

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

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**POWER ROOT BERHAD**

Company Reg No.: 200601013517 (733268-U)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PART A**

**PROPOSED ISSUANCE AND ALLOTMENT OF NEW ORDINARY SHARES IN THE SUBSIDIARIES OF POWER ROOT TO WONG TAK KEONG (“PROPOSED SHARES ALLOTMENT”)**

**PART B**

**PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser for Part A*



**TA Securities Holdings Berhad**  
**Company Reg No.: 197301001467 (14948-M)**  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting for the Proposed Shares Allotment and Proposed Shareholders' Mandate (“EGM”) and the Proxy Form for the EGM are enclosed in this Circular. The EGM will be held as follows:

|   |  |
|---|--|
| Date and time of the EGM                      | : Thursday, 27 February 2020 at 3:00 p.m.  |
| Venue of the EGM                              | : No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim |
| Last date and time for lodging the Proxy Form | : Tuesday, 25 February 2020 at 3:00 p.m.   |

If you are entitled to attend and vote at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf subject to the Constitution of Power Root. If you decide to do so, you must deposit the Proxy Form at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time set for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

**This Circular is dated 12 February 2020**

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## DEFINITIONS

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The following definitions shall apply throughout this Circular and accompanying appendix unless the context requires otherwise:

|                           |  |
|---------------------------|--|
| Act                       | : Companies Act 2016, as amended from time to time and any re-enactment thereof  |
| AGM                       | : Annual general meeting   |
| Alicafe Roasters          | : Alicafe Roasters Sdn Bhd (Company Registration No. 201701034678 (1248849-V))   |
| Alicafe Roasters Share(s) | : Ordinary share(s) in Alicafe Roasters  |
| Board                     | : Board of Directors of Power Root   |
| Bursa Securities          | : Bursa Malaysia Securities Berhad (Company Registration No. 200301033577 (635998-W))  |
| Circular                  | : This circular to the shareholders of Power Root in relation to the Proposed Shares Allotment and Proposed Shareholders' Mandate  |
| CMSA                      | : Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof   |
| Completion                | : Completion of the issuance and allotment of the Subscription Shares by the respective Subsidiaries to the Subscribers, in accordance with the terms of the Subscription Agreements   |
| Director(s)               | : Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007  |
| EGM                       | : Extraordinary general meeting  |
| EPS                       | : Earnings per share   |
| FPE                       | : Financial period ended/ending, as the case may be  |
| FYE                       | : Financial year ended/ending, as the case may be  |
| LAT                       | : Loss after tax   |
| Listing Requirements      | : Main Market Listing Requirements of Bursa Securities   |
| LPD                       | : 16 January 2020, being the latest practicable date prior to the printing and despatch of this Circular   |
| Major Shareholder(s)      | : A person who has interest or interests in one (1) or more voting shares in a corporation and the number or aggregate number of those shares, is:<br><br>(a) 10% or more of the total number of voting shares in the corporation; or<br>(b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. |

For the purpose of this definition, "interests in shares" has the meaning given in Section 8 of the Act.

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## DEFINITIONS (CONT'D)

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|   |  |
|---|--|
|   | For the purpose of the Proposed Shareholder' Mandate, a Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of our Company or any other corporation which is our Company's subsidiary or holding company   |
| Market Day                                    | : A day which Bursa Securities is open for trading in securities   |
| NA  | : Net assets   |
| NL  | : Net liabilities  |
| Paragraph 6.06(1) of the Listing Requirements | : Subject to the Listing Requirements, a listed issuer must ensure that it or any of its subsidiaries does not issue shares or other convertible securities to the following persons unless shareholders in a general meeting have approved the specific allotment to be made to such persons:<br><br>(a) a Director, Major Shareholder or chief executive of the listed issuer or a holding company of the listed issuer; or<br>(b) a Person Connected with an interested Director, interested Major Shareholder or interested chief executive. |
| Person(s) Connected                           | : Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements   |
| Power Root or the Company                     | : Power Root Berhad (Company Registration No. 200601013517 (733268-U))   |
| Power Root Distributor                        | : Power Root Distributor Sdn Bhd (Company Registration No. 201101008776 (936915-T))  |
| Power Root Distributor Share(s)               | : Ordinary share(s) in Power Root Distributor  |
| Power Root Group or Group                     | : Power Root and its subsidiaries, collectively  |
| Power Root HK                                 | : Power Root HK-China Company Limited (Company No. 2820123)  |
| Power Root HK Share(s)                        | : Ordinary share(s) in Power Root HK   |
| Power Root Manufacturing                      | : Power Root Manufacturing Sdn Bhd (Company Registration No. 200501008588 (685635-H))  |
| Power Root Marketing                          | : Power Root Marketing Sdn Bhd (Company Registration No. 200001000622 (503227-K))  |
| Power Root ME                                 | : Power Root ME FZCO (Company No. 130733)  |
| Power Root Shanghai                           | : Power Root (Shanghai) Food Trading Co Ltd (Company No. 91310000690176715Y)   |
| Power Root Share(s)                           | : Ordinary share(s) in Power Root  |

