

**POWER ROOT BERHAD**

REGISTRATION NO.: 200601013517  
(733268-U)

**Oligo**



**2024**  
**ANNUAL REPORT**

A stylized, handwritten signature in white ink, which appears to read 'AZAN', is positioned above the name of the athlete.

**DATO' AZIZULHASNI AWANG**

JAGUH BERBASIKAL TREK  
NEGARA & DUTA OLIGO

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**18<sup>th</sup>**  
**ANNUAL  
GENERAL  
MEETING**



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



Tuesday,  
**27**  
August 2024



**3** p.m.



## 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*

**Ong Kheng Swee**  
*Non-Independent  
Non-Executive Director*

**Low Jun Lee**  
*Non-Independent  
Non-Executive Director*

### 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.my](http://www.powerroot.com.my)

### 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  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. 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



**POWER ROOT BERHAD**  
200601013517 (733268-U)

### MALAYSIAN COMPANIES

**100%**

Power Root (M)  
Sdn. Bhd.

**50.1%**

Power Root Distributor  
Sdn. Bhd.

**95%**

Superwrapz International  
Sdn. Bhd.

**100%**

Power Root Marketing  
Sdn. Bhd.

**100%**

Power Impian International  
Sdn. Bhd.

**92.5%**

French Patisserie  
Sdn. Bhd.

**100%**

Power Root Manufacturing  
Sdn. Bhd.

**33%**

Jobtact Sdn. Bhd.

**100%**

Affari Inversions  
Sdn. Bhd.

**100%**

Power Root Nnergy  
Sdn. Bhd.

**100%**

Power Root Support  
Services Sdn. Bhd.

**80%**

FODA Flavour &  
Ingredients Sdn. Bhd.

**100%**

Ali Cafe Sdn. Bhd.

**80%**

Alicafe Roasters  
Sdn. Bhd.

**80%**

Frenche Roast Roaster  
Sdn. Bhd.  
(Incorporated on 12 June 2024)

### OVERSEAS COMPANIES

**100%**

Power Root (Shanghai)  
Food Trading Co., Ltd.

**100%**

PT. Natbio  
Marketing Indonesia

**97%**

Power Root ME FZCO

**90%**

Power Root HK-China  
Company Limited

**100%**

PR Food Trading  
L.L.C-FZ

**100%**

P.R. Egypt

**100%**

PRME Foodstuff  
Trading L.L.C

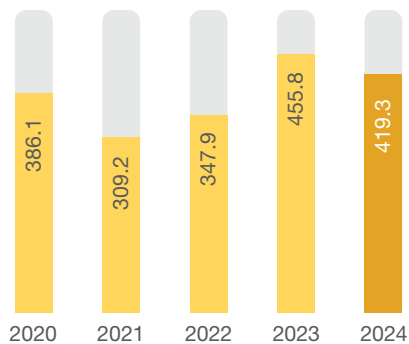
**100%**

PR Global  
Assets Limited

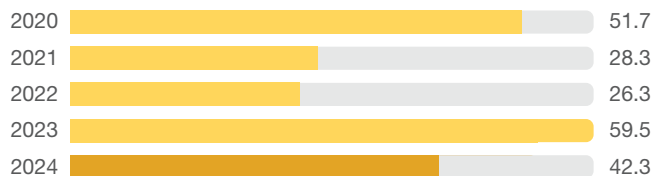
## FINANCIAL HIGHLIGHTS

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	386,099	309,218	347,910	455,763	<b>419,271</b>
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	67,855	41,259	38,473	78,801	<b>57,492</b>
Profit Before Taxation ("PBT")	62,625	34,925	31,994	70,278	<b>48,049</b>
Profit After Taxation ("PAT")	51,746	28,339	26,319	59,451	<b>42,308</b>
Earnings Per Share ("EPS") (sen)					
Basic	12.83	6.79	6.21	14.02	<b>9.10</b>
Diluted	11.97	6.33	6.11	13.62	<b>8.99</b>
Dividend Per Share ("DPS") (sen)	12.50	6.50	5.40	11.75	<b>7.10</b>

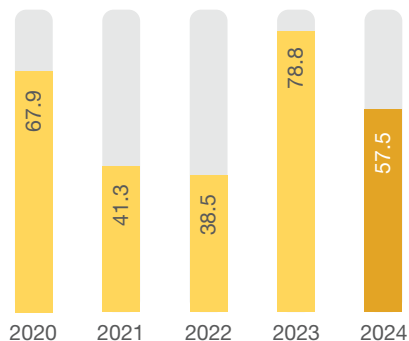
Revenue (RM' million)



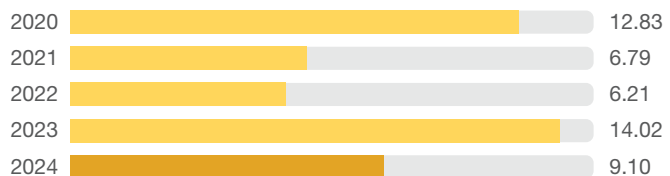
Profit After Taxation ("PAT") (RM' million)



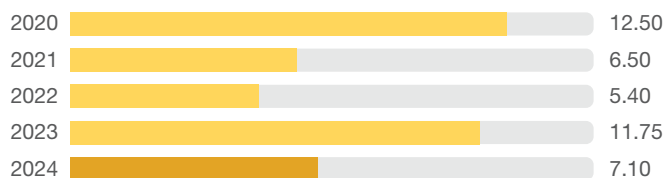
EBITDA (RM' million)



Basic EPS (sen)



Dividend Per Share ("DPS") (sen)



## DIRECTOR'S PROFILE

### DATO' AFIFUDDIN BIN ABDUL KADIR

*Independent Non-Executive Co-Chairman*

Malaysian | Aged 71 | Male

**Dato' Afifuddin bin Abdul Kadir** was appointed as our 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 from 1986 - 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 2024.

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

*Independent Non-Executive Co-Chairman*

Malaysian | Aged 73 | 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 currently 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 3 out of 5 Board meetings held during the financial year ended 31 March 2024.

## DIRECTOR'S PROFILE

(cont'd)

### WONG TAK KEONG

*Chief Executive Officer*

Malaysian | Aged 53 | Male

**Wong Tak Keong** was appointed to our Board on 26 February 2018. He was designated as Chief Executive Officer on 1 July 2020 and was reappointed to our Board on 18 May 2023. 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 4 out of 5 Board meetings during the financial year ended 31 March 2024.

### DATO' WONG FUEI BOON

*Executive Director*

Malaysian | Aged 58 | 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 36 years of working experience in the sales of consumer products, out of which 24 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 2024.

## DIRECTOR'S PROFILE

(cont'd)

### DATO' HOW SAY SWEE

*Executive Director*

Malaysian | Aged 61 | 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 32 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 4 out of 5 Board meetings held during the financial year ended 31 March 2024.

### SEE THUAN PO

*Executive Director*

Malaysian | Aged 48 | 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 17 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 2024.



## DIRECTOR'S PROFILE

(cont'd)

### ONG KHENG SWEE

*Non-Independent Non-Executive Director*

Malaysian | Aged 66 | Male

**Ong Kheng Swee** is our Non-Independent Non-Executive Director after having served as our Independent Non-Executive Director from February 2008 until 1 April 2022 when he was redesignated to his current position. 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 2024.

### AZAHAR BIN BAHARUDIN

*Independent Non-Executive Director*

Malaysian | Aged 68 | 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.

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 4 out of 5 Board meetings held during the financial year ended 31 March 2024.

## DIRECTOR'S PROFILE

(cont'd)

### DATO' TEA CHOO KENG

*Independent Non-Executive Director*

Malaysian | Aged 56 | Male

**Dato' Tea Choo Keng** was appointed as our 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 Cheetah Holdings Berhad which is 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 2024.

### TAN LAY BENG

*Independent Non-Executive Director*

Malaysian | Aged 70 | Female

**Tan Lay Beng** was appointed as our 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 5 out of 5 Board meetings held during the financial year ended 31 March 2024.

## DIRECTOR'S PROFILE

(cont'd)

### LOW JUN LEE

*Non-Independent Non-Executive Director*

Malaysian | Aged 24 | Male

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

He graduated from the University of Melbourne in 2023 with a Bachelor Degree in Commerce. In 2024, Mr. Low commenced his career as a Strategy Consultant at LIT Strategy in Singapore.

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 4 out of 5 Board meetings held during the financial year ended 31 March 2024.

## KEY SENIOR MANAGEMENT'S PROFILE

### NEO MENG PEY

*Group Financial Controller*

**Female | Aged 44 | Malaysian**

**Neo Meng Pey** is a Fellow of the Association of Chartered Certified Accountants of United Kingdom and a member of Malaysian Institute of Accountants. Prior to joining the Power Root Group in January 2020, she has over 18 years of work experience in auditing, accounting, financial management and reporting, tax and treasury in various companies. She is assuming the role as Group Financial Controller in the Power Root Group on 3 January 2023.

Ms. Neo does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Group. She does not hold any other directorships in public companies and listed issuers. 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.

### SOH JOO THYE

*General Manager – Finance*

**Male | Aged 50 | Malaysian**

**Soh Joo Thye** is an associate member of Chartered Institute of Management Accountants (CIMA) from United Kingdom and a Chartered Global Management Accountant from Association of International Certified Professional Accountants (AICPA). Prior to joining the Power Root Group in November 2022, he has over 27 years of experience in the field of auditing, controlling, financial management & analysis, tax and treasury. He is involved mainly in manufacturing industries for fast-moving consumer goods (FMCG) as well as for hospitality industry. He is assuming the role as General Manager - Finance in the Power Root Group on 1 August 2023.

Mr. Soh 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.

### SOON CHIA CHIA

*Chief Operating Officer*

**Female | Aged 49 | Malaysian**

**Soon Chia Chia** is a Chartered Accountant with ASCPA qualification. Prior to joining the Power Root Group in March 2023, she has over 26 years of work experience in Financial & Management accounting, Business Analytics, Supply Chain, and R&D across multiple FMCG MNCs and Local corporations. She is assuming the role as Chief Operating Officer in the Power Root Group on 1 March 2023.

Ms. Soon does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Group. She does not hold any other directorships in public companies and listed issuers. 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.



## SIGNIFICANT EVENTS

### ALICAFÉ

This year marked the 20<sup>th</sup> Anniversary of Alicafé's entry into the Malaysian coffee market. To commemorate this milestone, Power Root ran a 360-degree marketing campaign covering newspapers, digital marketing, North-South Expressway (NSE) highway billboards advertising, and on-ground activities.

A short video featuring Alicafé's ambassador singer-actor Khai Bahar and Power Root's co-chairman Dato' Afifuddin bin Abdul Kadir reminiscing on past memories was released as part of the celebrations. This bonding video highlighted Alicafé's longevity as we seek to attract the next generation of consumers to the brand by mirroring strong father-and-son relationships. It builds on Alicafé's family appeal by acknowledging that, although generations may have different experiences of life, they share a common bond, and a shared taste in coffee bridges the generational gap.

In addition, we released the Alicafé Limited Edition design on our Alicafé TAG Original cans together with our limited edition Alicafé 20<sup>th</sup> Anniversary mugs. One mug was bundled as a gift with every two packs of instant powder Alicafé TAG Original purchased. Furthermore, Alicafé 20<sup>th</sup> Anniversary contests featuring a variety of prizes ran from November 2023 to January 2024. For the contest held with TF Value-Mart, the attractive main prizes on offer included three Honor 90 Lite smartphones, with five Xiaomi watches as second prizes, while five Wmoto WM110 motorcycles were up for grabs in our exclusive contest with Lotus's.



Dato' Afifuddin having a humorous chat with Khai Bahar in the short video celebrating the 20<sup>th</sup> Anniversary of Alicafé

**Alicafé 20<sup>th</sup> Anniversary**  
Padu Di Sisiimu

**PERADUAN ULANG TAHUN KE-20 ALICAFÉ**  
16 Nov 2023 - 10 Jan 2024

**BERNILAI RM1,100 x3**  
**HADIAH UTAMA**  
HONOR 90 Lite  
(8GB RAM + 256 GB ROM)

**BERNILAI RM600 x5**  
**HADIAH KEDUA**  
XIAOMI Watch

**BERNILAI RM30 x30**  
**HADIAH KETIGA**  
Baucer Tunai TF Value-Mart Bernilai RM 50

**CARA PENYERTAAN**

- 1 BELI** mana-mana produk Power Root bernilai minima RM25 dalam satu resit
- 2 WHATSAPP** 011-1662 0866
- 3 HANTAR** gambar resit yang jelas beserta nama penuh & no. kad pengenalan

Imbas untuk menyertai

Imbas untuk terima & syarikat

Laman Sosial @alicafe\_jongkat atau @perl\_melayala  
\*Terima kasih kepada semua yang menyertai

Lotus's

**Alicafé 20<sup>th</sup> Anniversary**  
Padu Di Sisiimu

16 Nov - 20 Dis 2023

**PERADUAN ULANG TAHUN KE-20 ALICAFÉ**

**HADIAH MINGGUAN x 5**

**CARA PENYERTAAN**

- 1 BELI** produk Alicafé atau Perl bernilai minima RM25 dalam satu resit
- 2 WHATSAPP** 011-1662 0866
- 3 HANTAR** gambar resit yang jelas beserta nama penuh & no. kad pengenalan

**BERNILAI RM4,000**

**Motorsikal (WMOTO WM110)**

Lotus's

20<sup>th</sup> Anniversary of Alicafé Contest

## SIGNIFICANT EVENTS

(cont'd)



*Alicafé Hari Raya Contest – Peraduan Semangat Raya*

During our Hari Raya 2024 campaign, we underlined the importance of familial bonds associated with our Alicafé brand in a short Hari Raya Aidilfitri film produced by renowned Malaysian film producer Osman Ali. The film which incorporated themes of love, anguish, and hope across generations, ran daily on TV3 during the month of Ramadhan.

There was also a Hari Raya Aidilfitri 'Peraduan Semangat Raya' Alicafé contest, with contest and brand awareness advertising running across a variety of media platforms from March to May 2024. Total prizes amounted to RM360,000 with a Kia Carnival as the Grand prize. Over the course of the contest period, lucky customers also won five monthly prizes of Yamaha Y16 motorcycles, and RM1,000 weekly cash winnings each over eight weeks.



*Alicafé Hari Raya Aidilfitri film produced by Osman Ali with Khai Bahar as the protagonist in the short film*



## SIGNIFICANT

### EVENTS

(cont'd)

#### FRENCHÉ ROAST

This has been an exciting year in the Frenché Roast range of products. In June 2023, Power Root announced the signing of a co-investment initiative with Thailand's Sappe Public Company Limited ("Sappe") to produce, market, and distribute instant coffee products under the Frenché Roast brand in Thailand.

This partnership with Sappe combines Power Root's know-how in the manufacturing of coffee and our cost-competitiveness borne out of economies of scale, with a local Thai company which is well-known in its market. Under this agreement, Sappe will be using their local presence with strong marketing, distribution and understanding of the Thai market to promote the Frenché Roast brand. We have successfully begun the pipelining of sales in March 2024.



Power Root's management (Mr. Wong Tak Keong and Tengku Putra), Sappe's management (Ms. Piyajit Ruckariyapong and Mr. Anak Lapsuksatit) at the Co-Invest Agreement Press Conference

Bienvenue en France! In Malaysia, we carried out the Frenché Roast 'Luxurious Paris Getaway' Contest held from July to September 2023 with up to RM1 million in prizes up for grabs. Six winners (and their chosen guests) fulfilled their aspirations of a fully paid holiday in Paris, France, which included business class flights for two and 5-star accommodation while exploring top-rated Paris tourist attractions.

The six lucky winners (with their guests) who enjoyed the sights of Paris in style were Nor Syazreena binti Abdullah (with Mohd Siddiq bin Ismail); Maisarah binti Ismail (with Nabilah binti Ismail); Muhammad Uzair bin Mohd Noor (with Nur Ulaimi binti Mohamad Zukri); Tie Teck Hock (with Then Yin Ping); Kumaresan Letchumanan (with Kanapathy Maniam); and Chin Lin Wei (with Chan Shuo Khuan).

#### Winners of the contest indulging in the attractions of Paris



Nor Syazreena binti Abdullah (winner),  
Mohd Siddiq bin Ismail



Maisarah binti Ismail (winner),  
Nabilah binti Ismail



Muhammad Uzair bin Mohd Noor  
(winner),  
Nur Ulaimi binti Mohamad Zukri



Tie Teck Hock (winner),  
Then Yin Ping



Kumaresan Letchumanan (winner),  
Kanapathy Maniam



Chin Lin Wei (winner),  
Chan Shuo Khuan

## SIGNIFICANT EVENTS

(cont'd)



Frenché Roast 'Luxurious Paris Getaway' Contest

In addition to the grand prize trips, there were 13 weekly winners for the second prizes of 30g 999 gold bars, and 400 weekly winners who won cash prizes of RM500 each.

This bold and inspirational campaign is very much aligned with the feeling of luxury associated with sipping a rich cup of Frenché Roast. The contest was promoted across traditional (print, NSE billboards, radio) and digital media (social media platforms, key opinion leaders ("KOLs"), seeders) to build up excitement for a wide audience with content revolving around French culture, food, fashion, style, luxury and romance.

The same 'feel good' Frenché Roast factor was emphasised in our 'Wonderful Again' campaign which ran from July to September 2023 across all main media platforms.

### MOGU MOGU

Apart from the synergistic co-investment in Thailand, Power Root was also appointed as the exclusive distributor of Sappe's 'Mogu Mogu' products in Malaysia, with our multi-talented ambassador Han Byul as the face of the fruit drink with chewy nata de coco which is popular among younger consumers.



From the left, Han Byul, Tengku Putra, and Ms. Piyajit Ruckariyapong officiating Power Root as the exclusive distributor of 'Mogu Mogu' beverage in Malaysia



Han Byul performing a song during the event



## SIGNIFICANT EVENTS

(cont'd)

### AH HUAT

Actor, host, singer, entertainer and YouTube personality Sean Lee was appointed Power Root's new Ambassador this year as the Group positioned our Ah Huat brand to penetrate a wider consumer base.

While Ah Huat is popular among its regular Chinese market segment, there is potential in expanding the brand to non-Chinese consumers who may have heard of the Ah Huat brand but have shied away from trying its coffee and tea offerings previously.

As our ambassador, Sean is well-placed to promote Ah Huat to this different target audience through his wide social media network and humorous personality. His comic persona as a third-generation consumer provides some levity as shown through the 'Ah Huat Kaw Terpaling Ngam' marketing campaign videos and appearances, as well as 'Huat's Up Kawan-Kawan' which ran in October and November 2023, and went viral as KOLs sang along to the 'Kaw Terpaling Ngam' jingle in Tiktok.



Snapshots of our 'Ah Huat Kaw Terpaling Ngam' video with our Ah Huat Ambassadors; Sean Lee and Alvin Chong performing with Anas Ridzuan



Sean Lee as our new Ah Huat Ambassador

## SIGNIFICANT EVENTS

(cont'd)

Other Ah Huat campaigns held during this financial year included promotional videos with Sean and featured Malaysian personalities such as entertainer Anas Ridzuan, with social take-overs and postings on Sean and Anas' social media platforms from September to November 2023. Sean appeared as Bro Huat on Melodi TV3 Live Show on 29 October 2023, and was the voice and face of the Ah Huat brand in our massive radio advertising spots and print brand awareness advertisements from September to December 2023.

KOLs were involved in 'Belanja 1 TrolI' event, a social experiment carried out in conjunction with Merdeka Day 2023. It showed off kind-hearted Malaysians' willingness to help each other out regardless of race and religion. These generous citizens were rewarded with Bro Huat paying for their trolley of groceries at the end of their shopping trip.



Sean appearing on Melodi TV3 Live Show



Winners of the 'Belanja 1 TrolI' event



For the 2023 Ah Huat Mid-Autumn Festival campaign, our focus rode on mid-Autumn reunions and 人情味 which means 'human touch'; an important value in Chinese culture emphasizing on interpersonal connections, trust and mutual respect. Ah Huat White Coffee Extra Rich Twin Pack with a free mug was our promotional offer in August and September 2023. There was also an accompanying 'Snap and Win' social contest with prizes of RM100 Ah Huat Shopee Vouchers for 30 winners, with above-the-line and below-the-line advertising in retail outlets and social media.





## SIGNIFICANT EVENTS

(cont'd)

The Chinese New Year (“CNY”) 2024 celebration campaign ran from December 2023 to February 2024 with music videos and advertisements across television, radio, digital platforms and points-of-sale. For this year, our promotional pack consisted of selection of three packs of Ah Huat Extra Rich White Coffee or Gold Medal White Coffee, which comes with a tumbler and angpao set. Such value-for-money promotional packs are popular among customers, and these festive occasions are good opportunities for us to engage further with our customers to share the festive cheers.



CNY Advertisement 2024



CNY 2024 Promotion

## OLIGO

Oligo underwent a brand relaunch this year with a change in packaging design, increased range of products, and the launch of Oligo in sleeve packs with Oligo Choco Malt Calcium (200ml) to cater to the younger market.



## SIGNIFICANT EVENTS (cont'd)

To go with the refreshed Oligo look, Power Root announced Dato' Azizulhasni Awang as Oligo Brand Ambassador in February 2024. Dato' Azizul, Malaysia's star track cyclist, won a silver medal at the 2020 Tokyo Olympics and gold medal at the 2017 UCI Track Cycling World Championships. His journey from humble beginnings to the pinnacle of athletic success resonates deeply with Oligo's brand ethos of empowering individuals to push their limits and embrace their potential. Having Dato' Azizul as ambassador is also timely in the lead-up to his participation in the Paris 2024 Olympics and the increased publicity he will be attracting.

### Oligo Media Launch



*Dato' Azizul as our new Oligo ambassador.*



*From the left is Mr See Thuan Po, Dato' Afifuddin, Tengku Putra and Dato' Azizul having a conversation with the audience*

In line with Power Root's pro-humanitarian stance, we also announce our 'Solidariti Bersama Oligo' initiative in support of humanitarian aid via donations to Tabung Kemanusiaan Palestin Media Prima. This initiative started with a lump sum donation and variable contribution during the Ramadhan month with Power Root pledging; for every purchase of Oligo powder product, we will contribute RM0.50, and for every purchase of ready-to-drink product, we will contribute RM0.10 to the solidarity aid fund.

### PER'L

Per'l ambassador Han Byul was part of 'Surprise Prank' events held in collaboration with our major retailer Mydin, where his unexpected appearances drew much excitement. During the events, Han Byul took the opportunity to hand out promotional Per'l drinks and publicise the brand's gift-with-purchase campaign. Between 14 August to 30 September 2023, buyers of Per'l Kacip Fatimah (20g) were eligible to receive special pouches which came in three colours – green, magenta, and pink.





## SIGNIFICANT

### EVENTS

(cont'd)

#### EXTRA POWER ROOT

Power Root collaborated with Eco-Shop to increase the visibility and awareness of our Extra Power Root range of products throughout selected outlets. This included setting up 100 eye-catching block displays to draw consumers' attention and encourage the sales of this energy drink which is designed to give an extra boost of energy when it is most needed.



#### EXPORT ACTIVITIES

##### Kingdom of Saudi Arabia ("KSA") New Distributor Launch

Power Root's new KSA distributor, Abbar & Sons Food Co. Ltd. ("Abbar & Sons") enhanced our Middle East operations and brought with it fresh new faces to our crew. Our Power Root Middle East team travelled from Dubai in the United Arab Emirates ("UAE") to Jeddah and Riyadh in the KSA to welcome our new teammates and introduce them to Alicafé and Alitéa products. During these events, over 400 of Abbar & Sons' new employees were trained and received t-shirts, flasks and other memorabilia as welcome presents.



## SIGNIFICANT EVENTS

(cont'd)

### The Philippines Independence Day

In conjunction with the Philippines Independence Day in June 2023, Power Root partnered with The Filipino Channel (TFC) global subscription television network station to sponsor celebrations in the UAE, Qatar and Bahrain. These events allowed us to promote our products to the large Filipino community in the Middle East and others who joined in these celebrations on the ground. It also presented us with added exposure to a large television audience. Over 7,000 cups of Alicafé and Alitéa samples were distributed during the event.



### Alitéa Campaign

The Alitéa awareness campaign was built around creative, bold imageries set in the four Gulf states of the KSA, Kuwait, Qatar and the UAE. The campaign featured the skylines of major cities in these countries artistically blended with Alitéa Ginger and Alitéa Classic Karak packs. Video advertising which highlighted these two products ran across our social media feeds for five weeks in February and March 2024.



From the left; snapshot of the video advertisements for KSA, Qatar, Kuwait and UAE.



## SIGNIFICANT EVENTS

(cont'd)

### KSA National Day 2023 celebration

To celebrate the KSA National Day which is observed on 23 September every year, we ran a six-week marketing campaign highlighting Alicafé. This campaign ran across promotions at stores and on social media, including collaboration with some KOLs on photoshoots featuring Alicafé at recognisable KSA landmarks as well as launching digital advertisements to maintain brand awareness in September 2023.



### CORPORATE SOCIAL RESPONSIBILITY

In a year where we have seen the lives of many people descend into hardship, fear and uncertainties, Power Root feels it is necessary to play a larger role in helping to ease such suffering. Our stance is pro-humanitarian, our aim to help those suffering, particularly in war areas where many are innocent victims.

In this regard, we have expanded our corporate social responsibility (CSR) programme in the Middle East and North Africa ("MENA") region as part of our humanitarian efforts to help improve living conditions.

### MENA

Under the theme 'Taste the Difference to Make the Difference Campaign: Humanitarian Effort toward GAZA', Power Root's MENA initiatives ran across several countries.

#### United Arab Emirates

We showed our commitment to making a positive impact to the region with a substantial donation of USD100,000 to the Emirates Red Crescent. This contribution serves as a crucial step towards addressing immediate needs as well as facilitating sustainable development in the Gaza region. The amount donated on 10 January 2024 was fully internally generated by Power Root. These funds were used by the Emirates Red Crescent as winter aid to help people in Gaza.



## SIGNIFICANT EVENTS

(cont'd)

### Qatar

As part of our ongoing commitment, we created a 'Wall of Hope: Building Bridges for Tomorrow' at the Doha Expo in January 2024. This initiative seeks to amplify the voices of hope and resilience, showcasing the strength of communities coming together to support one another. At the Doha Expo, visitors to our booth were able to be part of this campaign by writing their messages on the wall provided for a good cause.



### Malaysia

#### OLIGO contribution

Power Root's Oligo donation initiative was divided into two phases. In Phase 1, Power Root raised a total of RM250,000 to Tabung Kemanusiaan Palestin Media Prima in February 2024 as humanitarian aid which was announced at the same time as the launch of our Oligo ready-to-drink pack.

Phase 2 was activated through Oligo's sales campaign from 1 March to 12 April 2024, which led to an additional contribution of RM147,787. The total amount raised of RM397,787 was presented to Tabung Kemanusiaan Palestin Media Prima on 15 April 2024.

In collaboration with different partners, Tabung Kemanusiaan Palestin Media Prima disbursed a total of RM1.9 million to non-government organisation (NGO) missions to provide, amongst others, food and clean water, essential medical supplies and shelter to Palestinians.



*Dato' Afifuddin and Tengku Putra officiating the donation with Media Prima's Group Chairman Datuk Seri (Dr) Syed Hussian Aljunid*



## SIGNIFICANT

### EVENTS

(cont'd)

#### Charitable donations

Power Root continued our tradition of bringing a festive cheer by donating products to charitable homes during Chinese New Year. This year, Power Root's volunteers visited seven homes including Good Samaritan Home, House of Love, House of Joy, Pertubuhan Kebajikan Ephratha Rawang Selangor, Pertubuhan Kebajikan Cahaya Kasih Kuala Lumpur and Selangor, Praise Emmanuel Children's Home, and Sweet Care Orphanage.



## MANAGEMENT DISCUSSION AND ANALYSIS



Revenue

# RM419.27 million

(2023: RM 455.76 million)

Profit After Taxation ("PAT")

# RM42.31 million

(2023: RM 59.45 million)

Profit Before Taxation ("PBT")

# RM48.05 million

(2023: RM 70.28 million)

It has been both a testing yet encouraging year for the Group. Power Root's financial year ended 31 March 2024 ("FY 2024") has been characterised both by challenges and exciting new opportunities.

This past year has been an undoubtedly tough economic environment for businesses with high inflation and slow economic growth, especially in Malaysia. Abroad, geopolitical concerns, highlighted by the continuing war in the Ukraine and new tensions in Gaza, have added to global unpredictability on the economic and trade fronts. The impact of such uncertainty has been reflected across financial, commodities and logistical markets.

Amid this backdrop, Power Root has adapted our strategies to maintain market growth. In Malaysia, we have placed increased efforts into creative marketing campaigns designed to promote brand awareness and generate sales for our products such as Alicafé, Per'l, Ah Huat, Frenché Roast, Oligo and Extra Power Root. Taking consumer demand into account, we have

widened the range of products within these brands to cater for differing tastes across the market.

The Group has made strides in our export markets during the year. We expanded into Thailand's beverage market through our co-investment agreement with Sappe. This agreement, announced in June 2023, enables the entry of our Frenché Roast product into the Thai market. In addition, we are distributing Sappe's Mogu Mogu product in Malaysia.

Power Root has also strengthened our Middle East distribution and operations. In May 2023, we announced a memorandum of understanding (MOU) signed with Abbar & Sons to distribute our instant powder Alicafé and Alitéa beverages throughout the KSA. At the same time, we have strengthened our sales operations in the MENA region through an internal restructuring which will improve efficiencies and expansion in that market.

Power Root values the customers who have supported us through our growth and will continue to



# MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

meet their demand for high quality beverages. We also know that it is crucial for us to be agile and to adapt in a competitive beverage market with unpredictable consumer behaviour. Constant change is required, be it in ways we engage customers, target consumers, create marketing interest, or provide increased product choices. The Group's strategies will continue to evolve as we seek continued business growth.

## THE BUSINESS ENVIRONMENT

Economic uncertainty, exacerbated by a weak Ringgit, global conflicts and moderate domestic demand in household spending, contributed to slower growth this financial year. Consumers in Malaysia are struggling with increasing costs of living, particularly in urban areas. Such uneasiness was reflected by weak consumer sentiments as the public tightened their spending in response to near-term concerns, as well as in anticipation of on-going government economic restructuring aimed at long-term growth.

Power Root is mindful of the delicate balance between maintaining our market position and fine margins even as our business costs, including foreign exchange pressures, commodities pricing, and operational expenses have been increasing.

The Group's growth strategy will focus on continuous improvement on operational efficiencies by tapping on technology to streamline processes and increase agility while managing costs and resources across all areas.

At the same time, we are actively seeking opportunities to grow existing markets while penetrating new markets. As such, the Group is excited to have signed up distribution agreements with two major partners in Thailand and KSA in FY 2024 which facilitate our overseas expansion.

## DOMESTIC ACTIVITIES

### MARKETING AND BRANDING

Marketing is an integral component of Power Root's activities, especially in a competitive market with abundant consumer choices and wavering brand loyalty.

