

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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POWER ROOT BERHAD

(Company No. 733268-U)
(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT IN RELATION TO THE
PROPOSED RENEWAL OF AUTHORITY TO THE COMPANY
TO PURCHASE OF ITS OWN SHARES**

The above proposal will be tabled as Special Business at the Company's Twelfth Annual General Meeting ("AGM") which will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 27 August 2018 at 2.30 p.m. The Notice of the Twelfth AGM and the Form of Proxy are set out in the 2018 Annual Report dispatched together with this Statement.

Please complete and return your Form of Proxy in accordance with the instructions thereon as soon as possible to the Registered Office of the Company at 31-04, Level 31, Menara Landmark, No. 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor Darul Takzim, not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Saturday, 25 August 2018 at 2.30 p.m.
Date and time of the AGM	:	Monday, 27 August 2018 at 2.30 p.m.

This Share Buy-Back Statement is dated 31 July 2018

DEFINITIONS

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

Act	:	Companies Act 2016
AGM	:	Annual General Meeting
Board	:	Board of Directors of Power Root
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Code	:	Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time
Directors	:	The directors of Power Root and shall have the meaning given in Section 2 of the Act
EPS	:	Earnings per Share
ESOS	:	Employee Share Option Scheme
ESOS Options	:	ESOS options granted under the ESOS to eligible persons to subscribe for new Power Root Shares at a specified price
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
NA	:	Net assets
Power Root or the Company	:	Power Root Berhad (Company No. 733268-U)
Power Root Group or Group	:	Power Root and its subsidiaries, collectively
Power Root Share(s) or Share(s)	:	Ordinary share(s) in Power Root
Proposed Renewal of Share Buy-Back	:	Proposed renewal of the authorisation for the Company to purchase up to 10% of its own issued and paid-up share capital
Record of Depositors	:	A record of depositors established by Bursa Depository under the Rules of Depository
RM and sen	:	Ringgit Malaysia and sen respectively
VWAMP	:	Volume weighted average market price

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

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of date in this Statement shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the amounts and percentage figures included herein have been subjected to rounding adjustments.

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POWER ROOT BERHAD

(Company No. 733268-U)
(Incorporated in Malaysia)

PROPOSED RENEWAL OF SHARE BUY-BACK

1. INTRODUCTION

At the Eleventh AGM of the Company held on 28 August 2017, the shareholders of Power Root approved a renewal of the authority for the Company to purchase up to 10% of its own issued and paid-up share capital of Power Root. The said authorisation shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming Twelfth AGM of the Company. On 27 June 2018, the Board of Directors of the Company had announced the Company's intention to seek a renewal of its shareholders' authorisation for the Proposed Renewal of Share Buy-Back at the forthcoming AGM.

The purpose of this Statement is to provide you with the information on the Proposed Renewal of Share Buy-Back and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming AGM to be convened on 27 August 2018. The Notice of AGM together with the Proxy Form are enclosed in the 2018 Annual Report.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

2.1 Details of the Proposed Renewal of Share Buy-Back

The Board is proposing to seek the shareholders' approval for the renewal of authority for the Company to purchase up to 10% of its issued and paid-up share capital.

As at the 29 June 2018, the issued and paid-up ordinary share capital of the Company stood at RM215,604,431 comprising 330,359,185 Power Root Shares (inclusive of 6,711,700 treasury shares).

The Company also has an ESOS whereby Power Root may grant up to 26,970,418 ESOS Options. Assuming all the ESOS Options which have been/ may be granted are exercised, the Company's issued and paid-up share capital will increase to 357,329,603 Shares. Accordingly, Power Root is entitled to purchase up to a maximum of 35,732,960 Shares pursuant to the Proposed Renewal of Share Buy-Back, representing up to 10% of the enlarged issued and paid-up share capital of the Company.

The purchase of Shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbrokers to be appointed by the Board.

The mandate from the shareholders for the Proposed Renewal of Share Buy-Back would be effective immediately after obtaining the approval of the shareholders of the Company for the Proposed Renewal of Share Buy-Back and will continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) the earlier revocation or variation of the authority through a general meeting,

whichever is the earlier.