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## DEFINITIONS (CONT'D)

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|   |  |
|---|--|
| Proposed Shareholders' Mandate                        | : Proposed shareholders' mandate for RRPTs pursuant to Paragraph 10.09 of the Listing Requirements, which the details are as set out in Part B, Section 2.6 of this Circular   |
| Proposed Shares Allotment                             | : Proposed issuance and allotment of new ordinary shares in the Subsidiaries to Wong Tak Keong as set out in Part A, Section 1 of this Circular  |
| Related Party(ies)                                    | : Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)   |
| RM and sen  | : Ringgit Malaysia and sen, respectively   |
| RRPT(s)   | : Recurrent related party transaction(s) of a revenue or trading nature, which are necessary for the day-to-day operations and are in the ordinary course of business of our Group, entered or to be entered into by our Company which involve the interest, direct or indirect, of a Related Party(ies) |
| Subscriber(s)   | : Subscriber(s) to new ordinary shares in the respective Subsidiaries pursuant to the Subscription Agreements, (as set out under Part A, Section 2.1.1 of this Circular)   |
| Subscription Agreement(s)                             | : Four (4) conditional subscription agreements dated 31 January 2020 entered into between the Subsidiaries with their respective Subscribers. Further details are as set out under Part A, Section 2.1 of this Circular  |
| Subscription Shares                                   | : New ordinary shares to be issued by the respective Subsidiaries pursuant to the Subscription Agreements, (as set out under Part A, Section 2.1.1 of this Circular)   |
| Subsidiary/(ies)                                      | : Power Root Distributor, Alicafe Roasters, Power Root HK and Superwrapz, collectively   |
| Superwrapz  | : Superwrapz International Sdn Bhd (Company Registration No. 202001002870 (1359189-D))   |
| Superwrapz Share(s)                                   | : Ordinary share(s) in Superwrapz  |
| TA Securities or Adviser                              | : TA Securities Holdings Berhad (Company Registration No. 197301001467 (14948-M))  |
| Wong Tak Keong or Interested Director and Shareholder | : Wong Tak Keong, being the Managing Director and substantial shareholder of our Company as at the LPD   |

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

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time or re-enacted thereof.

All reference to dates and times in this Circular refer to Malaysian dates and times.

Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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**PART A**

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED SHARES  
ALLOTMENT**



**POWER ROOT BERHAD**

Company Reg No.: 200601013517 (733268-U)  
(Incorporated in Malaysia)

**Registered Office:**

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

12 February 2020

**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*)  
Dato' Low Chee Yen (*Executive Deputy Chairman*)  
Wong Tak Keong (*Managing Director*)  
Dato' How Say Swee (*Executive Director*)  
Dato' Wong Fuei Boon (*Executive Director*)  
See Thuan Po (*Executive Director*)  
Ong Kheng Swee (*Independent Non-Executive Director*)  
Azahar bin Baharudin (*Independent Non-Executive Director*)  
Dato' Tea Choo Keng (*Independent Non-Executive Director*)

**To: Our Shareholders**

Dear Sir/Madam,

**PROPOSED SHARES ALLOTMENT**

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**1. INTRODUCTION**

On 31 January 2020, TA Securities had on behalf of our Board, announced that the Subsidiaries had on 31 January 2020, entered into four (4) respective conditional Subscription Agreements for the issue and allotment of new ordinary shares in the respective Subsidiaries to the following parties:

- (a) Power Root, Wong Tak Keong, Thoo Wee Yoong, Wong Oi Yan and Chan Kien Siong for the proposed issue and allotment of 599,997 new Power Root Distributor Shares at an issue price of RM1.00 per Power Root Distributor Share;
- (b) Power Root, Wong Tak Keong and Tan Nan Sze for the proposed issue and allotment of 99,900 new Alicafe Roasters Shares at an issue price of RM1.00 per Alicafe Roasters Share;
- (c) Power Root and Wong Tak Keong for the proposed issue and allotment of 999,999 new Power Root HK Shares at an issue price of HKD1.00 per Power Root HK Share; and

- (d) Power Root, Power Root Distributor and Wong Tak Keong for the proposed issue and allotment of 99,900 new Superwrapz Shares at an issue price of RM1.00 per Superwrapz Share.

As at the LPD, Wong Tak Keong is the Managing Director and substantial shareholder of Power Root, holding approximately 7.60% and 2.02% direct and indirect interest respectively in Power Root.

In view of the above, Power Root shall seek the approval from its non-interested shareholders for the issuance and allotment of the Subscription Shares to Wong Tak Keong, in accordance with Paragraph 6.06(1) of the Listing Requirements.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSED SHARES ALLOTMENT AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED SHARES ALLOTMENT TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED SHARES ALLOTMENT TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSED SHARES ALLOTMENT

### 2.1 Salient terms of the Subscription Agreements

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

#### 2.1.1 Agreement to subscribe

The existing shareholders and Subscribers agree to subscribe for new ordinary shares in the Subsidiaries as set out below (“**Subscription Amount**”):

#### Power Root Distributor

| Name of Subscriber | No. of Subscription Shares | Subscription Amount (RM) |
|--------------------|----------------------------|--------------------------|
| Power Root         | 300,597                    | 300,597                  |
| Wong Tak Keong     | 60,000                     | 60,000                   |
| Thoo Wee Yoong     | 105,000                    | 105,000                  |
| Wong Oi Yan        | 105,000                    | 105,000                  |
| Chan Kien Siong    | 29,400                     | 29,400                   |
| <b>Total</b>       | <b>599,997</b>             | <b>599,997</b>           |

#### Alicafe Roasters

| Name of Subscriber | No. of Subscription Shares | Subscription Amount (RM) |
|--------------------|----------------------------|--------------------------|
| Power Root         | 79,905                     | 79,905                   |
| Tan Nan Sze        | 9,995                      | 9,995                    |
| Wong Tak Keong     | 10,000                     | 10,000                   |
| <b>Total</b>       | <b>99,900</b>              | <b>99,900</b>            |



## **Power Root HK**

| <b>Name of Subscriber</b> | <b>No. of Subscription Shares</b> | <b>Subscription Amount (HKD)</b> | <b>Subscription Amount* (RM)</b> |
|---------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Power Root                | 899,999                           | 899,999                          | 471,149                          |
| Wong Tak Keong            | 100,000                           | 100,000                          | 52,350                           |
| <b>Total</b>              | <b>999,999</b>                    | <b>999,999</b>                   | <b>523,499</b>                   |

Note \*: Converted at HKD1: RM0.5235, being the exchange rate as at the LPD (Source: Bank Negara Malaysia).

## **Superwrapz**

| <b>Name of Subscriber</b> | <b>No. of Subscription Shares</b> | <b>Subscription Amount (RM)</b> |
|---------------------------|-----------------------------------|---------------------------------|
| Power Root                | 43,900                            | 43,900                          |
| Power Root Distributor    | 51,000                            | 51,000                          |
| Wong Tak Keong            | 5,000                             | 5,000                           |
| <b>Total</b>              | <b>99,900</b>                     | <b>99,900</b>                   |

|                                       |                  |
|---------------------------------------|------------------|
| <b>Total Subscription Amount (RM)</b> | <b>1,323,296</b> |
|---------------------------------------|------------------|

As consideration for the Subsidiaries issuing and allotting the Subscription Shares to the existing shareholders and the Subscribers, they agree to pay the above stated Subscription Amount on or before the Completion Date as per Section 2.1.3 below.