Power Root's marketing campaigns are product-driven as we have very distinct customer segments. The Group invests heavily in building our product brands through marketing campaigns across a spectrum of activities. To reach out to consumers, we use traditional and digital media platforms, in-store activities and promotions, and run campaigns which attract attention to our brands. We participate in joint events where we are able to promote brand awareness and strengthen brand associations.

Our campaigns are fit for purpose with some aimed at building general awareness and visibility for our brands, and others more targeted to reach a selected audience.

Brand ambassadors are chosen in the firm belief that they will add value and eyeballs to Power Root products. As we move to attract younger consumers, we are increasingly promoting our products where Generation Z (those born in the 1990s and 2000s) are active, including social media channels and influencer space, with an emphasis on fun, excitement and edginess.

It is about engaging customers, and the Group's marketing strategy will continue to evolve as we focus on connecting with our customers.

## NEW PRODUCT DEVELOPMENT

The proliferation of cafés and coffee chains, particularly in cities and larger towns, has given rise to connoisseurs who are more discerning when it comes to the coffee and tea they indulge in. This is true especially among younger consumers with more adventurous palates. On-going product development will continue to be vital in attracting such consumers in a flourishing beverage market. For FY 2024, Power Root introduced a variety of additional choices to our family of products across different brands.

In Malaysia, we extended our Frenché Roast can drinks variant by launching Frenché Roast Double Mocha and Frenché Roast Nutty Hazelnut flavours. Per'I Kacip Fatimah Collagen Café Hazelnut (in both can and instant powder forms) is now available under our Per'I range, while Ah Huat Gao Siew Dai (31g instant powder pack) caters to those who love their coffee rich but a little less sweet. This product was launched predominantly for the Singaporean market.

Other new instant powder lines include Alicafé TAG Hazel Nut (36g) which was introduced in Malaysia, while Alicafé Indulgence Originale (18g) and Alicafé Indulgence Salted Caramel (18g) became available in our export market.

For tea lovers in Malaysia, there is now Jom Teh (18g), a 3-in-1 premix made with 100% Ceylonese tea, which is positioned to entice teh tarik drinkers. Meanwhile, chocolate malt lovers now have the option of picking up Oligo Choco Malt Calcium (200ml) in sleeve packs from the shelves.

## EXPORT ACTIVITIES

### MENA

Power Root undertook a major internal restructuring exercise for our MENA sales and distribution operations in FY 2024 aimed at building up our brand presence and

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

market share in the region. This was achieved through a three-pronged approach across personnel, processes and systems to improve exports and efficiencies in the region.

Our main priority was to ensure that we have a good experienced team in place with renewed emphasis on talent recruitment and management. The regional leadership team was reshuffled in Q4 FY 2024 (January-March 2024) and new talent recruited to revitalise and contribute new ideas in driving innovation. As part of the restructuring exercise, changes were made to our trade marketing, sales and development, and KSA sales leadership team. This included the recruitment of additional sales leaders to manage our expanded business in Egypt and North Africa.

The second prong was implementing the first stage of a new customer relationship management system - NeoCRM (Customer Resource Management System) - to replace our old CRM-IVY system. This new system provides greater flexibility with better customisation features with the completion of implementation slated by Q2 FY 2025.

Finally, the Group improved our internal operations, including enhancements to the use of commercial finance to optimise investment with a strategic approach in managing our advertising and promotional activities. This will provide clearer direction and control on the ROI for trade spending where we can identify and act on opportunities as they arise at the right time and at optimal cost to our advantage.

Another major development in the region was a change in our MENA distributor.

Power Root signed a Memorandum of Understanding with Saudi Arabian distributor Abbar & Sons to distribute our powdered Alicafé and Alitéa beverages throughout the KSA. Abbar Foods has an established reputation in distributing a diverse range of consumer products including beverages, baking and sweets, dairy products, spices, sauces and confectionery. It has a wide distribution network of more than 8,500 touchpoints, which is supported by integrated components of warehouses, sales branches, sales force, and logistics operations throughout KSA.

Power Root believes that we have found a dependable partner in Abbar & Sons with similar goals to us which will play a crucial role in our recovery and growth in MENA. With their distribution network and support, the Group is working to increase our volume of sales in the near future.

### SOUTHEAST ASIA

Power Root ventured into Thailand's beverage market via a co-investment initiative with Sappe this financial

year with Power Root (M) Sdn. Bhd. holding 60% equity and Sappe holding the balance of 40% equity. This agreement extends the Frenché Roast footprint as it facilitates the manufacturing, distributing and marketing of the brand's products in Thailand.

Power Root sees many synergistic benefits in this partnership with Sappe as it combines Power Root's strength, experience and economies of scale as a coffee manufacturer with Sappe's extensive knowledge of the Thai beverage market which comes from its deep understanding of Thai consumers' needs and taste. It has in-depth marketing know-how in reaching out to consumers through both traditional and social media, as well as a strong distribution network with extensive market knowledge and presence.

With this arrangement in place, both companies are better placed to compete with larger players on the instant coffee market in Thailand. Frenché Roast products have been available in stores in Thailand since March 2024.

Separately, Sappe appointed Power Root as its exclusive distributor for their popular 'Mogu Mogu' fruit juice with its jelly-like nata de coco. 'Mogu Mogu' has been in Malaysian markets since October 2023, and can be found at petrol station stores, convenience stores and chain household outlets, namely CU, MyNews, KK Mart and MR.DIY.

For Power Root, this is another opportunity to tap into the Gen Z market and extend our customer demographics while expanding on our product line.

### PRODUCTION

The Group's on-going efficiency drive was at the forefront of improvements in production during this financial year with better machinery, systems and processes put in place at our facilities and in product management.

### PRODUCTION FACILITIES AND PRODUCT MANAGEMENT

#### Stock management

The warehouse racking systems were revamped from the satellite racking 18 system to the drive-in racking system which improved optimal utilisation by 13%. This enabled better product segregation, accessibility and manoeuvrability, thus improving efficiency in managing our stock.

In another stock management improvement, forward contracts were arranged in a way where commodities

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

were delivered at staggered dates, thus reducing our need to hold large stocks of raw materials for long periods. With these modifications, we reduced our storage and handling costs notably.

### Warehouse capacity optimisation

In terms of capacity, we have made significant advancements in optimising the use of our storage space. Previously, we had to store almost 5,000 pallets at third party warehouses; we have reduced the number down to 1,500 pallets at most. This has been achieved with the change in racking systems which has freed up space capacity, as well as improved internal storage arrangements in Plant 1 located at No.1 Jalan Sri Plentong, Taman Perindustrian Sri Plentong, Masai, Johor Bahru, and Plant 3 located at No. 1 Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, Masai, Johor Bahru.

As a result of these changes, we have increased storage capacity, improved efficiencies, as well as reduced storage, transportation and warehousing costs.

### OPERATIONAL ASPECTS

During Q2 FY 2024, the Group commenced the use of a Pada Makine machine which enabled us to produce square format sachet products that improves capacity while providing the flexibility for adjustments to meet our product needs. In addition, we continue to make progress in the roasting and grinding of coffee beans into micro ground coffee at our newly-commissioned coffee bean roasting plant. This upstream process allows us better cost control as we use the internally produced micro ground coffee as raw material for our products.

The Group is reaping the benefits of the Solar Photovoltaic Panels which generate electricity of up to 574kWp; this was installed in FY 2023 as part of our sustainability plan. The electricity harvested from the existing solar panels has resulted in savings of 15% of our electricity bill. This successful energy saving initiative has encouraged us to embark on the second phase of our solar panel installation to harvest electricity from the sun which is expected to generate an additional 500kWp.

On the human resource management front, we fully exhausted the last batch of our foreign worker levy of 104 workers under contract. We have also converted all sub-contracted labour to be directly under the Group which will stabilise our work force and be more cost-efficient.

### FINANCIAL REVIEW

REVENUE	LOCAL (RM'million)	EXPORT (RM'million)
FY 2024	243.6	175.7
FY 2023	262.7	193.1

For the FY 2024, the Group recorded revenue of RM419.3 million, a decrease of approximately 8.0% from the revenue of RM455.8 million recorded in FY 2023.

The decline in local market revenue can be attributed to weak consumer sentiment due to high inflation and slow economic growth while the decrease in export revenue was due to the restructuring of sales and distribution in our operations within MENA.

### PROFIT AFTER TAX ("PAT")

For the FY 2024, the Group recorded a PAT of RM42.3 million, a decrease of 28.9% from the PAT of RM59.5 million in FY 2023.

The decrease in PAT was attributed to lower revenue recorded for the year, higher raw material costs and higher absorption costs due to lower production output.

### STATEMENT OF FINANCIAL POSITION

	FY 2024 (RM'000)	FY 2023 (RM'000)
Total Assets	505,510	438,153
Equity attributable to the owners of the Company	345,832	289,603
Total Liabilities	157,765	147,804
Borrowings	59,304	31,314
Gearing (times)	0.171	0.108

The Total Assets of the Group increased by RM67.4 million in FY 2024 mainly due to higher cash and bank balances and purchase of property, plant and equipment.

The Total Liabilities of the Group increased by RM10.0 million in FY 2023 mainly due to increase in loans and borrowings.

With a low gearing of 0.171 as at 31 March 2024, the Group's financial position remains sound.



# MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

## DIVIDENDS

Financial Year	Dividend Per Share ("DPS") (sen)
2024	7.10
2023	11.75
2022	5.40
2021	6.50
2020	12.50

On 12 October 2023, the Group paid a first 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 amounting to RM11.6 million in respect of the current financial year.

On 5 January 2024, the Group paid a second interim single tier dividend of 2.0 sen per ordinary share amounting to RM9.2 million in respect of the current financial year.

On 9 April 2024, the Group paid a third interim single tier dividend of 1.3 sen per ordinary share amounting to RM6.0 million in respect of the current financial year.

On 5 July 2024, the Group paid a fourth interim single tier dividend of 1.3 sen per ordinary share amounting to RM6.0 million in respect of the current financial year.

The Board did not recommend the payment of any final dividend in respect of the FY 2024.

As such, the total dividends paid for FY 2024 is 7.1 sen per ordinary share amounting to RM32.8 million, representing a dividend pay-out ratio of approximately 77.5%.

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 RM469.8 million in dividends, representing a dividend pay-out ratio of approximately 85.8%. It is our intention to continue to reward our shareholders for their loyalty and participation in our growth.

## BUSINESS OUTLOOK

In the upcoming financial year, the Group intends to improve on our product offerings to provide for better consumer satisfaction and choices. After making significant investments in building our brands in FY 2024, we plan to build on this by refocusing on improving margins on our profitable brands in FY 2025.

We will continue to pursue efficiencies in our distribution channels while reducing wastage across all areas of the business for both cost-efficiency and sustainability objectives. Power Root also intends to explore upstream business opportunities as we seek solutions to rein in costs and improve management over our supply chain.

## AREAS OF RISK

External factors continue to be unpredictable with escalating geopolitical pressure in the Middle East and Ukraine. Continued worsening of US-China relations could also factor into global trade fragmentation and supply chain disruptions. Such tensions may cause a fluctuation in the supply and pricing of raw materials affecting Power Root's costs. Another potential concern is rising inflation which could increase labour costs while dampening consumer spending.

## SUSTAINABILITY

The Group continues to develop a sustainability programme which contributes to our overall business plan. We have seen the positive impact of initiatives started in past years, such as in terms of energy savings. We continue to make progress on existing projects including the use of battery-operated forklifts and electric reach trucks in warehouse operations, the transition of existing internal combustion engine vehicle fleet to hybrid cars, installation of electric vehicle (EV) chargers on the company's premises, and the full conversion from fluorescent to LED lighting for reduced energy consumption.

Waste water was disposed with the services of a Department of Environment (DOE)-recognised waste management company on a monthly basis. Wastes such as plastic bags, carton boxes, and aluminum cans are sold or disposed of for recycling. Group employees are also increasingly conscious of cutting down waste by reusing plastic bags and carton boxes for packing and storing of indirect items where possible.

## APPRECIATION

Lastly, we wish to acknowledge the efforts of all involved in the Company's growth. This is something we never take for granted. On behalf of the Board, we would like to extend our gratitude to all stakeholders of Power Root, especially shareholders, distributors, management and staff, for the confidence you have shown in us and the hard work you have contributed in making this another successful year.

## SUSTAINABILITY HIGHLIGHTS

### ENVIRONMENTAL STEWARDSHIP



Renewable  
energy usage

**15%**

increase YoY\*



Plant 1 solar panels

**15%**

of energy needs  
supplied by solar power

**10%**

reduction in Scope 2  
carbon emissions



Energy from  
non-renewable sources

**17%**

reduction YoY\*

### RESPONSIBLE PRODUCT STEWARDSHIP



Halal standards  
and certification

**100%**

of products are  
halal-certified by JAKIM

Offering no-sugar and  
reduced-sugar alternatives

**88%**

of the Group's SKUs in  
Malaysia are below the  
Sugar Tax threshold



### FOSTERING EMPOWERMENT AND GROWTH IN INDIVIDUALS

Female employees

**39%**

of overall workforce

**43%**

of managerial roles and above

**57%**

of supervisory and  
executive roles



Training and development

**1,933**

training days

**9,946**

training hours

**11**

training hours per employee  
on average



### SHARED PROSPERITY



Humanitarian aid

**RM874,337**

donated to relieve  
suffering in Gaza

Local procurement

**67%**

of procurement  
from local suppliers

**4%**

points increase YoY\*

\* Year-on-Year

# SUSTAINABILITY STATEMENT

## COMMITMENT TO CREATE LONG-TERM SUSTAINABLE VALUE FOR STAKEHOLDERS

Power Root Berhad and its subsidiary companies ("Power Root" or the "Group") are committed to creating long-term sustainable value for all stakeholders as we acknowledge that our business will be judged not solely on financial performance, but increasingly on the wider impact and role within the community where we operate.

This holistic approach which is expressed in the Group's Sustainability Framework extends beyond traditional profit-making for shareholders, and emphasises the importance of measures to benefit employees, local suppliers, and protecting the environment, while also enhancing governance. The Group is also dedicated to uplifting the communities that we serve. By integrating sustainability considerations into our business operations, the Group addresses economic, environmental, social, and governance issues comprehensively.

## REPORTING STANDARDS

This Statement was prepared with reference to and in accordance with the following standards:

- Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad ("Bursa Securities")
- Practice Note 9 of the Main Market Listing Requirements ("MMLR")
- Malaysian Code on Corporate Governance 2021 ("MCCG")
- FTSE4Good Bursa Malaysia Index ("FTSE4Good")

## SCOPE AND BOUNDARIES

This Sustainability Statement ("Statement") serves to update our stakeholders on our sustainability practices and performance, and reaffirms the Group's commitment to a holistic approach to value creation.

The information reported in this Statement covers the period from 1 April 2023 to 31 March 2024 ("FY 2024"). This Statement covers the sustainability performance and initiatives for the business operations of the Group, and unless otherwise specified, focuses on our operations in Malaysia, which is the main contributor of revenue and profit to the Group. The Group intends to expand the reporting scope and boundaries to cover its full geographical presence in future.

The scope of this Statement includes information that covers the Group's operations in Malaysia as stated below:-

Companies			
Power Root Berhad ("PRB")	Power Root (M) Sdn. Bhd. ("PRM")	Power Root Manufacturing Sdn. Bhd. ("PRMFG")	
Power Root Marketing Sdn. Bhd. ("PRMK")	Affari Inversions Sdn. Bhd. ("AFFARI")	FODA Flavour & Ingredients Sdn. Bhd. ("FODA")	
Location of our Plants and Office			
Johor Branch			
Plant 1	Plant 2	Plant 3	Plant 4
No.1 Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru	No. 2, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru	No. 1 Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru	No. 4, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru
Kuala Lumpur Office			
No. 30, Jalan Tago 9, Taman Perindustrian Tago, 52200 Kuala Lumpur			



## SUSTAINABILITY STATEMENT

(cont'd)

The Group has focused its sustainability efforts in its home base of Malaysia, which houses its manufacturing hub and accounts for a significant percentage of sales by region. The Group's operations in Malaysia also hires the majority of its employees. Therefore, sustainability initiatives are rolled out in Malaysia before decisions are made to expand them to our overseas offices. In FY 2024, the following overseas offices were excluded from our scope of reporting:

- Power Root ME FZCO
- PR Food Trading L.L.C-FZ
- PRME Foodstuff Trading L.L.C.
- Power Root (Shanghai) Food Trading Co., Ltd.
- Power Root HK-China Company Limited

This Statement has been reviewed and approved by our Board of Directors ("the Board").

### FEEDBACK

We welcome and appreciate all feedback that will help to improve the relevance of this Statement to meet our stakeholders' needs. Questions, comments and suggestions with regard to our sustainability initiatives can be directed to:

Email : ir@powerroot.com.my

Address : No. 30, Jalan Tago 9, Taman Perindustrian Tago, 52200 Kuala Lumpur

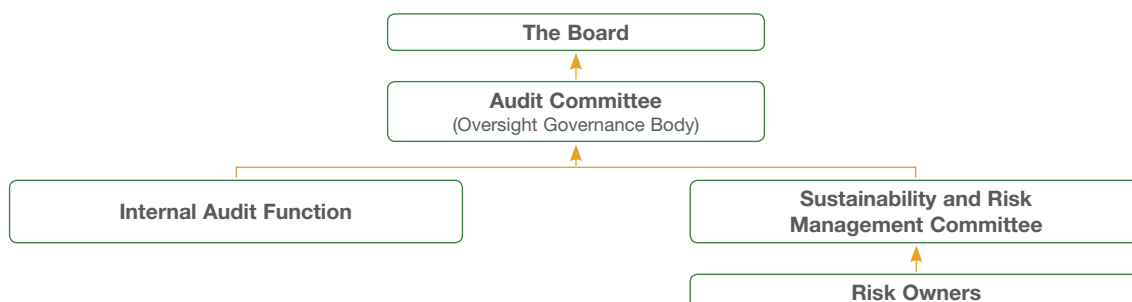
### COMPREHENSIVE SUSTAINABILITY FRAMEWORK

In our sustainability journey, the Group is guided by a Sustainability Framework which has been in place since 26 August 2020. The Sustainability Framework is approved by the Board and is continuously updated to reflect current developments, and was most recently updated in June 2024. The key matters covered by the Sustainability Framework include the following:

- Management approach to sustainability and guiding principles
- Sustainability policies for economic, environmental and social spheres
- Governance structure for sustainability matters
- Functions, roles and responsibilities relating to management and oversight of sustainability matters – the Board, Audit Committee ("AC"), Sustainability and Risk Management Committee ("SRMC"), risk owners ("RO"), Key Sustainability and Risk Officer ("KSRO"), and the Group's Internal Audit Function ("IA")
- Terms of Reference of the SRMC and membership
- Stakeholder identification, assessment, prioritisation and engagement
- Identification, assessment, prioritisation and management of material sustainability matters and formulation of a Materiality Matrix
- Monitoring, review, reporting and communication of sustainability matters to the AC and the Board

### SUSTAINABILITY GOVERNANCE – CLEAR ROLES AND RESPONSIBILITIES

The Sustainability Framework prescribes a clear governance structure that defines the roles and responsibilities of the various parties involved in the management and oversight of the Group's sustainability matters. This includes the key parties namely, the Board, the AC, the SRMC, the IA, and the RO.



# SUSTAINABILITY

## STATEMENT

(cont'd)

### Board direction and oversight

At Board level, sustainability matters are addressed by the Board and the AC. In line with the provisions of the Board Charter, the Board assumes ultimate responsibility for the sustainability strategy, management and performance within the Group.

The AC is tasked with the oversight of the sustainability management and performance of the Group. In this regard, the AC reports to the Board periodically on the progress and performance of the Group in relation to sustainability matters.

### Management level

At Management level, the key entities responsible for the Group's sustainability agenda are the SRMC, the KSRO, the IA and the relevant RO throughout the Group.

### Sustainability and Risk Management Committee

The SRMC is tasked with the following duties:

- Implement the sustainability strategy and management policy as approved by the Board;
- Lead and implement the process of sustainability matters, identification, assessment and management, devise appropriate action plans in cases where sustainability matters are not adequately or effectively addressed, and communicate the proposed action plans to the respective Head of Departments/Divisions;
- 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;
- Manage stakeholder engagement for input on assessments and communicate results of reviews and responses;
- Implement the material indicators on sustainability matters, targets and performance monitoring thereof, prepare sustainability disclosures as required by laws, regulations, and rules, and report to the AC for review;
- Oversee the Departments/Divisions in the implementation of sustainability management systems; and
- 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 operating environment, and the course of action to be taken by Management in managing the changes.

### Key Sustainability and Risk Officer

The KSRO has the following roles and responsibilities:

- To act as central contact and coordinator for all sustainability management issues within the Group;
- To facilitate the implementation of sustainability framework and implementation of the process of sustainability matters identification, assessment and management in the Group;
- To facilitate the implementation of the material sustainability matters' indicator, target and monitoring thereof;
- To coordinate all sustainability management activities (i.e. process of sustainability matters identification, assessment and management and periodical review) and stakeholders' engagement;
- To document all sustainability management activities and meetings in the Group; and
- To ensure proper communication between the SRMC and the RO.

### Internal Audit Function

The IA is responsible for the following:

- To review the Group's governance structure and process of sustainability management to determine their adequacy and effectiveness for reporting to the AC;
- To review the Group's system of sustainability management implemented by the SRMC and RO to determine their adequacy and effectiveness for reporting to the AC;
- To review compliance with the controls implemented by the SRMC and RO to manage sustainability matters for reporting to the AC; and
- To review the accuracy and reliability of sustainability disclosures as required by law and/or statutory rules and regulations for reporting to the AC.
- To perform independent internal review of the Sustainability Statement, the IA shall comply with the provisions of the International Professional Practices Framework 2017, issued by the Institute of Internal Auditors Inc.
- To maintain a degree of independence and objectivity in the internal review of the Sustainability Statement. The internal review shall be closely aligned to Bursa Securities' MMLR with guidance from Bursa Securities' Sustainability Reporting Guide 3.0.

# SUSTAINABILITY

## STATEMENT

(cont'd)

### Risk Owners

As for the RO, 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.

### SUSTAINABILITY POLICIES

The Group's Sustainability Framework incorporates Sustainability Policies which are updated periodically to align the Group's business decisions and strategies with sustainability considerations and stakeholders' concerns. The Group also has a strong corporate governance track record, the details of which are contained in the Corporate Governance Overview Statement on pages 64 to 86 of this Report, as well as the Group's Corporate Governance Report which is available on the Group's website at <https://powerroot.com.my/investor-relations/reports/annual-reports/>.

In addition to the Sustainability Policy, the following policies, procedures and guidelines of the Group serve to embed sustainability considerations into its business operations:

- Anti-Bribery & Corruption Policy
- Code of Conduct
- Grievance Procedures
- Whistle-blowing Policy
- Environmental Policy
- Occupational Safety and Health Policy
- Risk Management Framework
- Internal Audit Charter
- Board Diversity Policy
- Conflict of Interest Policy & Procedures

### MANAGING KEY STAKEHOLDERS

The Group's Sustainability Framework outlines the management of key stakeholders and policies for stakeholder engagement which are key in strengthening relationships with relevant stakeholders and understanding the needs of customers. Effective stakeholder engagement also enables the Group to gain key insights to further improve processes, products and service levels for current and future growth.

#### Identifying and prioritising key stakeholders

This prescribes the process of identifying and prioritising stakeholders in the light of the Group's business strategies and operations. This includes:

- Identification of the intended stakeholder groups and sub-groups, the focus areas expected by the intended stakeholders and engagement objectives 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 prioritise stakeholder groups that have higher influence and dependency, and place greater weight on the concerns of key stakeholders.
- The prioritisation of the stakeholders is conducted by the SRMC by using the Stakeholder Prioritisation Matrix which assesses each stakeholder based on the influence and dependence criteria and rating scale established by the Board. The results of the prioritisation are then used to determine the level of engagement to be employed by the Group with the respective stakeholders (ranging from "collaborate"/"empower" to "keep informed").

During the financial year under review, the key stakeholder groups were identified as part of a materiality assessment process, taking into consideration the level of influence and dependence that a stakeholder group has over the Group's business. Key stakeholders include employees, suppliers and service providers, distributors, international key accounts, government and regulators, end consumers, investors, communities, media, financial institutions and non-governmental organisations ("NGOs").

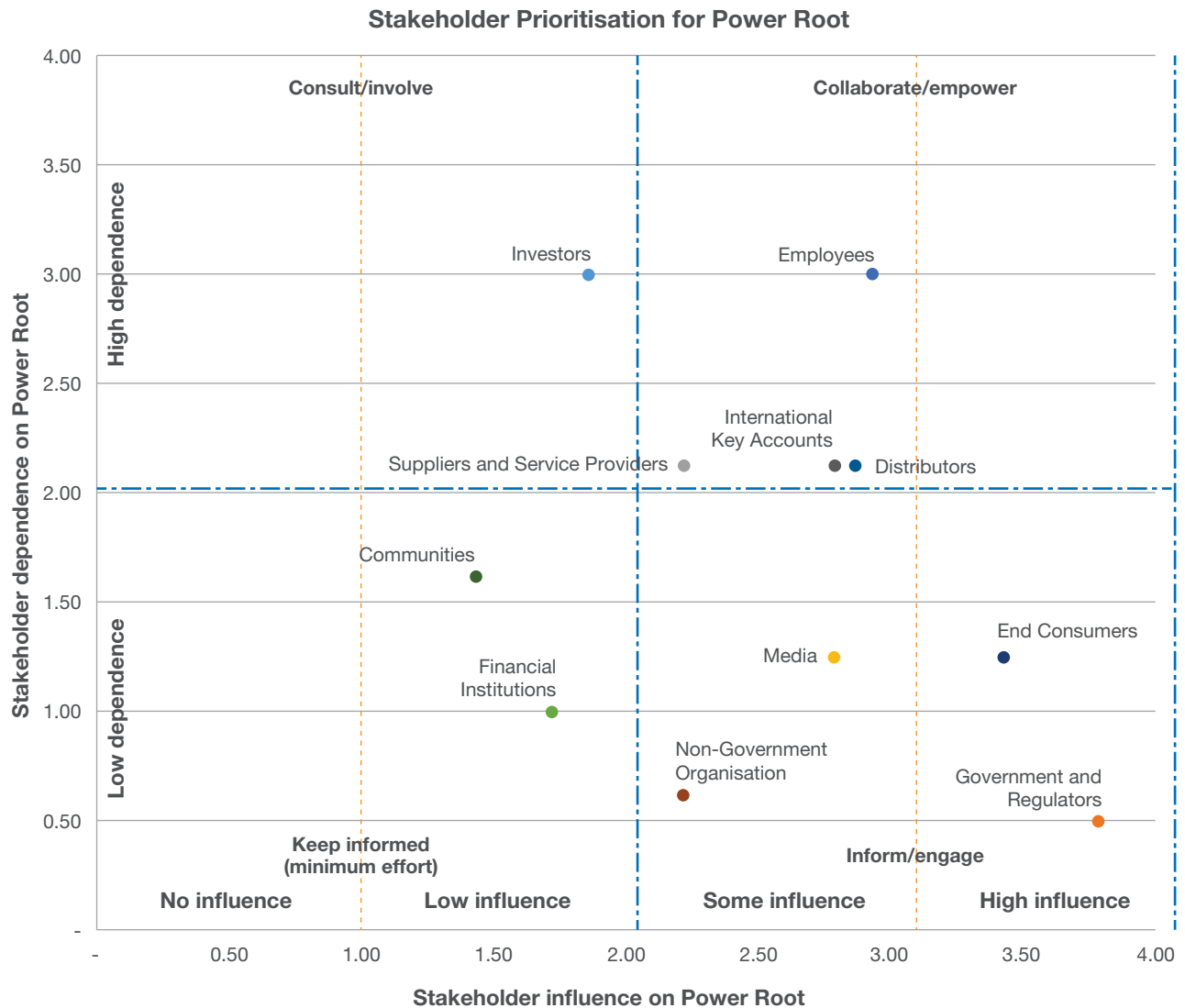


# SUSTAINABILITY

## STATEMENT

(cont'd)

Subsequent to the stakeholder group identification, 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:







# SUSTAINABILITY

## STATEMENT

(cont'd)

### Stakeholder engagement

Power Root has implemented a comprehensive stakeholder engagement strategy that utilises multiple channels and levels of interaction. Based on the key stakeholder groups which had been identified, a robust engagement method was developed by the Group's internal departments and divisions. For FY 2024, the following stakeholder engagement methods were implemented:

Stakeholder Group	Key Interest and Focus Area	Method of Engagement
 <b>Suppliers and Service Providers</b>	Ethical sourcing and supply chain practices Fair treatment and payment terms Prompt settlement of payments	<ul style="list-style-type: none"> <li>◆ Face-to-face meetings</li> <li>◆ Factory visits</li> <li>◆ Meetings and site visits</li> <li>◆ WhatsApp communications</li> <li>◆ Electronic mails</li> <li>◆ Supplier evaluations and appraisals</li> <li>◆ Promoters' performance reviews</li> </ul>
 <b>Non-Government Organisation</b>	Environmental conservation - no over-exploitation of natural resources, no deforestation for growing coffee Ethical sourcing of coffee Human rights - no exploitation of workers and no child labour employed while growing coffee	<ul style="list-style-type: none"> <li>◆ Media releases</li> <li>◆ Public announcements</li> </ul>
 <b>Government and Regulators</b>	Compliance with environmental regulations, ethical business practices Approvals and permits Adherence to standards and certification	<ul style="list-style-type: none"> <li>◆ Face to face meetings</li> <li>◆ Electronic mails</li> <li>◆ Online applications</li> <li>◆ Public dialogue involving government officials</li> <li>◆ Periodic audit</li> <li>◆ Public announcements</li> <li>◆ Official submissions and letters</li> </ul>
 <b>Employees</b>	Training & development Human rights - non-discrimination, respect for diversity, protection against harassment, no child labour, no forced labour, etc Occupational safety and health Employee well-being (Work-life balance) Fair wages Foreign workers accommodation Equal opportunities Job securities	<ul style="list-style-type: none"> <li>◆ Management, operational and committee meetings</li> <li>◆ Annual performance appraisals</li> <li>◆ Briefings and trainings</li> <li>◆ Events, celebrations and sporting activities</li> <li>◆ Memorandums</li> <li>◆ Employees dialogues</li> <li>◆ Electronic mails</li> <li>◆ Employees' surveys</li> </ul>

# SUSTAINABILITY

## STATEMENT

(cont'd)



Stakeholder Group	Key Interest and Focus Area	Method of Engagement
 <b>End Consumers</b>	Product quality and pricing Product safety and hygiene Customer satisfaction Health and nutrition Product branding Customer preference and taste Transparency in product information	<ul style="list-style-type: none"> <li>◆ Feedback channels (electronic mails, phone calls and hotlines)</li> <li>◆ Marketing/promotional programmes and events</li> <li>◆ Product launches and roadshows</li> <li>◆ Official letters</li> <li>◆ In-store brand activities</li> <li>◆ Contests</li> <li>◆ Corporate website and social media platforms</li> </ul>
 <b>Distributors</b>	Enhancement of distribution platform Market demand & profitability of product Product quality and pricing Ethical business practices Product safety and hygiene Product packaging Health and nutrition Affordable products	<ul style="list-style-type: none"> <li>◆ Marketing plans</li> <li>◆ Product promotions</li> <li>◆ Events and trainings</li> <li>◆ Feedback and surveys</li> </ul>
 <b>International Key Accounts</b>	Enhancement of distribution platforms Market demand and profitability of products Product quality and pricing Ethical business practices Product safety and hygiene Product packaging Health and nutrition Affordable products	<ul style="list-style-type: none"> <li>◆ Marketing plans</li> <li>◆ Product promotions</li> <li>◆ Events and trainings</li> <li>◆ Feedback and surveys</li> </ul>
 <b>Investors</b>	Long-term sustainable growth Return on investments Financial performances Responsible governances	<ul style="list-style-type: none"> <li>◆ Annual reports</li> <li>◆ Annual General Meetings</li> <li>◆ Extraordinary General Meetings</li> <li>◆ Regular shareholder communications</li> <li>◆ Announcements through Bursa Securities and Corporate Website</li> <li>◆ Press releases and public announcements</li> <li>◆ Quarterly Financial Reports</li> </ul>
 <b>Communities</b>	Indirect economic impacts Environmental impact of operations Contribution to community well-being	<ul style="list-style-type: none"> <li>◆ CSR initiatives</li> <li>◆ Face-to-face meetings</li> <li>◆ Press releases</li> <li>◆ WhatsApp communications</li> <li>◆ Electronic mails</li> </ul>



# SUSTAINABILITY

## STATEMENT

(cont'd)

Stakeholder Group		Key Interest and Focus Area		Method of Engagement	
 <b>Media</b>	New product launching		♦ Press releases		
	Corporate reputation and image		♦ Face-to-face meetings		
	Corporate social responsibility initiatives		♦ Websites and social media		
	Environmental impacts				
	Ethical business practices				
 <b>Financial Institutions</b>	Low carbon footprint		♦ Meetings		
	Climate changes		♦ Phone calls/WhatsApp communications		
	Money laundering and fraud		♦ Electronic mails		
			♦ Events		
Engagement Frequency		♦ Daily	♦ Regularly	♦ Annually	♦ Ad-hoc

### MANAGING MATERIAL SUSTAINABILITY MATTERS

The Group's Sustainability Framework outlines the management of material sustainability matters and prescribes the process of identifying and prioritising the material matters in a Materiality Matrix.

