908	51,914,361	35,725,012
Total current assets		272,056,724	236,443,111	123,934,658	89,250,142
Total assets		386,382,480	348,725,659	309,703,632	274,849,976
Equity					
Share capital	14	255,528,000	251,523,999	255,528,000	251,523,999
Reserves	14	11,089,801	14,005,302	42,610,002	10,779,741
Equity attributable to owners of the Company		266,617,801	265,529,301	298,138,002	262,303,740
Non-controlling interests	6	61,722	471,561	–	–
Total equity		266,679,523	266,000,862	298,138,002	262,303,740
Liabilities					
Loans and borrowings/ **Total non-current liabilities**	15	17,773,987	191,160	–	–
Loans and borrowings	15	2,148,258	511,054	–	–
Trade and other payables	16	94,748,752	75,683,465	6,533,670	6,207,118
Dividend payable		5,031,960	6,339,118	5,031,960	6,339,118
Total current liabilities		101,928,970	82,533,637	11,565,630	12,546,236
Total liabilities		119,702,957	82,724,797	11,565,630	12,546,236
Total equity and liabilities		386,382,480	348,725,659	309,703,632	274,849,976

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue	17	347,909,571	309,218,381	63,480,432	23,606,225
Other income		2,017,663	2,015,813	1,629,109	834,700
Changes in inventories of finished goods and work-in-progress		10,067,647	(3,768,687)	–	–
Raw materials used		(172,294,611)	(143,331,384)	–	–
Marketing expenses		(36,939,877)	(28,781,779)	–	–
Staff costs		(63,587,877)	(55,038,891)	(1,168,746)	(792,512)
Depreciation and amortisation expenses		(6,997,508)	(6,821,193)	(11,287)	(5,643)
Other expenses		(48,699,921)	(39,054,120)	(2,966,233)	(1,569,190)
Total expenses		(318,452,147)	(276,796,054)	(4,146,266)	(2,367,345)
Results from operating activities		31,475,087	34,438,140	60,963,275	22,073,580
Finance income		807,406	678,304	483,072	322,408
Finance costs		(288,081)	(191,389)	–	–
Net finance income		519,325	486,915	483,072	322,408
Profit before tax		31,994,412	34,925,055	61,446,347	22,395,988
Tax expense	18	(5,675,735)	(6,585,626)	(363,369)	(276,208)
Profit for the year	19	26,318,677	28,339,429	61,082,978	22,119,780
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		142,028	(428,404)	–	–
Equity investments measured at fair value through other comprehensive (expense)/income		(253,384)	96,237	(253,384)	96,237
Other comprehensive (expense)/ income for the year, net of tax		(111,356)	(332,167)	(253,384)	96,237
Total comprehensive income for the year		26,207,321	28,007,262	60,829,594	22,216,017

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

cont'd

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit attributable to:					
Owners of the Company		26,200,456	28,404,267	61,082,978	22,119,780
Non-controlling interests		118,221	(64,838)	–	–
Profit for the year		26,318,677	28,339,429	61,082,978	22,119,780
Total comprehensive income attributable to:					
Owners of the Company		26,083,832	28,092,259	60,829,594	22,216,017
Non-controlling interests		123,489	(84,997)	–	–
Total comprehensive income for the year		26,207,321	28,007,262	60,829,594	22,216,017
Basic earnings per ordinary share (sen)	20	6.21	6.79		
Diluted earnings per ordinary share (sen)	20	6.11	6.33		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

		Attributable to owners of the Company								
		Non-distributable					Distributable			
	Note	Share capital RM	Treasury shares RM	Share option reserve RM	Fair value reserve RM	Exchange fluctuation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group										
At 1 April 2020		230,941,780	(6,263,446)	8,439,769	(216,625)	2,684,402	17,674,719	253,260,599	476,766	253,737,365
Foreign currency translation differences for foreign operations		–	–	–	–	(408,245)	–	(408,245)	(20,159)	(428,404)
Equity investments measured at fair value through other comprehensive income		–	–	–	96,237	–	–	96,237	–	96,237
Total other comprehensive income/ (expense) for the year		–	–	–	96,237	(408,245)	–	(312,008)	(20,159)	(332,167)
Profit for the year		–	–	–	–	–	28,404,267	28,404,267	(64,838)	28,339,429
Total comprehensive income/ (expense) for the year		–	–	–	96,237	(408,245)	28,404,267	28,092,259	(84,997)	28,007,262
Contributions by and distributions to owners of the Company										
Own shares acquired	14	–	(3,271,045)	–	–	–	–	(3,271,045)	–	(3,271,045)
Own shares sold	14	–	6,444,366	–	–	–	1,599,456	8,043,822	–	8,043,822
Issue of shares pursuant to										
Employees' Share Option Scheme	14	950,837	–	(151,441)	–	–	–	799,396	–	799,396
Exercise of Warrants	14	19,631,382	–	–	–	–	–	19,631,382	–	19,631,382
Share-based payment transactions	21	–	–	553,190	–	–	–	553,190	–	553,190
Dividends to owners of the Company	22	–	–	–	–	–	(41,831,425)	(41,831,425)	–	(41,831,425)
		20,582,219	3,173,321	401,749	–	–	(40,231,969)	(16,074,680)	–	(16,074,680)
Changes in ownership interests in subsidiaries		–	–	–	–	–	251,123	251,123	79,792	330,915
Total transactions with owners of the Company		20,582,219	3,173,321	401,749	–	–	(39,980,846)	(15,823,557)	79,792	(15,743,765)
At 31 March 2021		251,523,999	(3,090,125)	8,841,518	(120,388)	2,276,157	6,098,140	265,529,301	471,561	266,000,862

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

cont'd

	Note	Share capital RM	Treasury shares RM	Share option reserve RM	Fair value reserve RM	Exchange fluctuation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group										
At 1 April 2021		251,523,999	(3,090,125)	8,841,518	(120,388)	2,276,157	6,098,140	265,529,301	471,561	266,000,862
Foreign currency translation differences for foreign operations		–	–	–	–	136,760	–	136,760	5,268	142,028
Equity investments measured at fair value through other comprehensive expense		–	–	–	(253,384)	–	–	(253,384)	–	(253,384)
Total other comprehensive (expense)/income for the year		–	–	–	(253,384)	136,760	–	(116,624)	5,268	(111,356)
Profit for the year		–	–	–	–	–	26,200,456	26,200,456	118,221	26,318,677
Total comprehensive (expense)/ income for the year		–	–	–	(253,384)	136,760	26,200,456	26,083,832	123,489	26,207,321
Contributions by and distributions to owners of the Company										
Own shares acquired	14	–	(14,217,808)	–	–	–	–	(14,217,808)	–	(14,217,808)
Issue of shares pursuant to Employees' Share Option Scheme	14	4,004,001	–	(944,284)	–	–	–	3,059,717	–	3,059,717
Share-based payment transactions	21	–	–	476,881	–	–	–	476,881	–	476,881
Dividends to owners of the Company	22	–	–	–	–	–	(14,314,122)	(14,314,122)	–	(14,314,122)
		4,004,001	(14,217,808)	(467,403)	–	–	(14,314,122)	(24,995,332)	–	(24,995,332)
Dividends to non-controlling interests in subsidiaries		–	–	–	–	–	–	–	(533,328)	(533,328)
Total transactions with owners of the Company		4,004,001	(14,217,808)	(467,403)	–	–	(14,314,122)	(24,995,332)	(533,328)	(25,528,660)
At 31 March 2022		255,528,000	(17,307,933)	8,374,115	(373,772)	2,412,917	17,984,474	266,617,801	61,722	266,679,523

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

		Attributable to owners of the Company					
		Non-distributable				Distributable	
	Note	Share capital RM	Treasury shares RM	Share option reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM
Company							
At 1 April 2020		230,941,780	(6,263,446)	8,439,769	(216,625)	23,260,925	256,162,403
Equity investments measured at fair value through other comprehensive income/ Total other comprehensive income for the year		–	–	–	96,237	–	96,237
Profit for the year		–	–	–	–	22,119,780	22,119,780
Total comprehensive income for the year		–	–	–	96,237	22,119,780	22,216,017
Contributions by and distributions to owners of the Company							
Own shares acquired	14	–	(3,271,045)	–	–	–	(3,271,045)
Own shares sold	14	–	6,444,366	–	–	1,599,456	8,043,822
Issue of shares pursuant to Employees' Share Option Scheme	14	950,837	–	(151,441)	–	–	799,396
Exercise of Warrants	14	19,631,382	–	–	–	–	19,631,382
Share-based payment transactions	21	–	–	553,190	–	–	553,190
Dividends to owners of the Company	22	–	–	–	–	(41,831,425)	(41,831,425)
Total transactions with owners of the Company		20,582,219	3,173,321	401,749	–	(40,231,969)	(16,074,680)
At 31 March 2021		251,523,999	(3,090,125)	8,841,518	(120,388)	5,148,736	262,303,740

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022
cont'd

		Attributable to owners of the Company					
		Non-distributable				Distributable	
	Note	Share capital RM	Treasury shares RM	Share option reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM
Company							
At 1 April 2021		251,523,999	(3,090,125)	8,841,518	(120,388)	5,148,736	262,303,740
Equity investments measured at fair value through other comprehensive expense/ Total other comprehensive expense for the year		–	–	–	(253,384)	–	(253,384)
Profit for the year		–	–	–	–	61,082,978	61,082,978
Total comprehensive (expense)/income for the year		–	–	–	(253,384)	61,082,978	60,829,594
Contributions by and distributions to owners of the Company							
Own shares acquired	14	–	(14,217,808)	–	–	–	(14,217,808)
Issue of shares pursuant to Employees' Share Option Scheme	14	4,004,001	–	(944,284)	–	–	3,059,717
Share-based payment transactions	21	–	–	476,881	–	–	476,881
Dividends to owners of the Company	22	–	–	–	–	(14,314,122)	(14,314,122)
Total transactions with owners of the Company		4,004,001	(14,217,808)	(467,403)	–	(14,314,122)	(24,995,332)
At 31 March 2022		255,528,000	(17,307,933)	8,374,115	(373,772)	51,917,592	298,138,002

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

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from operating activities					
Profit before tax		31,994,412	34,925,055	61,446,347	22,395,988
Adjustments for:					
Amortisation of intangible assets		–	6,336	–	–
Bad debts written off/ (recovered)		–	56,394	–	(2,190)
Depreciation:					
- Property, plant and equipment		6,882,649	6,688,913	11,287	5,643
- Investment properties		114,859	125,944	–	–
Finance costs		288,081	191,389	–	–
(Gain)/Loss on disposal of:					
- Property, plant and equipment		(182,708)	13,557	–	–
- Other investments		–	(75,836)	–	(75,836)
(Reversal of impairment loss)/Impairment loss on amounts due from:					
- Trade receivables		(3,325)	(860,142)	–	–
- Subsidiaries		–	–	(140,373)	136,738
- Other receivables		(224,999)	150,000	(224,999)	150,000
Impairment loss on:					
- Investment in subsidiaries		–	–	1,222,063	71,296
- Investment in joint venture		–	–	15,300	–
Other investments written off		170,000	–	170,000	–
Share-based payment transactions		476,881	553,190	287,646	178,601
Dividend income from other investments		(145,448)	(66,225)	(145,448)	(66,225)
Finance income		(807,406)	(678,304)	(483,072)	(322,408)
Unrealised (gain)/loss on foreign exchange		(39,795)	535,282	(21,558)	56,017
Write down of obsolete and slow-moving inventories		1,307,605	904,716	–	–
Negative goodwill	28	(9,895)	–	–	–
Operating profit before changes in working capital		39,820,911	42,470,269	62,137,193	22,527,624
Change in inventories		(16,056,683)	(180,629)	–	–
Change in trade and other receivables		(11,344,006)	35,053,742	(18,180,606)	(15,213,829)
Change in trade and other payables		19,056,058	(24,361,747)	326,552	(178,654)
Cash generated from operations		31,476,280	52,981,635	44,283,139	7,135,141
Interest received		807,406	678,304	483,072	322,408
Tax paid		(9,445,676)	(10,530,108)	(300,000)	(300,001)
Net cash from operating activities		22,838,010	43,129,831	44,466,211	7,157,548