### **2.1.2 Conditions precedent**

**2.1.2.1** The subscription of the Subscription Shares is conditional upon the fulfillment of the following conditions precedent within three (3) months from the date of the Subscription Agreements, subject to any extension as agreed by both parties in writing ("**Conditional Period**"), namely:

- (a) the approval of the shareholders of Power Root to the issue and allotment of such number of the Subscription Shares to Wong Tak Keong pursuant to the terms and conditions of the respective Subscription Agreements; and
- (b) the Subscribers being satisfied with the results of the due diligence on the Subsidiaries.

**2.1.2.2** If all the conditions precedent set out in Section 2.1.2.1 above are not satisfied upon the expiry of the Conditional Period or if any of the conditions precedent shall not be fulfilled, the existing shareholders, the Subscribers or the Subsidiaries may elect to terminate the Subscription Agreement by a written notice to the other party. The Subscription Agreement shall then lapse and cease to have any further force or effect.

**2.1.2.3** The Subscription Agreement shall become unconditional upon the fulfillment of all the conditions precedent or if some of the conditions precedent are mutually agreed to be waived by the parties, then, upon fulfillment of all the remaining conditions precedent ("**Unconditional Date**").

### **2.1.3 Completion**

**2.1.3.1** Unless the parties agree in writing, completion of the Subscription Agreements shall take place on a business day not later than one (1) month after the Unconditional Date or such later date as agreed by both parties in writing ("**Completion Date**"), where:-

- (a) the Subscribers shall pay to the Subsidiaries the Subscription Amount;
- (b) the Subsidiary shall issue and allot the Subscription Shares to the Subscribers and register the shareholders in the register of members of the Subsidiary.

### **2.2 Basis of determining the justification of the issue price**

The issue price in each respective Subsidiaries was arrived at by mutual agreement between the parties to the Subscription Agreements based on the subscription prices of RM1.00 and HKD1.00 in the respective Subsidiaries by the existing shareholders in the respective Subsidiaries.

### **2.3 Allotment of shares in the Subsidiaries to Director and substantial shareholder**

As at the LPD, Wong Tak Keong is the Managing Director and substantial shareholder of Power Root, holding direct and indirect shareholdings of approximately 7.60% and 2.02% respectively in Power Root.

Therefore, our Company shall seek approval from our non-interested shareholders for the issuance and allotment of the Subscription Shares to Wong Tak Keong, in accordance with Paragraph 6.06(1) of the Listing Requirements.

### **2.4 Ranking of the Subscription Shares**

The Subscription Shares shall, upon issue and allotment, rank equally in all respects with the existing ordinary shares of each respective Subsidiaries, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid for which the entitlement date falls before the date of allotment of the Subscription Shares.

### **2.5 Listing of and quotation for the Subscription Shares**

The Subscription Shares will not be listed on Bursa Securities.

### **2.6 Utilisation of proceeds**

The total gross proceeds raised from the Subscription Shares amounting to RM1,323,296 will be utilised for the working capital requirements of the respective Subsidiaries' day-to-day operations within one (1) year. The cash proceeds are to be earmarked for working capital comprises such as, amongst others, payment to suppliers and for marketing and administrative expenses.

The estimated expenses in connection with the Proposed Shares Allotment amounts to approximately RM170,000. The nature of such expenses comprises professional fees, fees to authorities, EGM, printing, postage, advertisement and other miscellaneous expenses connected to the Proposed Shares Allotment.

The Subscription Amount to be undertaken by Power Root of RM895,551 will be funded by internally generated funds of Power Root.

### 3. INFORMATION ON THE SUBSIDIARIES

#### 3.1 Power Root Distributor

Power Root Distributor was incorporated in Malaysia as a private limited company on 21 March 2011. The principal activity of Power Root Distributor is in the distribution and trading of non-food related products comprising cling wraps and aluminium foils mainly for the North Asia region and Malaysia and it has commenced operation in October 2019.

As at the LPD, the total issued share capital of Power Root Distributor is RM3 comprising three (3) Power Root Distributor Shares.

The directors of Power Root Distributor are Dato' Low Chee Yen, Dato' How Say Swee and Dato' Wong Fuei Boon. As at the LPD, Power Root holds 100% in Power Root Distributor.