#### 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. In FY 2024, we carried out a full scale review comprising an online survey with both internal and external stakeholders to review the previous materiality assessment and to identify and prioritise material sustainability matters relevant to the Group. This includes:

- Identification of sustainability matters for each significant business and geographical segment via internal sources (for example, internal documentation, information extracted from the management information system and communication with internal stakeholders) and from external sources (for example, external documentation, trusted public domains as well as communication and correspondence with external stakeholders).
- Sustainability matters identified for each significant business and geographical segment via the 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 are considered material if:
  - o they have significant economic, environmental and social impact on the Group from the organisation's point of view;
  - o they substantively influence the assessments and decisions of stakeholders from the stakeholders' point of view; and
  - o they have significant economic, environmental and social impact that affect the ability to meet the needs of the present and future generations.

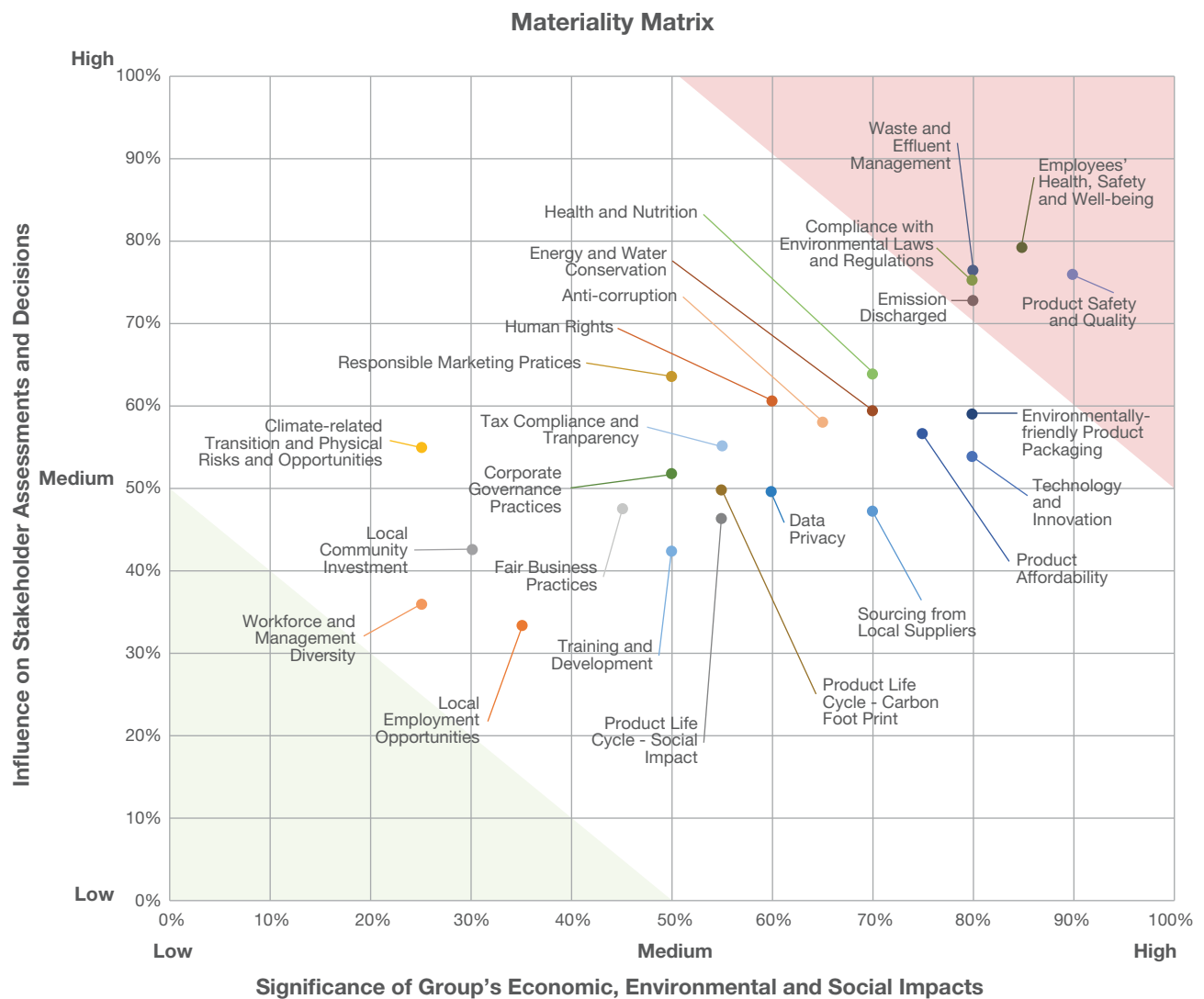
Sustainability matters categorised in the Sustainability Matters Listing are subject to internal materiality assessment by the SRMC in order to prioritise the sustainability matters relevant to the respective internal and external stakeholders. This entails evaluation by the SRMC based on the rating scale established by the Board on the significance of each sustainability matter on revenue, cost, reputation, strategic and operational risk, and business opportunities criteria. Subsequent to the SMRC assessment, the results were presented to the AC and the Board for their review and endorsement.

# SUSTAINABILITY STATEMENT

(cont'd)

## Materiality Matrix

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



## SUSTAINABILITY RISK ASSESSMENT AND MANAGEMENT

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.

For the management of material sustainability matters, the RO 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.

# SUSTAINABILITY

## STATEMENT

(cont'd)

The SRMC monitors the current standing (including indicators, targets and actual performance) and responses of the RO on the material sustainability matters and reports to the AC (at least on an annual basis) for review and recommendation to the Board for its final review and approval.

### MATERIAL SUSTAINABILITY MATTERS

The foundations of the Group's sustainability journey are anchored by three sustainability pillars – Environment, Social and Economic. In this regard, recognising that the Group needs to prioritise its efforts and resources in creating sustainable value for stakeholders, our focus is currently on four sustainability priorities – Sustainable Planet, Promoting the Well-being of People, Foundation of Responsible Business and Corporate Citizenship. Together, the Sustainability Priorities cover the economic, environmental and social aspects of sustainability, with the underlying premise that the Group's ability to create long-term value for its stakeholders is dependent on both business and sustainability considerations.

Within each of the sustainable priorities, we are concentrating our efforts and resources on four key focus areas and within those, on particular material matters. In addition, we are also reporting on other material matters in FY 2024. The focus areas and other material matters covered by this progress report are set out in the table below.

With regards to data tables, unless otherwise specified, the Group only has data for FY 2024. Moving forward, the Group will gather yearly data to enable stakeholders to view its progress from year to year.

#### Sustainability Pillars, Priorities, and Material Matters

Three Pillars	Four Priorities	Material Matters
Environment	Sustainable Planet	<b>Key Focus: Environmental Stewardship</b> <ul style="list-style-type: none"> <li>Waste and effluent management</li> <li>Compliance with environmental laws and regulations</li> <li>Emission discharged</li> </ul> <b>Other material matters</b> <ul style="list-style-type: none"> <li>Energy and water conservation</li> <li>Environmentally-friendly product packaging</li> </ul>
Social	Promoting the Well-being of People  Foundation of Responsible Business	<b>Key Focus: Fostering Empowerment and Growth in Individuals</b> <ul style="list-style-type: none"> <li>Employees' health, safety and well-being</li> </ul> <b>Key Focus: Responsible Product Stewardship</b> <ul style="list-style-type: none"> <li>Product safety and quality</li> </ul> <b>Other material matters</b> <ul style="list-style-type: none"> <li>Health and nutrition</li> <li>Training and development</li> <li>Workforce and management diversity</li> <li>Human rights</li> <li>Data privacy</li> <li>Anti-corruption</li> </ul>
Economic	Corporate Citizenship	<b>Key Focus: Shared Prosperity</b> <ul style="list-style-type: none"> <li>Local community investment</li> </ul> <b>Other material matters</b> <ul style="list-style-type: none"> <li>Sourcing from local suppliers</li> </ul>



# SUSTAINABILITY

## STATEMENT

(cont'd)

### Environment

#### Sustainable Planet

In the Group's Sustainability Framework, the Board has provided direction for sustainable environment policies and practices based on the following principles:

- To comply with all guidelines and regulations relating to the preservation of environmental aspects in relevant jurisdictions where the Group operates
- To avoid/mitigate pollution and improve the quality of environmental management
- To reduce our carbon footprint through energy-efficient product designs, optimised manufacturing efficiency and through investment in energy-efficient production machinery
- To conserve the consumption of water, electricity and other natural resources in the business operations
- To implement "Reduce, Reuse and Recycle" policy across the Group and along the value chain

#### Environmental Stewardship

##### Management approach

Environmental Stewardship is a key focus area in the Group's sustainability journey. In this regard, we concentrate our efforts on three topics which we believe will create the greatest impact and benefit for stakeholders – waste and effluent management, compliance with laws and regulations pertaining to the environment and reducing emission discharge.

Our manufacturing operations produce waste and effluents as by-products, and we are conscious of the responsible management of the treatment and disposal of waste to minimise the impact on the environment. In reducing waste, we also continuously examine and improve our product packaging to enable consumers to reduce, reuse or recycle the materials after consumption. In minimising environmental impact, we are also progressing on reducing emissions discharge by adopting more sustainable alternatives to fossil fuels for vehicles through the use of battery-operated forklifts and hybrid and electric vehicles. In addition, our overarching aim is to ensure that the Group complies with all laws and regulations pertaining to the environment and that our operations and practices are in line with standards set by the governments in the jurisdictions where we operate.

##### Highlights

- Waste management of 651.2 tonnes of reusable and recyclable waste results in a 56% reusable and recycling rate based on the Group's total disposals in FY 2024
- No incidence of non-compliance by the Group with regard to applicable laws and regulations relating to the environment
- To boost renewable energy usage in our operations, solar photovoltaic ("PV") panels installed at Plant 1 with total capacity of 573.5 kilowatt peak ("kWp") provides 15% of the plant's energy needs while contributing annual costs savings of RM241,561 for FY 2024 and emissions reduction of 10% of the Group's Scope 2 emissions as compared to FY 2023
- Continued use of battery-operated forklifts and electric reach trucks in warehouses to replace petrol and diesel-fuelled vehicles has contributed to the emissions reduction of 25% of the Group's Scope 1 emissions as compared to FY 2023
- Energy consumption from non-renewable sources reduced by 17% in FY 2024 as compared to FY 2023
- Water usage reduced by 15% in FY 2024 as compared to FY 2023
- Introduction of the use of new sustainable recyclable packaging

# SUSTAINABILITY

## STATEMENT

(cont'd)

### Waste and Effluent Management

This topic refers to the waste and effluents discharged into the public areas as a result of our operations. The Group's policy is to ensure that the discharge of waste and effluents are conducted in a responsible manner in compliance with all relevant legislation. The legislation (as may be amended from time to time) applicable to the Group's operations with respect to waste and effluent discharge are the following:

- Environmental Quality Act 1974
- Environmental Quality (Industrial Effluents) Regulations 2009
- Environmental Quality (Scheduled Waste) Regulations 2005

### Continuing initiatives

**Responsible disposal of waste:** The waste produced from our operations is disposed of in a responsible manner in accordance with applicable laws and regulations. The handling and disposal of scheduled waste and reporting thereon are managed by the Safety and Health Officer who is a competent employee under the Group's Quality Assurance Department who is duly qualified and holds a Chemical Permit issued under relevant legislation. These activities at Plant 1, 2, 3, and 4 are supervised by the Security & Safety Manager and the Safety and Health Officer.

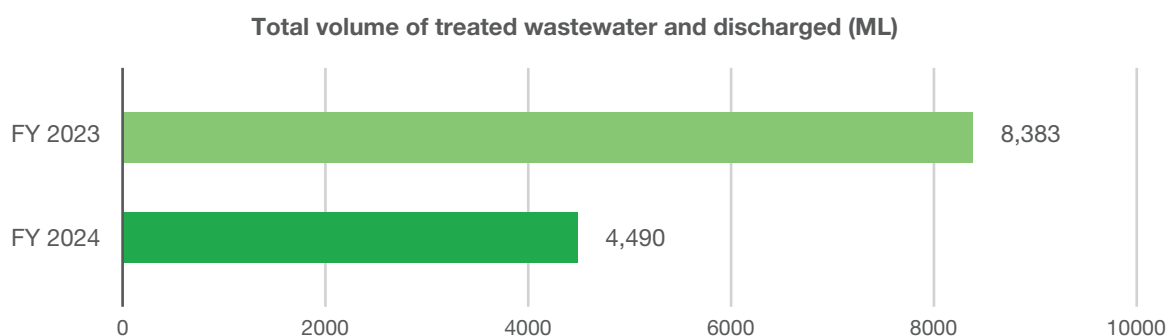
**Scheduled waste:** Scheduled waste is disposed periodically through licensed waste collectors which are duly recognised by the Department of Environment of Malaysia.

**Recycling and reuse of waste:** The Group maintains existing practices and arrangements whereby recyclable and reusable waste such as plastic bags, carton boxes, aluminium cans are sold to waste recyclers to minimise waste being sent to the landfill.

**Effluent management:** The Group tests treated wastewater weekly to ensure that the quality of treated wastewater complies with the standard parameter limits and Chemical Oxygen Demand (COD) loads prescribed by applicable legislation.

### Data Tables

#### Water (effluent) discharged



**Note:**

1. Coverage of Effluent data is from Plant 2 at Johor Office.
2. Megalitres ("ML")

# SUSTAINABILITY

## STATEMENT

(cont'd)

### Waste

Type of Waste		FY 2024 (t)
Total waste (excludes effluents) diverted from disposal (Offsite)	Hazardous waste	89.72
	Non-hazardous waste	561.45
<b>Total</b>		<b>651.17</b>
Total waste (excludes effluents) directed to disposal (Offsite)	Hazardous waste	4.99
	Non-hazardous waste	498.79
<b>Total</b>		<b>503.78</b>
<b>Total Waste Disposal</b>		<b>1,154.95</b>

**Note:**

1. Coverage of Waste data is for Plant 1,2,3 and 4 at Johor Office.
2. Tonnes ("t")

### Compliance with Environmental Laws and Regulations

This topic refers to the adherence of the Group's activities to relevant laws, rules, regulations and guidelines as promulgated by the government and local authorities in the areas of the Group's operations. The Group's facilities for dealing with air and water quality are duly approved by the Department of Environment, Malaysia under applicable laws and regulations.

#### Continuing initiatives

**Reporting:** The Group's Operations periodically reports to the Assistant General Manager – Operations on compliance in regard to the applicable environmental laws and regulations.

**Compliance with environmental laws and regulations:** The Group is in compliance with all applicable environmental legislation, including the Environmental Quality (Clean Air) Regulations 2014.

**Regular risk assessment and audit:** Risk assessments are conducted internally by the Group's Internal Audit function, and followed up with continuing internal audits to ensure compliance with regulations. In addition, external regulators conduct assessments before any licences are issued.

**No incidence of non-compliance:** In FY 2024, there was no incidence of non-compliance with applicable laws and regulations relating to environmental matters.

### Emission Discharge

The topic of emission discharge refers to the discharge of environmentally hazardous substances into the atmosphere as a result of the Group's operations. In particular, the Group focuses on managing its Greenhouse Gas ("GHG") emissions which are categorised as Scope 1, 2 and 3 emissions. Currently, the Group's main focus areas are reducing its Scope 1 and 2 emissions, particularly through the use of clean or renewable energy.

#### What are Scope 1, 2 and 3 emissions?

**Scope 1:** Emissions from sources that Power Root owns or controls directly; for example, from burning fuel in production processes and in our own fleet vehicles (if they are not electric vehicles).

**Scope 2:** Emissions that Power Root causes indirectly from purchased energy; for example, the emissions caused when generating the electricity that powers our operations.

**Scope 3:** All other indirect emissions that are linked to Power Root's operations, both upstream and downstream emissions; for example, business travel and employee commuting, waste generated from our plant and waste from disposal of our product packaging. However, for the purposes of this report, Scope 3 disclosures only cover business travel and employee commuting.



## SUSTAINABILITY

### STATEMENT

(cont'd)

#### Continuing initiatives

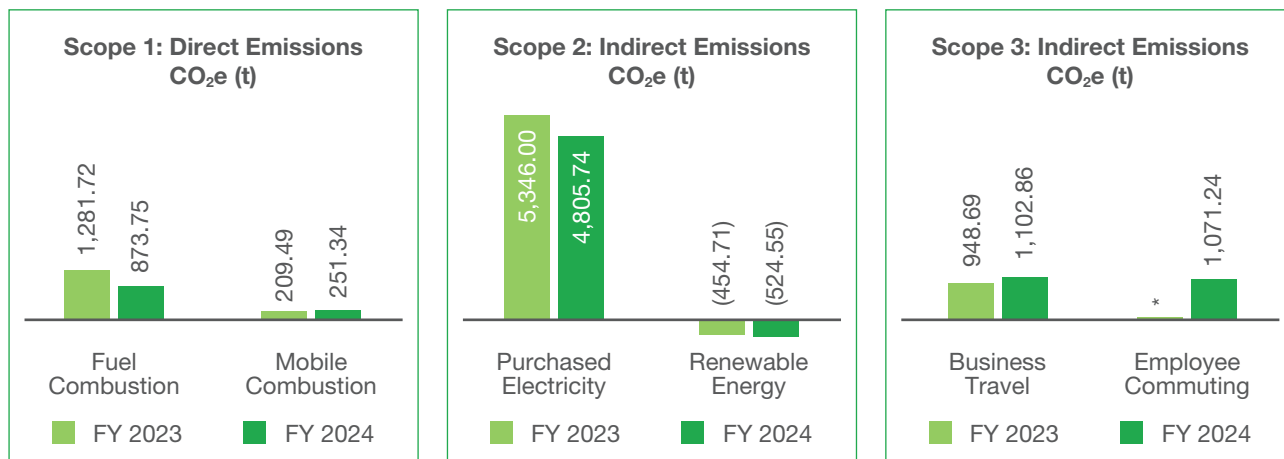
**Increased use of renewable energy:** To reduce fossil fuel consumption and the Group's carbon footprint, we deployed a 573.5kWp solar photovoltaic ("PV") system at the Group's factory, warehouse and office in Johor Bahru. Since the commissioning of the PV system in May 2022, approximately 1.3 million kilowatt-hour ("kWh") of solar generated electricity has been generated. This has resulted in offsetting 979.3 tonnes of CO<sub>2</sub> since inception, and reducing the Group's Scope 2 carbon emissions by 10%.

**Transition to battery-operated forklifts:** The Group completed its transition of diesel-operated forklifts to a fleet of 34 battery-operated forklifts in FY 2023 resulting in a substantial reduction in Scope 1 emissions of up to 1,920 tonnes annually. This is significant as the total amount of emissions reduced is equivalent to the total amount of emissions typically generated by an average gasoline-powered passenger vehicle driven approximately 7,902,731 kilometres.

**Continuous transition of vehicle fleet to hybrid and electric vehicle ("EV"):** The Group is transitioning its vehicle fleet to hybrid and EV and currently has a total of 11 hybrid and EV in FY 2024. The move from petrol and diesel fuelled vehicles to hybrid and EV has contributed to the reduction of Scope 1 emissions by 25% in FY 2024 as compared to FY 2023.

**Installation of EV chargers:** At the Group's office in Kuala Lumpur, the Group installed three EV chargers to facilitate the charging of the hybrid and EV and to encourage our employees and visitors to transition to hybrid or EV. Additionally, the Group installed 10 EV chargers in its factories in Johor Bahru to transition towards sustainable transportation and facilitate the adoption of EV within our operations. The Group also provides priority parking for EV to encourage their use.

**Data Table: Emissions Management**



Emissions management	FY 2023 CO <sub>2</sub> e (t)	FY 2024 CO <sub>2</sub> e (t)
Net Total CO <sub>2</sub> e Emissions and CO <sub>2</sub> e Emission Avoidance (Scope 1, 2 & 3)	7,331.19	7,580.38

**Note:**

- (+): CO<sub>2</sub>e emission, (-): CO<sub>2</sub>e emissions avoidance.
- Computation of data on Employee Commuting only commenced in FYE 2024.
- Coverage of data is for Plant 1,2,3 and 4 at Johor Office and KL Office.
- \*Data not available.

The reporting of GHG data above is in accordance to the GHG Protocol Corporate Standard. Our Scope 1 and 3 data are computed based on UK Government GHG Conversions Factors Company Reporting 2023 whereas Scope 2 data are based on Grid Emission Factor (GEF) Malaysia from Energy Commission of Malaysia.

# SUSTAINABILITY STATEMENT

(cont'd)

## Energy and Water Conservation

### Energy

The topic of energy refers to the efficient use and consumption of electricity as well as energy generated from renewable resources, which is an area prioritised by the Group. In addition, we have also introduced measures to reduce overall energy consumption. As a result of the Group's efforts, energy consumption from non-renewable sources reduced by 17% in FY 2024 compared to FY 2023.

#### Continuing initiatives

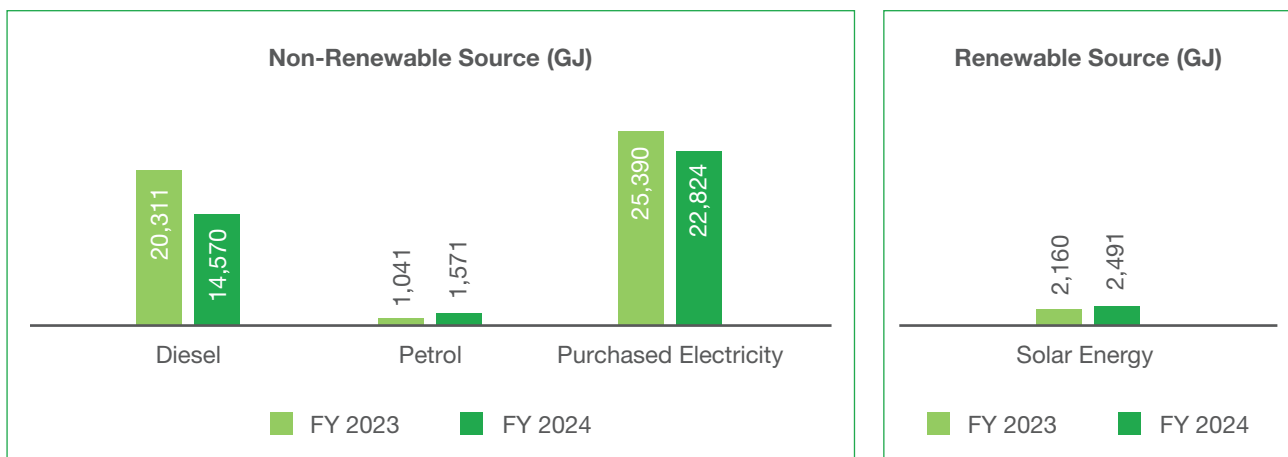
**Transition to LED Lighting:** As part of our ongoing efforts in reducing energy consumption and environmental footprint, the Group had successfully completed the replacement of all conventional fluorescent lighting and fixtures with LED lights at our Kuala Lumpur office. This initiative has reduced electricity consumption by approximately 67,673 kWh in FY 2024. The total amount of kilowatt-hours reduced is equivalent to 47.3 tonnes of carbon dioxide, which is in turn equivalent to the total amount of emissions typically generated by an average gasoline-powered passenger vehicle driven for approximately 194,587 kilometres.

**Encouraging “greener” habits among employees:** Additionally, we actively encourage our employees to adopt simple yet impactful habits, such as diligently turning off lights when they are not in use. These individual actions contribute to a collective effort in reducing overall energy consumption and further advancing our environmental objectives.

#### New initiatives in FY 2024

**Transition to LED Lighting:** Based on the success of the installation of LED lights at our Kuala Lumpur office, the Group extended the initiative to our Johor Bahru office in the course of FY 2024. As a result of this, we have achieved a reduction in electricity consumption at our Johor Bahru office by approximately 62,057 kWh this year.

**Data Table: Breakdown in type of energy consumption (renewable and non-renewable sources)**



**Note:**

- Coverage of data is for Plant 1,2,3 and 4 at Johor Office and KL Office.
- Total energy consumption from non-renewable sources reduced by 17% in FY 2024 compared to FY 2023.
- Gigajoules (“GJ”)

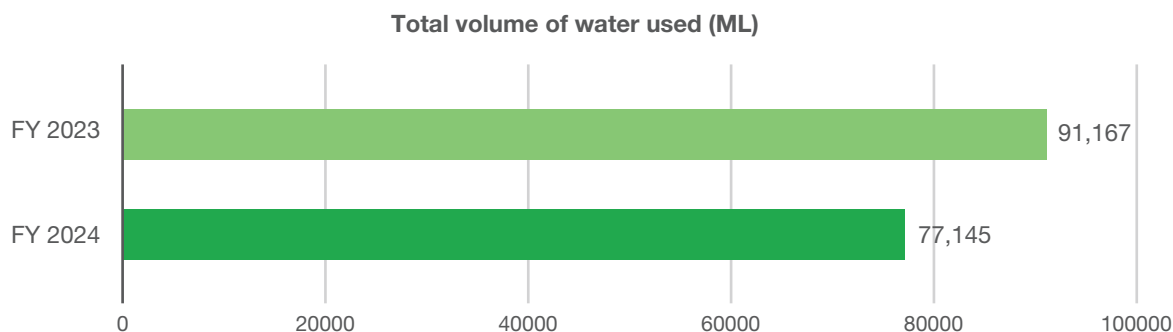
### Water

This topic refers to the consumption and efficiency of water usage for industrial processes and general purposes. Based on analysis using the Aqueduct Water Risk Atlas, a tool provided by the World Resources Institute to assess water risks, none of the Group's operations in Malaysia are situated in water-stressed regions. The Group also does not draw water from any water-stressed regions for use in its operations in Malaysia.

## SUSTAINABILITY STATEMENT

(cont'd)

**Data Table: Water consumption**



*Note: Coverage of data is for Plant 1,2,3 and 4 at Johor Office and KL Office.*

### Environmentally-friendly Product Packaging

To amplify the “Reuse, Reduce and Recycle” policy as stated in our Sustainability Framework, the Group has examined the feasibility of increasing the use of recyclable materials in its value chain.

#### New initiatives in FY 2024

**Sustainable Packaging Materials:** The Group launched an initiative for the use of sustainable packaging materials for a selected range of Stock Keeping Units (“SKU”). The sustainable packaging materials are in line with the Circular Economy for Flexible Packaging (“CEFLEX”) guidelines which are international best practices and recommendations to make flexible packaging in a sustainable manner that contributes to a circular economy.

The sustainable packaging materials are from a category of PP (Polypropylene (“PP”)) and PE (Polyethylene (“PE”)) materials under the umbrella of Polyolefin-based resin. The materials are made with a minimum of 90% Polyolefin content in line with CEFLEX guidelines.

The benefits of using the sustainable packaging materials are:

- They are recyclable and as such may be used more than once. In addition, the materials may then be subsequently processed into secondary grade material for other purposes such as plastic pallet and plastic furniture.
- Our current plant is able to process the new materials without requiring any new equipment, and as such, the use of the sustainable packaging material will not incur additional costs.

At present, the sustainable packaging materials cover 2% of the Group’s SKUs. The Group is evaluating the use of the sustainable packaging materials before making a further decision to extend it to the remaining SKUs.

## Social

### Promoting the Well-being of People

In the Group’s Sustainability Framework, the Board has provided direction for sustainable social policies and practices based on the following principles:

- To ensure that all stakeholders receive fair treatment and do not engage in or support discrimination based on race, nationality, religion, disability, gender, and age among others
- To provide a safe and healthy workplace for all employees, customers, suppliers and business partners and in compliance with the Occupational Safety and Health Act 1994 (“OSHA”) and other applicable legislation

# SUSTAINABILITY

## STATEMENT

(cont'd)

### Fostering Empowerment and Growth in Individuals

#### Management Approach

Fostering empowerment and growth in individuals encapsulates our approach to our employees whose dedicated efforts enable the Group to deliver sustainable value to stakeholders.

In this regard, the Group's key focus at present is the health, safety and well-being of all employees. This entails ensuring safety in all aspects of our operations as well as providing a safe and healthy environment in the workplace in line with the Group's stated goal of "A Zero Accident" workplace. As such, we place the greatest importance on continuous compliance with all relevant safety and health laws and regulations, in particular the OSHA and related regulations. To this end, the Group is guided by its Occupational Safety and Health Policy which was prepared by the Safety and Health Committee in accordance with the OSHA and approved by the Chief Executive Officer.

In addition, we are also committed to fair and equitable treatment of all employees and to ensure that our people work in an environment which celebrates diversity and is free of discrimination.

Under this key focus area, we also place emphasis on talent development and training of our employees to equip them with the skillset and tools to expand their capabilities and to perform at their best in the workplace.