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

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2022

cont'd

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment		(5,725,237)	(26,330,683)	(25,950)	(8,220)
- investment properties		(1,376,412)	(7,345,800)	–	–
- investment in subsidiaries		–	–	(459,247)	(464,502)
- other investments		(1,157,742)	(2,524,543)	(1,157,742)	(2,524,543)
- subsidiary, net of cash and cash equivalents acquired	28	(145,921)	–	–	–
Shares issued to non-controlling interest		–	330,915	–	–
Dividend income from other investments		145,448	66,225	145,448	66,225
Proceeds from disposal of:					
- property, plant and equipment		317,199	104,944	–	–
- other investments		–	1,363,196	–	1,363,196
Net cash used in investing activities		(7,942,665)	(34,335,746)	(1,497,491)	(1,567,844)
Cash flows from financing activities					
Interest paid		(288,081)	(191,389)	–	–
Issuance of share capital		3,059,717	20,430,778	3,059,717	20,430,778
Dividends paid to:					
- owners of the Company		(15,621,280)	(49,835,311)	(15,621,280)	(49,835,311)
- non-controlling interests		(533,328)	–	–	–
Net (purchases)/sales of treasury shares		(14,217,808)	4,772,777	(14,217,808)	4,772,777
Net repayment of bankers' acceptances		–	(7,253,017)	–	–
Drawdown of term loans		20,405,000	–	–	–
Repayment of term loans		(673,914)	–	–	–
Repayment of hire purchase liabilities		(511,055)	(491,994)	–	–
Net cash used in financing activities		(8,380,749)	(32,568,156)	(26,779,371)	(24,631,756)
Exchange difference on translation of the financial statements of foreign operation		(32,126)	(166,608)	–	–
Net increase/(decrease) in cash and cash equivalents		6,482,470	(23,940,679)	16,189,349	(19,042,052)
Cash and cash equivalents at 1 April		86,131,908	110,072,587	35,725,012	54,767,064
Cash and cash equivalents at 31 March	13	92,614,378	86,131,908	51,914,361	35,725,012

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

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2022

cont'd

Cash outflows for leases as a lessee

	Note	Group 2022 RM	Group 2021 RM
Included in net cash from operating activities			
Payment relating to short-term leases/ **Total cash outflow for leases**	19	522,311	564,156

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 April 2020 RM	Net change from financing cash flows RM	At 31 March 2021/ 1 April 2021 RM	Net change from financing cash flows RM	At 31 March 2022 RM
Group					
Hire purchase liabilities	1,194,208	(491,994)	702,214	(511,055)	191,159
Bankers' acceptances	7,253,017	(7,253,017)	–	–	–
Term loans	–	–	–	19,731,086	19,731,086
Total liabilities from financing activities	8,447,225	(7,745,011)	702,214	19,220,031	19,922,245

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

NOTES TO THE FINANCIAL STATEMENTS

Power Root Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 1, Jalan Sri Plentong
Taman Perindustrian Sri Plentong
81750 Masai
Johor Darul Takzim
Malaysia

Registered office
Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate and a joint venture. The financial statements of the Company as at and for the financial year ended 31 March 2022 do not include other entities.

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

These financial statements were authorised for issue by the Board of Directors on 25 July 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than Note 16 - recognition of advertising and promotional expenses.

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (Cont'd)

Significant management judgement is required for the Group to estimate the advertising and promotional expenses. In making the estimates, the Group refers to diverse variety of trading term arrangements and other advertising and promotional activities to determine the nature and classification of the advertising and promotion expenses and the accruals as at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

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

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 March 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

The categories of financial assets at initial recognition are as follows:

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(j)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 - 50 years
Plant and machinery	5 - 10 years
Motor vehicles, office equipment, furniture and fittings	3 - 10 years
Renovation and electrical installation	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Investment properties

Investment properties carried at cost

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

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment loss, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Renovation, electrical installation, equipment and furnishings	5 - 10 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases (Cont'd)

(iii) Subsequent measurement (Cont'd)

(a) As a lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(ii) Product formula

Product formula is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible assets (Cont'd)

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Product formula	20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(h) Inventories

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

The cost of inventories is calculated using the first-in first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime expected credit loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expense

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income tax

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

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

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

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

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

Unutilised reinvestment allowance and other similar incentives, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(m) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue and other income (Cont'd)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Lease income

Lease income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Lease income from sub-leased properties is recognised as other income.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (Cont'd)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

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

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and warrants.

(q) Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Contingent liabilities

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

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM	Plant and machinery RM	Motor vehicles, office equipment, furniture and fittings RM	Renovation and electrical installation RM	Construction-in-progress RM	Total RM
Group						
At cost						
At 1 April 2020	69,825,744	44,650,766	22,162,560	2,927,000	2,005,624	141,571,694
Additions	19,529,446	3,024,867	3,560,710	215,660	–	26,330,683
Disposals/Written off	–	(1,357,866)	(1,078,059)	–	–	(2,435,925)
Effect of movements in exchange rates	(307,012)	–	(105,549)	–	(65,295)	(477,856)
At 31 March 2021/ 1 April 2021	89,048,178	46,317,767	24,539,662	3,142,660	1,940,329	164,988,596
Additions	439,617	1,904,046	2,158,293	741,725	481,556	5,725,237
Disposals/Written off	–	(353,611)	(712,519)	–	–	(1,066,130)
Acquisitions through business combination	–	39,741	42,556	7,962	–	90,259
Effect of movements in exchange rates	146,610	–	59,655	–	31,180	237,445
At 31 March 2022	89,634,405	47,907,943	26,087,647	3,892,347	2,453,065	169,975,407
Accumulated depreciation						
At 1 April 2020	9,818,335	30,359,738	16,461,162	2,161,506	–	58,800,741
Depreciation charge	1,326,893	2,965,212	2,268,774	128,034	–	6,688,913
Disposals/Written off	–	(1,122,570)	(1,015,238)	–	–	(2,137,808)
Effect of movements in exchange rates	(40,268)	–	(75,416)	–	–	(115,684)
At 31 March 2021/ 1 April 2021	11,104,960	32,202,380	17,639,282	2,289,540	–	63,236,162
Depreciation charge	1,299,510	3,046,945	2,424,891	111,303	–	6,882,649
Disposals/Written off	–	(326,640)	(604,999)	–	–	(931,639)
Effect of movements in exchange rates	29,959	–	46,948	–	–	76,907
At 31 March 2022	12,434,429	34,922,685	19,506,122	2,400,843	–	69,264,079

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and buildings RM	Plant and machinery RM	Motor vehicles, office equipment, furniture and fittings RM	Renovation and electrical installation RM	Construction-in-progress RM	Total RM
Group (Cont'd)						
Accumulated impairment losses						
At 1 April 2020	–	700,421	209,124	166,772	2,005,624	3,081,941
Written off	–	(179,616)	–	–	–	(179,616)
Effect of movements in exchange rate	–	–	–	–	(65,295)	(65,295)
At 31 March 2021/ 1 April 2021	–	520,805	209,124	166,772	1,940,329	2,837,030
Effect of movements in exchange rate	–	–	–	–	31,180	31,180
At 31 March 2022	–	520,805	209,124	166,772	1,971,509	2,868,210
Carrying amounts						
At 1 April 2020	60,007,409	13,590,607	5,492,274	598,722	–	79,689,012
At 31 March 2021/ 1 April 2021	77,943,218	13,594,582	6,691,256	686,348	–	98,915,404
At 31 March 2022	77,199,976	12,464,453	6,372,401	1,324,732	481,556	97,843,118

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor vehicles, office equipment, furniture and fittings/ Total RM
Company	
At cost	
At 1 April 2020	80,769
Addition	8,220
At 31 March 2021/1 April 2021	88,989
Addition	25,950
At 31 March 2022	114,939
Accumulated depreciation	
At 1 April 2020	70,790
Depreciation charge	5,643
At 31 March 2021/1 April 2021	76,433
Depreciation charge	11,287
At 31 March 2022	87,720
Carrying amounts	
At 1 April 2020	9,979
At 31 March 2021/1 April 2021	12,556
At 31 March 2022	27,219

	Group 2022 RM	Group 2021 RM
Carrying amounts of land and buildings		
Land	37,451,306	37,531,836
Buildings	39,748,670	40,411,382
	77,199,976	77,943,218

Security

(i) Included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RM770,840 (2021: RM1,082,647) acquired under hire purchase arrangements.

(ii) Certain land and buildings of the Group with carrying amount of RM19,305,748 (2021: NIL) are charged to banks for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

4. INVESTMENT PROPERTIES

	RM
Group	
At cost	
At 1 April 2020	2,012,308
Addition	7,345,800
At 31 March 2021/1 April 2021	9,358,108
Addition	1,376,412
At 31 March 2022	10,734,520
Accumulated depreciation	
At 1 April 2020	285,279
Depreciation charge	125,944
At 31 March 2021/1 April 2021	411,223
Depreciation charge	114,859
At 31 March 2022	526,082
Carrying amounts	
At 1 April 2020	1,727,029
At 31 March 2021/1 April 2021	8,946,885
At 31 March 2022	10,208,438

Included in the above are:

	Group	
	2022 RM	**2021 RM**
Land	4,605,252	4,605,252
Buildings	4,247,671	4,341,633
Renovation, electrical installation, equipment and furnishings	746,976	–
Construction in progress	608,539	–
	10,208,438	8,946,885

Investment properties comprise of offices and villa that are leased to third parties and three vacant freehold factories.

4. INVESTMENT PROPERTIES (CONT'D)

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

	Group	
	2022 **RM**	**2021** **RM**
Lease income	158,790	153,151
Direct operating expenses on income generating investment properties	(59,759)	(39,740)

4.1 Fair value information

Fair value of investment properties is categorised as follows:

	Group	
	2022 **RM'000**	**2021** **RM'000**
Land and buildings	13,592	12,398

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size.	Price per square foot of comparable properties RM203 - RM1,201 (2021: RM175 - RM1,150).	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Valuation process applied by the Group for Level 3 fair value

The fair value of investment properties is determined by the Directors based on market value of a similar property located in the surrounding area.