Upon completion of the Subscription Agreement, the shareholdings of Power Root Distributor will be as follows:

| Shareholders    | No. of shares  | %            |
|-----------------|----------------|--------------|
| Power Root      | 300,600        | 50.1         |
| Wong Tak Keong  | 60,000         | 10.0         |
| Thoo Wee Yoong  | 105,000        | 17.5         |
| Wong Oi Yan     | 105,000        | 17.5         |
| Chan Kien Siong | 29,400         | 4.9          |
| <b>Total</b>    | <b>600,000</b> | <b>100.0</b> |

The summary historical financial information of the Power Root Distributor for the past three (3) financial years is as follows:

|                  | Audited                    |                             |                            |
|------------------|----------------------------|-----------------------------|----------------------------|
|                  | FYE 31<br>March 2017<br>RM | *FYE 31<br>March 2018<br>RM | FYE 31<br>March 2019<br>RM |
| Revenue          | 2,567,553                  | -                           | -                          |
| LAT              | (12,958)                   | (40,908)                    | (38,304)                   |
| NL               | (732,543)                  | (773,451)                   | (811,755)                  |
| Share capital    | 3                          | 3                           | 3                          |
| Total borrowings | -                          | -                           | -                          |

Note \*: The company ceased business operation in the distribution of beverage products during the FYE 2018, and became a dormant company up to the commencement of its current business in October 2019.

#### 3.2 Alicafe Roasters

Alicafe Roasters was incorporated in Malaysia as a private limited company on 28 September 2017. Alicafe Roasters is currently dormant, with the intended principal activity of manufacturing and distribution of various beverages.

As at the LPD, the total issued share capital of Alicafe Roasters is RM100 comprising one hundred (100) Alicafe Roasters Shares.

The directors of Alicafe Roasters are Dato' Low Chee Yen, Dato' How Say Swee and Dato' Wong Fuei Boon. As at the LPD, Power Root holds 95% in Alicafe Roasters with the remaining 5% held by Tan Nan Sze.

Upon completion of the Subscription Agreement, the shareholdings of Alicafe Roasters will be as follows:

| <b>Shareholders</b> | <b>No. of shares</b> | <b>%</b>     |
|---------------------|----------------------|--------------|
| Power Root          | 80,000               | 80.0         |
| Wong Tak Keong      | 10,000               | 10.0         |
| Tan Nan Sze         | 10,000               | 10.0         |
| <b>Total</b>        | <b>100,000</b>       | <b>100.0</b> |

Based on the latest audited financial statements of Alicafe Roasters for the FYE 31 March 2019, Alicafe Roasters registered a LAT of RM7,995 whilst its NL was RM10,950.

### **3.3 Power Root HK**

Power Root HK was incorporated in Hong Kong as a private limited company on 25 April 2019. The principal activity of Power Root HK is the trading of beverage products in the North Asia region and it has commenced operation in May 2019.

As at the LPD, the total issued share capital of Power Root HK is HK1 comprising one (1) Power Root HK Share.

The current director of Power Root HK is Wong Tak Keong. As at the LPD, Power Root holds 100% in Power Root HK.

Upon completion of the Subscription Agreement, the shareholdings of Power Root HK will be as follows:

| <b>Shareholders</b> | <b>No. of shares</b> | <b>%</b>     |
|---------------------|----------------------|--------------|
| Power Root          | 900,000              | 90.0         |
| Wong Tak Keong      | 100,000              | 10.0         |
| <b>Total</b>        | <b>1,000,000</b>     | <b>100.0</b> |

As Power Root HK was incorporated in April 2019, Power Root HK has yet to have any audited financial statements.

### **3.4 Superwrapz**

Superwrapz was incorporated in Malaysia as a private limited company on 22 January 2020. Superwrapz is currently dormant, with the intended principal activity of distribution and trading of non-food related products comprising cling wraps and aluminum foils to the Middle East market.

As at the LPD, the total issued share capital of Superwrapz is RM100 comprising one hundred (100) Superwrapz Shares.

The current director of Superwrapz are Dato' Low Chee Yen, Dato' How Say Swee and Dato' Wong Fuei Boon. As at the LPD, Power Root holds 100% in Superwrapz.