#### Highlights

- Zero fatalities in the workplace in FY 2024
- Active participation of employees in health and safety through the Safety and Health Committee
- Female employees form 39% of overall workforce, but fill 43% of roles at managerial level and above and 57% of supervisory and executive roles
- Over 60% of employees in factory operations, engineering, quality assurance and research and development received extensive health and safety training in FY 2024
- Approximately 18% of the Group's total training hours were prioritised for health and safety training
- Investment by the Group for training and development amounted to 1,933 training days or 9,946 training hours among all employees, with each employee receiving on average 11 hours of training in FY 2024
- Zero reports against the Group on human rights violations in FY 2024

### Employees' Health, Safety and Well-being

This topic refers to the anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders.

#### Continuing initiatives

**Board oversight of health and safety:** At management level, the Chief Operating Officer provides regular updates to the Chief Executive Officer, who is also a member of the Board in his capacity as an Executive Director.

**Safety and Health Committee:** The committee comprises employees and management representatives who assist the Group in complying with the requirements of the OSHA. To this end, the committee identifies, evaluates and addresses hazards and risks in the workplace. The input and active participation of employees is a valuable resource in designing workflow and operations that minimise industrial accidents.

**Regular safety and health audits:** Regular safety and health audits are conducted by the Safety and Health Committee for all departments of the Group to ensure that incidents of non-compliance with safety and health rules are identified promptly and corrective actions implemented swiftly.



## SUSTAINABILITY

### STATEMENT

(cont'd)

**Safety and Health Officer:** The Safety and Health Officer continuously reviews the audit findings, identifies root causes and implements corrective measures including training to prevent future occurrences. This is a key role in ensuring that the audit findings are dealt with in a timely manner.

**Scheduled meetings:** The Safety and Health Committee meets at predetermined intervals for the purpose of monitoring and reporting of any incidents.

**Monthly reporting:** The Safety and Health Officer reports to the Assistant General Manager - Operation, who in turn reports to the Chief Operating Officer on a monthly basis to ensure that Management is kept abreast of all relevant issues and remedial action.

**Safety equipment and briefings:** Fire safety and prevention equipment and systems are installed at the Group's premises in accordance with the requirements of the Fire and Rescue Department of Malaysia. Inspections are conducted at regular intervals to ensure that they are fully functional. As part of the safety procedures, all employees are briefed on the procedures in case of emergencies and clear escape route plans are displayed at strategic locations throughout the workplace.

**Regular maintenance of plant and equipment:** The Group follows strictly the recommended service and maintenance schedules for all plant and equipment to maximise their availability and safety. This practice also enables defects or potential defects to be detected at the earliest opportunity to reduce the risk of unplanned machinery breakdown and accidents.

**Employee safety training and awareness:** Out of the total number of employees who received training in FY 2024, 339 employees or over 60% of employees at all levels in factory operations, engineering, quality assurance and research and development received extensive health and safety training in FY 2024. This amounted to 1,790 of health and safety training hours, or approximately 18% of the Group's total training hours. The training sessions cover a range of workplace health and safety matters including the requirements of the Occupational Health and Safety Act, health and safety awareness, standard operating procedures and work instructions for maintaining safety, and safe operation of work vehicles such as powered industrial trucks.

**Employee medical benefits:** Under the terms and conditions of employment, each employee is covered by the Group's health insurance policy. For outpatient treatment, the costs are covered by the Group. Employees have the option of seeking treatment at a panel doctor who bills the Group directly or seeking treatment at a non-panel clinic and claiming the costs of treatment from the Group. With regard to in-patient care, employees need only to present a medical card at a panel hospital, in which case, medical treatment is billed directly to the Group.

**Employee well-being:** The Group organises regular sports and recreational events for its employees to encourage them to adopt a healthy lifestyle while fostering camaraderie among employees.

#### Data table: Health and safety indicators

Health and safety	FY 2022	FY 2023	FY 2024
Number of work-related fatalities	0	0	0
Lost time incident rate	2.31	6.41	3.28

**Note:** Coverage of health and safety parameters – Power Root (M) Sdn. Bhd. and Power Root Manufacturing Sdn. Bhd. only

Employees' Health and Safety Training	FY 2024
Number of employees trained on health and safety standards	339
Percentage of employees trained on health and safety standards	36%

# SUSTAINABILITY

## STATEMENT

(cont'd)

### Foundation of Responsible Business

In the Group's Sustainability Framework, the Board has provided direction for sustainable business and social policies and practices based on the following principles:

- To uphold the quality, safety and health of the Group's products and services with expected standard of legitimacy and integrity
- To conduct business in an open, honest and ethical manner with conflict of interest situation properly addressed and to adopt a zero-tolerance approach to all forms of bribery and corruption

### Responsible Product Stewardship

#### Management Approach

The food and beverage industry in which we operate requires strict adherence to health and safety regulations. As such, all Power Root products are manufactured under stringent international and national quality and food safety standards (see data table below).

As our plants are duly certified in accordance with international best practice and standards, this signifies that all stages of our production processes have in-built stringent quality control procedures. In addition, in line with the certification, our plants and processes are subject to audits by external independent third-party auditors.

There are several benefits of adherence to international standards. This includes expedited issuance of health certificates and reduced costs for exporting products. In most markets globally, adherence to international standards is a requisite by governments and buyers for market entry. The inclusion of independent third-party audits provides assurance of continuing adherence to the standards.

### Product Safety and Quality

This topic refers to the adherence to all applicable health and safety regulations, and to ensure that our production and processes are aligned with stringent international and national quality and food safety standards. In FY 2024, there were no reports of non-compliance with the health and safety regulations with regard to the Group's SKUs.

#### Continuing initiatives

**Adherence to stringent international and national quality and food safety standards:** Through product safety and quality measures, we are able to identify, control and reduce significant food hazards to assure the safety of food products for human consumption. The details of the applicable standards are stated in the table below.

**Data Table: Applicable international and national quality and food safety standards**

Standard	Details	Certified by
HACCP MS 1480 : 2019	Food Safety according to Hazard Analysis and Critical Control Point (HACCP) system	Intertek
Food GMP MS 1514 : 2022	Good Manufacturing Practice for Food	Intertek
ISO 22000 : 2018	The Food Safety Management System	Intertek
ISO 9001 : 2015	Management System	Intertek
MeSTI	Makanan Selamat Tanggungjawab Industri	Ministry of Health, Malaysia
GMP	Good Manufacturing Practice	Ministry of Health, Malaysia

## SUSTAINABILITY

### STATEMENT

(cont'd)

**Regular risk review at Management and Board level:** The SRMC provides a channel for management to review and highlight our key risks in relation to product health and safety. The findings are tabled for discussion at the AC meetings, and key matters are then further escalated to the Board.

**Halal standards and certification:** 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. All our products are Halal-certified by the Department of Islamic Development Malaysia (“JAKIM”). Strict adherence and implementation of Halal standards are needed to ensure that the needs of our local and global Muslim consumers are met.

**Dedicated team for Halal compliance:** A dedicated 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.

**Halal Assurance Management System:** The Halal Assurance Management System was implemented to maintain and ensure the sustainability of our Halal production processes in accordance with JAKIM’s Halal requirements and standards. In addition, used equipment or machines which are brought into our factories must undergo “sertu cleansing” (Shariah cleansing) to ensure and maintain the Halal integrity of our products.

#### Health and Nutrition

This topic refers to gradual market demand for healthier products such as reduced sugar and no trans fat products.

The Group has reformulated its beverage offerings by reducing sugar levels to offer accessible and affordable healthier choices to consumers. This benefits individuals who are mindful of their sugar intake, especially those with specific dietary needs or health conditions. This is also aligned with the Malaysian government’s efforts to tackle the growing prevalence of obesity and diet-related non-communicable diseases such as diabetes through the imposition of taxes on sugar-sweetened beverages (“sugar tax”).

This also exemplifies the Group’s efforts in promoting healthier lifestyles, improving public health outcomes and encouraging sustainable consumption patterns.

#### Continuing initiatives

**Wide range of healthier no-sugar and reduced-sugar products:** In FY 2024, the Group offered two no-sugar SKUs and 33 reduced-sugar SKUs, in particular tea and coffee SKUs. Together, they account for approximately 37% of the SKUs offered by the Group. On average, the reduced-sugar SKUs are formulated with 20% less sugar compared to their original formulations.

**Compliance with prevailing sugar tax limits:** 88% of the Group’s Malaysia’s range of SKUs fall below the sugar threshold that attracts sugar tax in Malaysia.

**No trans fats:** The Group’s SKUs are free of trans fat, in particular in relation to the use of non-dairy creamers.

**Vitamin-fortified products:** The Group also offers products with added Vitamins B and C.

#### Training and Development

The topic of training and development refers to expanding and improving employees’ skills and knowledge. Attracting and retaining the right talent is a priority at Power Root as our ability to continue to create sustainable value for stakeholders of the Group is built on the talent and efforts of our employees. As we aim for our employees to perform to the best of their ability and realise their leadership potential, we nurture, develop and foster our employees’ talents and capabilities through training and skills development programmes.

## SUSTAINABILITY STATEMENT (cont'd)

Each year, the Group formulates a comprehensive annual training and development plan based on the skills and knowledge required to enhance the employees' capabilities and to boost the Group's performance. Focus areas in FY 2024 include the following:

- **Safety and food:** This area is integral to the Group's operations to ensure compliance with laws and regulations, protect consumer health, maintain product quality and reduce risks. The prioritised departments at our factories such as Operations, Supply Chain/Warehouse/Logistics and Engineering/QA/Research and Development receive continuous training in this area. This includes Hazard Analysis and Critical Control Points (HACCP) certification which is regarded as the gold standard for food safety and quality worldwide, Halal Seminar Competency SPHM for Halal Committee, and Food Handling.
- **Health and safety:** To achieve a zero-accident workplace and enhance workplace safety, our employees undergo extensive training in health and safety matters as described previously under the topic "Employee health, safety and well-being".
- **Anti-bribery and corruption:** The Group has zero tolerance towards all forms of bribery and corruption in the course of business. As such, continuous efforts are being put in place by the Company to implement anti-bribery and corruption training programmes across all functions.
- **IT:** To increase employee awareness on cyber security threats and to enhance efficiency and work quality, the Group provides our employees with training on Cyber Security Awareness and encourages employees to complete Microsoft courses.
- **Soft skills:** To enhance team work and leadership, our employees undergo soft skills training on areas such as Teambuilding, Problem Solving Design Thinking Hat and Effective Communication Skills at all levels within the organisation.

### Continuing initiatives

**Training, skills and leadership development:** Learning and development are critical tools in our arsenal in the war for talent. To maintain a competitive edge, we nurture human capital by intensifying our training programmes to develop skilled employees. We focus on enhancing both soft skills and technical skills through a combination of on-the job, in-house and external training.

**Annual training plan:** Based on an analysis of the learning and development needs of the organisation and its departments, an annual training plan is formulated for each individual employee. In addition, the Group's learning and development programmes continue to be refined based on feedback received from employees attending the various programmes.

**Total training hours:** In FY 2024, the Group's investment in learning and development totals to 1,933 training days or 9,946 training hours among all employees, with each employee receiving on average 11 hours of training.

**Induction training for new employees:** All new employees undergo a half-day induction training programme to familiarise themselves with the Group's business and workplace standard operating procedures including a health and safety briefing. In addition, direct employees below supervisory level hired by the Instant Powder Department are required to undergo a Direct Employees' Training Programme as preparation for their work. This entails approximately 25 hours of structured training to ensure that the employees have the necessary skills and technical know-how to perform their work tasks, primarily involving factory machinery and heavy equipment.

**Employee handbook:** An employee handbook is provided to all employees. It contains the Group-wide General Terms and Conditions of Service which covers employment matters for example, work hours, medical benefits, leave benefits including annual, medical, maternity, paternity and compassionate leave, appraisals and assessments, payment of salaries and bonuses and disciplinary proceedings. The handbook also contains key policies such as the Information Technology Policy, Occupational Safety and Health Policy, Safety Manual and procedures for dealing with workplace accidents and incidents, use of personal protective equipment, emergency action plans, fire safety, evacuations as well as rules for safe workplace practices.



## SUSTAINABILITY

### STATEMENT

(cont'd)

**Semi-annual performance review:** All employees receive a semi-annual performance review, which is included in the employees' employment record with the Group. This review forms part of the assessment process to determine if employees have received adequate training or if they require further training to enhance their knowledge and performance.

**Sustainability training and awareness for Directors and Key Senior Management:** Board members have undergone training with regard to sustainability matters, the details of which are contained on page 73 to 75 of the Corporate Governance Overview Statement in this Report. In addition, after the end of FY 2024, namely in June 2024, the Key Sustainability and Risk Officer attended a two-day training programme on sustainability matters.

**Data tables: Total hours of training by employee category (By level & by function) in FY 2024**

Total training hours by employee category (By level)	Number of training hours
Managerial & Above	3,393
Executive and supervisory	4,820
Non-executive	511
Operators	1,222
<b>Total (hours)</b>	<b>9,946</b>

Total training hours by employee category (By function)	Number of training hours
Sales and Marketing	938
Finance, Accounts, HR Administration, IT and Internal Audit	2,189
Operations	2,144
Engineer, Quality Assurance, Research & Development	2,884
Purchasing	46
Supply Chain, Warehouse, Logistic	1,650
Gulf Cooperation Council Regional Employees	66
Café and Research & Development Kitchen	29
<b>Total (hours)</b>	<b>9,946</b>

**Data tables: Average training hours per employee in FY 2024**

Average training hours per employee	Total training hours	9,946
	Total number of employees	947
	Total hours	11

**Data table: Average training days per employee in FY 2024**

Average training days per employee	Total training days	1,933
	Total number of employees	947
	Total days	2

**Note:** Our Labour Practices and Standards data covers for employees in six companies; i.e. Power Root Berhad, Power Root (M) Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Marketing Sdn. Bhd., Affari Inversions Sdn. Bhd. and FODA Flavour & Ingredients Sdn. Bhd.

# SUSTAINABILITY STATEMENT

(cont'd)

## Workforce and Management Diversity

This topic refers to diversity, specifically in the workforce, management and the Board, which is characterised primarily by gender and age.

Power Root's operations potentially impact a diverse group of stakeholders located in more than 40 countries. As such, to ensure that we are able to communicate with and work alongside stakeholders to serve their needs and interests, we pride ourselves on having built a diverse workforce. As we do not tolerate discrimination on the basis of age, gender, religion and physical disabilities and are fully committed to providing a workplace that is free of discrimination, our employees form a balanced and diversified workforce that engages effectively with the Group's stakeholders.

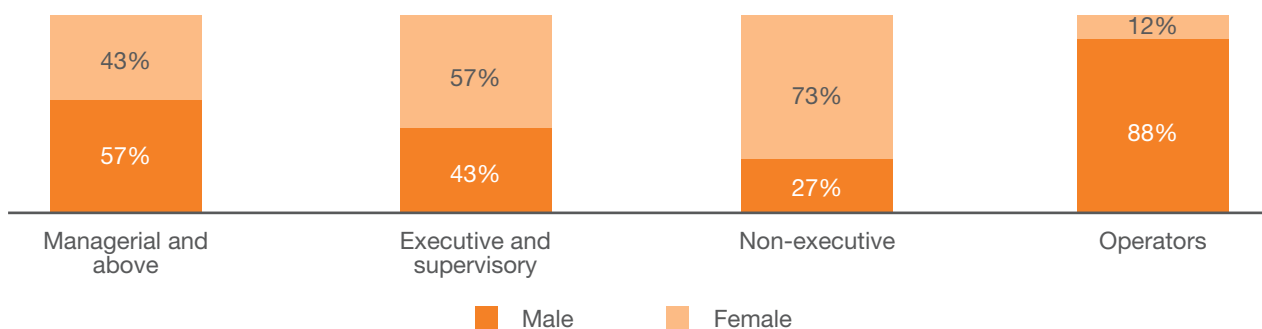
In line with the Board Charter, the Board has made a commitment to promote and embrace diversity and gender mix in its composition with the belief that the presence of diverse ethnicities, ages and gender mix on the Board can widen perspectives of the Board members in effectively discharging their duties and responsibilities.

The approach to diversity is also cascaded throughout the Group which adopts a policy of non-discrimination on the basis of race, gender, sexual orientation, religion, national or social origin, age, or disability during hiring, increment and promotion practices as encapsulated in the Group's Code of Conduct and Employee Handbook. In addition, the Group takes a strong stand on keeping the workplace free of gender-based discrimination and sexual harassment by creating an awareness of the Group's strict anti-sexual harassment stance. These matters are highlighted in induction briefings for new employees while on-going reminders to the workforce are regularly made by way of company memos as well as notices at workplace notice boards.

The Group provides separate male and female prayer rooms for its Muslim employees at its various offices. The Group also makes accessibility provisions for persons with disabilities, and has hired a person with disability as an Accounts Assistant at its office in Kuala Lumpur.

As a result of the Group's approach, although female employees form 39% of the Group's overall workforce, they fill 43% of roles at managerial level and above, and 57% of executive and supervisory roles.

**Diversity – Percentage of employees by gender for each employee category in FY 2024 (By level)**

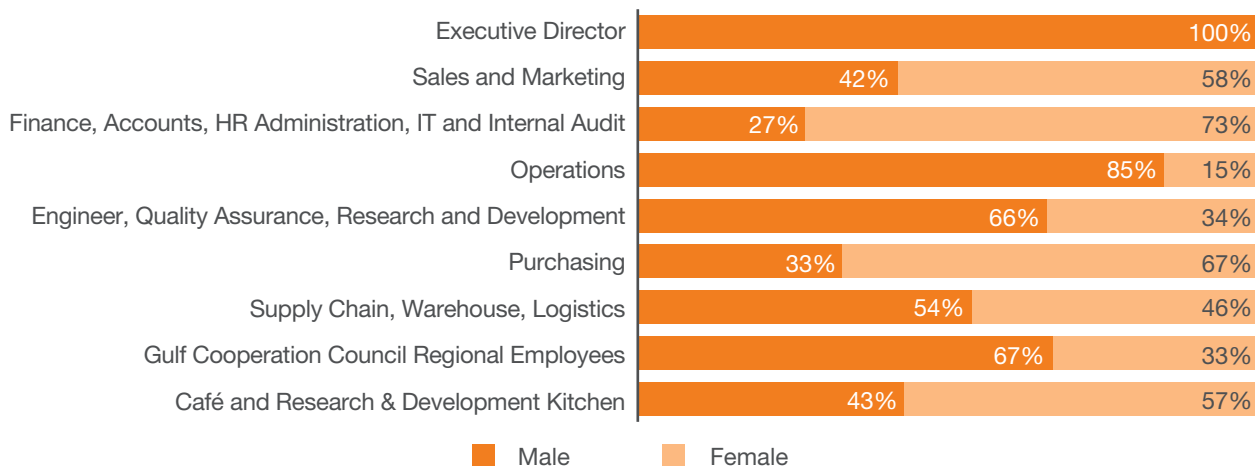


# SUSTAINABILITY

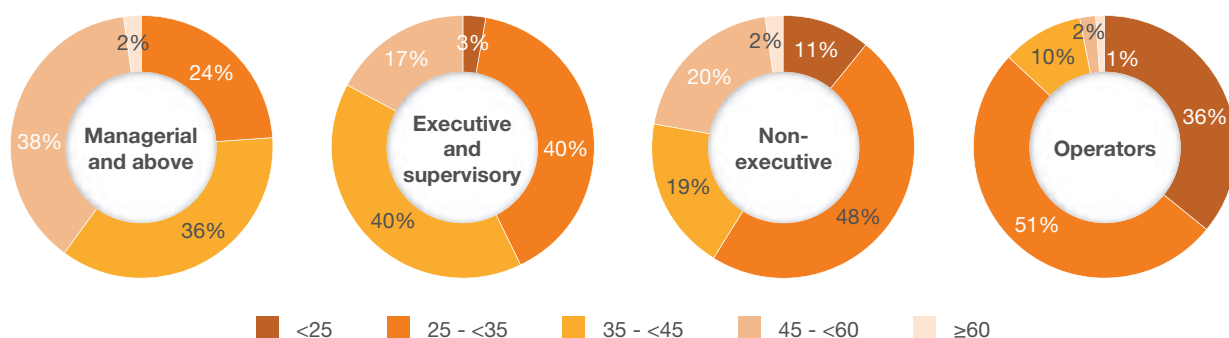
## STATEMENT

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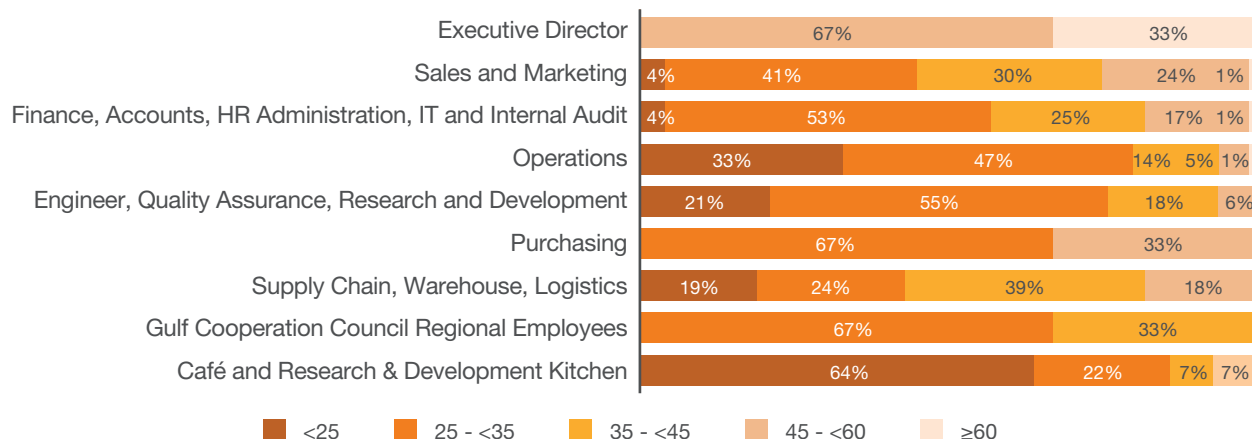
### Diversity – Percentage of employees by gender for each employee category in FY 2024 (By function)



### Diversity – Percentage of employees by age group for each employee category in FY 2024 (By level)



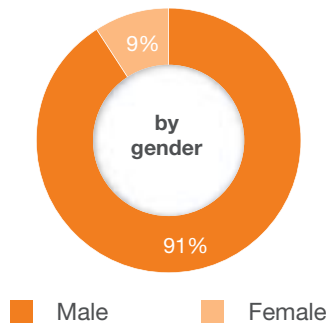
### Diversity – Percentage of employees by age group for each employee category in FY 2024 (By function)



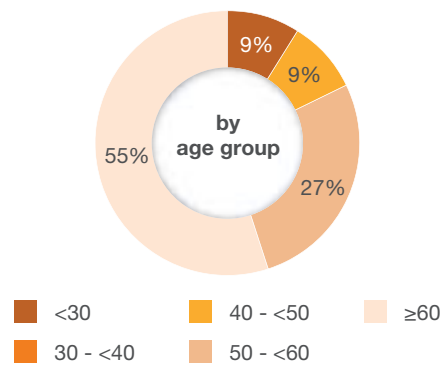
## SUSTAINABILITY STATEMENT

(cont'd)

Percentage of directors  
by gender in FY 2024

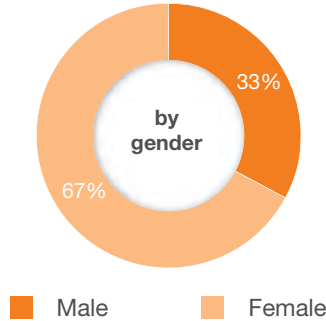


Percentage of directors  
by age group in FY 2024

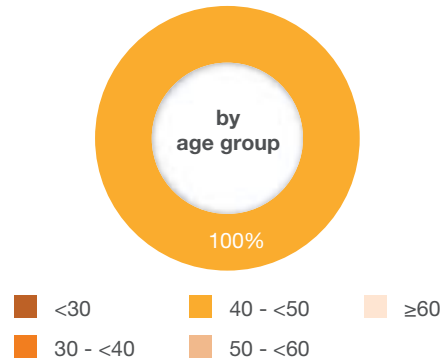


**Note:** Percentage of directors by gender and age group are inclusive of Non-Executive Directors in FY 2024.

Percentage of key senior management  
by gender in FY 2024



Percentage of key senior management  
by age group in FY 2024



**Data table: Percentage of global staff with a disability in FY 2024**

Percentage of global staff with a disability	FY 2024 (%)
Total	0.11

**Note:** Our Diversity data covers for employees in six companies; i.e. Power Root Berhad, Power Root (M) Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Marketing Sdn. Bhd., Affari Inversions Sdn. Bhd. and FODA Flavour & Ingredients Sdn. Bhd.

### Human Rights

The topic of human rights refers to the fair treatment of employees with regard to the terms and conditions of employment. In addition, the Group ensures that our employment policies and practices are in-line with applicable labour laws and regulations in Malaysia, and that fundamental human rights are respected in all areas of our operations.

In addition, the Group ensures that our employment policies and practices are in-line with applicable labour laws and regulations in Malaysia, and that fundamental human rights are respected in all areas of our operations.



## SUSTAINABILITY

### STATEMENT

(cont'd)

#### Continuing initiatives

**Semi-annual assessments to determine fair compensation:** The Group has always recognised that fair compensation is essential in motivating and engaging our workforce to achieve our growth targets. In this regard, all employees undergo a semi-annual assessment with the objective of creating a structured way to define and assess fair compensation packages that recognises the contribution of employees. A promotion exercise complements the annual assessment to provide high-performing employees the opportunity to step up and be promoted into roles offering greater responsibility.

**Compliance with applicable labour laws in Malaysia:** In complying with applicable labour laws and regulations, the Group promotes respect for human rights, in particular in relation to employment. The applicable legislation in Malaysia includes the following:

Legislation	Explanation
Employment Act 1955 Sabah Labour Ordinance Sarawak Labour Ordinance Industrial Relations Act 1967	The Group complies with all provisions of the relevant employment legislation and subsidiary legislation made thereunder, including the right of employees to collective bargaining.
Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990	The Group complies with all requirements in its provision of adequate, compliant accommodation to its factory workers.
Minimum Wages Order 2022	The Group stands guided by the Minimum Wages Order 2022, and under the Group's compensation and benefits policies, the minimum wage is RM1,500 as prescribed by the Order.
Children and Young Persons (Employment) Act 1966	The Group stands guided by the provisions of the Act. We do not hire young persons and minors as stated by the Act.
Occupational Safety and Health Act 1994 Factories and Machinery Act 1967	The Group has ensured that its OSH Policy reflects the provisions of the legislation, and that utmost importance is placed on compliance with health and safety requirements.

**Equal opportunity employer:** The Group ensures that male and female employees receive equal remuneration for the same work. The Group also employs a person with disability at its Kuala Lumpur office as an Accounts Assistant.

**Employees' quarters:** The housing and accommodation provided to the Group's employees complies with the standards prescribed by the provisions of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990. As such, a Certificate for Accommodation has been issued by the Director General of Labour of Malaysia which duly certifies that the accommodation facilities provided by the Group comply with prevailing legislation.

**Staff Grievance and Whistle-blowing Channel:** The Group has in place Grievance Procedures and a Whistle-blowing Policy. Together, they provide for comprehensive grievance mechanisms and multiple channels to ensure that employees and affected persons are able to lodge complaints and air their grievances to Management. In addition, there are provisions to protect the confidentiality of information, and withhold the identity of the complainant, as well as procedures and timeframes for escalation and resolution of cases. In FY 2024, zero grievance cases were recorded, and as such, there are no cases which require resolution.

**No substantiated complaints on human rights violations:** In FY 2024, there were no substantiated complaints against the Group in respect of human rights violations.

# SUSTAINABILITY

## STATEMENT

(cont'd)

**Data table: Percentage of employees that are contractors or temporary staff in FY 2024**

Total employees that are contractors or temporary staff	Total
Contract Worker	265
Temporary staff	12
<b>Total</b>	<b>277</b>
Percentage of employees that are contractors or temporary staff (%)	29

**Data table: Total number of employee turnover by employee category (By level) in FY 2024**

Total number of employee turnover by level	Total
Managerial & Above	36
Executive and supervisory	73
Non-executive	78
Operators	125
<b>Total</b>	<b>312</b>

**Data table: Total number of employee turnover by employee category (By function) in FY 2024**

Total number of employee turnover by function	Total
Sales and Marketing	107
Finance, Accounts, HR Administration, IT and Internal Audit	23
Operations	112
Engineer, QA, Research & Development	32
Supply Chain, Warehouse, Logistic	22
Gulf Cooperation Council Regional Employees	1
Café & Research and Development Kitchen	15
<b>Total</b>	<b>312</b>

**Note:** Our Labour Practices and Standards data covers for employees in six companies; i.e. Power Root Berhad, Power Root (M) Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Marketing Sdn. Bhd., Affari Inversions Sdn. Bhd. and FODA Flavour & Ingredients Sdn. Bhd.

### Data Privacy

The Group places a high degree of importance on safeguarding data privacy and security, both with regard to its own data as well as that of its employees, suppliers, business partners and other parties that have dealings with the Group. As the bulk of such data is captured and stored within the Group's information technology ("IT") systems, the Group has in place a comprehensive IT Policy to inform Management and employees of guidelines to ensure the adequate and effective safeguards to protect data confidentiality, integrity, security and operational availability. The IT Policy forms part of the Employee Handbook which is circulated to all employees.

Adherence to the IT Policy will preserve the integrity and confidentiality of such data by protecting against the loss and misuse as well as unauthorised or accidental access, modification, alteration, disclosure or destruction.

In FY 2024, there were no substantiated complaints against the Group concerning breaches of customer privacy and losses of customer data.

## SUSTAINABILITY

### STATEMENT

(cont'd)

#### Anti-corruption

The Group and its employees have been guided by its Anti-Bribery & Corruption Policy since 2020 which sets out the Group's zero tolerance towards all forms of bribery and corruption in the course of business. The policy is supported by a Code of Conduct for employees that provides guidance to employees on how to deal with any improper solicitation, bribery and other corrupt activities and issues that may arise in the course of doing business. The Anti-Bribery & Corruption Policy together with the Code of Conduct embody the principles of anti-bribery and corruption set out in the Malaysian Anti-Corruption Commission Act 2009.

The Group also has a Gift/Hospitality Declaration Procedure which embodies our "No Gift Policy" which restricts giving and receiving gifts by employees in the course of business. New and existing employees are also provided with training to ensure their understanding of the Anti-Bribery and Corruption framework as well as proper conduct in line with the framework within the workplace.

A Whistle-blowing Policy further supports the Group's corporate values and code of conduct. This allows reporting of any genuine concerns or wrong doing on a confidential basis while also protecting the whistle-blower from reprisals. Safeguards are also put in place to protect the identity of the whistle-blower.