4.2 Security

Certain land and buildings of the Group with carrying amount of RM7,206,384 (2021: NIL) are charged to banks for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. INTANGIBLE ASSETS

	Product formula/ Total RM
Group	
At cost	
At 1 April 2020/31 March 2021	304,480
At 1 April 2021/31 March 2022	304,480
Accumulated amortisation	
At 1 April 2020	298,144
Amortisation charge	6,336
At 31 March 2021	304,480
At 1 April 2021/31 March 2022	304,480
Carrying amounts	
At 1 April 2020	6,336
At 31 March 2021/1 April 2021	–
At 31 March 2022	–

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Cost of investment	227,225,400	226,576,918
Less: Impairment loss	(44,712,391)	(43,490,328)
	182,513,009	183,086,590

Included in investments in subsidiaries is an amount of RM4,287,736 (2021: RM4,098,501) arising from the ESOS granted to the subsidiaries' employees.

The Company recognised an impairment loss of RM1,222,063 during the current financial year on its loss making subsidiaries. The recoverable amount of the Company's investment in these subsidiaries have been determined based on the fair value less cost of disposals of the respective subsidiaries. The net assets of these subsidiaries approximate the fair value due to its short-term nature.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of entity	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2022 %	2021 %
Power Root (M) Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	100	100
Power Root Marketing Sdn. Bhd.	Distribution of various beverage products	Malaysia	100	100
Power Root Manufacturing Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	100	100
PT. Natbio Marketing Indonesia*	Distribution of various beverage products	Indonesia	100	100
Power Root (Shanghai) Food Trading Co. Ltd.*	Distribution of various beverage products	Republic of China	100	100
Power Root Distributor Sdn. Bhd.	Trading of plastic wrap and aluminium foil products	Malaysia	50.1	50.1
Power Root Support Services Sdn. Bhd.	Dormant	Malaysia	100	100
Power Root Nnergy Sdn. Bhd.	Dormant	Malaysia	100	100
PR Global Assets Limited	Dormant	British Virgin Island	100	100
Power Impian International Sdn. Bhd.	Investment holding	Malaysia	100	100
Ali Cafe Sdn. Bhd.	Dormant	Malaysia	100	100
Power Root ME FZCO *	Distribution of various beverage products	United Arab Emirates	97	97
Alicafe Roasters Sdn. Bhd.	Wholesale of coffee, tea, cocoa and other beverages	Malaysia	80	80
Superwrapz International Sdn. Bhd.	Dormant	Malaysia	69.6	69.6

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2022 %	2021 %
Power Root HK-China Company Limited*	Distribution of various beverage products	Hong Kong	90	90
French Patisserie Sdn. Bhd.*&	Dormant	Malaysia	57.5	57.5
Power Root Manufacturing ME W.L.L ^	Dormant	The Kingdom of Bahrain	100	100
Affari Inversions Sdn. Bhd.@	Dormant	Malaysia	100	–
Subsidiaries of Power Root ME FZCO				
P.R. Egypt#	Dormant	Egypt	97	97
PRME Foodstuff Trading LLC (Formerly known as PRME Food Manufacturing LLC)*	Dormant	United Arab Emirates	97	97

* Not audited by KPMG PLT
@ The subsidiary was acquired on 1 January 2022 and consolidated based on the management account.
# Consolidated based on the management account
^ Liquidated on 12 April 2022
& Increased shareholding from 57.5% to 92.5% on 14 June 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2022		
	Power Root ME FZCO	**Other subsidiaries with immaterial NCI**	**Total**
NCI percentage of ownership interest and voting interest	3%		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	107	(45)	62
(Loss)/Profit allocated to NCI	(38)	156	118
Summarised financial information before intra-group elimination			
As at 31 March			
Non-current assets	7,924		
Current assets	24,304		
Current liabilities	(28,431)		
Net assets	3,797		
Year ended 31 March			
Revenue	73,057		
Loss for the year	(1,278)		
Total comprehensive expense	(1,146)		
Cash flows from operating activities	9,685		
Cash flows used in investing activities	(276)		
Cash flows used in financing activities	(7,370)		
Net increase in cash and cash equivalents	2,039		
Dividends paid to NCI	533		

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interest in subsidiaries (Cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (Cont'd)

	2021		
	Power Root ME FZCO	**Other subsidiaries with immaterial NCI**	**Total**
NCI percentage of ownership interest and voting interest	3%		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	362	110	472
Loss allocated to NCI	(44)	(21)	(65)
Summarised financial information before intra-group elimination			
As at 31 March			
Non-current assets	8,316		
Current assets	28,667		
Current liabilities	(24,566)		
Net assets	12,417		
Year ended 31 March			
Revenue	74,863		
Loss for the year	(1,482)		
Total comprehensive expense	(1,937)		
Cash flows from operating activities	46		
Cash flows used in investing activities	(68)		
Net increase in cash and cash equivalents	(22)		
Dividends paid to NCI	–		

7. INVESTMENT IN AN ASSOCIATE

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Investment in shares	400,000	400,000	400,000	400,000
Share of post-acquisition reserves	(400,000)	(400,000)	–	–
Less: Impairment loss	–	–	(400,000)	(400,000)
	–	–	–	–

Summarised financial information of the associate not adjusted for the percentage ownership held by the Group:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	Effective ownership interest and voting interest 2021 %
Jobtact Sdn. Bhd.	Malaysia	Engaged in the business of information technology related products and services	32.99	32.99

No disclosure is made on the summarised financial information as the investment in an associate is not material to the Group and the Company.

8. INVESTMENT IN A JOINT VENTURE

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Investment in shares	15,300	15,300	15,300	15,300
Share of post-acquisition reserves	(15,300)	(15,300)	–	–
Less: Impairment loss	–	–	(15,300)	–
	–	–	–	15,300

Medan Multimedia Sdn. Bhd., the only joint arrangement in which the Group participates, is principally engaged in the investments in films and movie productions in Malaysia.

Medan Multimedia Sdn. Bhd. is structured as a separate vehicle and provides the Group with rights to the net assets of the entity. Accordingly, the Group has classified the investment in Medan Multimedia Sdn. Bhd. as a joint venture.

Medan Multimedia Sdn. Bhd. was strike off on 29 December 2021.

No disclosure is made on the summarised financial information as the investment in a joint venture is not material to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

9. OTHER INVESTMENTS

	Group/Company 2022 RM	Group/Company 2021 RM
Fair value through other comprehensive income		
Equity instruments:		
- Quoted shares	3,213,746	2,479,388
- Unquoted shares	–	296,945
Less: Impairment loss	–	(296,945)
	–	–
	3,213,746	2,479,388

9.1 Equity investments designated at fair value through other comprehensive income

The Group and the Company designated the investments shown below as equity instruments at fair value through other comprehensive income because these equity instruments represent investments that the Group and the Company intend to hold for long-term strategic purposes.

	Dividend income recognised 2022 RM	Dividend income recognised 2021 RM
Group/Company		
Quoted shares	145,448	66,225

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Group						
Property, plant and equipment	–	–	(3,794,426)	(3,585,129)	(3,794,426)	(3,585,129)
Provisions	5,602,880	4,718,000	–	–	5,602,880	4,718,000
Unutilised tax losses	352,000	121,000	–	–	352,000	121,000
Others	900,000	687,000	–	–	900,000	687,000
Tax assets/(liabilities)	6,854,880	5,526,000	(3,794,426)	(3,585,129)	3,060,454	1,940,871
Set off of tax	(3,794,426)	(3,585,129)	3,794,426	3,585,129	–	–
Net tax assets	3,060,454	1,940,871	–	–	3,060,454	1,940,871

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Recognised deferred tax assets/(liabilities) (Cont'd)

Deferred tax assets and liabilities are attributable to the following: (Cont'd)

	Company	
	2022 RM	**2021 RM**
Property, plant and equipment	(2,520)	(1,000)
Provision	17,520	7,000
	15,000	6,000

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items in certain subsidiaries (stated at gross):

	Group	
	2022 RM'000	**2021 RM'000**
Deductible temporary differences	365	205
Unabsorbed capital allowances	225	225
Unutilised tax losses	21,975	38,243
	22,565	38,673

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised tax losses carry-forward and other temporary differences available to the Group.

Pursuant to the Finance Act 2021, unutilised tax losses up to the year of assessment 2018 can be carried forward until year of assessment 2028 and unutilised tax losses for the year of assessment 2019 onwards can be carried forward up to 10 consecutive years of assessment immediately following that year of assessment.

In prior year, unutilised tax losses can only be carried forward up to 7 consecutive years of assessment.

The unutilised tax losses will expire in the following year of assessment:

	Group	
	2022 RM'000	**2021 RM'000**
2025	–	35,414
2026	–	2,829
2028	19,146	–
2029	2,829	–
	21,975	38,243

NOTES TO THE FINANCIAL STATEMENTS
cont'd

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deductible temporary differences and unabsorbed capital allowances do not expire under the current tax legislation.

Movement in temporary differences during the year

	At 1 April 2020 RM	Recognised in profit or loss (Note 18) RM	At 31 March 2021/ 1 April 2021 RM	Recognised in profit or loss (Note 18) RM	At 31 March 2022 RM
Group					
Property, plant and equipment	(3,523,756)	(61,373)	(3,585,129)	(209,297)	(3,794,426)
Provisions	4,252,680	465,320	4,718,000	884,880	5,602,880
Unutilised tax losses	–	121,000	121,000	231,000	352,000
Unutilised special tax incentive	335,000	(335,000)	–	–	–
Others	642,000	45,000	687,000	213,000	900,000
	1,705,924	234,947	1,940,871	1,119,583	3,060,454
Company					
Property, plant and equipment	–	(1,000)	(1,000)	(1,520)	(2,520)
Provision	25,000	(18,000)	7,000	10,520	17,520
	25,000	(19,000)	6,000	9,000	15,000

11. INVENTORIES

	Group 2022 RM	Group 2021 RM
Raw materials	51,273,351	45,904,354
Finished goods	25,255,835	15,188,490
Promotional gifts	255,230	1,041,894
Consumables	2,100,525	2,001,124
	78,884,941	64,135,862
Recognised in profit or loss:		
- Inventories recognised as cost of sales	160,919,359	146,195,355
- Write down of obsolete and slow-moving inventories	1,307,605	904,716

The write down of obsolete and slow-moving inventories are included in raw materials used.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables	62,141,156	64,459,036	–	–
Other receivables	2,519,699	2,953,991	–	–
Deposits and prepayments	26,885,990	12,466,537	46,101	59,540
Due from subsidiaries - non-trade	–	–	71,933,061	53,352,086
	91,546,845	79,879,564	71,979,162	53,411,626

The amounts due from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	90,386,025	85,095,526	49,686,008	34,688,630
Deposits placed with licensed banks	2,228,353	1,036,382	2,228,353	1,036,382
	92,614,378	86,131,908	51,914,361	35,725,012

14. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2022 RM	2021 RM	2022	2021
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 April	251,523,999	230,941,780	424,133,860	410,567,609
Exercise of ESOS	4,004,001	950,837	5,345,000	818,600
Exercise of Warrants	–	19,631,382	–	12,747,651
At 31 March	255,528,000	251,523,999	429,478,860	424,133,860

14. CAPITAL AND RESERVES (CONT'D)

Reserves

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Distributable				
Retained earnings	17,984,474	6,098,140	51,917,592	5,148,736
Non-distributable				
Treasury shares	(17,307,933)	(3,090,125)	(17,307,933)	(3,090,125)
Share option reserve	8,374,115	8,841,518	8,374,115	8,841,518
Exchange fluctuation reserve	2,412,917	2,276,157	–	–
Fair value reserve	(373,772)	(120,388)	(373,772)	(120,388)
	11,089,801	14,005,302	42,610,002	10,779,741

Treasury shares

The shareholders of the Company, by a special resolution passed in the Extraordinary General Meeting held on 28 April 2014, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

At the Annual General Meeting held on 27 August 2021, the shareholders of the Company renewed their approval for the Company to repurchase its own shares.