2.2 Treatment of Shares Purchased

The Proposed Renewal of Share Buy-Back will be undertaken in accordance with Section 127 of the Act, Chapter 12 of the Listing Requirements and any prevailing laws, orders, requirements, rules and regulations issued by the relevant authorities at the time of purchase. The Power Root Shares purchased can be dealt with in the following manner:

- (i) cancelled; or
- (ii) retained as treasury shares for distribution as dividend and/or resold on Bursa Securities and/or cancelled subsequently; or
- (iii) partly retained and partly cancelled; or
- (iv) such other manner as may be permitted by the Act.

The Board intends to retain the purchased Shares as treasury shares or cancel the purchased Shares on Bursa Securities or a combination of both or may use it in the manner allowed in the Act.

The decision whether to retain the purchased Shares as treasury shares or to cancel the Shares purchased or a combination of both, will be made by the Board at the appropriate time.

In the event that the Power Root Shares purchased are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended and the 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, without limiting the generality of Section 127 of the Act, the Company's Articles of Association or the Listing Requirements on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.3 Maximum amount of funds to be allocated and the source of funds

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Renewal of Share Buy-Back must be made wholly out of the retained profits of the Company. Based on the latest audited financial statements of Power Root as at 31 March 2018, the Company has retained profits of RM2.36 million.

The Proposed Renewal of Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned period using the internal funds of the Power Root Group and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of internally generated funds, the actual number of Shares to be purchased and other relevant factors.

If Power Root purchases its own Shares using external borrowings, the Board will ensure that the Power Root Group has sufficient funds to repay the external borrowings and that the repayment will not have any material effect on the cash flow of the Power Root Group.

2.4 Potential advantages and disadvantages

The potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back, if implemented, to the Company and its shareholders are as follows:

Potential advantages:

- (i) allows the Company the flexibility in attaining its desired capital structure;
- (ii) rewards the shareholders in the event that the treasury shares are distributed as share dividends; and
- (iii) mitigates the dilution effects on the EPS of the Power Root Group if the shares purchased are cancelled, hence making the Power Root Shares more attractive to investors.

Potential disadvantages:

- (i) reduce the financial resources of the Power Root Group and may result in the forgoing of better investment opportunities that may emerge in the future; and
- (ii) may result in the reduction of financial resources available for distribution of dividends and/or bonus shares to shareholders in the future as the Proposed Renewal of Share Buy-Back can only be made out of the retained profit of the Company.

The Board will be mindful of the interests of the Company and its shareholders when undertaking the Proposed Renewal of Share Buy-Back and in the subsequent resale of treasury shares on Bursa Securities, if any.

2.5 Public shareholding spread

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required under paragraph 8.02 (1) of the Listing Requirements.

According to the Record of Depositors of the Company as at 29 June 2018, the total percentage of the issued and paid-up share capital of Power Root which is held by the public was 28.83%, representing 2,993 public shareholders holding 93,314,011 Shares.

Pursuant to the Proposed Renewal of Share Buy-Back, assuming that we implement in full and that the purchased shares are from public shareholders, the public shareholding spread would reduce to approximately 21.82%.

The Board will be mindful of the public shareholding spread requirement before making any purchases of its own Shares.

2.6 Implication relating to the Code

Part III, Section 9 of the Code state that if a director of a company or a person, together with the persons acting in concert with him (if any) (“PACs”), holding more than 33% but not more than 50% of the voting shares of a company, who as a result of a purchase by the company of its own voting shares, increase his holding in any period of six (6) months by an additional 2% or more of the voting shares of the company, there is an obligation to extend a mandatory offer to acquire the remaining shares not already held by the director of the company and the PACs.

As it is not intended for the Proposed Renewal of Share Buy-Back to trigger the obligation to undertake a mandatory general offer under the Code for any of its substantial shareholders and/or PACs, the Board of Directors of the Company will ensure that only such number of Power Root Shares are purchased, retained as treasury shares, cancelled or distributed such that the Code will not be triggered. In this connection, the Board is mindful of the requirements when making any purchase of Power Root Shares pursuant to the Proposed Renewal of Share Buy-Back.

2.7 Purchase price and resale price

Pursuant to the Listing Requirements, Power Root may only purchase its Shares on Bursa Securities at a price which is not more than fifteen percent (15%) above the VWAMP of the Power Root Shares for the five (5) market days immediately prior to the date of purchase(s). An immediate announcement will be made to Bursa Securities of any purchase(s) of its own shares on the day of purchase.