#### Continuing initiatives

**Top-level commitment:** The Board and Senior Management of the Group provide assurance to its internal and external stakeholders that Power Root is operating in compliance with its policies and any applicable regulatory and statutory requirements. This includes establishing a culture of integrity and reinforcing the "tone from the top" of zero tolerance for any forms of bribery and corruption in relation to business activities. The Board spearheads the Group's continuous efforts to improve and enhance the effectiveness of its corruption risks management framework, internal control system, review and monitoring, and training and communication processes.

**Risk assessment:** The Group's business units and operations are regularly assessed for corruption risks. In FY 2024, 68% of the Group's operations were assessed for corruption risks, with each area of operations undergoing assessment at least once every three years.

**No political donations or contributions:** In FY 2024, the Group did not make any political donations or contributions.

**No confirmed incidents of corruption:** In FY 2024, there were no confirmed incidents of corruption reported.

**Data Tables: Percentage of employees who have received training on anti-corruption by employee category in FY 2024**

Employees who have received training on anti-corruption by level	Percentage (%)
Managerial & Above	59
Executive and supervisory	40
Non-executive	1
Operators	0
<b>Total employees who have received training on anti-corruption based on total number of employees in FY 2024</b>	<b>16</b>

# SUSTAINABILITY

## STATEMENT

(cont'd)

Employees who have received training on anti-corruption by function	Percentage (%)
Director	67
Sales and Marketing	18
Finance, Accounts, HR Administration, IT and Internal Audit	44
Operations	6
Engineer, QA, Research & Development	15
Purchasing	33
Supply Chain, Warehouse, Logistic	20
Gulf Cooperation Council Regional Employees	50
Café & Research and Development Kitchen	21
<b>Total employees who have received training on anti-corruption based on total number of employees in FY 2024</b>	<b>16</b>

**Note:** Our Anti-corruption data covers for employees in six companies; i.e. Power Root Berhad, Power Root (M) Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Marketing Sdn. Bhd., Affari Inversions Sdn. Bhd. and FODA Flavour & Ingredients Sdn. Bhd.

## Economic

### Corporate Citizenship

In the Group's Sustainability Framework, the Board has provided direction for sustainable economic policies and practices based on the following principles:

- To promote the economic development of the communities where the significant business operations are carried out, when making business strategy decisions and when implementing business strategies.

### Shared Prosperity

#### Management Approach

As a responsible corporate citizen, Power Root is committed to investing in the development of communities in the geographical areas in which the Group operates. In particular, the Group lends a helping hand to disadvantaged groups and those in need in the spirit of humanitarianism.

#### Highlights

- Humanitarian aid to relieve crisis and suffering in Gaza of approximately RM874,337
- Continuing festive cheer programme brings cheer to disadvantaged groups within the community benefitting 237 persons
- 67% of the Group's procurement was sourced from local suppliers in FY 2024, an increase of 4 percentage points from the previous year

### Local Community Investment

This topic refers to voluntary contributions made by Power Root to enhance socio-economic benefits and create a positive social impact within the communities where we operate.

#### Continuing initiatives

**Bringing festive cheer to disadvantaged groups:** The Group continued its annual initiative of bringing festive cheer to disadvantaged groups within the community. This year, the Group's employees visited seven orphanages within the Klang Valley to distribute red packets (ang pao) and Ah Huat products to the residents. A total of 237 persons benefited from this initiative.



## SUSTAINABILITY

### STATEMENT

(cont'd)

#### New initiatives in FY 2024

**Humanitarian relief for Palestinians:** In FY 2024, the Group provided aid of RM857,197 aimed at relieving the humanitarian crisis in Gaza. This comprises donations to:

- Emirates Red Crescent: USD100,000 (RM476,550) to purchase essential supplies for the protection of refugees against the harsh weather in winter.
- Tabung Kemanusiaan Palestin Media Prima (Media Prima's Palestine Humanitarian Fund) Phase 1: RM250,000 in February 2024 as humanitarian aid in conjunction with the launch of our Oligo ready-to-drink pack.
- Tabung Kemanusiaan Palestin Media Prima Phase 2: RM130,647 raised through Oligo's sales campaign from 1 March to 31 March 2024. (As this campaign ran till 12 April 2024, a further sum of RM17,140 was raised after FY 2024.)

Tabung Kemanusiaan Palestin Media Prima is a collaborative effort which pooled a total of RM1.9 million from Malaysian corporates and individuals for the humanitarian relief effort. The total amount raised of RM397,787 was presented to Tabung Kemanusiaan Palestin Media Prima on 15 April 2024. The funds were utilised to provide aid such as food packs, hygiene essentials, health and medical items and shelter kits, and benefitted 142,630 individuals.

**Supporting events in the Middle East:** At the Expo 2023 Doha, we created a "Wall of Hope: Building Bridges for Tomorrow" at the Group's booth to enable visitors to record their messages of hope and resilience, showcasing the strength of global communities in supporting humanity.

For further details of the Group's contribution to local communities, please refer to page 24 of Management Discussion and Analysis.

#### Sourcing from Local Suppliers

This topic refers to purchasing from local suppliers at significant locations of operations.

The Group believes that it can positively impact the local community and economy by supporting local companies in the supply chain. This is in addition to the positive impact it brings to the local economy through its investments in creating and maintaining jobs, infrastructure and payment of taxes. The influence an organisation can have on a local economy goes beyond direct jobs and payment of wages and taxes.

In FY 2024, 67% of the Group's spending was channelled to local suppliers, an increase of four percentage points from FY 2023 in which the Group's spending on local suppliers was 63%.

#### STATEMENT OF ASSURANCE BY THE INTERNAL AUDITORS

##### Assurance Undertaken

In strengthening the credibility of Power Root's Sustainability Statement FY 2024, selected indicators of this Statement have been subjected to an internal review by the Group's internal auditors and have been approved by the AC and the Board. We have not sought any external assurance for this Statement, but will consider doing so in future years.

# SUSTAINABILITY

## STATEMENT

(cont'd)

### Subject Matter And Scope

The subject matter covered by the internal review include the following indicators for the stated companies' operations:

Common Sustainability Matters	Subject Matter Information	Period	Scope
<b>Bursa's prescribed common indicators ("Common Indicator")</b>			
Anti-Corruption	<b>C1 (a):</b> Percentage of employees who have received training on anti-corruption by employee category	Apr'23 - Mar'24	i) Power Root Berhad ii) Power Root (M) Sdn Bhd iii) Power Root Manufacturing Sdn Bhd iv) Affari Inversions Sdn Bhd v) FODA Flavour & Ingredients Sdn Bhd vi) Power Root Marketing Sdn Bhd
Diversity	<b>C3 (a):</b> Percentage of employees by gender and age group, for each employee category	Apr'23 - Mar'24	i) Power Root Berhad ii) Power Root (M) Sdn Bhd iii) Power Root Manufacturing Sdn Bhd iv) Affari Inversions Sdn Bhd v) FODA Flavour & Ingredients Sdn Bhd vi) Power Root Marketing Sdn Bhd
	<b>C3 (b):</b> Percentage of directors by gender and age group	Apr'23 - Mar'24	v) FODA Flavour & Ingredients Sdn Bhd vi) Power Root Marketing Sdn Bhd
Health and Safety	<b>C5 (a):</b> Number of work-related fatalities	Apr'23 - Mar'24	i) Power Root Berhad ii) Power Root (M) Sdn Bhd iii) Power Root Manufacturing Sdn Bhd iv) Affari Inversions Sdn Bhd v) FODA Flavour & Ingredients Sdn Bhd vi) Power Root Marketing Sdn Bhd
	<b>C5 (b):</b> Lost time incident rate	Apr'23 - Mar'24	i) Power Root (M) Sdn Bhd ii) Power Root Manufacturing Sdn Bhd
	<b>C5 (c):</b> Number of employees trained on health and safety standard	Apr'23 - Mar'24	i) Power Root Berhad ii) Power Root (M) Sdn Bhd iii) Power Root Manufacturing Sdn Bhd iv) Affari Inversions Sdn Bhd v) FODA Flavour & Ingredients Sdn Bhd vi) Power Root Marketing Sdn Bhd
Labour practices and standard	<b>C6 (a):</b> Total hours of training by employee category	Apr'23 - Mar'24	i) Power Root Berhad ii) Power Root (M) Sdn Bhd iii) Power Root Manufacturing Sdn Bhd iv) Affari Inversions Sdn Bhd v) FODA Flavour & Ingredients Sdn Bhd vi) Power Root Marketing Sdn Bhd
	<b>C6 (b):</b> Percentage of employees that are contractors or temporary staff	Apr'23 - Mar'24	iii) Power Root Manufacturing Sdn Bhd iv) Affari Inversions Sdn Bhd v) FODA Flavour & Ingredients Sdn Bhd vi) Power Root Marketing Sdn Bhd
	<b>C6 (c):</b> Total number of employee turnover by employee category	Apr'23 - Mar'24	
	<b>C6 (d):</b> Number of substantiated complaints concerning human rights violations	Apr'23 - Mar'24	

# SUSTAINABILITY

## STATEMENT

(cont'd)

Indicator	Measurement Unit	2023	2024
<b>Bursa (Anti-corruption)</b>			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Managerial and above	Percentage	-	59.00
Executive and supervisory	Percentage	-	40.00
Non-executive	Percentage	-	1.00
Operators	Percentage	-	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	68.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	-	0
<b>Bursa (Community/Society)</b>			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	859,566.60
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	239
<b>Bursa (Diversity)</b>			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Managerial and above Under 25	Percentage	-	0.00
Managerial and above Between 25-34	Percentage	-	24.00
Managerial and above Between 35-44	Percentage	-	36.00
Managerial and above Between 45-59	Percentage	-	38.00
Managerial and above Above 60	Percentage	-	2.00
Executive and supervisory Under 25	Percentage	-	3.00
Executive and supervisory Between 25-34	Percentage	-	40.00
Executive and supervisory Between 35-44	Percentage	-	40.00
Executive and supervisory Between 45-59	Percentage	-	17.00
Executive and supervisory Above 60	Percentage	-	0.00
Non-executive Under 25	Percentage	-	11.00
Non-executive Between 25-34	Percentage	-	48.00
Non-executive Between 35-44	Percentage	-	19.00
Non-executive Between 45-59	Percentage	-	20.00
Non-executive Above 60	Percentage	-	2.00
Operators Under 25	Percentage	-	36.00
Operators Between 25-34	Percentage	-	51.00
Operators Between 35-44	Percentage	-	10.00
Operators Between 45-59	Percentage	-	2.00
Operators Above 60	Percentage	-	1.00
Gender Group by Employee Category			
Managerial and above Male	Percentage	-	57.00
Managerial and above Female	Percentage	-	43.00
Executive and supervisory Male	Percentage	-	43.00
Executive and supervisory Female	Percentage	-	57.00
Non-executive Male	Percentage	-	27.00
Non-executive Female	Percentage	-	73.00
Operators Male	Percentage	-	88.00
Operators Female	Percentage	-	12.00

# SUSTAINABILITY

## STATEMENT

(cont'd)

Indicator	Measurement Unit	2023	2024
<b>Bursa (Diversity)</b>			
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	91.00	91.00
Female	Percentage	9.00	9.00
Under 30	Percentage	9.00	9.00
Between 30-39	Percentage	0.00	0.00
Between 40-49	Percentage	9.00	9.00
Between 50-59	Percentage	27.00	27.00
Above 60	Percentage	55.00	55.00
<b>Bursa (Energy management)</b>			
Bursa C4(a) Total energy consumption	Megawatt	13,583.91	11,515.93
<b>Bursa (Health and safety)</b>			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	6.41	3.28
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	339
<b>Bursa (Labour practices and standards)</b>			
Bursa C6(a) Total hours of training by employee category			
Managerial and above	Hours	-	3,393
Executive and supervisory	Hours	-	4,820
Non-executive	Hours	-	511
Operators	Hours	-	1,222
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	29.00
Bursa C6(c) Total number of employee turnover by employee category			
Managerial and above	Number	-	36
Executive and supervisory	Number	-	73
Non-executive	Number	-	78
Operators	Number	-	125
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	-	0
<b>Bursa (Supply chain management)</b>			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	63.00	67.00
<b>Bursa (Data privacy and security)</b>			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	0
<b>Bursa (Water)</b>			
Bursa C9(a) Total volume of water used	Megalitres	91,167.00	77,145.00

Internal assurance

External assurance

No assurance

(\*)Restated



# 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 interests 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 2024 is available for viewing at the company’s website at <https://powerroot.com.my/investor-relations/corporate-governance>.

This Corporate Governance Overview Statement should be read in tandem with the CG Report as they provide comprehensive disclosures of the application of each Principle and Practice set out in the MCCG during the financial year ended 31 March 2024.

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 2024.

### 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, 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.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### 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 monitoring the implementation by the Management;
- b) To oversee the conduct and the performance of the Group's businesses;
- c) To review and manage the 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 vision as well as clear lines of responsibility and accountability;
- i) To review the overall corporate governance practices of the Group;
- j) To establish and maintain the ethical standards through a code of conduct which will be applicable throughout the Group, while ensuring the compliance of this code of conduct;
- 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 the 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.

In addition to the core responsibilities listed above, significant matters requiring deliberation and approval from the Board are clearly defined 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 8 May 2024. 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 <https://powerroot.com.my/investor-relations/corporate-governance>.

##### ii. Code of Conduct, Anti-Bribery & Corruption Policy and Whistle-blowing Policy

The Board, individually and collectively, is fully committed to the highest standards of integrity, corporate governance, 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, the *Anti-Bribery & Corruption Policy*, which was last reviewed and updated by the Board on 28 May 2020, 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 the highest level of integrity and ethical behaviour is encouraged and maintained, the Board has put in place a *Whistle-blowing Policy* with a direct incident-reporting avenue to the Audit Committee Chairman and the In-House Head of Internal Audit 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 or breaches of the laws.

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

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### ii. Code of Conduct, Anti-Bribery & Corruption Policy and Whistle-blowing Policy (cont'd)

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

The *Code of Conduct, Anti-Bribery & Corruption Policy, Whistle-blowing Policy* and *Grievance Procedures* are available at the company's website at <https://powerroot.com.my/investor-relations/corporate-governance>.

##### iii. Board Meetings

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

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.

In furtherance of its responsibilities, the Board met five (5) times during the financial year ended 31 March 2024 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	3/5
Wong Tak Keong	Chief Executive Officer	4/5
Dato' Wong Fuei Boon	Executive Director	5/5
Dato' How Say Swee	Executive Director	4/5
See Thuan Po	Executive Director	5/5
Ong Kheng Swee	Non-Independent Non-Executive Director	5/5
Azahar bin Baharudin	Independent Non-Executive Director	4/5
Dato' Tea Choo Keng	Independent Non-Executive Director	4/5
Low Jun Lee	Non-Independent Non-Executive Director	4/5
Tan Lay Beng	Independent Non-Executive Director	5/5

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.



# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### iii. Board Meetings (cont'd)

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 ensured that all Board meetings were properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed were 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 was sought via circular resolutions, which were 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 an informed decision.

Besides direct access to Management, external independent professional advisers are also 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.

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".

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### v. Board Composition (cont'd)

Although the Board 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 Chief Operating Officer, General Manager - Finance and Group Financial Controller), 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 reviewed and updated the *Board Diversity Policy* on 8 May 2024. Whilst the Board supports gender diversity within the Board and Key Senior Management, the Board also 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 for 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.

##### vii. Independence of Independent Non-Executive Directors

The independence of candidates for appointment as an Independent Non-Executive Director is assessed by the Nominating Committee based on a formal nomination and selection process. The result of the assessment is then reported to the Board for its 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 2024, 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 judgment 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 nine 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 (9<sup>th</sup>) year, the Board shall seek the shareholders' approval through a two-tier voting process at the Annual General Meeting.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### vii. Independence of Independent Non-Executive Directors (cont'd)

Encik Azahar Bin Baharudin, who has served as an Independent Non-Executive Director since 28 April 2014 which exceeds the cumulative term of nine (9) years, will be subject to shareholders' approval via the two-tier voting process in the forthcoming Annual General Meeting to continue as an Independent Non-Executive Director.

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 proposed to the Nominating Committee for consideration and evaluation, and if suitable recommended to the Board for approval 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, the Board is cognisant of the need for diversity within the Board and will consider suitable candidates with diversity as one of the criterias.

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, interviews 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 during the year 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.

The recommendations for re-appointment of retiring Directors at the forthcoming Eighteenth Annual General Meeting ("18<sup>th</sup> 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 18<sup>th</sup> AGM, disclosures on the interest, position and relationship of such Directors as well as the Nominating Committee and Board's evaluation and recommendation to the shareholders are 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.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### 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 2024, 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.

##### 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.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### x. Directors' Remuneration (cont'd)

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 2024 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	Fees	Others	Basic Salary, Bonus, Incentives, Allowance, EPF, SOCSO	Fees	Others
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Executive Directors	-	-	-	13,451	-	166
Non-Executive Directors	172	902	-	172	902	-

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
RM50,001 to RM100,000	-	4	-	4
RM100,001 to RM150,000	-	2	-	2
RM550,001 to RM600,000	-	1	-	1
RM1,850,001 to RM1,900,000	-	-	1	-
RM3,450,001 to RM3,500,000	-	-	1	-
RM3,550,001 to RM3,600,000	-	-	1	-
RM4,650,001 to RM4,700,000	-	-	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 2024 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.



# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### 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 programmes.

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 Programme prescribed by Bursa Securities and they are mindful that they should undertake 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.

During the financial year ended 31 March 2024, 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 programmes that were organised by regulatory bodies or professional organisations. The training programmes 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	Awareness of Sustainability and ESG Training	JXY Consulting
Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj	Awareness of Sustainability and ESG Training	JXY Consulting
Wong Tak Keong	Awareness of Sustainability and ESG Training	JXY Consulting
Dato' Wong Fuei Boon	Awareness of Sustainability and ESG Training	JXY Consulting
Dato' How Say Swee	Awareness of Sustainability and ESG Training	JXY Consulting
See Thuan Po	Awareness of Sustainability and ESG Training	JXY Consulting

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### xi. Directors' Training (cont'd)

Name of Directors	Seminars and Briefing Attended	Conducted by
Ong Kheng Swee	Awareness of Sustainability and ESG Training	JXY Consulting
	MIA Webinar Series : Integrating Environmental, Social and Governance (ESG) into Organisational Financial Reporting Framework	Malaysian Institute of Accountants
	MIA International Accountants Conference 2023	Malaysian Institute of Accountants
	MIA Webinar: Sustainability and Climate Change Disclosure Requirements.	Malaysian Institute of Accountants
	MIA Webinar Series : Fraud Risk Management : Tool & Techniques	Malaysian Institute of Accountants
	MIA Webinar Series : The ESG Agenda – An option or a must-have for Boards of listed issuers?	Malaysian Institute of Accountants
	Management of Cyber Risks	Ernst & Young
	ESG Matters @ACCA - Integrating Sustainability into Financial Planning & Decision making	Association of Chartered Certified Accountants
	Case Study-Based Webinar : Sustainability and Climate Change Disclosure Requirements	Association of Chartered Certified Accountants
	2024 Budget Seminar	Malaysian Institute of Accountants
	Double Materiality Assessment for Sustainability Reporting: Challenges of Regulatory Evolutions	Association of Chartered Certified Accountant
	Workshop on ISSB Standards (IFRS S1 S2)	Association of Chartered Certified Accountant
	COI Situation & RPT: Disclosure Obligations of Directors & Key Persons	Lee Min On
Azahar bin Baharudin	Awareness of Sustainability and ESG Training	JXY Consulting
Dato' Tea Choo Keng	Awareness of Sustainability and ESG Training	JXY Consulting
Low Jun Lee	Awareness of Sustainability and ESG Training	JXY Consulting

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### xi. Directors' Training (cont'd)

Name of Directors	Seminars and Briefing Attended	Conducted by
Tan Lay Beng	Awareness of Sustainability and ESG Training	JXY Consulting
	Singapore Budget 2024 Highlights Webinar	CLA Global TS Public Accounting Corporation
	Good Governance Academy's event, 10th Colloquium - The Risks and Opportunities of Generative AI	Good Governance Academy
	Excel Excellence with ChatGPT for Smarter Data Analysis and Decision Making	Malaysian Institute of Accountants
	State-owned enterprises : realising a force for public good	Association of Chartered Certified Accountants
	Budget 2024 : Key Updates and Changes for Corporate Accountants	Malaysian Institute of Accountants
	Capital Gains Tax (CGT) on Foreign and Domestic Transactions	Association of Chartered Certified Accountants
	Mandatory Accreditation Programme Part 2 : Leading for Impact (LIP)	Institute of Corporate Directors Malaysia

##### 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 87 to 92 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 <https://powerroot.com.my/investor-relations/corporate-governance>.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### xii. Board Committees (cont'd)

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

The Nominating Committee members and their attendance records for meetings held during the financial year ended 31 March 2024 are as follows:

Nominating Committee	Position & Designation	No. of Meetings Held	Attendance
Dato' Afifuddin bin Abdul Kadir	Chairman, Independent Non-Executive Director	1	1/1
Tan Lay Beng	Member, Independent Non-Executive Director	1	1/1
Azahar bin Baharudin	Member, Independent Non-Executive Director	1	0/1

During the financial year ended 31 March 2024, 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 <https://powerroot.com.my/investor-relations/corporate-governance>. 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.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (cont'd)

#### 1.1 Board leadership (cont'd)

##### xii. Board Committees (cont'd)

- **Remuneration Committee (cont'd)**

As at the financial year ended 31 March 2024, the Remuneration Committee comprised of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. 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, Non-Independent Non-Executive Director	2	2/2
Azahar bin Baharudin	Member, Independent Non-Executive Director	2	1/2
Tan Lay Beng	Member, Independent Non-Executive Director	2	2/2

The Remuneration Committee met during the financial year ended 31 March 2024 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. The interested Non-Executive Director was abstained from all discussions and decision relating to his fees.

- **Option Committee**

During the financial year under review, the Option Committee consisted of two (2) Executive Directors and one (1) Non-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 11 June 2019 and expiring on 10 June 2029 for Executive Directors and key employees ("ESOS Y2019"), and ESOS established on 9 August 2022 and expiring on 8 August 2032 for eligible directors and key employees ("ESOS Y2022").

Option Committee	Position & Designation	No. of Meetings Held	Attendance
Ong Kheng Swee	Chairman, Non-Independent Non-Executive Director	5	5/5
Wong Tak Keong	Member, Chief Executive Officer	5	4/5
See Thuan Po	Member, Executive Director	5	5/5



# 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 (cont'd)

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 or eligible persons to participate in the ESOS Scheme, whose 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 or eligible persons;
- 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 or eligible persons 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;
- 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; and
- Carry out any duties deemed incidental or ancillary in relation thereto.

During the financial year, the Option Committee met five (5) 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 the *ESOS By-Laws*.

##### 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.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### 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 members' 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 include, 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 reaffirmed 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 twice 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 twice on 21 July 2023 and 27 February 2024, 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.

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 (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)	69,000	279,000	Audit services rendered – statutory audit in respect of FY 2024.
Non-Audit Fees (RM)	14,000	125,000	Tax return and compliance, review of Statement on Risk Management and Internal Control and preparation of transfer pricing documentation, tax audit consulting fee, tax advisory fee.

The summary of the Audit Committee's activities and oversight of the External Auditors during the financial year under review is set out in the Audit Committee Report on pages 88 to 90 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 93 to 95 of this Annual Report.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

#### 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 96 to 100 of this Annual Report and Practice 11.1 and 11.2 of the CG Report.

#### 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 88 to 92 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 <https://powerroot.com.my/investor-relations/bursa-announcements/>.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

#### i. Corporate Disclosure and Stakeholders Communication (cont'd)

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 <https://powerroot.com.my/investor-relations/bursa-announcements/> which lists out the contact details (including email and contact numbers) of representatives from the Corporate Finance Department to whom stakeholders can direct their enquiries.

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

#### 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 attended the 17<sup>th</sup> Annual General Meeting ("AGM") and the External Auditors were also present at the same meeting to provide professional and independent clarification on any issues and concerns that may be 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 18<sup>th</sup> 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 <https://powerroot.com.my/investor-relations/bursa-announcements/>. 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.

During the financial year under review, the Company held the Annual General Meeting fully physically as it did not conduct its general meeting by leveraging technology to facilitate voting in absentia and webcast for remote shareholder participation.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### 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 2024, 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 Officer or Major Shareholders**

The following are the material contracts involving the interests of the Directors, Chief Executive Officer who is not a Director or major shareholders, either still subsisting at the end of the financial year ended 31 March 2024 or, if not then subsisting, entered into since the end of the previous financial year ended 31 March 2023:

- 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)").

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:

Option Ratio	=	Audited PAT of Subsidiary in RM	x	% of shareholding of Grantee in the Subsidiary at the date of exercise of the Put Option
		Audited PAT of the Group (inclusive of 100% consolidated PAT of the Subsidiary)		

#### Step 2: Calculation of Consideration Shares

Consideration Shares	=	Option Ratio	x	Total number of shares of the Grantor in issue as at the date of the exercise of the Put Option
				(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.



# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### ADDITIONAL COMPLIANCE STATEMENT (cont'd)

- 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)"). (cont'd)

The salient terms of the Put Option Agreements are, amongst others, as set out below: (cont'd)

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

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

- 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 2024 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 @	1,817
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 @	273
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 @	1,995
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 @	-

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### ADDITIONAL COMPLIANCE STATEMENT (cont'd)

- Recurrent Related Party Transactions of a Revenue or Trading Nature (cont'd)**

Name of Related Party	Nature of RRPT	Interested Director and Shareholder	Aggregate Value of Transactions RM'000
Alicafe Roasters Sdn Bhd	Sale of coffee beans by Alicafe Roasters Sdn Bhd to Power Root Manufacturing Sdn Bhd	Wong Tak Keong @	585
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 @	130

@ 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.

- Employees' Share Option Schemes**

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

- ESOS established on 11 June 2019 and expiring on 10 June 2029 for eligible directors and key employees ("ESOS Y2019")**

The maximum number of ESOS Shares to be offered and allotted to eligible directors and key employees under the ESOS Y2019 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 Y2019 as referred to in *ESOS By-Laws*.

At any one time during the duration of the ESOS Y2019 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 Y2019 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 Y2019 are as follows:

- Not more than ten percent (10%) of new shares available under the ESOS Y2019 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
- 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 Y2019 to exercise for shares representing 4% of the issued share capital of the Company since the commencement of the ESOS Y2019 as at 31 March 2024. There was no grant of new options to Directors during the financial year ended 31 March 2024 in relation to ESOS Y2019.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### ADDITIONAL COMPLIANCE STATEMENT (cont'd)

#### • Employees' Share Option Schemes (cont'd)

##### 1. ESOS established on 11 June 2019 and expiring on 10 June 2029 for eligible directors and key employees (cont'd)

There was no grant of new options during the financial year ended 31 March 2024 and a total of 20,000,000 options has been granted and accepted since the commencement of the ESOS Y2019.

	Financial Year Ended 31 March 2024					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	19,075,000	-	(1,075,000)	(45,000)	17,955,000	20,000,000	(2,000,000)	(45,000)	17,955,000
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 Y2019 during financial year ended 31 March 2024 and since the commencement of the ESOS Y2019.

##### 2. ESOS established on 9 August 2022 and expiring on 8 August 2032 for eligible directors and key employees ("ESOS Y2022")

The maximum number of ESOS Shares to be offered and allotted to eligible directors and key employees of the Group under the ESOS Y2022 shall not exceed ten percent (10%) of the total number of issued shares of our Company (excluding treasury shares) at any point in time or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the ESOS Y2022 as referred to in *ESOS By-Laws*.

At any one time during the duration of the ESOS Y2022 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 Y2022 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 Y2022 are as follows:

- Not more than ten percent (10%) of new shares available under the ESOS Y2022 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
- 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 Y2022 to exercise for shares representing 8% (Including ESOS Y2019, 4%) of the issued share capital of the Company since the commencement of the ESOS Y2022 as at 31 March 2024. There was no grant of new options to Directors during the financial year ended 31 March 2024 in relation to ESOS Y2022.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(cont'd)

### ADDITIONAL COMPLIANCE STATEMENT (cont'd)

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

**2. ESOS established on 9 August 2022 and expiring on 8 August 2032 for eligible directors and key employees (cont'd)**

There was no grant of new options during the financial year ended 31 March 2024 and a total of 41,890,000 options has been granted and accepted since the commencement of the ESOS Y2022.

	Financial Year Ended 31 March 2024					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	39,495,000	-	(4,645,000)	-	34,850,000	41,890,000	(7,040,000)	-	34,850,000
There in:									
Directors and Chief Executive Officer	24,900,000	-	(900,000)	-	24,000,000	24,900,000	(900,000)		24,000,000

A total of 900,000 options were offered to the Non-Executive Directors pursuant to the ESOS No. 3 during financial year ended 31 March 2023 and since the commencement of the ESOS No. 3. Subsequently on 31 March 2023, the Non-Executive Directors renounce their rights to the offered options.

There was no option offered to and exercised by any Non-Executive Directors pursuant to the ESOS Y2022 during financial year ended 31 March 2024.

- **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 working capital requirements of the Group.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board has strengthened the independence and diversity elements within the Board and Board Committees including restricting the Board Co-Chairmen from chairing the Nominating Committee, 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 relevant Board Committee. Further, should there be any addition of new Board members, the Board will also consider gender diversity and increasing the number of Independent Directors on the Board as well as 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 intention 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 ("AC") comprises the following members for the financial year ended 31 March 2024 and as at the date of this report:-

*Chairman:*

Tan Lay Beng (*Independent Non-Executive Director*)

*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 AC is in compliance with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), where the AC consists of three (3) Independent Non-Executive Directors. Ms. Tan Lay Beng, who is the AC Chairman, is a member 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 AC Chairman is not the Chairman of the Board of Directors of the Company.

The AC 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 had been appointed as a member of the AC.

The Board through the Nominating Committee reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that each of the members of the AC as well as the AC as a whole had carried out their duties and discharged their responsibilities in accordance with the AC's Terms of Reference. The AC was functioning effectively, meeting the objectives as set out in its Terms of Reference and assisting the Board in fulfilling its statutory and fiduciary responsibilities adequately.

The profile of the members is presented on pages 5 to 10 of this Annual Report.

## B. TERMS OF REFERENCE

The Terms of Reference of the AC is available on the Company's website at <https://powerroot.com.my/investor-relations/corporate-governance/>.

## C. MEETINGS OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2024, the AC held five (5) meetings. Details of each member's meeting attendance are as follows:-

Name of Directors	No. of Meetings Attended
Tan Lay Beng	5/5
Dato' Afifuddin bin Abdul Kadir	5/5
Azahar bin Baharudin	4/5

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



# AUDIT COMMITTEE REPORT

(cont'd)

## C. MEETINGS OF THE AUDIT COMMITTEE (cont'd)

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 AC 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 AC, attended all the meetings during the financial year.

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

The AC 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 AC 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 AC during the financial year included the following:

### 1. Reviewed the Quarterly Financial Reports

During the quarterly meetings, the General Manager - Finance and Group Financial Controller presented the draft unaudited quarterly financial results for the AC's review, briefed the AC 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 AC. 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. In addition, the business prospects of the Group for the rest of the financial year were provided by the Management to the AC for discussion.