During the financial year, the Company repurchased from the open market a total of 10,514,600 (2021: 1,620,000) of its issued ordinary shares with an average repurchase price of RM1.35 (2021: RM2.02). The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

At 31 March 2022, a total of 12,040,600 (2021: 1,526,000) repurchased shares are being held as treasury shares. The number of outstanding shares issue after the set off is 417,438,260 (2021: 422,607,860).

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 21.

Exchange fluctuation reserve

Exchange fluctuation reserve represents all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

14. CAPITAL AND RESERVES (CONT'D)

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity investments measured at fair value through other comprehensive income.

15. LOANS AND BORROWINGS

	Group 2022 RM	Group 2021 RM
Secured		
Non-current		
Hire purchase liabilities	–	191,160
Term loans	17,773,987	–
	17,773,987	191,160
Current		
Hire purchase liabilities	191,159	511,054
Term loans	1,957,099	–
	2,148,258	511,054
	19,922,245	702,214

Security

The loans and borrowings are secured by way of legal charges over certain land and buildings and motor vehicles of the Group as disclosed in Note 3 and Note 4.

16. TRADE AND OTHER PAYABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade payables	21,823,324	9,681,873	–	–
Other payables	5,582,901	3,273,666	327,385	27,209
Accrued advertising and promotional expenses	42,366,096	40,957,752	–	–
Other accrued expenses	24,326,431	21,120,174	286,385	259,809
Due to subsidiaries	–	–	5,919,900	5,920,100
Due to Directors	650,000	650,000	–	–
	94,748,752	75,683,465	6,533,670	6,207,118

The amounts due to subsidiaries and Directors are non-trade in nature, unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

17. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
- At a point in time	347,909,571	309,218,381	–	–
Other revenue				
- Dividend income	–	–	63,480,432	23,606,225
	347,909,571	309,218,381	63,480,432	23,606,225

	Group	
	2022 RM	2021 RM
Disaggregation of revenue from contracts with customers		
- Local	204,122,597	165,207,227
- Export	143,786,974	144,011,154
	347,909,571	309,218,381

17.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable elements in consideration
Beverages	Revenue is recognised when the goods are delivered and accepted by the customers	Credit period ranging from 14 - 90 days from invoice date	Sales incentives and other sales related expenses are given to customers when the customers meet sales target or based on the agreed advertising and promotional activities

The revenue from contract with customers of the Group are not subject to obligation for return or refunds and warranty.

The Group applies the practical expedient for exemption on disclosure of information on remaining performance obligation that have original expected durations of one year or less.

18. TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Current tax expense				
- Current year	7,008,731	7,183,587	373,000	251,000
- Prior years	(213,413)	(363,014)	(631)	6,208
	6,795,318	6,820,573	372,369	257,208
Deferred tax (income)/ expense				
- Origination and reversal of temporary differences	(1,098,583)	(712,947)	(9,000)	16,000
- (Over)/Under provision in prior years	(21,000)	478,000	–	3,000
	(1,119,583)	(234,947)	(9,000)	19,000
	5,675,735	6,585,626	363,369	276,208
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reconciliation of tax expense				
Profit before tax	31,994	34,925	61,446	22,396
Income tax calculated using Malaysian tax rate of 24%	7,679	8,382	14,747	5,375
Non-deductible expenses	868	669	852	570
Tax incentives	(283)	(280)	–	–
Non-taxable income	(35)	(16)	(15,235)	(5,665)
Effect of unrecognised deferred tax assets	(3,866)	(2,731)	–	(13)
Effect of different tax rates in foreign jurisdictions	1,547	447	–	–
	5,910	6,471	364	267
(Over)/Under provision in prior years	(234)	115	(1)	9
Tax expense	5,676	6,586	363	276

NOTES TO THE FINANCIAL STATEMENTS
cont'd

19. PROFIT FOR THE YEAR

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit for the year is arrived at after charging/(crediting)					
Audit fees:					
- Statutory audit					
- KPMG PLT		223,500	220,000	58,000	57,000
- Other auditors		65,396	61,932	–	–
- Non-audit fees					
- KPMG PLT		8,000	8,000	8,000	8,000
- Local affiliates of KPMG PLT		86,000	113,500	3,500	3,500
Bad debts written off/(recovered)		–	56,394	–	(2,190)
Negative goodwill	28	(9,895)	–	–	–
(Reversal of impairment loss)/Impairment loss on amounts due from:					
- Trade receivables		(3,325)	(860,142)	–	–
- Subsidiaries		–	–	(140,373)	136,738
- Other receivables		(224,999)	150,000	(224,999)	150,000
Expenses relating to short-term leases	a	522,311	564,156	–	–
Impairment loss on:					
- Investment in subsidiaries		–	–	1,222,063	71,296
- Investment in joint venture		–	–	15,300	–
Other investments written off		170,000	–	170,000	–
Write down of obsolete and slow-moving inventories		1,307,605	904,716	–	–
Personnel expenses (including key management personnel):					
- Contributions to state plans		4,960,843	4,030,286	104,702	63,330
- Wages, salaries and others		58,150,153	50,455,415	776,398	550,581
- Share-based payment transactions	21	476,881	553,190	287,646	178,601
Dividend income from other investments		(145,448)	(66,225)	(145,448)	(66,225)

19. PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit for the year is arrived at after charging/(crediting) (Cont'd)					
(Gain)/Loss on disposal of:					
- Property, plant and equipment		(182,708)	13,557	–	–
- Other investments		–	(75,836)	–	(75,836)
(Gain)/Loss on foreign exchange:					
- Realised		(732,956)	16,344	28,299	21,156
- Unrealised		(39,795)	535,282	(21,558)	56,017
Lease income		(158,790)	(153,151)	–	–

Note a

The Group leases hostels and offices which are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

20. EARNINGS PER ORDINARY SHARE

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares calculated as follows:

	Group 2022 RM	Group 2021 RM
Profit for the year attributable to ordinary shareholders	26,200,456	28,404,267

Weighted average number of ordinary shares are determined as follows:

	Group 2022	Group 2021
Weighted average number of ordinary shares at 31 March	422,009,418	418,226,268
Basic earnings per ordinary share (sen)	6.21	6.79

NOTES TO THE FINANCIAL STATEMENTS
cont'd

20. EARNINGS PER ORDINARY SHARE (CONT'D)

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 March 2022 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	Group	
	2022 RM	**2021 RM**
Profit attributable to ordinary shareholders (diluted)	26,200,456	28,404,267
Weighted average number of ordinary shares (basic)	422,009,418	418,226,268
Effect of share options in issue	6,889,572	18,095,991
Effect of exercise of Warrants	–	12,478,397
Weighted average number of ordinary shares (diluted) at 31 March	428,898,990	448,800,656

	2022	**2021**
Diluted earnings per ordinary share (sen)	6.11	6.33

21. EMPLOYEE BENEFITS

Share-based payments arrangement

Share option programme (equity settled)

On 27 July 2012, the Group granted share options to eligible employees including Directors of the Company and its subsidiaries to purchase shares in the Company under the Employees' Share Option Scheme approved by the shareholders of the Company on 23 July 2012. On 3 July 2013, 4 November 2015, 3 August 2017, 3 April 2019, 14 May 2019 and 14 April 2020, the Group further granted share options on similar terms (except for exercise price) to qualified employees.

On 11 June 2019, the Group granted a second share options to eligible Directors and key employees of the Company and its subsidiaries to purchase shares in the Company under the Employees' Share Option Scheme approved by the shareholders of the Company on 10 June 2019. On 14 April 2020, the Group further granted share options on similar terms (except for exercise price) to qualified employees.

21. EMPLOYEE BENEFITS (CONT'D)

Share-based payments arrangement (Cont'd)

Share option programme (equity settled) (Cont'd)

The terms and conditions relating to the grants of the share option programme are as follows; all options are to be settled by physical delivery of shares:

Grant date/ employees entitled	Number of options '000	Vesting conditions	Contractual life of options
Options granted to eligible employees including Directors of the Company and its subsidiaries on 27 July 2012	28,885	50% Key performance indicator ("KPI") related, 50% non-KPI related	5 - 10 years
Options granted to eligible employees of its subsidiaries on 3 July 2013	1,100	50% KPI related, 50% non-KPI related	5 years
Options granted to eligible employees of its subsidiaries on 4 November 2015	1,100	50% KPI related, 50% non-KPI related	5 years
Options granted to eligible employees of its subsidiaries on 23 August 2017	4,975	50% KPI related, 50% non-KPI related	5 years
Options granted to eligible employees of its subsidiaries on 3 April 2019	4,125	100% KPI related	3 years
Options granted to eligible employees of its subsidiaries on 14 May 2019	120	100% KPI related	3 years
Options granted to eligible Directors on 11 June 2019	16,000	100% non-KPI related	10 years
Options granted to eligible employees of the Company and its subsidiaries on 14 April 2020	5,910	100% KPI related	2 - 5 years
	62,215		

NOTES TO THE FINANCIAL STATEMENTS
cont'd

21. EMPLOYEE BENEFITS (CONT'D)

Share-based payments arrangement (Cont'd)

Share option programme (equity settled) (Cont'd)

The number and weighted average exercise prices of share options are as follows:

	2022		2021	
	Weighted average exercise price RM	Number of options ('000)	Weighted average exercise price RM	Number of options ('000)
Outstanding at 1 April	1.103	40,595	1.035	37,788
Granted during the year	–	–	1.740	5,910
Forfeited during the year	1.442	(1,063)	1.677	(2,284)
Exercised during the year	0.572	(5,345)	0.977	(819)
Outstanding at 31 March	1.183	34,187	1.103	40,595
Exercisable at 31 March	1.077	25,721	1.057	25,083

The options outstanding at 31 March 2022 have an exercise price in the range of RM0.563 to RM1.740 (2021: RM0.563 to RM1.740) and a weighted average contractual life of 4.2 years (2021: of 4.7 years).

During the financial year, 5,345,000 (2021: 818,600) share options were exercised. The weighted average share price at the date of exercise for the year was RM1.41 (2021: RM2.23).