Upon completion of the Subscription Agreement, the shareholdings of Superwrapz will be as follows:

| <b>Shareholders</b>    | <b>No. of shares</b> | <b>%</b>     |
|------------------------|----------------------|--------------|
| Power Root             | 44,000               | 44.0         |
| Power Root Distributor | 51,000               | 51.0         |
| Wong Tak Keong         | 5,000                | 5.0          |
| <b>Total</b>           | <b>100,000</b>       | <b>100.0</b> |

As Superwrapz was incorporated on January 2020, Superwrapz has yet to have any audited financial statements.

#### **4. INFORMATION ON THE SUBSCRIBERS**

##### **(a) Wong Tak Keong**

Wong Tak Keong, a Malaysian, aged 49, is the Managing Director and substantial shareholder of Power Root. Wong Tak Keong was appointed to our Board on 26 February 2018. Wong Tak Keong graduated from the University of Western Australia in 1991 with a Bachelor Degree in Accounting and Finance.

In 1993, he started his career as an audit assistant with Pricewaterhouse Coopers and KPMG. In 1995, he 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. Wong Tak Keong 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. Wong Tak Keong 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 to Director of International Business on 1 January 2017 before he assumed his current position as Managing Director.

Since Wong Tak Keong joined our Group as International Business Manager in 2008, he was instrumental in building our Group's export market from approximately 11% of our Group's revenue generated from exports amounting to RM19.15 million in the FYE 2008 to currently over 51% of our Group's revenue generated from the exports amounting to RM173.53 million recorded in FYE 2019. Additionally, since Wong Tak Keong assumed his current position as Managing Director in February 2018, our Group's profit after tax has increased significantly from RM9.73 million in FYE 2018 to RM28.13 million in FYE 2019.

##### **(b) Tan Nan Sze**

Tan Nan Sze, a Malaysian, aged 37, is a Sales Manager in Pontian Sheng Fatt Coffee, a business that manufactures and produces coffee products. He holds an Association of Chartered Certified Accountants ("ACCA") professional qualification.

In 2004, he started his career as a Sales Executive in Pontian Sheng Fatt Coffee and was later promoted to Sales Manager in 2009. He has more than 10 years of operating experience in the food and beverages industry particularly in the marketing and production of coffee related products. He owns and operates a food production factory in Pontian, Johor Bahru.

Tan Nan Sze is to undertake a technical advisory role in the roasting coffee business as well as sourcing the coffee beans from suppliers for Alicafe Roasters. Tan Nan Sze is expected to be joining Alicafe Roaster's management in the second half of 2020.

Tan Nan Sze is not a person connected to the Interested Director and Shareholder.

##### **(c) Thoo Wee Yoong**

Thoo Wee Yoong, a Malaysian, aged 45, is a Sales and Development Manager in a multinational company that is involved in trading of food packaging. He is responsible for maintaining and servicing the North Region customers, developing new products as well as enhancing the distribution network. He graduated from the Nottingham Trent University with a Bachelor Degree in Mechanical Engineering.

In 1999, he started his career as an Engineering Supervisor in Zama (Japan) Ind. Ltd. He left in 2000 to join Techworld (H.K.) Ind. Ltd as an Engineering Manager. In 2004, he joined Cosimex (H.K.) Co. Ltd. as a Factory Manager, overseeing the factory performance as well as developing new products and markets for the company.

Thoo Wee Yoong is expected to be building Power Root Distributor's network in Hong Kong, China and Taiwan. He is expected to also be in charge of product development, and sourcing supplies from potential original equipment manufacturer (OEM) partners. Thoo Wee Yoong is expected to be joining Power Root Distributor's and Superwrapz's management in the second half of 2020.

Thoo Wee Yoong is not a person connected to the Interested Director and Shareholder.

**(d) Chan Kien Siong**

Chan Kien Siong, a Malaysian, aged 40, is an Assistant General Manager performing Business Development in Power Root. He graduated from the Multimedia University in 2002 with a Bachelor Degree in Marketing.

In 2003, he started his career as a Sales Executive in Danone Malaysia Sdn Bhd and was involved in distribution management and key account planning for petrol kiosk. After spending approximately 3 years with Danone Malaysia Sdn Bhd, he left to join Texchem Consumers Sdn Bhd as the Trade Marketing Manager. Upon the merger of Texchem Consumers Sdn Bhd with DKSH Holdings Malaysia Berhad, he was promoted as National Sales Manager, General Trade. Subsequently, he assumed his position of Business Development Manager in Power Root in 2008. In 2011, he joined Air Asia X Berhad as an Ancillary Manager and subsequently joined Campbell Malaysia Sdn Bhd as a Food Service Manager in the same year. He was later promoted to National Field Sales Manager.