The review of the quarterly financial reports performed by the AC 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 quarterly financial reports reviewed by the AC were then recommended to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").

### 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 AC reviewed the Company's compliance with the MMLR, accounting standards promulgated by Malaysian Accounting Standards Board and other legal and regulatory requirements.

# AUDIT COMMITTEE

## REPORT

(cont'd)

### D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (cont'd)

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

At such quarterly meetings, the AC 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 AC 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 AC for review and approval 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 AC.

During the same meeting, the proposed audit and non-audit fees were presented by the External Auditors for review by the AC 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.

During the financial year under review, in line with the Malaysian Institute of Accountants' (MIA) revised By-Laws (On Professional Ethics, Conduct and Practice) (By-Laws) Part A which stipulates that "*A firm communicates with those charged with governance of a public interest entity before the firm or network firm provides non-assurance services to entities within the corporate structure of which the public interest entity forms part that might create threats to the firm's independence from the public interest entity. The purpose of the communication is to enable those charged with governance of the public interest entity to have effective oversight of the independence of the firm that audits the financial statements of that public interest entity. [MIA By-Laws 600.20 A1]*", the AC reviewed and approved the *Non-Assurance Services ("NAS") Pre-Approval Policy* for non-assurance services that may be provided by the External Auditors.

#### 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 AC. Subsequent to the deliberations and clarifications of the audit findings by the AC with the External Auditors and conclusions derived therefrom, the audit findings and recommendations were presented to the Board by the Chairman of the AC.

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 AC recommended for the Board's approval and adoption of the audited statutory financial statements for the financial year ended 31 March 2024 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)

### 6. Private Sessions with External Auditors

For the financial year ended 31 March 2024, the AC met twice on 21 July 2023 and 27 February 2024 with the External Auditors without the presence of the Executive Directors and Management in order for the AC 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 AC 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 AC on their independence status on an ongoing manner. The AC also considered information in the Annual Transparency Report presented by the External Auditors during the meeting as part of the criteria to guide the AC 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 2024.

### 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 AC 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 AC assessed the adequacy and effectiveness of the respective Internal Audit Function through the review of the resources, experience and continuous professional development of the Internal Audit Function. Further, the AC 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 AC prior to commencement of audit work.

The oversight role of the AC on the internal audit function is detailed in the Statement on Risk Management and Internal Control set out on pages 98 to 100 of this Annual Report.

### 9. Private Session with the Internal Audit Functions

For the financial year ended 31 March 2024, the AC on 27 February 2024 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 AC and the respective internal audit functions to freely exchange observations and opinions as well as to discuss any significant audit issues.

# AUDIT COMMITTEE

## REPORT

(cont'd)

### D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (cont'd)

#### 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") and comparison with the shareholders' mandate amounts (for the period from the previous general meeting to the forthcoming general meeting) were reported to the AC for its review. The AC noted that all RRT and RRPT were within the approved mandate by the shareholders at the 17<sup>th</sup> Annual General Meeting ("AGM"). Other than RRPT approved by the shareholders at the 17<sup>th</sup> AGM, the AC noted that there were no other material transactions entered into by the Group with related parties during the financial year ended 31 March 2024.

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

During the quarterly meetings, the AC reviewed the options listing and confirmed that the options had been granted in accordance with the relevant Employees' Share Option Scheme ("ESOS") By-Laws during the financial year ended 31 March 2024.

During the same meetings, the AC 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 AC reviewed the Corporate Governance Report, Corporate Governance Overview Statement, AC 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, MCGG 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 AC reviewed the draft circular to Shareholders to ensure the contents and presentation were in compliance with the MMLR.

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

The AC reviewed and deliberated on 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) on its adequacy and effectiveness. Based on the review, the AC 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 Results of the Group

In May 2024, the AC reviewed and approved the Sustainability Matters Assessment Report on sustainability management and stakeholders engagement activities performed by the Group during the financial year under review and recommended it to the Board for adoption.

The AC also reviewed the sustainability matters assessment results presented by the SRMC. The review was on updates of identified material sustainability matters. Based on the review, the AC was satisfied with the process and results of the sustainability matters assessment and subsequently reported the results of the review to the Board.

# AUDIT COMMITTEE REPORT

(cont'd)

## D. SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (cont'd)

### 16. Others

- The proceedings of the AC meetings, significant issues and concerns discussed and where appropriate, recommendations were reported to the Board by the AC Chairman, with the minutes of the AC made available to all board members for review. Clarification and confirmation from AC Chairman were also provided where required.
- The AC reviewed its terms of reference and proposed updates and changes to the terms of reference to the Board for its review and approval.
- The AC reviewed and approved the Annual Budget for the Group prior to its recommendation to the Board for approval.
- The AC reviewed amendments to the Grievance Procedures and Whistle-blowing Policy.
- Reviewed the solvency statements in connection with the declaration of 4<sup>th</sup> interim single tier dividend and special interim single tier dividend for the financial year ended 31 March 2023, 1<sup>st</sup> interim single tier dividend and special interim single tier dividend, 2<sup>nd</sup> and 3<sup>rd</sup> interim single tier dividend for the financial year ended 31 March 2024 before recommending to the Board for consideration and approval of the distributions.

## 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 AC. The appointment and resignation of the internal auditors as well as the proposed/budgeted audit fees are subject to review and approval by the AC for its reporting to the Board for ultimate approval.

The AC 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 AC. The in-house internal audit function and the outsourced internal audit function tabled the results of their review to the AC during their scheduled meetings, highlighting their findings, recommendations, areas of improvement opportunities, management response and action plan.

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 AC for their review and deliberation.

The AC 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 AC meetings during the financial year under review.

Further details of the internal audit functions and the oversight roles of the AC in relation to risk management and internal control are disclosed in the Statement on Risk Management and Internal Control set out in pages 93 to 100 of this annual report.



# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of Bursa Malaysia Securities Berhad's 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 2024 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 has established an appropriate governance, risk management and internal control system that is embedded into the corporate culture, processes and strategies of the Group, which articulates the importance of an adequate and effective governance, risk management and internal control system.

The Audit Committee, as a Board Committee, is governed by its terms of reference and is delegated with the duty to review the adequacy and effectiveness of the risk management and internal control system of the Group and to provide assurance to the Board on the adequacy and effectiveness of such risk management and internal control system. The Audit Committee keeps the Board informed on all significant risks and control issues brought to its attention by the Sustainability and Risk Management Committee ("SRMC"), the internal audit function and the external auditors.

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 maintains an on-going commitment to identifying, evaluating and managing the significant risks faced by the Group. 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 and the updated Enterprise Risk Management-Integrated Framework (2017) by Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

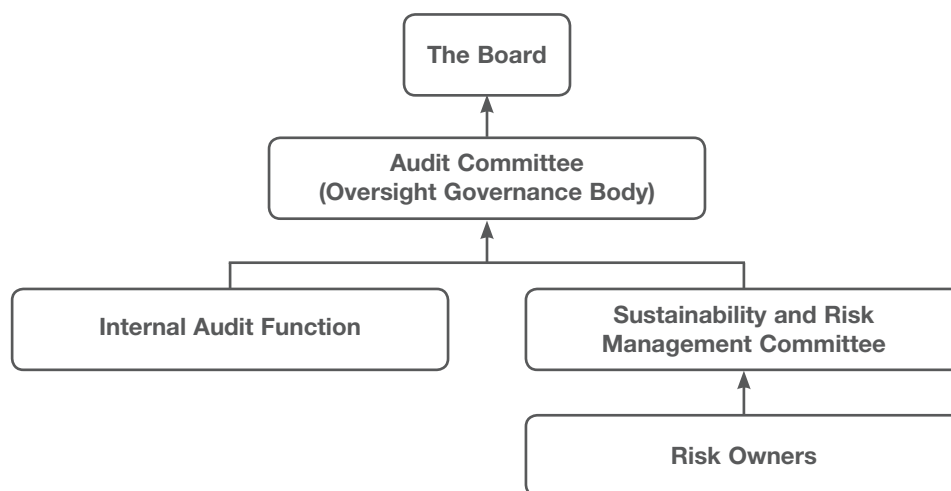
The Group Risk Management Framework clearly defines the risk management objectives and processes, along with clear roles and responsibilities of the Board, Audit Committee, Internal Audit Function, SRMC and risk owners which are defined in the terms of reference of the respective committees.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## RISK MANAGEMENT (cont'd)

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



The Board delegates the duty of identification, assessment and management of key business risks to the SRMC, led by an Executive Director as Chairman of the Committee, which reports to the Audit Committee on a periodic basis (at least on an annual basis) or when appropriate. The roles and responsibilities of the SRMC in relation to risk management include the following:

- implement the Group Risk Management Framework approved by the Audit Committee and the Board;
- implement the risk management process which includes the identification of key risks (including sustainability matters) and the devising of appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existent, and communicating such action plans to the risk owners;
- 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;
- 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), 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
- 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 changes 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:

- manage the risks of the business processes under his/her control;
- continuously identify risks and evaluate existing controls. If controls are deemed ineffective, inadequate or non-existent, to establish and implement the necessary controls to reduce the risk likelihood and/or impact;
- 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;
- assist with the development of the management action plans and implement these action plans;
- assist the SRMC with the yearly update of changes in the Key Risks Registers, management action plans and the status of these plans;
- ensure that departmental staff understand the risk exposure of the relevant processes under their responsibilities and the importance of the related controls; and
- ensure that staff are adequately trained on risk and improvement opportunity management.

# STATEMENT OF 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 levels (including sustainability, fraud and bribery-related risks) on an annual basis or on a 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 risk considerations 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 of the business processes under their control. Risk owners are responsible for the effective and efficient operational monitoring and management, by way of maintaining effective internal controls and ensuring compliance with risk and control procedures on a day-to-day basis. Changes in the key risks or emergence of new risks are identified by the respective levels of Management through daily operational management, review of operational and management reports generated by the internal management information system and supplemented by external data and information received or collected. The risk owners are responsible for assessing any material changes to the existing risks or emergence of new risks, and for formulating and implementing effective controls to manage these risks. Such material risks are highlighted to the SRMC for the final decision on the formulation and implementation of effective internal controls and reported to the Audit Committee and the Board.

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 OF 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 Whistle-blowing 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 reported or detected are 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 authority 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 into all relevant operating processes and documents and are stated in the Group's policies and procedures.

- **Annual Budget and Performance Measurement**

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

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## INTERNAL CONTROL SYSTEM (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 adopted by the Board will ensure employees with potential are identified and groomed for key positions within the Group for business continuity management and 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 experience (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 staff of all levels 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 material change in the internal and/or business environment 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 infrastructure 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.



# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## INTERNAL CONTROL SYSTEM *(cont'd)*

- **Monitoring and Review**

As the Executive Directors are closely and directly involved in the day-to-day operations of the Group, regular reviews of operational and management 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 of the Group, including review of key financial indicators/ratios and comparison against budgeted financial results and the preceding corresponding period's 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 is further enhanced by independent reviews of specific areas of Occupational Safety, Health and Environment ("OSHE") by the relevant regulatory authorities and/or independent consultants engaged by the Group.

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 is adequate and effective in mitigating organisational risks to achieve the Group's corporate objectives.

The internal audit functions of the Group comprise 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 an independent consulting company, NeedsBridge Advisory Sdn. Bhd., with the primary responsibility for the internal control review of the distributorship management system implemented by the Group.

The Head of the In-house Internal function is a Member of the Association of Chartered Certified Accountants and a Chartered Member of The Institute of Internal Auditors Malaysia. The engagement director of the outsourced internal audit function is a Certified Internal Auditors accredited by the Institute of Internal Auditors Global. Both 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 carried out by the in-house internal audit function and outsourced internal audit function are, 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 comprised 1 (one) Internal Audit Assistant Manager, 4 (four) Internal Audit Executives and 1 (one) Internal Audit Officer.

# STATEMENT OF 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, 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, approved internal audit plans and results of internal audits, management action plans and follow up reports 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 2024 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 2024, the internal audit functions conducted reviews for:

- Intellectual Property Management of the Group
- Information Technology (Hardware & Software) Management of the Manufacturing division
- Stock Take Special Review On Finished Goods of the Manufacturing division
- Credit Note Issuance For Short Supply of the Manufacturing division
- Credit Control Management of the Manufacturing division
- Inventory Management of the Manufacturing division
- Distribution Management System for selected key dealers

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## 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 meetings, 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 these meetings for the Audit Committee's 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 is 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 2024 amounted to RM423,054.

## ASSURANCE PROVIDED BY CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER - FINANCE

In accordance with the Guidelines, the Chief Executive Officer, being the highest-ranking executive in the Group and General Manager - Finance, being the persons 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 has 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 mechanisms stipulated above coupled with the assurance provided by the Chief Executive Officer and the General Manager - Finance, the Board is of the view that the governance, risk management and internal control system is operating satisfactorily and has 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, enhance 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 2024, and reported to the Board that nothing has come to their attention that caused 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

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# DIRECTORS'

## REPORT

For the year ended 31 March 2024

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 2024.

### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 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 7 to the financial statements.

### RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	41,558,993	7,768,545
Non-controlling interests	748,936	-
	42,307,929	7,768,545

### 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 2023 as reported in the Directors' Report of that year:
- a third interim single tier dividend of 2.00 sen per ordinary share totalling RM8,492,849 declared on 22 February 2023 and paid on 7 April 2023;
  - a special interim single tier dividend of 0.25 sen per ordinary share totalling RM1,061,606 declared on 22 February 2023 and paid on 7 April 2023;
  - a fourth interim single tier dividend of 2.00 sen per ordinary share totalling RM9,023,015 declared on 25 May 2023 and paid on 3 July 2023; and
  - a special interim single tier dividend of 1.50 sen per ordinary share totalling RM6,767,262 declared on 25 May 2023 and paid on 3 July 2023.



# DIRECTORS' REPORT

For the year ended 31 March 2024  
(cont'd)

## DIVIDENDS (cont'd)

ii) In respect of the financial year ended 31 March 2024:

- a first interim single tier dividend of 2.00 sen per ordinary share totalling RM9,256,737 declared on 28 August 2023 and paid on 12 October 2023;
- a special interim single tier dividend of 0.50 sen per ordinary share totalling RM2,314,184 declared on 28 August 2023 and paid on 12 October 2023;
- a second interim single tier dividend of 2.00 sen per ordinary share totalling RM9,245,141 declared on 22 November 2023 and paid on 5 January 2024;
- a third interim single tier dividend of 1.30 sen per ordinary share totalling RM6,001,742 declared on 27 February 2024 and paid on 9 April 2024; and
- a fourth interim single tier dividend of 1.30 sen per ordinary share totalling RM5,977,199 declared on 23 May 2024 and paid on 5 July 2024.

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\*\* (reappointed on 18 May 2023)  
 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  
 Ms. Tan Lay Beng

\*\* These Directors are also Directors of the Company's subsidiaries

The name of the Director of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) is:

Drs. Iskandar

# DIRECTORS'

## REPORT

For the year ended 31 March 2024  
(cont'd)

### 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	Bought/ Warrant exercised	Sold	Transfer	At
		1 April 2023/ date of appointment				
Company						
Dato' How Say Swee	Direct	77,494,236	5,295,206	-	-	82,789,442
	Deemed	3,000,000	-	-	-	3,000,000
Dato' Wong Fuei Boon	Direct	70,813,956	4,547,226	(1,000,000)	-	74,361,182
	Deemed	10,000,000	1,000,000	-	-	11,000,000
Mr. Wong Tak Keong	Direct	34,122,700	10,157,800	(1,225,000)	2,400,000	45,455,500
	Deemed	8,450,800	-	-	(2,400,000)	6,050,800
Dato' Tea Choo Keng	Direct	3,480	-	-	-	3,480
Mr. See Thuan Po	Direct	4,578,000	-	-	-	4,578,000
	Deemed	6,712,600	157,400	-	-	6,870,000
Mr. Ong Kheng Swee	Direct	235,315	20,000	-	-	255,315
	Deemed	154,000	-	-	-	154,000
En. Azahar bin Baharudin	Direct	6	-	-	-	6
Mr. Low Jun Lee	Deemed	51,109,616	7,082,786	-	(3,282,827)	54,909,575

		Number of options over ordinary shares ('000)			
		At 1 April 2023/ date of appointment	Granted	Exercised/ Forfeited	At 31 March 2024
Name of Directors	Option price				
Company					
Dato' How Say Swee	RM2.000	2,000	-	-	2,000
Dato' Wong Fuei Boon	RM2.000	2,000	-	-	2,000
Mr. Wong Tak Keong	RM1.291	14,000	-	-	14,000
	RM2.000	15,000	-	-	15,000
Mr. See Thuan Po	RM1.291	2,000	-	-	2,000
	RM2.000	5,000	-	-	5,000
Mr. Low Jun Lee	RM2.000	100	-	(100)	-
Dato' Tea Choo Keng	RM2.000	100	-	(100)	-
En. Azahar bin Baharudin	RM2.000	100	-	(100)	-
Mr. Ong Kheng Swee	RM2.000	100	-	(100)	-
Y.A.D. Tengku Dato' Setia Putra Alhaj	RM2.000	200	-	(200)	-
Dato' Afifuddin bin Abdul Kadir	RM2.000	200	-	(200)	-
Ms. Tan Lay Beng	RM2.000	100	-	(100)	-

# DIRECTORS' REPORT

For the year ended 31 March 2024  
(cont'd)

## DIRECTORS' INTERESTS IN SHARES (cont'd)

			Number of Warrants ('000)		
Name of Directors	Interest	At 1 April 2023/ date of appointment	Bought	Sold/ Converted/ Lapsed	At 31 March 2024
Company					
Dato' How Say Swee	Direct	5,295	-	(5,295)	-
Dato' Wong Fuei Boon	Direct	4,547	-	(4,547)	-
	Deemed	1,000	-	(1,000)	-
Mr. Wong Tak Keong	Direct	10,138	-	(10,138)	-
Mr. Ong Kheng Swee	Direct	- <sup>#</sup>	-	- <sup>#</sup>	-
En. Azahar bin Baharudin	Direct	- <sup>@</sup>	-	- <sup>@</sup>	-
Mr. Low Jun Lee	Deemed	7,083	-	(7,083)	-

<sup>#</sup> This represents 17 Warrants.

<sup>@</sup> This represents 1 Warrant.

## 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 shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 March 2024 are as follows:

	From the Company RM	From subsidiary companies RM
Directors of the Company:		
Fees	902,004	-
Remuneration	172,400	13,450,339
Share-based payments	(13,105)*	422,004
Estimated monetary value of any other benefits	-	165,549
Fees paid to a firm in which a Director is a partner	12,000	122,343
Transactions with companies related to Directors		
- Management fees	-	426,088
- Secretarial fees	2,800	27,364
	1,076,099	14,613,687

\* The amount represents the net reversal of share-based payments expenses due to cancellation of share options during the year.

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.

# DIRECTORS'

## REPORT

For the year ended 31 March 2024  
(cont'd)

### ISSUE OF SHARES

During the financial year, the Company issued:

- a) 45,000 new ordinary shares for cash totalling RM78,300 arising from the exercise of the employees' share options at an exercise price of RM1.74 per ordinary share; and
- b) 37,895,772 new ordinary shares for cash totalling RM58,359,489 arising from the exercise of Warrants at RM1.54 per ordinary share.

At the Annual General Meeting held on 28 August 2023, 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 2,523,800 of its issued ordinary shares with an average repurchase price of RM1.92. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost. The Company cancelled a total of 23,764,500 treasury shares on 26 January 2024.

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 and expired on 24 July 2023;
- 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.

37,895,772 of Warrants were exercised during the year. The remaining of 917,821 unexercised Warrants have expired on 24 July 2023 and were removed from the official list of Bursa Malaysia Securities Berhad.

# DIRECTORS' REPORT

For the year ended 31 March 2024  
(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 10 June 2019, the Company's shareholders approved the establishment of a second ESOS ("ESOS 2") to eligible key employees and Directors of the Group.

The salient features of the ESOS 2 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.

At the Extraordinary General Meeting held on 8 August 2022, the Company's shareholders approved the establishment of a third ESOS ("ESOS 3") to eligible key employees and Directors of the Group.

The salient features of the ESOS 3 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) The aggregate maximum allocation to the Directors and senior management of our Group (excluding dormant subsidiaries) shall not be more than 70% of the total number of shares to be made available under the Scheme.
- d) Any 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.



# DIRECTORS'

## REPORT

For the year ended 31 March 2024  
(cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

The salient features of the ESOS 3 are, inter alia, as follows: (cont'd)

- 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 the date of offer, which is 9 August 2022.

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

Date of offer	Exercise price RM	Number of options over ordinary shares ('000)			At 31 March 2024
		At 1 April 2023	Exercised	Forfeited	
11 June 2019	1.291	16,000	-	-	16,000
14 April 2020	1.740	3,075	(45)	(1,075)	1,955
9 August 2022	2.000	36,395	-	(4,545)	31,850
1 March 2023	2.000	3,100	-	(100)	3,000
		58,570	(45)	(5,720)	52,805

### INDEMNITY AND INSURANCE COSTS

During the financial year, the premium paid for insurance effected for Directors and officers of the Company is RM41,276.

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
- 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.

# DIRECTORS' REPORT

For the year ended 31 March 2024  
(cont'd)

## OTHER STATUTORY INFORMATION (cont'd)

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 2024 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 details of auditors' remuneration of the Group and of the Company during the year are as follow:

	Group RM	Company RM
Auditors' remuneration:		
- Statutory audit		
- KPMG PLT	279,000	69,000
- Other auditors	80,602	-
- Non-audit fees		
- KPMG PLT	9,000	9,000
- Local affiliates of KPMG PLT	116,000	5,000
	484,602	83,000

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 2024

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
<b>Assets</b>					
Property, plant and equipment	3	130,696,001	111,281,976	18,137	28,003
Right-of-use assets	4	181,566	-	-	-
Investment properties	5	34,281,538	16,133,073	-	-
Intangible assets	6	-	-	-	-
Investments in subsidiaries	7	-	-	214,296,920	213,200,666
Investment in an associate	8	-	-	-	-
Other investments	9	3,160,609	3,177,718	3,160,609	3,177,718
Deferred tax assets	10	-	2,817,765	-	48,000
<b>Total non-current assets</b>		168,319,714	133,410,532	217,475,666	216,454,387
Inventories	11	99,150,887	115,700,802	-	-
Trade and other receivables	12	112,162,841	102,056,633	81,530,367	88,248,673
Current tax assets		12,103,076	10,252,877	37,371	173,135
Cash and cash equivalents	13	113,772,994	76,732,429	57,022,929	34,279,169
<b>Total current assets</b>		337,189,798	304,742,741	138,590,667	122,700,977
<b>Total assets</b>		505,509,512	438,153,273	356,066,333	339,155,364
<b>Equity</b>					
Share capital	14	319,622,779	277,474,304	319,622,779	277,474,304
Reserves	14	26,209,528	12,128,931	24,076,829	45,562,562
<b>Equity attributable to owners of the Company</b>		345,832,307	289,603,235	343,699,608	323,036,866
<b>Non-controlling interests</b>	7	1,912,459	746,195	-	-
<b>Total equity</b>		347,744,766	290,349,430	343,699,608	323,036,866
<b>Liabilities</b>					
Loans and borrowings	15	32,677,711	16,003,612	-	-
Lease liabilities		68,126	-	-	-
Deferred tax liabilities	10	376,592	-	68,000	-
<b>Total non-current liabilities</b>		33,122,429	16,003,612	68,000	-
Loans and borrowings	15	26,626,684	15,310,868	-	-
Lease liabilities		114,835	-	-	-
Trade and other payables	16	91,899,056	106,934,908	6,296,983	6,564,043
Dividend payable		6,001,742	9,554,455	6,001,742	9,554,455
<b>Total current liabilities</b>		124,642,317	131,800,231	12,298,725	16,118,498
<b>Total liabilities</b>		157,764,746	147,803,843	12,366,725	16,118,498
<b>Total equity and liabilities</b>		505,509,512	438,153,273	356,066,333	339,155,364

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 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Revenue	17	419,270,955	455,762,635	9,033,658	29,807,500
Other income		6,018,517	4,421,703	1,023,109	33,949,163
Changes in inventories of finished goods and work-in-progress		(1,615,444)	11,350,668	-	-
Raw materials used		(202,692,535)	(227,174,826)	-	-
Marketing expenses					
- advertising and promotional expenses		(37,308,552)	(33,218,236)	-	-
Staff costs		(71,977,017)	(72,267,575)	(898,848)	(1,307,310)
Depreciation		(10,436,573)	(8,698,862)	(14,327)	(14,911)
Other expenses		(54,203,960)	(60,073,405)	(1,892,315)	(1,765,281)
Total expenses		(378,234,081)	(390,082,236)	(2,805,490)	(3,087,502)
<b>Results from operating activities</b>		47,055,391	70,102,102	7,251,277	60,669,161
Finance income		2,127,676	1,069,950	1,051,192	521,243
Finance costs	18	(1,134,178)	(894,162)	-	-
<b>Net finance income</b>		993,498	175,788	1,051,192	521,243
<b>Profit before tax</b>		48,048,889	70,277,890	8,302,469	61,190,404
Tax expense	19	(5,740,960)	(10,827,211)	(533,924)	(363,017)
<b>Profit for the year</b>	20	42,307,929	59,450,679	7,768,545	60,827,387
<b>Other comprehensive income/ (expense), net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences		1,825,651	112,848	-	-
Equity investments measured at fair value through other comprehensive income/ (expense)		548,770	(47,940)	548,770	(47,940)
<b>Other comprehensive income/ (expense) for the year, net of tax</b>		2,374,421	64,908	548,770	(47,940)
<b>Total comprehensive income for the year</b>		44,682,350	59,515,587	8,317,315	60,779,447

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 2024  
(cont'd)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
<b>Profit attributable to:</b>					
Owners of the Company		41,558,993	58,758,215	7,768,545	60,827,387
Non-controlling interests		748,936	692,464	-	-
<b>Profit for the year</b>		<b>42,307,929</b>	<b>59,450,679</b>	<b>7,768,545</b>	<b>60,827,387</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		43,862,709	58,813,540	8,317,315	60,779,447
Non-controlling interests		819,641	702,047	-	-
<b>Total comprehensive income for the year</b>		<b>44,682,350</b>	<b>59,515,587</b>	<b>8,317,315</b>	<b>60,779,447</b>
Basic earnings per ordinary share (sen)	21	9.10	14.02		
Diluted earnings per ordinary share (sen)	21	8.99	13.62		

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM	Treasury shares RM	Share option reserve RM	Fair value reserve RM	Exchange fluctuation reserve RM	Retained earnings RM	Total equity RM
<b>Group</b>							
<b>At 1 April 2022</b>	255,528,000	(17,307,933)	8,374,115	(373,772)	2,412,917	17,984,474	266,617,801
Foreign currency translation differences for foreign operations	-	-	-	-	103,265	-	103,265
Equity investments measured at fair value through other comprehensive expense	-	-	-	(47,940)	-	-	(47,940)
<b>Total other comprehensive (expense)/income for the year</b>	-	-	-	(47,940)	103,265	-	55,325
Profit for the year	-	-	-	-	-	58,758,215	58,758,215
<b>Total comprehensive (expense)/income for the year</b>	-	-	-	(47,940)	103,265	58,758,215	58,813,540
<i>Contributions by and distributions to owners of the Company</i>							
Own shares sold	-	1,997,516	-	-	-	64,653	2,062,169
Own shares acquired	-	(17,261,007)	-	-	-	-	(17,261,007)
Issue of shares pursuant to Employees' Share Option Scheme	6,952,094	-	(1,552,635)	-	-	-	5,399,459
Exercise of Warrants	14,994,210	-	-	-	-	-	14,994,210
Share-based payment transactions	-	-	4,023,648	-	-	-	4,023,648
Dividends to owners of the Company	-	-	-	-	-	(45,099,062)	(45,099,062)
Changes in ownership interests in a subsidiary	21,946,304	(15,263,491)	2,471,013	-	-	(45,034,409)	(35,880,583)
Subscription of shares by non-controlling interest	-	-	-	-	-	52,477	52,477
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	21,946,304	(15,263,491)	2,471,013	-	-	(44,981,932)	(35,828,106)
<b>At 31 March 2023</b>	277,474,304	(32,571,424)	10,845,128	(421,712)	2,516,182	31,760,757	289,603,235

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



# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

<div style="display: flex; justify-content: space-between; align-items: center;"> <span>←</span> <span>Attributable to owners of the Company</span> <span>→</span> </div> <div style="display: flex; justify-content: space-between; align-items: center;"> <span>←</span> <span>Non-distributable</span> <span>→</span> <span>Distributable</span> </div>						
Note	Share capital RM	Treasury shares RM	Share option reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM
<b>Company</b>						
<b>At 1 April 2022</b>	255,528,000	(17,307,933)	8,374,115	(373,772)	51,917,592	298,138,002
Equity investments measured at fair value through other comprehensive expense/ Total other comprehensive expense for the year	-	-	-	(47,940)	-	(47,940)
Profit for the year	-	-	-	-	60,827,387	60,827,387
<b>Total comprehensive (expense)/income for the year</b>	-	-	-	(47,940)	60,827,387	60,779,447
<i>Contributions by and distributions to owners of the Company</i>						
Own shares sold 14	-	1,997,516	-	-	64,653	2,062,169
Own shares acquired 14	-	(17,261,007)	-	-	-	(17,261,007)
Issue of shares pursuant to Employees' Share Option Scheme 14	6,952,094	-	(1,552,635)	-	-	5,399,459
Exercise of Warrants 14	14,994,210	-	-	-	-	14,994,210
Share-based payment transactions 22	-	-	4,023,648	-	-	4,023,648
Dividends to owners of the Company 23	-	-	-	-	(45,099,062)	(45,099,062)
<b>Total transactions with owners of the Company</b>	21,946,304	(15,263,491)	2,471,013	-	(45,034,409)	(35,880,583)
<b>At 31 March 2023</b>	277,474,304	(32,571,424)	10,845,128	(421,712)	67,710,570	323,036,866

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

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024  
(cont'd)

<div> <div>←</div> <div>Attributable to owners of the Company</div> <div>→</div> </div>						
<div> <div>←</div> <div>Non-distributable</div> <div>→</div> <div>Distributable</div> </div>						
Note	Share capital RM	Treasury shares RM	Share option reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM
<b>Company</b>						
<b>At 1 April 2023</b>	277,474,304	(32,571,424)	10,845,128	(421,712)	67,710,570	323,036,866
Equity investments measured at fair value through other comprehensive income/						
Total other comprehensive income for the year	-	-	-	548,770	-	548,770
Profit for the year	-	-	-	-	7,768,545	7,768,545
<b>Total comprehensive income for the year</b>	-	-	-	548,770	7,768,545	8,317,315
<i>Contributions by and distributions to owners of the Company</i>						
Own shares acquired 14	-	(4,835,221)	-	-	-	(4,835,221)
Own shares cancelled 14	(16,297,839)	36,147,431	-	-	(19,849,592)	-
Issue of shares pursuant to Employees' Share Option Scheme 14	86,825	-	(8,525)	-	-	78,300
Exercise of Warrants 14	58,359,489	-	-	-	-	58,359,489
Share-based payment transactions 22	-	-	1,350,940	-	-	1,350,940
Dividends to owners of the Company 23	-	-	-	-	(42,608,081)	(42,608,081)
<b>Total transactions with owners of the Company</b>	42,148,475	31,312,210	1,342,415	-	(62,457,673)	12,345,427
<b>At 31 March 2024</b>	319,622,779	(1,259,214)	12,187,543	127,058	13,021,442	343,699,608