The fair value of services received in return for share options granted in the financial year ended 2021 was based on the fair value of share options granted, measured using a binomial tree method, with the following inputs:

Fair value of options and assumptions	**ESOS 1 (27 July 2012) Eligible employees 2021**	**ESOS 2 (11 June 2019) Eligible employees 2021**
Fair value at grant date	RM0.21	RM0.37
Share price at grant date	RM2.17	RM2.17
Expected volatility (weighted average volatility)	40%	29%
Option life (expected weighted average life)	2 years	5 years
Expected dividends	6%	6%
Risk-free interest rate (based on Malaysian Government Securities)	3.02% - 3.38%	3.72%

21. EMPLOYEE BENEFITS (CONT'D)

Share-based payments arrangement (Cont'd)

Value of employee services received for issue of share options

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Share options granted in 2013	640	348	282	180
Share options granted in 2016	–	(63)	–	–
Share options granted in 2018	(125)	31	–	–
Share options granted in 2020	(206)	8	(6)	(1)
Share options granted in 2021	168	229	12	–
Total expense recognised as share-based payments	477	553	288	179

22. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2022			
Fourth dividend 2021	0.5	2,117,459	12 July 2021
First dividend 2022	0.5	2,131,830	12 October 2021
Second dividend 2022	1.2	5,032,873	5 January 2022
Third dividend 2022	1.2	5,031,960	8 April 2022
		14,314,122	
2021			
Fourth dividend 2020	4.0	16,532,292	3 July 2020
First dividend 2021	2.5	10,512,172	30 September 2020
Second dividend 2021	2.0	8,447,843	8 January 2021
Third dividend 2021	1.5	6,339,118	9 April 2021
		41,831,425	

After the end of the reporting year, the Directors declared a fourth dividend and special dividend of 2.0 sen and 0.5 sen per ordinary share totalling RM8,325,790 and RM2,081,447 respectively in respect of the year ended 31 March 2022 on 31 May 2022 which was paid on 13 July 2022.

The fourth dividend and special dividend will be accounted for in the statement of changes in equity as an appropriation of retained earnings in subsequent financial year.

23. OPERATING SEGMENTS

Group

The Group operates principally in Malaysia with the manufacturing and distribution of beverage products (i.e. Fast Moving Consumers Goods) being the core business of the Group. The Group's assets and liabilities are concentrated mainly in Malaysia.

The Group has two reportable segments, distinguished by Malaysia entities and overseas entities, which form the main basis of how the Chief Operating Decision Maker ("CODM")(i.e. the Chief Executive Officer) reviews the Group's operations on a quarterly basis. Malaysia entities include the manufacturing and marketing companies in Malaysia, while the overseas entities include the marketing companies in Middle East, China and Hong Kong. Non-reportable entities include the other subsidiaries as disclosed in Note 6 to the financial statements.

Performance is measured based on segment profit before tax as management believes that such information is the most relevant in evaluating the results of the operation.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment assets and liabilities.

23. OPERATING SEGMENTS (CONT'D)

	Reportable segment				Non reportable segment		Total	
	Malaysia entities		Overseas entities		Other entities			
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Segment profit/(loss)	35,145	34,721	(337)	(399)	(2,672)	(2,142)	32,136	32,180
Included in the measure of segment profit are:								
Revenue from external customers	269,466	225,846	77,653	83,170	791	202	347,910	309,218
Inter-segment revenue	73,553	78,482	3,419	3,181	339	983	77,311	82,646
Depreciation and amortisation	(6,087)	(5,917)	(816)	(818)	(116)	(107)	(7,019)	(6,842)
Reversal of impairment loss on trade receivables	3	570	–	290	–	–	3	860
Inventories written down	(1,308)	(905)	–	–	–	–	(1,308)	(905)
Finance costs	(218)	(191)	–	–	(70)	–	(288)	(191)
Finance income	279	318	8	7	520	353	807	678

NOTES TO THE FINANCIAL STATEMENTS
cont'd

23. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment profit or loss and other material items.

	Segment profit		Depreciation and amortisation	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group				
Total segments	32,136	32,180	(7,019)	(6,842)
Consolidation adjustments	(142)	2,745	21	21
Total consolidated	31,994	34,925	(6,998)	(6,821)

Geographical segments

The Group's operation is divided into local and export market. The local market relates to sales to customers within Malaysia. The export market relates to sales to overseas customers with the Middle East Region as the principal market segment.

Revenue from sales to external customers by location of customers are as follows:

	Group	
	2022 RM'000	2021 RM'000
Local	204,123	165,207
Overseas:		
- Middle East	98,956	99,007
- Others	44,831	45,004
	347,910	309,218

Major customers

There is no major customer with revenue equal or more than 10% of the Group's total revenue.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

All financial assets and liabilities are categorised as amortised cost in accordance with the Group's accounting policies as disclosed in Note 2(c) except as stated below:

(a) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")

	FVOCI-EIDUIR	
	2022 RM'000	2021 RM'000
Group/Company		
Financial assets		
Other investments	3,214	2,479

24. FINANCIAL INSTRUMENTS (CONT'D)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Equity instruments at fair value through other comprehensive income				
- recognised in profit or loss	–	76	–	76
- recognised in other comprehensive income	(253)	96	(253)	96
	(253)	172	(253)	172
Financial assets at amortised cost	1,953	847	987	26
Financial liabilities at amortised cost	(288)	(191)	–	–
	1,412	828	734	198

24.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior period.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Local	37,112	40,491
Overseas	25,029	23,968
	62,141	64,459

Recognition and measurement of impairment loss

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Company assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2022			
Current (not past due)	53,944	–	53,944
1 - 30 days past due	4,386	–	4,386
31 - 60 days past due	175	–	175
61 - 90 days past due	2,333	–	2,333
	60,838	–	60,838
Credit impaired			
More than 90 days past due	1,285	–	1,285
Individually impaired	1,536	1,518	18
	63,659	1,518	62,141
2021			
Current (not past due)	44,207	–	44,207
1 - 30 days past due	8,198	–	8,198
31 - 60 days past due	229	–	229
61 - 90 days past due	98	–	98
	52,732	–	52,732
Credit impaired			
More than 90 days past due	5,537	–	5,537
Individually impaired	8,674	2,484	6,190
	66,943	2,484	64,459

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables and an associate during the year are shown below.

	Credit impaired	
	2022 RM'000	2021 RM'000
Group		
At 1 April	2,484	3,215
Net remeasurement of loss allowance	(3)	(860)
Amount written off	(600)	–
Exchange difference	(363)	129
At 31 March	1,518	2,484

No further impairment loss is required for credit impaired receivables mainly because these customers are entitled for promotional funds, sales incentives, sales rebates and trade offers. As at year end, the accruals for promotional funds, sales incentives, sales rebates and trade offers payable to these customers amounted to approximately RM40,316,495 (2021: RM40,957,752), which is included in the accrued advertising and promotional expenses in Note 16.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance are not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Company monitor the exposure to credit risk on individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Other receivables (Cont'd)

Recognition and measurement of impairment loss

The Group and the Company consider other receivables have low credit risk.

The following table provides information about the exposure to credit risk and ECLs for other receivables as at the end of the reporting period.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2022			
Low credit risk	2,520	–	2,520
2021			
Low credit risk	2,954	–	2,954
Credit impaired	225	225	–
	3,179	225	2,954
Company			
2021			
Credit impaired	225	225	–

The movements in the allowance for impairment in respect of other receivables during the year are shown below.

	Credit impaired 2022 RM'000	Credit impaired 2021 RM'000
Group/Company		
Balance at 1 April	225	230
Reclassification	–	(155)
Net remeasurement of loss allowance	(225)	150
Balance at 31 March	–	225

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM19,731,086 (2021: NIL) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay its credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and are having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The advances are repayable on demand. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The Company considers amounts due from subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers amounts due from subsidiaries to be credit impaired when:

- The subsidiaries are unlikely to repay its amount due to the Company in full; or
- The subsidiaries are continuously loss making and is having a deficit shareholders' fund.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries as at the end of the reporting period.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
Company			
2022			
Low credit risk	71,893	–	71,893
Credit impaired	2,047	2,007	40
	73,940	2,007	71,933
2021			
Low credit risk	52,780	–	52,780
Credit impaired	2,796	2,224	572
	55,576	2,224	53,352

The movements in the allowance for impairment in respect of subsidiaries during the financial year were:

	Credit impaired 2022 RM'000	2021 RM'000
Company		
At 1 April	2,224	1,932
Amount written off	(77)	–
Reclassification	–	155
Net remeasurement of loss allowance	(140)	137
At 31 March	2,007	2,224

24.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022							
Group							
Non-derivative financial liabilities							
Secured hire purchase liabilities	191	1.98 - 2.50	204	204	–	–	–
Secured term loans	19,731	2.94	21,686	2,351	2,322	7,070	9,943
Trade and other payables	94,749	–	94,749	94,749	–	–	–
Dividend payable	5,032	–	5,032	5,032	–	–	–
	119,703		121,671	102,336	2,322	7,070	9,943
Company							
Non-derivative financial liabilities							
Trade and other payables	6,534	–	6,534	6,534	–	–	–
Dividend payable	5,032	–	5,032	5,032	–	–	–
Financial guarantee*	–	–	19,731	19,731	–	–	–
	11,566		31,297	31,297	–	–	–

24. FINANCIAL INSTRUMENTS (CONT'D)

24.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (Cont'd)

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2021							
Group							
Non-derivative financial liabilities							
Secured hire purchase liabilities	702	1.98 - 2.50	750	546	204	–	–
Trade and other payables	75,683	–	75,683	75,683	–	–	–
Dividend payable	6,339	–	6,339	6,339	–	–	–
	82,724		82,772	82,568	204	–	–
Company							
Non-derivative financial liabilities							
Trade and other payables	6,207	–	6,207	6,207	–	–	–
Dividend payable	6,339	–	6,339	6,339	–	–	–
	12,546		12,546	12,546	–	–	–

* The amount represents the outstanding banking facilities of subsidiaries as at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS (CONT'D)

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Chinese Yuan ("CNY") and Brunei Dollar ("BRU").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contract to hedge its foreign currency risk from time to time. The forward exchange contract has maturities of less than one year after the end of the reporting period. The outstanding forward exchange contract is not material to the financial statements.

Foreign exchange exposures in transactional currencies other than the functional currency of the Group and of the Company are kept to an acceptable level.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (currencies which is other than the functional currencies of Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD RM'000	**SGD RM'000**	**CNY RM'000**	**BRU RM'000**
Group				
2022				
Trade and other receivables	19,107	6,850	–	1,218
Cash and cash equivalents	20,275	584	–	–
Trade and other payables	(39,254)	(3,216)	–	(424)
	128	4,218	–	794
2021				
Trade and other receivables	32,846	6,292	–	743
Cash and cash equivalents	25,403	921	–	–
Trade and other payables	(33,301)	(1,781)	(353)	(482)
	24,948	5,432	(353)	261

24. FINANCIAL INSTRUMENTS (CONT'D)

24.6 Market risk (Cont'd)

Currency risk (Cont'd)

	Denominated in USD	
	2022 RM'000	2021 RM'000
Company		
Inter-company balances	1,503	1,548

Currency risk sensitivity analysis

A 10% (2021: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	Group RM'000	Company RM'000
2022		
USD	(10)	(114)
SGD	(321)	–
BRU	(60)	–
2021		
USD	(1,896)	(118)
SGD	(413)	–
CNY	27	–
BRU	(20)	–

A 10% (2021: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's investments in fixed rate deposit and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS (CONT'D)

24.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Risk management objectives, policies and processes for managing the risk

Exposure to interest risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the exposure at an acceptable level.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Financial assets	2,228	1,036	2,228	1,036
Financial liabilities	(191)	(702)	–	–
	2,037	334	2,228	1,036
Floating rate instruments				
Financial liabilities	(19,731)	–	–	–

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

(b) *Cash flow sensitivity analysis for variable rate instruments*

An increase of 100 basis points ("bp") in interest rates at the end of the reporting period would have decreased post-tax profit by RM150,000 (2021: NIL). A 100 bp decrease in interest rates would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables, remained constant.