Where the Company decides to resell the treasury shares on Bursa Securities, the Company may only do so at:

- (i) a price which is not less than the VWAMP for Power Root Shares for the five (5) market days immediately prior to the resale; or
- (ii) a discounted price of not more than five percent (5%) to the VWAMP for the Power Root Shares for the five (5) market days immediately prior to the resale provided that:
 - (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
 - (b) the resale price is not less than the cost of purchase of the Power Root Shares being resold.

2.8 Purchase, Resale, Transfer and Cancellation of Treasury Shares Made In the Last Financial Year

During the financial year ended 31 March 2018, Power Root made the following purchases:

Month	No. of Purchased Shares	Minimum Price (RM)	Maximum Price (RM)	Average Price (RM)	Total Amount Paid (RM)
August 2017	530,000	1.94	1.96	1.95	1,039,623
Total	530,000				1,039,623

There was no resale, transfer or cancellation of treasury share during the financial year. The shares purchased by the Company were retained as treasury shares. As at 31 March 2018, the number of treasury shares retained by the Company was 6,711,700.

2.9 Historical Share Price

The monthly highest and lowest market prices of the Power Root Shares as traded on Bursa Securities for the past twelve (12) months from July 2017 to June 2018 are set out in the table below:

	High (RM)	Low (RM)
<u>2017</u>		
July	2.39	2.20
August	2.21	1.94
September	2.24	1.98
October	2.16	2.03
November	2.27	1.94
December	2.03	1.82
<u>2018</u>		
January	2.04	1.81
February	1.90	1.63
March	1.66	1.15
April	1.48	1.29
May	1.79	1.27
June	1.80	1.50

(Source: Bloomberg)

The last transacted price on 29 June 2018, being the latest practicable date prior to the printing of this Statement, was RM1.77.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back is undertaken for the following purposes:

- (a) enable the Company to utilise any of the Power Root Group's surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market at market prices which the Board views favourable;
- (b) to stabilise the supply and demand, thereby supporting the fundamental value of the Power Root Shares;
- (c) if the purchased Power Root Shares are subsequently cancelled, long-term investors are expected to enjoy a corresponding increase in the value of their investments in the Company with the proportionate strengthening of the EPS of Power Root;
- (d) the purchased Power Root Shares can also be held as treasury shares and resold on Bursa Securities at a higher price therefore realising a potential gain without affecting the total issued and paid-up share capital of the Company; and
- (e) should any treasury shares be distributed as share dividends, this would also serve to reward the shareholders of the Company.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The proforma effects of the Proposed Renewal of Share Buy-Back on the issued and paid-up share capital, NA, earnings, EPS and shareholdings of substantial shareholders are set out below based on the following assumptions:

Minimum scenario : Assuming none of the ESOS Options are exercised before the implementation of the Proposed Renewal of Share Buy-Back.

Maximum scenario : Assuming all of the ESOS Options granted and/or to be granted are exercised before the implementation of the Proposed Renewal of Share Buy-Back.

4.1 Share capital

The effects of the Proposed Share Buy-Back on the Company are set out below:

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Issued and paid-up capital as at 29 June 2018	330,359,185	330,359,185
To be issued pursuant to the full exercise of the ESOS Options	-	⁽¹⁾ 26,970,418
After full exercise of the ESOS Options	330,359,185	357,329,603
To be purchased and cancelled pursuant to the Proposed Share Buy-Back	(33,035,918)	⁽²⁾ (35,732,960)
Issued and paid-up share capital after the Proposed Share Buy-Back	297,323,267	321,596,643

Notes:

(1) Maximum number of ESOS Options exercisable up to the expiry of the ESOS.

(2) Based on 10% of the issued and paid-up capital of Power Root after the full exercise of ESOS Options.

The effect of the Proposed Renewal of Share Buy-Back on the issued and paid-up share capital of the Company will depend on the intention of the Board with regards to the treatment of the purchased Power Root Shares. If the purchased Shares are cancelled, the issued and paid-up share capital will be reduced by the number of Shares so cancelled. Conversely, if the purchased Power Root Shares are retained as treasury shares, resold or distributed to the shareholders, the Proposed Renewal of Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company. Nevertheless, certain rights (such as voting rights) attached to the purchased Power Root Shares will be suspended when held as treasury shares.

4.2 NA

The effect of the Proposed Renewal of Share Buy-Back on the NA per Share will depend on the actual purchase prices of the Power Root Shares. If all the Power Root Shares purchased are cancelled, the Proposed Renewal of Share Buy-Back will reduce the NA per Share if the purchase price exceeds the NA per Share at the time of the purchase. Conversely, the NA per Share will increase if the purchase price is below the NA per Share at the time of the purchase.