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

# STATEMENTS OF CASH FLOWS

For the year ended 31 March 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
<b>Cash flows from operating activities</b>					
Profit before tax		48,048,889	70,277,890	8,302,469	61,190,404
Adjustments for:					
Depreciation:					
- Property, plant and equipment		9,953,999	8,381,938	14,327	14,911
- Right-of-use assets		155,679	-	-	-
- Investment properties		326,895	316,924	-	-
Finance costs		1,134,178	894,162	-	-
Gain on disposal of:					
- Property, plant and equipment		(546,206)	(371,246)	-	-
- Other investments		(24,150)	-	(24,150)	-
Impairment loss/(Reversal of impairment loss) on:					
- Investment in subsidiaries		-	-	-	(32,424,427)
- Property, plant and equipment		-	141,904	-	-
Impairment loss/(Reversal of impairment loss) on trade receivables		12,016	(846,087)	-	-
Negative goodwill arising from acquisition of a subsidiary	29.2	(415,628)	-	-	-
Share-based payment transactions	22	1,350,940	4,023,648	(28,938)	65,804
Dividend income from other investments	9	(133,658)	(159,753)	(133,658)	(159,753)
Finance income		(2,127,676)	(1,069,950)	(1,051,192)	(521,243)
Unrealised gain on foreign exchange		(745,885)	(402,147)	(299,334)	(292,461)
Write down/(Write back) of obsolete and slow-moving inventories		51,754	(899,061)	-	-
<b>Operating profit before changes in working capital</b>		57,041,147	80,288,222	6,779,524	27,873,235
Change in inventories		17,523,031	(35,916,800)	-	-
Change in trade and other receivables		(8,954,410)	(9,486,263)	8,397,518	(15,983,995)
Change in trade and other payables		(16,487,190)	12,186,156	(267,060)	30,373
<b>Cash generated from operations</b>		49,122,578	47,071,315	14,909,982	11,919,613
Interest received		2,127,676	1,069,950	1,051,192	521,243
Tax paid		(4,439,837)	(11,796,335)	(282,160)	(528,017)
<b>Net cash from operating activities</b>		46,810,417	36,344,930	15,679,014	11,912,839
<b>Cash flows from investing activities</b>					
Acquisition of:					
- Property, plant and equipment	3.2	(16,234,951)	(21,589,276)	(4,461)	(15,695)
- Investment properties		(28,026,282)	(6,241,559)	-	-
- a subsidiary, net of cash and cash equivalents	29.2	(40,573)	-	(454,610)	-
- Other investments		-	(4,967)	-	(4,967)
Dividend income from other investments	9	133,658	159,753	133,658	159,753
Additional investment in subsidiaries		-	-	(641,644)	(2,550,966)
Proceeds from disposal of:					
- Property, plant and equipment		896,764	395,802	-	-
- Other investments		590,029	-	590,029	-
Proceeds from ESOS issued to employees of subsidiaries	7	-	-	-	8,245,580
<b>Net cash (used in)/from investing activities</b>		(42,681,355)	(27,280,247)	(377,028)	5,833,705

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

# STATEMENTS OF CASH FLOWS

For the year ended 31 March 2024  
(cont'd)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from financing activities					
Interest paid		(1,134,178)	(894,162)	-	-
Issuance of share capital		58,437,789	20,393,669	58,437,789	20,393,669
Subscription of shares by non-controlling interest		150,000	136,326	-	-
Dividends paid to:					
- Owners of the Company		(46,160,794)	(40,576,567)	(46,160,794)	(40,576,567)
- Non-controlling interests		-	(101,423)	-	-
Net purchases of treasury shares		(4,835,221)	(15,198,838)	(4,835,221)	(15,198,838)
Drawdown of bankers' acceptances		7,422,972	13,488,000	-	-
Net drawdown/(repayment) of term loans		18,853,943	(1,904,606)	-	-
Repayment of hire purchase liabilities		(409,000)	(191,159)	-	-
Repayment of lease liabilities		(154,284)	-	-	-
Net cash from/(used in) financing activities		32,171,227	(24,848,760)	7,441,774	(35,381,736)
Exchange difference on translation of the financial statements of foreign operation		740,276	(97,872)	-	-
Net increase/(decrease) in cash and cash equivalents		37,040,565	(15,881,949)	22,743,760	(17,635,192)
Cash and cash equivalents at 1 April		76,732,429	92,614,378	34,279,169	51,914,361
Cash and cash equivalents at 31 March	13	113,772,994	76,732,429	57,022,929	34,279,169

## Cash outflows for leases as a lessee

		Group	
	Note	2024 RM	2023 RM
<b>Included in net cash from operating activities</b>			
Payment relating to short-term leases	20	1,266,394	878,788
<b>Included in net cash from financing activities</b>			
Payment of interest expense on lease liabilities	18	5,500	-
Payment of lease liabilities		154,284	-
<b>Total cash outflow for leases</b>		1,426,178	878,788

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



# STATEMENTS OF CASH FLOWS

For the year ended 31 March 2024  
(cont'd)

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

	At 1 April 2023 RM	Acquisition of new hire purchase liabilities (Note 3.2) RM	Acquisition of new lease RM	Net change from financing cash flows RM	At 31 March 2024 RM
<b>Group</b>					
Hire purchase liabilities	-	2,122,000	-	(409,000)	1,713,000
Bankers' acceptances	13,488,000	-	-	7,422,972	20,910,972
Term loans	17,826,480	-	-	18,853,943	36,680,423
Lease liabilities	-	-	337,245	(154,284)	182,961
<b>Total liabilities from financing activities</b>	<b>31,314,480</b>	<b>2,122,000</b>	<b>337,245</b>	<b>25,713,631</b>	<b>59,487,356</b>

	At 1 April 2022 RM	Net change from financing cash flows RM	At 31 March 2023 RM
<b>Group</b>			
Hire purchase liabilities	191,159	(191,159)	-
Bankers' acceptances	-	13,488,000	13,488,000
Term loans	19,731,086	(1,904,606)	17,826,480
<b>Total liabilities from financing activities</b>	<b>19,922,245</b>	<b>11,392,235</b>	<b>31,314,480</b>

# 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 2024 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. The financial statements of the Company as at and for the financial year ended 31 March 2024 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 7.

These financial statements were authorised for issue by the Board of Directors on 25 July 2024.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

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

### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. BASIS OF PREPARATION (cont'd)

### (a) Statement of compliance (cont'd)

***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026***

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027***

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

***MFRS Accounting Standards, 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 except for the following items:

Items	Measurement basis
Equity securities at fair value through other comprehensive income ("FVOCI")	Fair value

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. BASIS OF PREPARATION (cont'd)

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards 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 as disclosed in:

- Note 22 - employee benefits
- Note 25.4 - measurement of expected credit loss ("ECL")

## 2. CHANGES IN MATERIAL ACCOUNTING POLICY

### 2.1 Material accounting policy information

The Group adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 April 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 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
<b>Group</b>						
<b>At cost</b>						
At 1 April 2022	89,634,405	47,907,943	26,087,647	3,892,347	2,453,065	169,975,407
Additions	3,227,285	11,643,134	4,957,550	1,710,507	50,800	21,589,276
Disposals/Written off	-	(4,914,893)	(1,315,817)	(280,682)	-	(6,511,392)
Reclassification	256,405	-	156,680	119,271	(532,356)	-
Effect of movements in exchange rates	464,939	-	184,709	-	98,726	748,374
At 31 March 2023/1 April 2023	93,583,034	54,636,184	30,070,769	5,441,443	2,070,235	185,801,665
Acquisition through business combinations	-	1,042,318	223,095	11,925	-	1,277,338
Additions	4,378,724	7,516,061	5,142,883	773,303	545,980	18,356,951
Disposals/Written off	(68,611)	(634,072)	(2,014,010)	-	-	(2,716,693)
Transfer from investment properties	7,368,708	-	1,012,758	1,882,661	-	10,264,127
Effect of movements in exchange rates	881,030	-	309,951	-	147,819	1,338,800
At 31 March 2024	106,142,885	62,560,491	34,745,446	8,109,332	2,764,034	214,322,188
<b>Accumulated depreciation</b>						
At 1 April 2022	12,434,429	34,922,685	19,506,122	2,400,843	-	69,264,079
Depreciation charge	1,386,724	4,092,658	2,689,863	212,693	-	8,381,938
Disposals/Written off	-	(4,887,245)	(1,142,871)	(280,638)	-	(6,310,754)
Effect of movements in exchange rates	100,430	-	151,238	-	-	251,668
At 31 March 2023/1 April 2023	13,921,583	34,128,098	21,204,352	2,332,898	-	71,586,931
Acquisition through business combinations	-	148,875	34,836	723	-	184,434
Depreciation charge	1,561,116	4,334,481	3,571,386	487,016	-	9,953,999
Disposals/Written off	(23,421)	(202,967)	(1,997,843)	-	-	(2,224,231)
Transfer from investment properties	253,270	-	310,330	149,605	-	713,205
Effect of movements in exchange rates	205,687	-	267,489	-	-	473,176
At 31 March 2024	15,918,235	38,408,487	23,390,550	2,970,242	-	80,687,514

# 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
<b>Group</b>						
<b>Accumulated impairment losses</b>						
At 1 April 2022	-	520,805	209,124	166,772	1,971,509	2,868,210
Impairment loss	-	141,904	-	-	-	141,904
Disposals/Written off	-	(176,082)	-	-	-	(176,082)
Effect of movements in exchange rate	-	-	-	-	98,726	98,726
At 31 March 2023/1 April 2023	-	486,627	209,124	166,772	2,070,235	2,932,758
Disposal/Written off	-	(141,904)	-	-	-	(141,904)
Effect of movements in exchange rate	-	-	-	-	147,819	147,819
At 31 March 2024	-	344,723	209,124	166,772	2,218,054	2,938,673
<b>Carrying amounts</b>						
At 1 April 2022	77,199,976	12,464,453	6,372,401	1,324,732	481,556	97,843,118
At 31 March 2023/1 April 2023	79,661,451	20,021,459	8,657,293	2,941,773	-	111,281,976
At 31 March 2024	90,224,650	23,807,281	11,145,772	4,972,318	545,980	130,696,001
						<b>Motor vehicles, office equipment, furniture and fittings/ Total RM</b>
<b>Company</b>						
<b>At cost</b>						
At 1 April 2022						114,939
Addition						15,695
At 31 March 2023/1 April 2023						130,634
Addition						4,461
At 31 March 2024						135,095
<b>Accumulated depreciation</b>						
At 1 April 2022						87,720
Depreciation charge						14,911
At 31 March 2023/1 April 2023						102,631
Depreciation charge						14,327
At 31 March 2024						116,958
<b>Carrying amounts</b>						
At 1 April 2022						27,219
At 31 March 2023/1 April 2023						28,003
At 31 March 2024						18,137



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Group	
	2024 RM	2023 RM
<b>Carrying amounts of land and buildings</b>		
Land	42,601,667	35,381,119
Buildings	47,622,983	44,280,332
	90,224,650	79,661,451

### 3.1 Security

- (i) Included in the property, plant and equipment of the Group were motor vehicles with carrying amount of RM2,330,376 (2023: NIL) acquired under hire purchase arrangements.
- (ii) Certain land and buildings of the Group with carrying amount of RM26,311,074 (2023: RM19,258,933) are charged to banks for banking facilities granted to the Group as disclosed in Note 15.

### 3.2 Acquisition of property, plant and equipment

	2024 RM	2023 RM
<b>Cash paid for acquisition</b>		
Current year's acquisition of property, plant and equipment	18,356,951	21,589,276
Less: Amount financed by hire purchase	(2,122,000)	-
	16,234,951	21,589,276

### 3.3 Material accounting policy information

#### (a) Recognition and measurement

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

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

#### (b) Depreciation

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 - 5 years
Renovation and electrical installation	5 - 10 years

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 4. RIGHT-OF-USE ASSETS

	Total RM
<b>Group</b>	
At 1 April 2023	-
Addition	337,245
Depreciation	(155,679)
At 31 March 2024	181,566

The Group leases premises and machineries that run for 3 years which will end in October 2025.

### 4.1 Significant judgements and assumptions in relation to lease

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

### 4.2 Material accounting policy information

#### (a) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

#### (b) Recognition exemption

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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 5. INVESTMENT PROPERTIES

	RM
<b>Group</b>	
<b>At cost</b>	
At 1 April 2022	10,734,520
Addition	6,241,559
At 31 March 2023/1 April 2023	16,976,079
Addition	28,026,282
Transfer to property, plant and equipment	(10,264,127)
At 31 March 2024	34,738,234
<b>Accumulated depreciation</b>	
At 1 April 2022	526,082
Depreciation charge	316,924
At 31 March 2023/1 April 2023	843,006
Depreciation charge	326,895
Transfer to property, plant and equipment	(713,205)
At 31 March 2024	456,696
<b>Carrying amounts</b>	
At 1 April 2022	10,208,438
At 31 March 2023/1 April 2023	16,133,073
At 31 March 2024	34,281,538

Included in the above are:

	Group	
	2024 RM	2023 RM
Land	27,863,494	4,605,252
Buildings	6,396,044	9,014,438
Renovation, electrical installation, equipment and furnishings	-	2,491,383
Construction-in-progress	22,000	22,000
	34,281,538	16,133,073

Investment properties comprise of shoplot and hotel that are leased to third parties.

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

	Group	
	2024 RM	2023 RM
Lease income	953,208	540,225
Direct operating expenses on income generating investment properties	(55,384)	(52,997)

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 5. INVESTMENT PROPERTIES (cont'd)

### 5.1 Fair value information

Fair value of investment properties is categorised as follows:

	Group	
	2024 RM'000	2023 RM'000
Land and buildings	37,022	19,417

#### 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 RM49 - RM440 (2023: RM227 - RM1,279).	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.

### 5.2 Leases as lessor

The operating lease payments to be received are as follows:

	Group	
	2024 RM'000	2023 RM'000
Less than one year	220	795
One to two years	-	760
Total undiscounted lease payments	220	1,555

### 5.3 Security

Certain land and buildings of the Group with carrying amount of RM27,683,494 (2023: RM7,152,669) are charged to banks for banking facilities granted to the Group as disclosed in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 5. INVESTMENT PROPERTIES *(cont'd)*

### 5.4 Material accounting policy information

#### (a) Recognition and measurement

Investment properties are measured at cost less any accumulated depreciation and any impairment losses.

#### (b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives. Freehold land is not depreciated. Investment properties 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	50 years
Renovation, electrical installation, equipment and furnishings	5 - 10 years

## 6. INTANGIBLE ASSETS

	Product formula/ Total RM
<b>Group</b>	
<b>At cost</b>	
At 1 April 2022/31 March 2023	304,480
At 1 April 2023/31 March 2024	304,480
<b>Accumulated amortisation</b>	
At 1 April 2022/31 March 2023	304,480
At 1 April 2023/31 March 2024	304,480
<b>Carrying amounts</b>	
At 1 April 2022	-
At 31 March 2023/1 April 2023	-
At 31 March 2024	-

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
Cost of investments	226,584,884	233,734,210
Less: Impairment loss	(12,287,964)	(12,287,964)
Less: Proceeds from ESOS issued to employees of subsidiaries	-	(8,245,580)
	214,296,920	213,200,666

Cost of investments in subsidiaries included an amount of NIL (2023: RM8,245,580) arising from the ESOS granted to the subsidiaries' employees.

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	
			2024 %	2023 %
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.	Distribution of various beverage products, trading of cling wraps 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



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of entity	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2024 %	2023 %
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	95	69.6
Power Root HK-China Company Limited*	Distribution of various beverage products	Hong Kong	90	90
French Patisserie Sdn. Bhd.*	Dormant	Malaysia	92.5	92.5
FODA Flavour & Ingredients Sdn. Bhd. ^	Manufacturing of flavours, food ingredients, fragrances and other related products	Malaysia	80	-
Affari Inversions Sdn. Bhd.*	Dormant	Malaysia	100	100
PR Food Trading L.L.C.- FZ**	Wholesale of food and beverage products	United Arab Emirates	100	100
<b>Subsidiaries of Power Root ME FZCO</b>				
P.R. Egypt*	Dormant	Egypt	97	97
PRME Foodstuff Trading LLC*	Dormant	United Arab Emirates	97	97

\* Not audited by KPMG PLT

# Consolidated based on the management account

^ Acquired on 19 October 2023

There is no disclosure of summarised financial information of non-controlling interests in subsidiaries as the amount is not material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 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)
	-	-	-	-

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2024 %	2023 %
Jobtact Sdn. Bhd.	Malaysia	Engaged in the business of information technology related products and services	32.99	32.99

There is no disclosure of summarised financial information as the investment in an associate is not material to the Group.

## 9. OTHER INVESTMENTS

	Group/Company	
	2024 RM	2023 RM
<b>Fair value through other comprehensive income</b>		
Equity instruments:		
- Quoted shares	3,160,609	3,177,718

### 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	
	2024 RM	2023 RM
<b>Group/Company</b>		
Quoted shares	133,658	159,753

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 10. DEFERRED TAX (LIABILITIES)/ASSETS

### 10.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Property, plant and equipment	(6,317,376)	(5,486,451)	(2,000)	(4,080)
Provisions	5,440,409	8,144,216	8,000	52,080
Unutilised tax losses	-	160,000	-	-
Others	500,375	-	(74,000)	-
	(376,592)	2,817,765	(68,000)	48,000

### 10.2 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items in certain subsidiaries (stated at gross):

	Group	
	2024 RM'000	2023 RM'000
Deductible/(Taxable) temporary differences	138	(110)
Unabsorbed capital allowances	1,035	1,163
Unutilised tax losses	3,801	3,801
	4,974	4,854

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 unabsorbed capital allowances, taxable temporary differences and tax losses carry-forward available to the Group.

The unutilised tax losses will expire in the following year of assessment:

	Group	
	2024 RM'000	2023 RM'000
2028	3,776	3,776
2031 and beyond	25	25
	3,801	3,801

The deductible temporary differences and unabsorbed capital allowances do not expire under the current tax legislation.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 10. DEFERRED TAX (LIABILITIES)/ASSETS (cont'd)

### 10.3 Movement in temporary differences during the year

	At 1 April 2022 RM	Recognised in profit or loss (Note 19) RM	At 31 March 2023/ 1 April 2023 RM	Acquisition of subsidiary RM	Recognised in profit or loss (Note 19) RM	At 31 March 2024 RM
<b>Group</b>						
Property, plant and equipment	(3,794,426)	(1,692,025)	(5,486,451)	(40,304)	(790,621)	(6,317,376)
Provisions	5,602,880	2,541,336	8,144,216	-	(2,703,807)	5,440,409
Unutilised tax losses	352,000	(192,000)	160,000	-	(160,000)	-
Others	900,000	(900,000)	-	-	500,375	500,375
	3,060,454	(242,689)	2,817,765	(40,304)	(3,154,053)	(376,592)
<b>Company</b>						
Property, plant and equipment	(2,520)	(1,560)	(4,080)	-	2,080	(2,000)
Provisions	17,520	34,560	52,080	-	(44,080)	8,000
Others	-	-	-	-	(74,000)	(74,000)
	15,000	33,000	48,000	-	(116,000)	(68,000)

## 11. INVENTORIES

	Group	
	2024 RM	2023 RM
Raw materials	58,764,429	76,700,564
Finished goods	38,221,947	36,606,503
Promotional gifts	161,780	357,930
Consumables	2,002,731	2,035,805
	99,150,887	115,700,802
Recognised in profit or loss:		
- Inventories recognised as cost of sales	204,307,979	215,824,158
- Write down/(Write back) of obsolete and slow-moving inventories (included in cost of sales)	51,754	(899,061)

### 11.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using first-in first-out method.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables	97,024,236	86,041,479	-	-
Other receivables	3,089,725	2,485,541	-	-
Deposits and prepayments	12,048,880	13,529,613	36,215	42,143
Due from subsidiaries				
- non-trade	-	-	81,494,152	88,206,530
	112,162,841	102,056,633	81,530,367	88,248,673

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

## 13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	112,705,605	76,522,578	56,069,716	34,069,318
Deposits placed with licensed banks	1,067,389	209,851	953,213	209,851
	113,772,994	76,732,429	57,022,929	34,279,169

## 14. CAPITAL AND RESERVES

### Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2024 RM	2023 RM	2024	2023
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 April	277,474,304	255,528,000	448,003,860	429,478,860
Exercise of ESOS	86,825	6,952,094	45,000	8,788,500
Exercise of Warrants	58,359,489	14,994,210	37,895,772	9,736,500
Cancellation of treasury shares	(16,297,839)	-	(23,764,500)	-
At 31 March	319,622,779	277,474,304	462,180,132	448,003,860

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 14. CAPITAL AND RESERVES (cont'd)

### Reserves

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Distributable</b>				
Retained earnings	10,883,013	31,760,757	13,021,442	67,710,570
<b>Non-distributable</b>				
Treasury shares	(1,259,214)	(32,571,424)	(1,259,214)	(32,571,424)
Share option reserve	12,187,543	10,845,128	12,187,543	10,845,128
Exchange fluctuation reserve	4,271,128	2,516,182	-	-
Fair value reserve	127,058	(421,712)	127,058	(421,712)
	26,209,528	12,128,931	24,076,829	45,562,562

### 14.1 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 28 August 2023, 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 2,523,800 (2023: 10,957,800) of its issued ordinary shares with an average repurchase price of RM1.92 (2023: RM1.58). The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost. The Company cancelled a total of 23,764,500 treasury shares on 26 January 2024.

At 31 March 2024, a total of 757,700 (2023: 21,998,400) repurchased shares are being held as treasury shares. The number of outstanding shares issue after the set off is 461,422,432 (2023: 426,005,460).

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.

### 14.2 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 22.

### 14.3 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.

### 14.4 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.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 15. LOANS AND BORROWINGS

	Group	
	2024 RM	2023 RM
<b>Non-current</b>		
<b>Secured</b>		
Hire purchase liabilities	1,005,645	-
Term loans	31,672,066	16,003,612
	32,677,711	16,003,612
<b>Current</b>		
<b>Secured</b>		
Hire purchase liabilities	707,355	-
Term loans	5,008,357	1,822,868
	5,715,712	1,822,868
<b>Unsecured</b>		
Bankers' acceptances	20,910,972	13,488,000
	26,626,684	15,310,868
	59,304,395	31,314,480

### 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 5.

## 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade payables	23,421,401	22,603,709	-	-
Other payables	5,741,943	7,392,159	45,412	202,809
Accrued advertising and promotional expenses	38,377,550	50,367,106	-	-
Other accrued expenses	24,358,162	26,571,934	290,026	433,673
Due to subsidiaries	-	-	5,961,545	5,927,561
	91,899,056	106,934,908	6,296,983	6,564,043

The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 17. REVENUE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Revenue from contracts with customers</b>				
- At a point in time	418,737,955	455,438,635	-	-
<b>Other revenue</b>				
- Dividend income	-	-	9,033,658	29,807,500
- Lease income	533,000	324,000	-	-
	533,000	324,000	9,033,658	29,807,500
	419,270,955	455,762,635	9,033,658	29,807,500

	Group	
	2024 RM	2023 RM
<b>Disaggregation of revenue from contracts with customers</b>		
- Local	243,041,900	262,355,615
- Export	175,696,055	193,083,020
	418,737,955	455,438,635

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 18. FINANCE COSTS

	Group	
	2024 RM	2023 RM
Interest expense of financial liabilities that are not at fair value through profit or loss	1,128,678	894,162
Interest expense on lease liabilities	5,500	-
	1,134,178	894,162

## 19. TAX EXPENSE

### 19.1 Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Current tax expense</b>				
- Current year	5,180,979	11,364,798	414,000	386,000
- (Over)/Under provision in prior years	(2,594,072)	(780,276)	3,924	10,017
<b>Deferred tax expense/(income)</b>	2,586,907	10,584,522	417,924	396,017
- Origination and reversal of temporary differences	1,313,053	(89,311)	116,000	(34,000)
- Under provision in prior years	1,841,000	332,000	-	1,000
	3,154,053	242,689	116,000	(33,000)
	5,740,960	10,827,211	533,924	363,017

### 19.2 Reconciliation of tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	48,049	70,278	8,302	61,190
Income tax calculated using Malaysian tax rate of 24%	11,532	16,867	1,992	14,686
Non-deductible expenses	1,054	3,281	706	623
Tax incentives	-	(611)	-	-
Non-taxable income	(1,425)	(38)	(2,168)	(14,957)
Effect of unrecognised deferred tax assets	29	(4,396)	-	-
Effect of different tax rates in foreign jurisdictions	(4,696)	(3,828)	-	-
	6,494	11,275	530	352
(Over)/Under provided in prior years	(753)	(448)	4	11
Tax expense	5,741	10,827	534	363

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 20. PROFIT FOR THE YEAR

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Profit for the year is arrived at after charging/(crediting)					
Audit fees:					
- Statutory audit					
- KPMG PLT		279,000	239,500	69,000	62,000
- Other auditors		80,602	75,521	-	-
- Non-audit fees					
- KPMG PLT		9,000	16,000	9,000	8,000
- Local affiliates of KPMG PLT		116,000	112,500	5,000	5,000
Expenses relating to short-term leases	a	1,266,394	878,788	-	-
Impairment loss/(Reversal of impairment loss) on:					
- Investment in subsidiaries		-	-	-	(32,424,427)
- Property, plant and equipment		-	141,904	-	-
Impairment loss/(Reversal of impairment loss) on trade receivables		12,016	(846,087)	-	-
Personnel expenses (including key management personnel):					
- Contributions to state plans		5,251,962	5,441,889	75,045	128,607
- Wages, salaries and others		65,374,115	62,802,038	852,741	1,112,899
- Share-based payment transactions	22	1,350,940	4,023,648	(28,938)	65,804
Dividend income from other investments		(133,658)	(159,753)	(133,658)	(159,753)
Gain on disposal of:					
- Property, plant and equipment		(546,206)	(371,246)	-	-
- Other investments		(24,150)	-	(24,150)	-
(Gain)/Loss on foreign exchange:					
- Realised		(2,043,085)	(1,490,576)	(68,478)	48,406
- Unrealised		(745,885)	(402,147)	(299,334)	(292,461)
Lease income		(953,208)	(540,225)	-	-
Negative goodwill arising from acquisition of a subsidiary	29.2	(415,628)	-	-	-

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. EARNINGS PER ORDINARY SHARE

### Group

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2024 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares calculated as follows:

	Group	
	2024 RM	2023 RM
Profit for the year attributable to ordinary shareholders	41,558,993	58,758,215

Weighted average number of ordinary shares are determined as follows:

	Group	
	2024	2023
Weighted average number of ordinary shares at 31 March	456,529,958	419,016,060
Basic earnings per ordinary share (sen)	9.10	14.02

#### Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 March 2024 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	
	2024 RM	2023 RM
Profit attributable to ordinary shareholders (diluted)	41,558,993	58,758,215
Weighted average number of ordinary shares (basic)	456,529,958	419,016,060
Effect of share options in issue	5,757,527	5,271,064
Effect of exercise of Warrants	-	7,086,842
Weighted average number of ordinary shares (diluted) at 31 March	462,287,485	431,373,966
	2024	2023
Diluted earnings per ordinary share (sen)	8.99	13.62

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 22. EMPLOYEE BENEFITS

### Share-based payments arrangement

#### Share option programme (equity settled)

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.

On 9 August 2022, the Group granted a third 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 8 August 2022. On 1 March 2023, the Group further granted share options on similar terms (except for exercise price) to qualified employees.

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 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
Options granted to eligible employees including Directors of the Company and its subsidiaries on 9 August 2022	38,790	71% non-KPI related 29% KPI related	10 years
Options granted to eligible employees of the Company and its subsidiaries on 1 March 2023	3,100	100% KPI related	10 years
	63,800		

The number and weighted average exercise prices of share options are as follows:

	2024		2023	
	Weighted average exercise price RM	Number of options ( '000)	Weighted average exercise price RM	Number of options ( '000)
Outstanding at 1 April	1.797	58,570	1.183	34,187
Granted during the year	-	-	2.000	41,890
Forfeited during the year	1.951	(5,720)	1.556	(8,718)
Exercised during the year	1.740	(45)	0.616	(8,789)
Outstanding at 31 March	1.780	52,805	1.797	58,570
Exercisable at 31 March	1.291	30,865	1.629	30,550



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 22. EMPLOYEE BENEFITS (cont'd)

### Share-based payments arrangement (cont'd)

#### Share option programme (equity settled) (cont'd)

The options outstanding at 31 March 2024 have an exercise price in the range of RM1.291 to RM2.000 (2023: RM1.291 to RM2.000) and a weighted average contractual life of 8 years (2023: of 9.0 years).

During the financial year, 45,000 (2023: 8,788,500) share options were exercised. The weighted average share price at the date of exercise for the year was RM1.74 (2023: RM1.88).

#### Value of employee services received for issue of share options

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Share options granted in 2013	-	11	-	-
Share options granted in 2016	-	(81)	-	-
Share options granted in 2018	-	(169)	-	-
Share options granted in 2020	-	(27)	-	-
Share options granted in 2021	(63)	(153)	-	-
Share options granted in 2023	1,414	4,443	(29)	66
Total expense recognised as share-based payments	1,351	4,024	(29)	66

## 23. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
<b>2024</b>			
Fourth interim single tier dividend 2023	2.00	9,023,015	3 July 2023
Special interim single tier dividend 2023	1.50	6,767,262	3 July 2023
First interim single tier dividend 2024	2.00	9,256,737	12 October 2023
Special interim single tier dividend 2024	0.50	2,314,184	12 October 2023
Second interim single tier dividend 2024	2.00	9,245,141	5 January 2024
Third interim single tier dividend 2024	1.30	6,001,742	9 April 2024
		42,608,081	
<b>2023</b>			
Fourth interim single tier dividend 2022	2.00	8,325,790	13 July 2022
Special interim single tier dividend 2022	0.50	2,081,447	13 July 2022
First interim single tier dividend 2023	2.00	8,325,825	12 October 2022
Special interim single tier dividend 2023	1.00	4,162,913	12 October 2022
Second interim single tier dividend 2023	2.00	8,432,421	5 January 2023
Special interim single tier dividend 2023	1.00	4,216,211	5 January 2023
Third interim single tier dividend 2023	2.00	8,492,849	7 April 2023
Special interim single tier dividend 2023	0.25	1,061,606	7 April 2023
		45,099,062	

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 23. DIVIDENDS (cont'd)

After the end of the financial year, the Directors declared a fourth interim single tier dividend of 1.30 sen per ordinary share totalling RM5,977,199 in respect of the year ended 31 March 2024 on 23 May 2024 which was paid on 5 July 2024.