Other price risk

Price risk arises from the Group's investment in quoted shares.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the investment on portfolio basis.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.6 Market risk (Cont'd)

Other price risk (Cont'd)

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10% strengthening/(weakening) in FBMKLCI at the end of the reporting period would have increased/(decreased) equity by RM321,000 (2021: RM248,000) for investments in quoted shares classified as fair value through other comprehensive income. A 10% weakening in FBMKLCI would have had equal but opposite effect on equity.

24.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the term loans approximates their fair value as the effective interest rate is comparable to the movements in the market interest rate.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group				
2022				
Financial assets				
Quoted shares	3,214	–	3,214	3,214
Financial liabilities				
Hire purchase liabilities	–	(198)	(198)	(191)
2021				
Financial assets				
Quoted shares	2,479	–	2,479	2,479
Financial liabilities				
Hire purchase liabilities	–	(724)	(724)	(702)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS (CONT'D)

24.7 Fair value information (Cont'd)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowings of the Group entities at the reporting date.

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and maintain an optimal capital and liquidity ratio that enables the Group to operate effectively.

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain consolidated tangible net worth of not less than RM150 million and Group total bank borrowings to consolidated tangible net worth ratio of not more than 1.0 time, failing which, the bank may call an event of default. The Group has complied with these covenants.

26. CAPITAL COMMITMENT

	Group	
	2022 RM'000	**2021 RM'000**
Capital expenditure commitment		
Property, plant and equipment		
Contracted but not provided for	7,703	7,513

27. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates, joint venture and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 12 and 16.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
A. Subsidiaries				
Dividend income (gross)	–	–	(63,334,984)	(23,540,000)
Management fees	–	–	(1,203,470)	(755,680)
Rental expense	–	–	10,800	10,800
B. Fees paid to a firm in which a Director is a partner	25,001	72,432	23,000	20,500
C. Company related to Directors				
Management fees	374,040	629,561	–	–
Secretarial fees	23,299	25,664	–	–
Acquisition of a subsidiary	–	–	126,692	–

NOTES TO THE FINANCIAL STATEMENTS
cont'd

27. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
D. Key management personnel				
Directors				
- Fees	852,278	282,000	852,278	282,000
- Remuneration	13,513,555	10,027,440	13,800	59,500
- Share-based payments	385,075	294,533	268,081	176,452
	14,750,908	10,603,973	1,134,159	517,952
Acquisition of a subsidiary	–	–	126,692	–
	14,750,908	10,603,973	1,260,851	517,952

The estimated monetary value of Directors' benefit-in-kind for the Group is RM147,205 (2021: RM152,304).

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Other key management personnel				
- Remuneration	746,961	776,640	–	–
- Share-based payments	39,787	103,383	–	–
	786,748	880,023	–	–

The estimated monetary value of other key management personnel's benefit-in-kind for the Group is RM29,245 (2021: RM30,525).

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

28. ACQUISITION OF A SUBSIDIARY

On 1 January 2022, the Group entered into a Sale and Purchase Agreement to acquire 100% equity interest in Affari Inversions Sdn. Bhd. ("AISB") for a total cash consideration of RM253,384. The intended principal activity of AISB is café business. The acquisition is for diversification purpose. There is no significant contribution to the consolidated revenue and profit for the year ended 31 March 2022 arising from the acquisition.

28. ACQUISITION OF A SUBSIDIARY (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	2022 RM
Cash and cash equivalents	253,384

Identifiable assets acquired and liabilities assumed

	2022 RM
Property, plant and equipment	90,259
Deferred tax assets	19,636
Trade and other receivables	55,150
Cash and cash equivalents	107,463
Trade and other payables	(9,229)
Total identifiable net assets	263,279

Net cash outflow arising from acquisition of subsidiary

	2022 RM
Consideration settled in cash and cash equivalents	253,384
Cash and cash equivalents acquired	(107,463)
	145,921

Negative Goodwill

Negative goodwill was recognised as a result of the acquisition as follows:

	2022 RM
Total consideration transferred	253,384
Fair value of identifiable net assets	(263,279)
Negative goodwill arising from acquisition	(9,895)

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 85 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' How Say Swee
Director

See Thuan Po
Director

Date: 25 July 2022

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Chong Wee Kok**, the officer primarily responsible for the financial management of POWER ROOT BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 85 to 161 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Chong Wee Kok, NRIC: 720307-01-5473, MIA CA 23428 at Johor Bahru in the State of Johor on 25 July 2022.

Chong Wee Kok

Before me:

Lau Lay Sung
Commissioner for Oaths
J-246

INDEPENDENT AUDITORS' REPORT

To the members of Power Root Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Power Root Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Completeness of advertising and promotional expenses

Refer to Note 2 - Significant accounting policy, Statement of Profit or Loss and Other Comprehensive Income and Note 16 - Trade and other payables.

The key audit matter

The Group incurs various types of advertising and promotional expenses, such as worldwide television, print, radio, internet and in-store advertising expenses. There are also various types of arrangements with the customers for the advertising and promotional activities. Some of the arrangements are based on sales target and agreed rates ("trading term arrangements") and others are based on planned and agreed advertising and promotional activities on a yearly basis.

We have identified this area as one of the key audit matter due to the diverse variety of trading term arrangements and the range of agreed rates, which it involves significant judgement in ascertaining the nature and classification of the advertising and promotional expenses. Accruals are also required at the circumstances where settlement has not been made by year end or where prior year claims arise.

INDEPENDENT AUDITORS' REPORT

To the members of Power Root Berhad
cont'd

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We obtained understanding of the process, evaluated the design and implementation and tested the operating effectiveness of controls over the authorisation of advertising and promotional activities.
- We performed recomputation of major advertising and promotional accruals based on the sales amount and agreed rates/approved budgets and agreed the rates to the trading term agreements with customers.
- We developed an expectation of the advertising and promotional expenses based on historical percentage of advertising and promotional expenses over sales. Compared the recorded amount with the developed expectation and determined whether it is within acceptable range.
- We evaluated the Group's accruals for advertising and promotional expenses by testing subsequent claims received subsequent to reporting date to detect any unrecorded liabilities.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Power Root Berhad
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Yen Ing
Approval Number: 03174/04/2023 J
Chartered Accountant

Johor Bahru

Date: 25 July 2022

LIST OF PROPERTIES

As at 31 March 2022

Location	Existing use	Tenure	Approximate Age of Building	Land area/ built up up area (sq feet)	Net Book value (RM)	Date of Acquisition
No. 2, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai, Johor Bahru Johor on H.S.(D) 212188 P.T.No.111286 in the Mukim of Plentong District of Johor Bahru	Factory	Freehold	24 years	41,354/ 21,269	3,071,381	9 June 2004
No. 4, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai, Johor Bahru Johor on H.S.(D) 212189 P.T.No.111287 in the Mukim of Plentong District of Johor Bahru	Warehouse cum office	Freehold	24 years	41,801/ 24,177	2,005,602	28 July 2006
No. 1, Jalan Sri Plentong Taman Perindustrian Sri Plentong 81750 Masai, Johor Bahru Johor on H.S.(D) 212276-212285 P.T.No.111376-111385 in the Mukim of Plentong District of Johor Bahru	Warehouse, factory cum office	Freehold	15 years	772,098/ 201,404	39,159,866	15 February 2008
Lot 945, Springs 10 Street 7, Villa 33, Type 3E The Springs Emirates Living Dubai	Residential	Freehold	16 years	4,080/ 2,275	1,109,421	20 July 2011
No. 30, Jalan Tago 9 Taman Perindustrian Tago 52200 Kuala Lumpur on H.S.(D) 24024 P.T. No. 30916 in the Mukim of Mukim Batu District of Gombak	Warehouse cum office	Freehold	26 years	19,493/ 14,516	2,856,203	10 September 2004
No. 32, Jalan Tago 9 Taman Perindustrian Tago 52200 Kuala Lumpur on H.S.(D) 36191 P.T. No. 30915 in the Mukim of Mukim Batu District of Gombak	Warehouse cum office	Freehold	26 years	19,300/ 14,512	3,560,028	21 April 2008
No. 305, 3rd Floor Sobha Sapphire Business Bay (Al Khail Road Entrance) Dubai.	Office	Freehold	9 years	2,510	2,131,290	25 June 2013

LIST OF PROPERTIES

As at 31 March 2022
cont'd

Location	Existing use	Tenure	Approximate Age of Building	Land area/ built up area (sq feet)	Net Book value (RM)	Date of Acquisition
No. 43, 43-01 & 43-02 Jalan Serangkai 11 Taman Bukit Dahlia 81700 Pasir Gudang, Johor on PN64162 Lot 203760 in the Mukim of Plentong District of Johor Bahru	3 Storey Shop Office	Leasehold for 99 years expiring on 18.02.2112	7 years	2,099/ 6,297	537,118	14 September 2016
Villa 575, Maple 1-Maple Community Dubai Hills Estate, Dubai, UAE	Residential	Freehold	2 years	2,228/ 1,683	2,237,156	30 June 2015
Villa 548, Maple 1-Maple Community Dubai Hills Estate, Dubai, UAE	Residential	Freehold	2 years	2,462/ 1,897	2,872,702	30 June 2015
No 20, Jalan Perniagaan Setia 1/1 Taman Perniagaan Setia 81100 Johor Bahru, Johor Title No : Lot No 167028 (HS(D) 524555 PTD 167028)	Factory	Freehold	7 years	14,400/ 8,570	2,402,128	25 June 2020
No 22, Jalan Perniagaan Setia 1/1 Taman Perniagaan Setia 81100 Johor Bahru, Johor Title No : Lot No 167029 (HS(D) 524556 PTD 167029)	Factory	Freehold	7 years	14,400/ 8,570	2,402,128	25 June 2020
No 26, Jalan Perniagaan Setia 1/1 Taman Perniagaan Setia 81100 Johor Bahru, Johor Title No : Lot No 167030 (HS(D) 524557 PTD 167030)	Factory	Freehold	7 years	14,400/ 8,570	2,402,128	25 June 2020
No. 1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai, Johor Bahru Johor on H.S.(D) 250460, Lot 182939 in the Mukim of Plentong District of Johor Bahru	Factory	Freehold	24 years	41,351/ 21,727	6,529,907	21 August 2020
PTD 111275 Jalan Sri Plentong 4 Taman Perindustrian Sri Plentong 81750 Masai, Johor Bahru Johor on H.S.(D) 250535 No. Lot 182932 in the Mukim of Plentong District of Johor Bahru	Vacant Land	Freehold	N/A	181,933	12,775,841	25 August 2020

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2022

Issued Capital	:	437,591,860 ordinary shares (including 21,488,500 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Number of Holders	:	6,443

Size of Shareholdings	**No. of Shareholders**	**%***	**No. of Shares**	**%***
1 - 99	187	2.90	6,102	0.00
100 - 1,000	1,227	19.04	769,988	0.18
1,001 - 10,000	3,765	58.44	16,303,209	3.92
10,001 - 100,000	1,073	16.65	31,004,191	7.45
100,001 to less than 5% of issued shares	188	2.92	258,187,778	62.05
5% and above of issued shares	3	0.05	109,832,092	26.40
Total	**6,443**	**100.00**	**416,103,360**	**100.00**

* *Excluding a total of 21,488,500 shares bought back by the Company and retained as treasury shares as at 30 June 2022.*

DIRECTORS' INTEREST IN SHARES

		Direct Interest		**Deemed Interest**	
No.	**Name of Directors**	**No. of Shares**	**%***	**No. of Shares**	**%***
1.	Dato' Afifuddin bin Abdul Kadir	–	–	–	–
2.	Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj	–	–	–	–
3.	Wong Tak Keong	32,545,700	7.82	8,250,800	1.98(1)
4.	Dato' How Say Swee	76,807,436	18.46	3,000,000	0.72(2)
5.	Dato' Wong Fuei Boon	68,487,856	16.46	10,000,000	2.40(1)
6.	See Thuan Po	4,578,000	1.10	6,712,600	1.61(3)
7.	Ong Kheng Swee	235,315	0.06	154,000	0.04(4)
8.	Azahar bin Baharudin	6	0.00	–	–
9.	Dato' Tea Choo Keng	3,480	0.00	–	–
10.	Low Jun Lee	–	–	51,309,616	12.33(5)
11.	Tan Lay Beng	–	–	–	–

* *Excluding a total of 21,488,500 shares bought back by the Company and retained as treasury shares as at 30 June 2022.*

Notes:
(1) Deemd interested by virtue of his spouse and children pursuant to Section 59 of the Companies Act 2016 ("Act").
(2) Deemd interested by virtue of his children pursuant to Section 59 of the Act.
(3) Deemd interested by virtue of his shareholdings in See Seang Huat & Company Sdn Bhd pursuant to Section 8 of the Act.
(4) Deemd interested by virtue of his spouse pursuant to Section 59 of the Act.
(5) Deemd interested by virtue of his parents pursuant to Section 59 of the Act.