The NA will decrease if the purchased Shares are retained as treasury shares due to the accounting requirement for treasury shares to be carried at cost resulting in a decrease by the cost of the treasury shares.

If the treasury shares are subsequently resold on Bursa Securities, the NA upon the resale will increase if the Company realises a gain from the resale, and vice-versa. If the treasury shares are distributed as dividends, the NA of the Power Root Group will be reduced by the cost of the treasury shares.

4.3 Earnings and EPS

The effects of the Proposed Renewal of Share Buy-Back will depend on the purchase price(s) of the Power Root Shares and the effective funding cost, if any, or any loss in interest income to the Power Root Group.

Assuming the purchased Shares are retained as treasury shares and resold, the effects on the earnings of the Power Root Group will depend on the actual selling price(s), the number of the treasury shares resold, and the effective gain or interest savings arising from the exercises.

If the purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back will increase the EPS of the Power Root Group provided that the income foregone and interest expenses incurred on the purchased Shares are less than the EPS before the Proposed Renewal of Share Buy-Back.

4.4 Dividends

Assuming the Proposed Renewal of Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, if the Power Root Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back will have the effect of increasing the dividend rate of Power Root as a result of the reduction in the issued and paid-up share capital of Power Root.

4.5 Working capital

The Proposed Renewal of Share Buy-Back will reduce the working capital of the Power Root Group, with the quantum depending on the purchase price(s) and the actual number of Power Root Shares bought back. However, the Board believes that the Proposed Renewal of Share Buy-back will not have any material effect on the working capital of the Group.

4.6 Shareholdings of directors and substantial shareholders

The effects of the Proposed Renewal of Share Buy-Back on the shareholdings of Power Root's directors and substantial shareholders are as follows:

Minimum Scenario:

	Existing as at 29 June 2018			After the Proposed Renewal of Share Buy-Back		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Dato' Affuddin bin Abdul Kadir	-	-	-	-	-	-
Dato' Low Chee Yen	49,889,930	15.10%	(1)5,390,000	1.63%	49,889,930	16.78%
Dato' How Say Swee	65,756,030	19.90%	-	-	65,756,030	22.12%
Dato' Wong Fuei Boon	61,022,630	18.47%	(2)5,000,000	1.51%	61,022,630	20.52%
Wong Tak Keong	29,824,500	9.03%	(3)3,959,000	1.20%	29,824,500	10.03%
See Thuan Po	2,215,000	0.67%	-	-	2,215,000	0.74%
Ong Kheng Swee	180,263	0.05%	(4)120,000	0.04%	180,263	0.06%
Azahar bin Baharudin	5	0.00%	-	-	5	0.00%
Dato' Tea Choo Keng	615,400	0.19%	-	-	615,400	0.21%
Substantial Shareholders						
Dato' Low Chee Yen	49,889,930	15.10%	(1)5,390,000	1.63%	49,889,930	16.78%
Dato' How Say Swee	65,756,030	19.90%	-	-	65,756,030	22.12%
Dato' Wong Fuei Boon	61,022,630	18.47%	(2)5,000,000	1.51%	61,022,630	20.52%
Wong Tak Keong	29,824,500	9.03%	(3)3,959,000	1.20%	29,824,500	10.03%

Note:

- (1) Deemed interested by virtue of his spouse, Datin Pau Choon Mei, pursuant to Section 138 of the Act.
- (2) Deemed interested by virtue of his spouse, Datin Wong Boon Fong, pursuant to Section 138 of the Act.
- (3) Deemed interested by virtue of his spouse, Ling Shi Ying and daughter, Wong Ling Huay, pursuant to Section 138 of the Act.
- (4) Deemed interested by virtue of his spouse, Foo Yit Lan, pursuant to Section 138 of the Act.