The fourth interim single tier dividend will be accounted for in the statement of changes in equity as an appropriation of retained earnings in subsequent financial year.

## 24. 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 7.

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.

	Reportable segment				Non reportable segment		Total	
	Malaysia entities		Overseas entities		Other entities			
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss)	26,167	59,710	19,689	16,692	(472)	(1,782)	45,384	74,620

Included in the measure of  
segment profit are:

Revenue from external customers	311,405	339,178	106,455	115,625	1,411	960	419,271	455,763
Inter-segment revenue	96,667	113,153	2,683	4,313	9,032	671	108,382	118,137
Depreciation	(8,655)	(7,480)	(967)	(865)	(860)	(384)	(10,482)	(8,729)
(Impairment loss)/Reversal of impairment loss on trade receivables	(12)	846	-	-	-	-	(12)	846
Impairment loss on property, plant and equipment	-	(142)	-	-	-	-	-	(142)
(Write down)/Write back of obsolete and slow moving inventories	(52)	899	-	-	-	-	(52)	899
Finance costs	(725)	(702)	-	-	(409)	(192)	(1,134)	(894)
Finance income	1,035	523	5	8	1,088	539	2,128	1,070

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 24. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment profit or loss and other material items.

	Segment profit		Depreciation and amortisation	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Group</b>				
Total segments	45,384	74,620	(10,482)	(8,729)
Consolidation adjustments	2,665	(4,342)	45	30
Total consolidated	48,049	70,278	(10,437)	(8,699)

### 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	
	2024 RM'000	2023 RM'000
Local	243,575	262,680
Overseas:		
- Middle East	122,352	143,935
- Others	53,344	49,148
	419,271	455,763

### Major customers

There is no major customer with revenue equal or more than 10% of the Group's total revenue.

## 25. FINANCIAL INSTRUMENTS

### 25.1 Categories of financial instruments

All financial assets and liabilities are categorised as amortised cost in accordance with the Group's accounting policies except as stated below:

- (a) Fair value through other comprehensive income ("FVOCI")  
- Equity instrument designated upon initial recognition ("EIDUIR")

	FVOCI-EIDUIR	
	2024 RM'000	2023 RM'000
<b>Group/Company</b>		
<b>Financial assets</b>		
Other investments	3,161	3,178

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Equity instruments at fair value through other comprehensive income				
- recognised in profit or loss	157	160	157	160
- recognised in other comprehensive income	549	(48)	549	(48)
	706	112	706	112
Financial assets at AC	4,905	3,809	1,419	765
Financial liabilities at AC	(1,129)	(894)	-	-
	4,482	3,027	2,125	877

### 25.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 25.4 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.4 Credit risk (cont'd)

#### Trade receivables (cont'd)

##### 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	
	2024 RM'000	2023 RM'000
Local	45,851	44,666
Overseas	51,173	41,375
	97,024	86,041

##### 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 the respective credit terms, 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.

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
<b>Group</b>			
<b>2024</b>			
Current (not past due)	79,093	-	79,093
1 - 30 days past due	10,530	-	10,530
31 - 60 days past due	2,505	-	2,505
61 - 90 days past due	365	-	365
	92,493	-	92,493
<b>Credit impaired</b>			
More than 90 days past due	4,531	-	4,531
Individually impaired	746	746	-
	97,770	746	97,024

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.4 Credit risk (cont'd)

#### Trade receivables (cont'd)

#### Recognition and measurement of impairment loss (cont'd)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>Group</b>			
<b>2023</b>			
Current (not past due)	73,608	-	73,608
1 - 30 days past due	7,891	-	7,891
31 - 60 days past due	1,219	-	1,219
61 - 90 days past due	435	-	435
	83,153	-	83,153
<b>Credit impaired</b>			
More than 90 days past due	2,888	-	2,888
Individually impaired	766	766	-
	86,807	766	86,041

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Credit impaired	
	2024 RM'000	2023 RM'000
<b>Group</b>		
At 1 April	766	1,518
Net remeasurement of loss allowance	12	(846)
Exchange difference	(32)	94
At 31 March	746	766

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 RM38,377,550 (2023: RM50,367,106), 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.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.4 Credit risk (cont'd)

#### Other receivables

The Group and the Company monitor the exposure to credit risk on individual basis.

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 and the Group and the Company do not recognise any allowance for impairment losses.

#### 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 RM36,680,423 (2023: RM17,826,480) 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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.4 Credit risk (cont'd)

#### Inter-company balances (cont'd)

#### 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.

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
<b>Company</b>			
<b>2024</b>			
Low credit risk	81,213	-	81,213
Credit impaired	2,288	2,007	281
	83,501	2,007	81,494
<b>2023</b>			
Low credit risk	88,079	-	88,079
Credit impaired	2,135	2,007	128
	90,214	2,007	88,207

The movements in the allowance for impairment in respect of subsidiaries during the financial year were:

	Credit impaired	
	2024 RM'000	2023 RM'000
<b>Company</b>		
At 1 April/ At 31 March	2,007	2,007

### 25.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.5 Liquidity risk (cont'd)

#### Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	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
<b>2024</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured hire purchase liabilities	1,713	2.24 - 3.35	1,833	756	756	321	-
Secured term loans	36,680	4.32 - 4.65	42,800	6,529	6,529	19,591	10,151
Unsecured bankers' acceptance	20,911	2.33 - 3.14	20,911	20,911	-	-	-
Trade and other payables	91,899	-	91,899	91,899	-	-	-
Lease liabilities	183	4.61	190	120	70	-	-
Dividend payable	6,002	-	6,002	6,002	-	-	-
	157,388		163,635	126,217	7,355	19,912	10,151
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	6,297	-	6,297	6,297	-	-	-
Dividend payable	6,002	-	6,002	6,002	-	-	-
Financial guarantee*	-	-	36,680	36,680	-	-	-
	12,299		48,979	48,979	-	-	-
<b>2023</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	17,826	3.75	20,973	2,465	2,465	7,393	8,650
Unsecured bankers' acceptance	13,488	3.25 - 3.56	13,488	13,488	-	-	-
Trade and other payables	106,935	-	106,935	106,935	-	-	-
Dividend payable	9,554	-	9,554	9,554	-	-	-
	147,803		150,950	132,442	2,465	7,393	8,650
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	6,564	-	6,564	6,564	-	-	-
Dividend payable	9,554	-	9,554	9,554	-	-	-
Financial guarantee*	-	-	17,826	17,826	-	-	-
	16,118		33,944	33,944	-	-	-

\* The amount represents the outstanding banking facilities of subsidiaries as at the end of reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.6 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 is 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"), Brunei Dollar ("BRU") and Thai Baht (THB").

*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 is kept to an acceptable level.

*Exposure to foreign currency risk*

The Group'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	THB RM'000
<b>Group</b>					
<b>2024</b>					
Trade and other receivables	42,041	7,553	-	1,801	761
Cash and cash equivalents	19,628	2,540	1,481	-	811
Trade and other payables	(11,855)	(1,693)	-	(653)	(656)
	49,814	8,400	1,481	1,148	916
<b>2023</b>					
Trade and other receivables	35,800	7,223	-	1,023	-
Cash and cash equivalents	12,572	442	680	-	-
Trade and other payables	(12,603)	(3,513)	-	(668)	-
	35,769	4,152	680	355	-

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.6 Market risk (cont'd)

#### Currency risk (cont'd)

##### Currency risk sensitivity analysis

A 10% (2023: 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 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	
	2024 RM'000	2023 RM'000
<b>Group</b>		
USD	(3,786)	(2,718)
SGD	(638)	(316)
CNY	(113)	(52)
BRU	(87)	(27)
THB	(70)	-

A 10% (2023: 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 deposits 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.

##### 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Fixed rate instruments</b>				
Financial assets	1,067	210	953	210
Financial liabilities	(22,624)	(13,488)	-	-
Lease liabilities	(183)	-	-	-
	(21,740)	(13,278)	953	210

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.6 Market risk (cont'd)

#### Interest rate risk (cont'd)

Exposure to interest rate risk (cont'd)

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Floating rate instruments</b>				
Financial liabilities	(36,680)	(17,827)	-	-

#### 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 RM279,000 (2023: RM135,000). 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.

#### 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 RM316,000 (2023: RM318,000) 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.

### 25.7 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.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### 25.7 Fair value information (cont'd)

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
<b>Group</b>				
<b>2024</b>				
<b>Financial assets</b>				
Quoted shares	3,161	-	3,161	3,161
<b>Financial liabilities</b>				
Hire purchase liabilities	-	(1,761)	(1,761)	(1,713)
<b>2023</b>				
<b>Financial assets</b>				
Quoted shares	3,178	-	3,178	3,178
<b>Company</b>				
<b>2024</b>				
<b>Financial assets</b>				
Quoted shares	3,161	-	3,161	3,161
<b>2023</b>				
<b>Financial assets</b>				
Quoted shares	3,178	-	3,178	3,178
<b>Level 3 fair value</b>				

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.

## 26. 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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 26. CAPITAL MANAGEMENT (cont'd)

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.

## 27. CAPITAL COMMITMENT

	Group	
	2024 RM'000	2023 RM'000
<b>Capital expenditure commitment</b>		
<b>Property, plant and equipment</b>		
Contracted but not provided for	4,827	2,602

## 28. RELATED PARTIES

### 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	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>A. Subsidiaries</b>				
Dividend income (gross)	-	-	(8,900,000)	(29,647,747)
Management fees	-	-	(816,345)	(1,205,104)
Rental expense	-	-	10,800	10,800
<b>B. Fees paid to a firm in which a Director is a partner</b>	134,343	42,958	12,000	27,000
<b>C. Company related to Directors</b>				
Management fees	426,088	386,765	-	-
Secretarial fees	30,164	26,070	2,800	2,300

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 28. RELATED PARTIES (cont'd)

### Significant related party transactions (cont'd)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>D. Key management personnel</b>				
<i><b>Directors</b></i>				
- Fees	902,004	902,004	902,004	902,004
- Remuneration	13,622,739	13,409,628	172,400	39,000
- Share-based payments	408,899	4,074,118	(13,105)	26,831
	14,933,642	18,385,750	1,061,299	967,835
Investment in/Acquisition of a subsidiary	-	-	-	1
	14,933,642	18,385,750	1,061,299	967,836

The estimated monetary value of Directors' benefit-in-kind for the Group is RM165,549 (2023: RM175,031).

### ***Other key management personnel***

- Remuneration	1,410,829	497,679	-	-
- Share-based payments	25,900	34,013	-	-
	1,436,729	531,692	-	-

The estimated monetary value of other key management personnel's benefit-in-kind for the Group is RM30,605 (2023: RM36,864).

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.

## 29. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTEREST

### 29.1 Acquisition of non-controlling interests – Superwrapz International Sdn. Bhd.

On 18 September 2023, the Group acquired an additional 25.4% interest in Superwrapz International Sdn. Bhd. for a total cash consideration of RM41,645, increasing its ownership from 69.6% to 95.0%. The effect of changes in equity interest in Superwrapz International Sdn. Bhd. that is attributable to the owners of the Company is not material to the Group.

### 29.2 Acquisition of a subsidiary

On 19 October 2023, the Group had completed its acquisition of 80% of the issued and paid-up share capital in FODA Flavour & Ingredients Sdn. Bhd. ("FODA") representing 240,000 shares for a total cash consideration of RM454,610. The principal activity of FODA is manufacturing of flavours, food ingredients, fragrances and other related products. The acquisition of FODA has no material impact on the Group's consolidated revenue and profit for the year as the revenue is derived from subsidiaries within the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 29. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTEREST (cont'd)

### 29.2 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

	2024 RM
Cash and cash equivalents	454,610

#### Identifiable assets acquired and liabilities assumed

	2024 RM
Property, plant and equipment	1,092,904
Deferred tax liabilities	(40,303)
Inventories	1,024,870
Trade and other receivables	47,627
Cash and cash equivalents	414,037
Trade and other payables	(1,451,338)
Total identifiable net assets	1,087,797

#### Net cash outflow arising from acquisition of a subsidiary

	2024 RM
Consideration settled in cash and cash equivalents	454,610
Cash and cash equivalents acquired	(414,037)
	40,573

#### Negative Goodwill

Negative goodwill was recognised as a result of the acquisition as follows:

	2024 RM
Total consideration transferred	454,610
Fair value of identifiable net assets	(1,087,797)
Share of minority interest	217,559
Negative goodwill arising from acquisition	(415,628)

## 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 110 to 158 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 2024 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 2024

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Soh Joo Thye**, 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 110 to 158 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 Soh Joo Thye, NRIC: 741006-01-6723 (CIMA membership number: 1-Kerl) at Johor Bahru in the State of Johor on 25 July 2024.

**Soh Joo Thye**

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 2024 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 material accounting policy information, as set out on pages 110 to 158.

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 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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.

#### Advertising and promotional expenses

Refer to 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 as well as high volume of transactions incurred during the financial year. 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)

## KEY AUDIT MATTERS (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 and accruals process as at year end.
- 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 performed substantive procedures and agreed the samples of expenses to approved budgets, suppliers' invoices or customers' claims.
- We evaluated the Group's accruals for advertising and promotional expenses by testing 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 MFRS Accounting Standards, IFRS Accounting 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.

# INDEPENDENT

## AUDITORS' REPORT

To the Members of Power Root Berhad  
(cont'd)

### 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 7 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: 03174/04/2025 J  
Chartered Accountant

Johor Bahru

Date: 25 July 2024

# LIST OF PROPERTIES

As at 31 March 2024

Location	Existing use	Tenure	Approximately Age of Building	Land area/ built up area (sq feet)	NBV as at 31 March 2024 (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	25 years	41,354/ 21,269	2,960,888	9-Jun-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	25 years	41,801/ 24,177	1,896,349	28-Jul-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	16 years	772,098/ 201,404	40,673,695	15-Feb-2008
Lot 945, Springs 10 Street 7, Villa 33, Type 3E The Springs Emirates Living Dubai	Residential	Freehold	17 years	4,080/ 2,275	1,101,656	20-Jul-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	27 years	19,493/ 14,516	6,164,955	10-Sep-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	27 years	19,300/ 14,512	3,464,671	21-Apr-2008
No. 305, 3rd Floor Sobha Sapphire Business Bay (Al Khail Road Entrance) Dubai.	Office	Freehold	10 years	2,510	1,999,663	25-Jun-2013
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 House	Leasehold for 99 years expiring on 18.02.2112	8 years	2,099/ 6,297	513,036	14-Sep-2016
Villa 575, Maple 1-Maple Community, Dubai Hills Estate, Dubai, UAE.	Residential	Freehold	3 years	2,228/ 1,683	2,869,484	30-Jun-2015

## LIST OF PROPERTIES

As at 31 March 2024  
(cont'd)

Location	Existing use	Tenure	Approximately Age of Building	Land area/ built up area (sq feet)	NBV as at 31 March 2024 (RM)	Date of acquisition
Villa 548, Maple 1-Maple Community, Dubai Hills Estate, Dubai, UAE.	Residential	Freehold	3 years	2,462/ 1,897	2,234,649	30-Jun-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	8 years	14,400/ 8,570	2,366,318	25-Jun-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	8 years	14,400/ 8,570	2,366,318	25-Jun-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	8 years	14,400/ 8,570	2,366,318	25-Jun-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	25 years	41,351/ 21,727	6,436,279	21-Aug-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-Aug-2020
No 44,44-01,44-02,44-03 & 44-04, Jalan Rosmerah 2/11, Taman Johor Jaya, 81100, Johor Bahru, Johor. Title No : HS(D) 455657, Lot 26291, HS(D)455658, Lot 26244	5 Storey Hotel	Leasehold for 99 years expiring on 18.03.2107	15 years	4,688/ 23,439	4,781,353	17-Nov-2022
116 undeveloped parcels of freehold land located at the intersection of Jalan Hajah Fatimah and Persiaran Bumi Hijau, Johor Bahru, Johor.	Vacant Land	Freehold	N.A	71,715.46/ (771,949)	27,863,494	27-Jun-2023
306, 3rd Floor, Sobha Sapphire, Business Bay, Dubai, United Arab Emirates	Office	Freehold	10 years	1,125.47	1,649,221	21-Dec-2023

# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2024

Issued Capital	:	462,180,132 ordinary shares (including 2,395,600 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Number of Holders	:	5,152

Size of Shareholdings	No. of Shareholders	%*	No. of Shares	%*
1 - 99	188	3.65	6,255	0.00
100 - 1,000	1,071	20.79	633,152	0.14
1,001 - 10,000	2,793	54.21	12,115,594	2.64
10,001 - 100,000	901	17.49	26,525,718	5.77
100,001 to less than 5% of issued shares	196	3.80	304,913,374	66.31
5% and above of issued shares	3	0.06	115,590,439	25.14
<b>Total</b>	<b>5,152</b>	<b>100.00</b>	<b>459,784,532</b>	<b>100.00</b>

\* Excluding a total of 2,395,600 shares bought back by the Company and retained as treasury shares as at 30 June 2024.

## DIRECTORS' INTEREST IN SHARES

No.	Name of Directors	Direct Interest		Deemed Interest	
		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	45,455,500	9.89	6,050,800	1.32 <sup>(1)</sup>
4.	Dato' How Say Swee	82,789,442	18.01	3,000,000	0.65 <sup>(2)</sup>
5.	Dato' Wong Fuei Boon	74,361,182	16.17	11,000,000	2.39 <sup>(1)</sup>
6.	See Thuan Po	4,578,000	1.00	6,870,000	1.49 <sup>(3)</sup>
7.	Ong Kheng Swee	255,315	0.05	154,000	0.03 <sup>(4)</sup>
8.	Azahar bin Baharudin	6	0.00	—	—
9.	Dato' Tea Choo Keng	3,480	0.00	—	—
10.	Low Jun Lee	—	—	54,909,575	11.94 <sup>(5)</sup>
11.	Tan Lay Beng	—	—	—	—

\* Excluding a total of 2,395,600 shares bought back by the Company and retained as treasury shares as at 30 June 2024.

### Notes:

- (1) Deemed interested by virtue of his spouse and children pursuant to Section 59 of the Companies Act 2016 ("Act").
- (2) Deemed interested by virtue of his children pursuant to Section 59 of the Act.
- (3) Deemed interested by virtue of his shareholdings in See Seang Huat & Company Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his spouse pursuant to Section 59 of the Act.
- (5) Deemed interested by virtue of his parents pursuant to Section 59 of the Act.

# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2024  
(cont'd)

## SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%*	No. of Shares	%*
1.	Dato' How Say Swee	82,789,442	18.01	3,000,000	0.65 <sup>(1)</sup>
2.	Dato' Wong Fuei Boon	74,361,182	16.17	11,000,000	2.39 <sup>(2)</sup>
3.	Wong Tak Keong	45,455,500	9.89	6,050,800	1.32 <sup>(2)</sup>
4.	Low Jun Lee	—	—	54,909,575	11.94 <sup>(3)</sup>
5.	Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	25,526,780	5.55	678,200	0.15 <sup>(4)</sup>

\* Excluding a total of 2,395,600 shares bought back by the Company and retained as treasury shares as at 30 June 2024.

Notes:

- (1) Deemed interested by virtue of his children pursuant to Section 59 of the Act.  
 (2) Deemed interested by virtue of his spouse and children pursuant to Section 59 of the Act.  
 (3) Deemed 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 <i>CIMB for Wong Fuei Boon (PB)</i>	57,374,982	12.48
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for How Say Swee (PB)</i>	33,574,482	7.30
3.	Kumpulan Wang Persaraan (Diperbadankan)	24,640,975	5.36
4.	Lembaga Tabung Haji	20,909,600	4.55
5.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Tak Keong (MY4646)</i>	18,932,080	4.12
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for How Say Swee (6000382)</i>	18,928,000	4.12
7.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Pau Choon Mei (PB)</i>	16,126,000	3.51
8.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for How Say Swee (M04)</i>	15,486,800	3.37
9.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Tak Keong</i>	12,650,320	2.75
10.	MERCSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Fuei Boon</i>	11,386,200	2.48
11.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Chee Yen</i>	9,944,900	2.16



# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2024  
(cont'd)

## THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%*
12.	How Say Swee	9,206,260	2.00
13.	DB (Malaysia) Nominees (Tempatan) Sdn Bhd <i>Exempt An for AHAM Asset Management Bhd (TSTAC/CLNT-T)</i>	8,013,809	1.74
14.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Wong Tak Keong (PB)</i>	7,884,280	1.71
15.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Chee Yen</i>	7,773,040	1.69
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Chee Yen (7001504)</i>	7,157,100	1.56
17.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Wong Boon Fong (PB)</i>	7,000,000	1.52
18.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for See Seang Huat &amp; Company Sdn Bhd (PB)</i>	6,870,000	1.49
19.	DB (Malaysia) Nominees (Tempatan) Sdn Bhd <i>Deutsche Trustees Malaysia Bhd for Eastspring Investment Small-Cap Fund</i>	5,948,000	1.29
20.	CITIGROUP Nominees (Asing) Sdn Bhd <i>CBNY for Norges Bank (FI 17)</i>	5,668,000	1.23
21.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Low Chee Yen (PB)</i>	5,162,402	1.12
22.	Ling Shi Yng	5,050,800	1.10
23.	IFAST Nominees (Tempatan) Sdn Bhd <i>Global Success Network Sdn Bhd</i>	4,430,000	0.96
24.	CITIGROUP Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (EASTSPRINGESG)</i>	4,163,700	0.91
25.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' How Say Swee</i>	3,676,000	0.80
26.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Wong Fuei Boon</i>	3,600,000	0.78
27.	CITIGROUP Nominess (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 22)</i>	3,500,000	0.76
28.	Yayasan Guru Tun Hussein Onn	3,324,480	0.72
29.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Social (UOBAMM6939-406)</i>	3,185,600	0.69
30.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for See Thuan Po (PB)</i>	2,910,000	0.63

\* Excluding a total of 2,395,600 shares bought back by the Company and retained as treasury shares as at 30 June 2024.

# NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth (“18<sup>th</sup>”) 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 Tuesday, 27 August 2024 at 3.00 p.m. for the purpose of considering the following businesses:-

## AGENDA

### ORDINARY BUSINESS:-

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statement for the financial year ended 31 March 2024 together with the Directors’ and Auditors’ reports thereon.   | <b>Refer to<br/>Explanatory Note 1</b> |
| 2. To sanction payment of Directors’ fees for the financial year ending 31 March 2025, to be payable on quarterly basis in arrears.  | <b>(Resolution 1)</b>                  |
| 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 2025.   | <b>(Resolution 2)</b>                  |
| 4. To re-elect Y.A.D. Tengku Dato’ Setia Putra Al-Haj Bin Tengku Azman Shah Al-Haj, who retires pursuant to Clause 100 of the Company’s Constitution and being eligible, offers himself for re-election. | <b>(Resolution 3)</b>                  |
| 5. To re-elect Mr. Low Jun Lee, who retires pursuant to Clause 100 of the Company’s Constitution and being eligible, offers himself for re-election.   | <b>(Resolution 4)</b>                  |
| 6. To re-elect Ms. Tan Lay Beng, who retires pursuant to Clause 100 of the Company’s Constitution and being eligible, offers herself for re-election.  | <b>(Resolution 5)</b>                  |
| 7. 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.   | <b>(Resolution 6)</b>                  |
| 8. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 March 2025 and to authorise the Directors to fix their remuneration.  | <b>(Resolution 7)</b>                  |

### SPECIAL BUSINESS:-

To consider and if thought fit, to pass the following Ordinary Resolutions:-

- |   |                       |
|---|-----------------------|
| 9. <b>Continuation in Office as Independent Non-Executive Director – Encik Azahar Bin Baharudin</b> | <b>(Resolution 8)</b> |
|---|-----------------------|

“**THAT** approval be and is hereby given that Encik Azahar Bin Baharudin to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code On Corporate Governance.”

# NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(cont'd)

## 10. Authority to Issue Shares Pursuant To Sections 75(1) and 76(1) of the Companies Act 2016 ("Authority to Allot Shares")

(Resolution 9)

**"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.

**THAT** in connection with the above, pursuant to Section 85 of the Act, read together with Clause 63 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company over all new shares to be issued pursuant to this Mandate.

**AND THAT** the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.

## 11. 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 10)

**"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;

# NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(cont'd)

**THAT** in connection with the above, pursuant to Section 85 of the Act, read together with Clause 63 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company over all new shares to be issued pursuant to this DRP.

**THAT** the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.

**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.”

12. **Proposed Renewal of the Authority to Buy-Back Its Own Shares by the Company  
("Proposed Renewal of Share Buy-Back")**

**(Resolution 11)**

**“THAT** subject to the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad 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

**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.

# NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(cont'd)

**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 a general meeting, the authority is renewed either unconditionally or subject to conditions;
- b) the expiration of the period within which the next AGM of the Company is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 (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. **Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**

**(Resolution 12)**

“**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 26 July 2024 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.”

## 14. 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  
26 July 2024

# NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(cont'd)

## Notes:

1. Only depositors whose name appears in the Record of Depositors as at 21 August 2024 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 11<sup>th</sup> 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.

## EXPLANATORY NOTES TO ORDINARY BUSINESS:

### 1. Audited Financial Statement for the financial year ended 31 March 2024

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.

### 2. Directors' Fees and Benefits

Resolution 1 and 2, pursuant to Section 230(1) of the Companies Act 2016, 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 18<sup>th</sup> 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 2025, 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 2025.

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 2025, if proposed Resolutions 1 and 2 passed at the forthcoming AGM.

### 3. Re-election of Directors Who Retire in Accordance with Clause 100 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), four (4) 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.

# NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(cont'd)

For the purpose of determining the eligibility of the Directors to stand for re-election at the 18<sup>th</sup> 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, 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 of the Company's Constitution are 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.

## 4. 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:

### 5. Continuation in Office as Independent Non-Executive Director - Encik Azahar Bin Baharudin

The Board of Directors via the Nominating Committee had assessed the independence of Encik Azahar Bin Baharudin, who has served on the Board as Independent Non-Executive Director of the Company for a cumulative of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to retain Encik Azahar Bin Baharudin as Independent Non-Executive Director, based on the following justifications:

- (a) He fulfilled the criteria under the definition of Independent Director as stated in Chapter 1 and Practice Note 13 of the MMLR of Bursa Malaysia Securities Berhad and therefore able to give independent opinion to the Board;
- (b) Being director for more than nine (9) years has enabled him to contribute positively during deliberations/discussions at meetings as he is familiar with the operations of the Company and possess knowledge of the Company's operations;
- (c) He has the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner;
- (d) He has demonstrated objectivity and independent judgement in Board Committee deliberations and decision making; and
- (e) He actively participated in board discussion and provided an independent voice on the Board.

Encik Azahar Bin Baharudin shall be subjected to two tier voting in accordance with the Malaysian Code on Corporate Governance as he has served the Company for more than nine (9) years.

### 6. Authority to Allot Shares

The proposed Ordinary Resolution 9 is to obtain a general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act.

The proposed Ordinary Resolution 9, if passed, will provide flexibility to the Directors of the Company to issue and allot new shares up to a maximum of ten per centum (10%) of the total number of issued shares (excluding treasury shares) at the time of such allotment and issuance of ordinary shares and for such purposes as they consider would be in the best interest of the Company without having to convene a separate general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.



# NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(cont'd)

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new ordinary shares including but not limited to placement of shares for future business opportunities for the purpose of funding investment project(s), working capital, acquisitions and such other purposes as the Directors consider would be in the best interest of the Company and thereby reducing administrative time and cost associated with the convening of such general meetings.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 63 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the 17<sup>th</sup> AGM held on 28 August 2023 and which will lapse at the conclusion of the 18<sup>th</sup> AGM. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

## 7. **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 10 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 28 August 2023. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 63 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate for DRP.

## 8. **Proposed Renewal of Share Buy-Back**

The Proposed Resolution 11 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 RM13.0 million as at 31 March 2024. The General Mandate for Share Buy-Back has been granted by the shareholders at the AGM of the Company held on 28 August 2023. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

## 9. **Proposed Shareholders' Mandate**

The Proposed Resolution 12 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 EIGHTEENTH (“18<sup>TH</sup>”) ANNUAL GENERAL MEETING

1. Details of individuals who are standing for election as Directors.

There is no individual seeking for election as Director of the Company at the forthcoming 18th AGM.

The Directors standing for re-election are set out as below:

1	Y.A.D. Tengku Dato' Setia Putra Al-Haj Bin Tengku Azman Shah Al-Haj	- Clause 100	Resolution 3
2	Mr. Low Jun Lee	- Clause 100	Resolution 4
3	Ms. Tan Lay Beng	- Clause 100	Resolution 5
4	Dato' Tea Choo Keng	- Clause 100	Resolution 6

Their profiles are provided in the Directors' Profile on pages 5 to 10 of the Annual Report 2024 while details of the Directors' interests in the securities of the Company are set out in the Analysis of Shareholdings on pages 166 to 168 of the Annual Report 2024.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Notes To Special Business (6) of the Notice of 18<sup>th</sup> AGM.



# PROXY FORM

**POWER ROOT BERHAD**  
(Registration No. 200601013517 (733268-U))  
Incorporated In Malaysia

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 Eighteenth ("18<sup>th</sup>") Annual General Meeting ("AGM") of the Company to be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Tuesday, 27 August 2024 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.

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 2025, to be payable on quarterly basis in arrears		
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 2025		
3.	To re-elect the Director, Y.A.D. Tengku Dato' Setia Putra Al-Haj Bin Tengku Azman Shah Al-Haj who retires pursuant to Clause 100 of the Company's Constitution		
4.	To re-elect the Director, Mr. Low Jun Lee who retires pursuant to Clause 100 of the Company's Constitution		
5.	To re-elect the Director, Ms. Tan Lay Beng who retires pursuant to Clause 100 of the Company's Constitution		
6.	To re-elect the Director, Dato' Tea Choo Keng who retires pursuant to Clause 100 of the Company's Constitution		
7.	To re-appoint Messrs. KPMG PLT as Auditors of the Company for the financial year ending 31 March 2025 and to authorise the Directors to fix their remuneration		
8.	Continuation in Office as Independent Non-Executive Director - Encik Azahar Bin Baharudin		
9.	Proposed Renewal of the Authority to Issue Shares Pursuant to Sections 75(1) and Section 76(1) of the Companies Act 2016		
10.	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		
11.	Proposed Renewal of Share Buy-Back		
12.	Proposed Shareholders' Mandate		

\* Delete if inapplicable

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
Signature of Member/Common Seal

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**NOTES**

1. Only depositors whose name appears in the Record of Depositors as at 21 August 2024 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/she shall specify the proportion of his/her 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.

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AFFIX  
STAMP

THE SHARE REGISTRAR  
**POWER ROOT BERHAD**  
(Registration No. 200601013517 (733268-U))  
Boardroom Share Registrars Sdn. Bhd.  
11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya,  
Selangor, Malaysia.

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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 11<sup>th</sup> 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 18<sup>th</sup> Notice of General Meeting dated 26 July 2024.



#### KUALA LUMPUR

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#### JOHOR

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Email: [sales@powerroot.com.my](mailto:sales@powerroot.com.my)