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2022
cont'd

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %*	Deemed Interest No. of Shares	Deemed Interest %*
1.	Dato' How Say Swee	76,807,436	18.46	3,000,000	0.72[(1)]
2.	Dato' Wong Fuei Boon	68,487,856	16.46	10,000,000	2.40[(2)]
3.	Wong Tak Keong	32,545,700	7.82	8,250,800	1.98[(2)]
4.	Low Jun Lee	–	–	51,309,616	12.33[(3)]
5.	Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	25,526,780	6.13	3,741,600	0.90[(4)]

* *Excluding a total of 21,488,500 shares bought back by the Company and retained as treasury shares as at 30 June 2022.*

Notes:
(1) Deemd interested by virtue of his children pursuant to Section 59 of the Act.
(2) Deemd interested by virtue of his spouse and children pursuant to Section 59 of the Act.
(3) Deemd interested by virtue of his parents pursuant to Section 59 of the Act.
(4) Deemed interested via KWAP's Fund Managers.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%*
1.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Wong Fuei Boon (PB)*	53,554,856	12.87
2.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for How Say Swee (PB)*	30,750,456	7.39
3.	Kumpulan Wang Persaraan (Diperbadankan)	25,526,780	6.13
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for How Say Swee (6000382)*	18,928,000	4.55
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt An for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)*	17,768,660	4.27
6.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for How Say Swee (M04)*	13,800,000	3.32
7.	Lembaga Tabung Haji	13,253,400	3.19
8.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Tak Keong*	11,428,900	2.75
9.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Chee Yen*	9,944,900	2.39

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2022
cont'd

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%*
10.	MERCSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Fuei Boon*	9,333,000	2.24
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Tak Keong (6000698)*	8,556,000	2.06
12.	How Say Swee	7,735,080	1.86
13.	CITIGROUP Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	7,496,600	1.80
14.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Wong Tak Keong (PB)*	7,034,280	1.69
15.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Chee Yen*	7,005,140	1.68
16.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for See Seang Huat & Company Sdn Berhad (PB)*	6,712,600	1.61
17.	Pau Choon Mei	6,468,000	1.55
18.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Wong Boon Fong (PB)*	6,000,000	1.44
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Chee Yen (7001504)*	5,657,100	1.36
20.	Ling Shi Yng	5,050,800	1.21
21.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Low Chee Yen (PB)*	3,831,516	0.92
22.	CITIGROUP Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (AIIMAN IS EQ)*	3,741,600	0.90
23.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' How Say Swee*	3,676,000	0.88
24.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Wong Fuei Boon*	3,600,000	0.87
25.	Amanahraya Trustees Berhad *PMB Shariah Growth Fund*	3,500,000	0.84
26.	Yayasan Guru Tun Hussein Onn	3,324,480	0.80

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2022
cont'd

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%*
27.	CITIGROUP Nominees (Tempatan) Sdn Bhd *Urusharta Jamaah Sdn Bhd (AFFIN 2)*	3,051,100	0.73
28.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for See Thuan Po (PB)*	2,910,000	0.70
29.	CITIGROUP Nominees (Tempatan) Sdn Bhd *Universal Trustee (Malaysia) Berhad for Principal Islamic Small Cap Opportunities Fund*	2,666,800	0.64
30.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Tak Keong*	2,433,120	0.58

* *Excluding a total of 21,488,500 shares bought back by the Company and retained as treasury shares as at 30 June 2022.*

ANALYSIS OF WARRANT HOLDINGS

As at 30 June 2022

Number of Unexercised Warrants	:	48,550,093
Exercise Price	:	RM1.54
Warrant Issue Date	:	24 July 2018
Expiry Date	:	24 July 2023
Number of Warrant Holders	:	1,556

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	354	22.75	10,736	0.02
100 - 1,000	607	39.01	272,151	0.56
1,001 - 10,000	357	22.94	1,519,989	3.14
10,001 - 100,000	188	12.08	6,492,179	13.37
100,001 to less than 5% of issued warrants	46	2.96	26,000,666	53.55
5% and above of issued warrants	4	0.26	14,254,372	29.36
Total	**1,556**	**100.00**	**48,550,093**	**100.00**

DIRECTORS' INTEREST IN WARRANTS

		Direct Interest		Deemed Interest	
No.	Name of Directors	No. of Warrants	%	No. of Warrants	%
1.	Dato' Afifuddin bin Abdul Kadir	–	–	–	–
2.	Y.A.D Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj	–	–	–	–
3.	Wong Tak Keong	8,964,600	18.46	791,800	1.63(1)
4.	Dato' How Say Swee	5,295,206	10.91	–	–
5.	Dato' Wong Fuei Boon	6,547,226	13.49	1,000,000	2.06(2)
6.	See Thuan Po	–	–	–	–
7.	Ong Kheng Swee	17	0.00	–	–
8.	Azahar bin Baharudin	1	0.00	–	–
9.	Dato' Tea Choo Keng	–	–	–	–
10.	Low Jun Lee	–	–	7,382,786	15.21(3)
11.	Tan Lay Beng	–	–	–	–

Notes:

(1) Deemd interested by virtue of his spouse and children pursuant to Section 59 of the Companies Act 2016 ("Act").

(2) Deemd interested by virtue of his spouse pursuant to Section 59 of the Act.

(3) Deemd interested by virtue of his parents pursuant to Section 59 of the Act.

ANALYSIS OF WARRANT HOLDINGS

As at 30 June 2022
cont'd

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants Held	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Wong Fuei Boon (PB)*	4,494,026	9.26
2.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Tak Keong*	4,230,320	8.71
3.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for How Say Swee (PB)*	2,824,026	5.82
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt An for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)*	2,706,000	5.57
5.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Tak Keong*	2,306,600	4.75
6.	Tan Chee Lay	2,177,500	4.49
7.	MERCSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Fuei Boon*	2,053,200	4.23
8.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Wong Tak Keong (PB)*	1,598,380	3.29
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Chee Yen (7001504)*	1,500,000	3.09
10.	How Say Swee	1,471,180	3.03
11.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Low Chee Yen (PB)*	1,330,886	2.74
12.	Pau Choon Mei	1,078,000	2.22
13.	AFFIN HWANG Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for How Say Swee (M04)*	1,000,000	2.06
14.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Wong Boon Fong (PB)*	1,000,000	2.06
15.	Mai Mang Lee	1,000,000	2.06
16.	CIMB Islamic Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund*	881,500	1.82
17.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Chee Yen*	767,900	1.58
18.	Cheah Oon Kean	620,000	1.28

ANALYSIS OF WARRANT HOLDINGS

As at 30 June 2022
cont'd

THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

No.	Name	No. of Warrants Held	%
19.	Ambank (M) Berhad *Pledged Securities Account for Wong Tak Keong (SMART)*	600,000	1.24
20.	Ling Shi Yng	591,800	1.22
21.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securites Account for Cheang Wai Kett (MM1156)*	530,000	1.09
22.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad - Kenanga Malaysian Inc Fund*	504,100	1.04
23.	Ten Woon Hwa	500,000	1.03
24.	Law Swee Chin @ Law Lee Fong	300,000	0.62
25.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ismail Ng Bin Jaafar Ng*	296,300	0.61
26.	Yayasan Guru Tun Hussein Onn	263,000	0.54
27.	Kenanga Nominees (Tempatan) Sdn Bhd *Rakuten Trade Sdn Bhd for Ismail Ng Bin Jaafar Ng*	230,000	0.47
28.	Wong Tak Keong	229,300	0.47
29.	Tan Suan Meng	210,000	0.43
30.	Loo Mun Heng	205,500	0.42

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth ("16th") Annual General Meeting ("AGM") of Power Root Berhad ("Power Root" or "the Company") will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 29 August 2022 at 3.00 p.m. for the purpose of considering the following business:

<u>AGENDA</u>

ORDINARY BUSINESS:

1. To receive the Audited Financial Statement for the financial year ended 31 March 2022 together with the Directors' and Auditors' reports thereon.

2. To sanction payment of Directors' fees for the financial year ending 31 March 2023, to be payable on quarterly basis in arrears. ***(Resolution 1)***

3. To approve the benefit payable to the Directors an aggregate amount of not more than RM600,000 for the financial year ending 31 March 2023. ***(Resolution 2)***

4. To re-elect Dato' Wong Fuei Boon, who retires pursuant to Clause 100 of the Company's Constitution and being eligible, offers himself for re-election. ***(Resolution 3)***

5. To re-elect Mr. See Thuan Po, who retires pursuant to Clause 100 of the Company's Constitution and being eligible, offers himself for re-election. ***(Resolution 4)***

6. To re-elect Dato' Tea Choo Keng, who retires pursuant to Clause 100 of the Company's Constitution and being eligible, offers himself for re-election. ***(Resolution 5)***

7. To re-elect Ms. Tan Lay Beng, who retires pursuant to Clause 107 of the Company's Constitution and being eligible, offers herself for re-election. ***(Resolution 6)***

8. To re-appoint Messrs KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***(Resolution 7)***

SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Ordinary Resolutions:

9. **Authority to Issue Shares Pursuant To Sections 75(1) and 76(1) of the Companies Act 2016 ("Authority to Allot Shares")** ***(Resolution 8)***

   "**THAT** pursuant to Section 75(1) and Section 76(1) of the Companies Act 2016 ("Act") and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") **AND THAT** such authority conferred by this resolution shall commence upon passing this resolution until:

   a) the conclusion of the AGM held next after the approval was given; or
   b) the expiry of the period within which the next AGM is required to be held after the approval was given,

   whichever occurs first.