Maximum Scenario:

	Existing as at 29 June 2018				After full exercise of ESOS Options				After the Proposed Renewal of Share Buy-Back			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Dato' Affuiddin bin Abdul Kadir	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Low Chee Yen	49,889,930	15.10%	(1) 5,390,000	1.63%	55,289,930	15.47%	6,290,000	1.76%	55,289,930	17.19%	6,290,000	1.96%
Dato' How Say Swee	65,756,030	19.90%	-	-	67,556,030	18.91%	-	-	67,556,030	21.01%	-	-
Dato' Wong Fuei Boon	61,022,630	18.47%	(2) 5,000,000	1.51%	62,822,630	17.58%	5,000,000	1.40%	62,822,630	19.53%	5,000,000	1.55%
Wong Tak Keong	29,824,500	9.03%	(3) 3,959,000	1.20%	35,224,500	9.86%	3,959,000	1.11%	35,224,500	10.95%	3,959,000	1.23%
See Thuan Po	2,215,000	0.67%	-	-	3,815,000	1.07%	-	-	3,815,000	1.19%	-	-
Ong Kheng Swee	180,263	0.05%	(4) 120,000	0.04%	180,263	0.05%	120,000	0.03%	180,263	0.06%	120,000	0.04%
Azahar bin Baharudin	5	0.00%	-	-	5	0.00%	-	-	5	0.00%	-	-
Dato' Tea Choo Keng	615,400	0.19%	-	-	615,400	0.17%	-	-	615,400	0.19%	-	-
Substantial Shareholders												
Dato' Low Chee Yen	49,889,930	15.10%	(1) 5,390,000	1.63%	55,289,930	15.47%	6,290,000	1.76%	55,289,930	17.19%	6,290,000	1.96%
Dato' How Say Swee	65,756,030	19.90%	-	-	67,556,030	18.91%	-	-	67,556,030	21.01%	-	-
Dato' Wong Fuei Boon	61,022,630	18.47%	(2) 5,000,000	1.51%	62,822,630	17.58%	5,000,000	1.40%	62,822,630	19.53%	5,000,000	1.55%
Wong Tak Keong	29,824,500	9.03%	(3) 3,959,000	1.20%	35,224,500	9.86%	3,959,000	1.11%	35,224,500	10.95%	3,959,000	1.23%

Note:

- (1) Deemed interested by virtue of his spouse, Datin Pau Choon Mei, pursuant to Section 138 of the Act.
- (2) Deemed interested by virtue of his spouse, Datin Wong Boon Fong, pursuant to Section 138 of the Act.
- (3) Deemed interested by virtue of his spouse, Ling Shi Ying and daughter, Wong Ling Huay, pursuant to Section 138 of the Act.
- (4) Deemed interested by virtue of his spouse, Foo Yit Lan, pursuant to Section 138 of the Act.

4.7 Existing convertible securities

Save for the ESOS Options and the proposed issue of free warrants on the basis of 1 warrant for every 5 existing shares which was approved at the Company's extraordinary general meeting held on 29 June 2018 ("Free Warrants Issue"), Power Root does not have any other convertible securities as at the 29 June 2018.

The Proposed Renewal of Share Buy-Back will not have any effect on the ESOS Options and Free Warrants Issue.

5. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval of the shareholders of Power Root at the forthcoming AGM to be convened.

6. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the consequential increase in the percentage shareholdings of the directors and the substantial shareholders of Power Root as a result of the Proposed Renewal of Share Buy-Back, none of the directors and/or substantial shareholders of the Company and persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back and the subsequent resale of treasury shares, if any.

7. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of Power Root and the shareholders of Power Root. The Board recommends that the shareholders vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

8. FURTHER INFORMATION

Shareholders are advised to refer to attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
POWER ROOT BERHAD

DATO' AFIFUDDIN BIN ABDUL KADIR
Independent Non-Executive Chairman

FURTHER INFORMATION

(i) Directors' Responsibility Statement

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

(ii) Documents for Inspection

The following documents are available for inspection at the Registered Office of the Company at 31-04 Level 31, Menara Landmark, No. 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor Darul Takzim during normal business hours from Mondays to Fridays (except public holidays) from the date of this Statement to the date of the forthcoming Annual General Meeting (AGM):

- (a) the Constitution of Power Root; and
- (b) the audited financial statements of Power Root for the past 2 financial years ended 31 March 2017 and 2018.

EXTRACT OF THE NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

ORDINARY RESOLUTION 11

Proposed Renewal of the Authority To Buy-Back Its Own Shares by the Company

“THAT subject to the provisions of the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), 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 10% of the total issued and paid-up share capital 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.

AND THAT upon completion of the purchase(s) by the Company of its own shares, the Directors of the Company are authorised to decide at their discretion to cancel all the shares so purchased and/or to retain the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the open market of Bursa Securities and/or retain part thereof as treasury shares and cancel the remainder.

AND THAT the Board 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 Board 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:

- (i) the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the earlier revocation or variation of the authority through a general meeting,

whichever is the earlier.”