SPECIAL BUSINESS: (CONT'D)

10. **Proposed Renewal of the Authority to allot and issue new ordinary shares in Power Root ("Power Root Shares") in relation to the Company's Dividend Reinvestment Plan ("DRP") that provides the shareholders of Power Root ("Shareholders") the option to elect to reinvest their cash dividend in new Power Root Shares** ***(Resolution 9)***

"**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 29 July 2013 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Power Root Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next AGM upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Power Root Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) market days Volume Weighted Average Market Price ("VWAMP") of Power Root Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

11. **Proposed Renewal of the Authority to Buy-Back Its Own Shares by the Company ("Proposed Renewal of Share Buy-Back")** ***(Resolution 10)***

"**THAT** subject to the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Securities and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit, necessary and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time; and the Directors of the Company shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back.

THAT the Directors of the Company be and is hereby authorised to deal with the shares purchased at their absolute discretion, either partially or fully, in the following manner:

a) cancel all the shares so purchased; or
b) distribute the shares as share dividends to the shareholders; or
c) resell the shares through Bursa Securities in accordance with the rules of Bursa Securities; or
d) transfer the shares for the purpose of or under an employees' share scheme; or
e) transfer the shares as purchase consideration; or
f) such other manners as may be permitted by the Act

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING
cont'd

SPECIAL BUSINESS: (CONT'D)

AND THAT the Directors of the Company be and is hereby authorised to take all such necessary steps to give effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed by the Directors to be in the best interest of the Company, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until:

a) the conclusion of the next AGM of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or
b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first."

12. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** ***(Resolution 11)***

"**THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into existing recurrent related party transactions of a revenue or trading nature with the related parties mentioned under Part B, Section 2.5 of the Circular to Shareholders dated 29 July 2022 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

a) the conclusion of the next AGM of the Company at which such Proposed Shareholders' Mandate is passed, at which time will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or
b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first."

13. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

ZURIATI BINTI YAACOB (F) SSM PC No. 202008003191 (LS 0009971)
TAI YIT CHAN (F) SSM PC No. 202008001023 (MAICSA NO. 7009143)
SANTHI A/P SAMINATHAN (F) SSM PC No. 201908002933 (MAICSA NO. 7069709)
Company Secretaries

Johor Bahru
29 July 2022

Notes:

1. *Only depositors whose name appears in the Record of Depositors as at 22 August 2022 shall be regarded as member of the Company entitled to attend, speak and vote at this Meeting or appoint proxy(ies) to attend, speak and vote in his stead.*

2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a proxy appointed to attend, speak and vote at a meeting shall have the same rights as the member to speak at the meeting.*

3. *A member may appoint not more than 2 proxies to attend and vote at the same meeting.*

4. *Where a member appoints 2 proxies, he shall specify the proportion of his holdings to be represented by each proxy. Otherwise, the appointment shall be invalid.*

5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

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

7. *Where a member or the authorised nominee or an exempt authorised nominee appoints 2 or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

8. *Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*

9. *The instrument appointing a proxy or proxies must be deposited at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not less than 48 hours before the time set for the meeting or any adjournment thereof.*

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING
cont'd

EXPLANATORY NOTES TO ORDINARY BUSINESS:

Audited Financial Statement for the financial year ended 31 March 2022

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("Act") does not require a formal approval from the shareholders and hence is not put forward for voting.

Directors' Fees and Benefits

Resolution 1 and 2, pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board shall seek shareholders' approval at the 16th AGM on the Directors' fees and benefits in two (2) separate resolutions as below: -

- Resolution 1 - To sanction payment of Directors' fees for the financial year ending 31 March 2023, to be payable on quarterly basis in arrears; and
- Resolution 2 - To approve the benefit payable to the Directors an aggregate amount of not more than RM600,000 for the financial year ending 31 March 2023.

Payment of directors' fees will be made by the Company after they have discharged their responsibilities and rendered their services to the Company for the financial year ending 31 March 2023, if proposed Resolutions 1 and 2 passed at the forthcoming AGM.

Re-election of Directors Who Retire in Accordance with Clause 100 and Clause 107 of the Company's Constitution

Clause 100 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. With the current Board size of eleven (11), one (1) Director shall retire in accordance with Clause 107 of the Company's Constitution, three (3) Directors are to retire in accordance with Clause 100 of the Company's Constitution provided that all Directors shall retire from office once at least in every three (3) years and shall be eligible for re-election.

Clause 107 of the Company's Constitution provides that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board, and that any Director so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 16th AGM, the Nominating Committee ("NC") has considered the following:

(1) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities; and
(2) The level of independence demonstrated by each of the Independent Non-Executive Directors ("INEDs"), and their ability to act in the best interests of the Company in decision-making, to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

In line with the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), the Board has conducted an assessment of independence of the INEDs, and also other criteria i.e., character, integrity, competence, experience and time commitment in effectively discharging their respective roles as Directors of the Company. The Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance together with their ability to make analytical inquiries and offer advice and guidance. Each of the INEDs has also provided his/her annual declaration/ confirmation of independence.

The Board accepted the NC's recommendation that the Directors who retire in accordance with Clauses 100 and 107 of the Company's Constitution is eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING
cont'd

EXPLANATORY NOTES TO ORDINARY BUSINESS: (CONT'D)

Re-appointment of Auditors

Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs. KPMG PLT, shall lapse at the conclusion of the forthcoming AGM unless they are re-appointed by the shareholders to continue in office. Messrs. KPMG PLT, have indicated their willingness to continue their service until the conclusion of next AGM. The re-appointment of Messrs. KPMG PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Resolution 7, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

EXPLANATORY NOTES TO SPECIAL BUSINESS:

Authority to Allot Shares

The Proposed Resolution 8 if passed, is for the purpose of granting a general mandate ("General Mandate") empowering the Directors of the Company, pursuant to Sections 75(1) and 76(1) of the Act to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being, without having to convene a general meeting.

This is a renewal mandate of the previous mandate granted by the shareholders at the AGM of the Company held on 27 August 2021 which will expire at the conclusion of the forthcoming AGM.

The General Mandate will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

As at the date of the Notice, there is no issuance of new shares by the Company pursuant to the previous mandate obtained at the last AGM and hence no proceeds were raised therefrom.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Proposed Renewal of Authority to allot and issue new ordinary shares in Power Root in relation to the Company's Dividend Reinvestment Plan

The Proposed Resolution 9 is for the purpose of granting a general mandate ("General Mandate for DRP") to provide the shareholders of Power Root the option to elect to reinvest their cash dividend in new ordinary shares in the Company. The General Mandate for DRP has been granted by the shareholders at the AGM of the Company held on 27 August 2021. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

Proposed Renewal of Share Buy-Back

The Proposed Resolution 10 is for the purpose of granting a general mandate ("General Mandate for Share Buy-Back") to allow the Company to purchase its own shares. The total number of shares purchased shall not exceed ten percent (10%) of the total number of issued shares of the Company. The audited retained earnings of the Company stood at RM51.9 million as at 31 March 2022. The General Mandate for Share Buy-Back has been granted by the shareholders at the AGM of the Company held on 27 August 2021. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING
cont'd

EXPLANATORY NOTES TO SPECIAL BUSINESS: (CONT'D)

Proposed Shareholders' Mandate

The Proposed Resolution 11 is for the purpose of obtaining a shareholders' mandate at the forthcoming AGM of the Company.

The Proposed Shareholders' Mandate is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, appended hereunder are:

i. The Directors standing for re-election are:

1	Dato' Wong Fuei Boon	- Clause 100	Resolution 3
2	Mr. See Thuan Po	- Clause 100	Resolution 4
3	Dato' Tea Choo Keng	- Clause 100	Resolution 5
4	Ms. Tan Lay Beng	- Clause 107	Resolution 6

Further details of the above named Directors and their interest in the securities of the Company are set out in the Directors' Profile on page 5 to page 9, page 169 and page 173 of the Annual Report 2022.

ii. The general mandate for issuance of shares by the Company under Section 75(1) and 76(1) of the Companies Act 2016 is for the purpose of granting renewal of the mandate obtained from its shareholders at the 15th Annual General Meeting held on 27 August 2021. The Company did not issue any shares pursuant to this mandate obtained.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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POWER ROOT BERHAD
(Registration No. 200601013517 (733268-U))
Incorporated In Malaysia

PROXY FORM

CDS Account No.	
No. of shares held	

I/We, ... NRIC/Passport/Company No. ....
(full name in block letters)

of ....
(full address)

Tel. No. .... Email address ....

being a member of **POWER ROOT BERHAD** hereby appoint:

Full Name in Block Letters	NRIC/Passport No.	Proportion of Shareholding to be Represented	
		No. of Shares	**Percentage (%)**
Address :			
Tel. No. :			
Email address :			

*and/ or

Full Name in Block Letters	NRIC/Passport No.	Proportion of Shareholding to be Represented	
		No. of Shares	**Percentage (%)**
Address :			
Tel. No. :			
Email address :			

or failing him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us on *my/ our behalf at the Sixteenth Annual General Meeting of the Company to be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 29 August 2022 at 3.00 p.m. or any adjournment thereof.

Mark either box if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

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

No.	RESOLUTIONS	FOR	AGAINST
1.	To sanction payment of Directors' fees for the financial year ending 31 March 2023, to be payable on quarterly basis in arears		
2.	To approve the benefit payable to the Directors an aggregate amount of not more than RM600,000 for the financial year ending 31 March 2023		
3.	To re-elect the Director, Dato' Wong Fuei Boon who retires pursuant to Clause 100 of the Company's Constitution		
4.	To re-elect the Director, Mr. See Thuan Po who retires pursuant to Clause 100 of the Company's Constitution		
5.	To re-elect the Director, Dato' Tea Choo Keng who retires pursuant to Clause 100 of the Company's Constitution		
6.	To re-elect the Director, Ms. Tan Lay Beng who retires pursuant to Clause 107 of the Company's Constitution		
7.	To re-appoint Messrs. KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
8.	Proposed Renewal of the Authority to Issue Shares Pursuant to Sections 75(1) and Section 76(1) of the Companies Act 2016		
9.	Proposed Renewal of the Authority to allot and issue new ordinary shares in Power Root Berhad for the purpose of the Company's Dividend Reinvestment Plan		
10.	Proposed Renewal of Share Buy-Back		
11.	Proposed Shareholders' Mandate		

* *Delete if not applicable.*

Signed this .... day of 2022

....
Signature of Member/Common Seal

Fold this flap for sealing

NOTES

1. *Only depositors whose name appears in the Record of Depositors as at 22 August 2022 shall be regarded as member of the Company entitled to attend, speak and vote at this Meeting or appoint proxy(ies) to attend, speak and vote in his stead.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a proxy appointed to attend, speak and vote at a meeting shall have the same rights as the member to speak at the meeting.*
3. *A member may appoint not more than 2 proxies to attend and vote at the same meeting.*
4. *Where a member appoints 2 proxies, he shall specify the proportion of his holdings to be represented by each proxy. Otherwise, the appointment shall be invalid.*
5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds.*
7. *Where a member or the authorised nominee or an exempt authorised nominee appoints 2 or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*
9. *The instrument appointing a proxy or proxies must be deposited at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not less than 48 hours before the time set for the meeting or any adjournment thereof.*

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the 16th Notice of General Meeting dated 29 July 2022.

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AFFIX
STAMP

THE SHARE REGISTRAR

POWER ROOT BERHAD

(Registration No. 200601013517 (733268-U))

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya,
Selangor, Malaysia.

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