He re-joined Power Root as a Senior Business Manager on November 2015 and was subsequently promoted to an Assistant General Manager in 2017. He has more than 16 years of working experience in the field of sales and marketing in various industries with local companies and multinational companies.

Chan Kien Siong is expected to be undertaking sales and marketing for Power Root Distributor and Superwrapz.

Chan Kien Siong is not a person connected to the Interested Director and Shareholder.

**(e) Wong Oi Yan**

Wong Oi Yan, a Hong Kong citizen, aged 47, is a business woman. She has approximately 20 years of working experience in the engineering and machinery industry.

Wong Oi Yan is expected to be building Power Root Distributor's network in Hong Kong and China. Wong Oi Yan is expected to be joining Power Root Distributor's management in the second half of 2020.

Wong Oi Yan is not a person connected to the Interested Director and Shareholder.

**5. RATIONALE FOR THE PROPOSED SHARES ALLOTMENT**

**(a) Power Root Distributor**

Due to increasing food consumption, rising demand for a variety of 'on-the-go' food and beverages and increasing disposable income of the Asia Pacific region, our Board believes the market for food wrappers such as cling wraps and aluminium foil present a commercially viable business proposition, in particular to the North Asian region and Malaysia.

Our Board is of the view that the business of Power Root Distributor will complement our Group's existing business in North Asia and Malaysia by expanding its product range and consequently, expand its reach in these regions.

The allotment of shares in Power Root Distributor to Wong Tak Keong, Thoo Wee Yoong, Wong Oi Yan and Chan Kien Siong, whom shall also be the management of the company, enables direct risk and rewards to be shared between them and Power Root in driving the businesses of Power Root Distributor. After the completion of the Subscription Agreement, Power Root will remain as the controlling shareholder in Power Root Distributor holding 50.1% in Power Root Distributor.

**(b) Alicafe Roasters**

Our Board is of the view that setting up Alicafe Roasters will yield the following benefits for our Group:

- (i) Reduce our Group's reliance on existing supplier for the supply of roasted coffee;
- (ii) Enable our Group to move upstream in the production of its own roasted coffee; and
- (iii) Potential trading and sale of roasted coffee as food ingredients.

The allotment of shares in Alicafe Roasters to Wong Tak Keong and Tan Nan Sze, whom shall also be the management of the company, enables direct risk and rewards to be shared between them and Power Root in driving the businesses of Alicafe Roasters. After the completion of the Subscription Agreement, Power Root will remain as the controlling shareholder in Alicafe Roasters holding 80% in Alicafe Roasters.

**(c) Power Root HK**

Our Board is of the view that setting up Power Root HK will yield the following benefits for our Group:

- (i) Allow our Group to have a better control over the supply chain of its e-commerce business in China and Hong Kong and to better strategise its reach and advertising effectiveness;
- (ii) Improve profit margin via reduction of cost of third party distributor; and
- (iii) To facilitate the repatriation of profits from our Group's North Asian business back to Malaysia.

Our Board believes that North Asia, in particular, China, has growth potential for its demand for instant coffee, and exhibit promising room for penetration.

The allotment of shares in Power Root HK to Wong Tak Keong, whom shall also be the management of the company, enables direct risk and rewards to be shared between him and Power Root in driving the businesses of Power Root HK. After the completion of the Subscription Agreement, Power Root will remain as the controlling shareholder in Power Root HK holding 90% in Power Root HK.

**(d) Superwrapz**

Approximately 51% of our Group's revenue for the FYE 31 March 2019 was derived from exports revenue, with sales to the Middle East and North Africa ("**MENA**") region making up approximately 79% of our Group's export revenue. Our Board is of the view that the business of Superwrapz will complement our Group's existing business in MENA by expanding its product range and consequently, expand its reach in MENA.

The allotment of shares in Superwrapz to Wong Tak Keong is to provide the sharing of direct risk and rewards with Power Root in driving the businesses of Superwrapz. After the completion of the Subscription Agreement, Power Root will remain as the controlling shareholder in Superwrapz holding direct and indirect equity interest of 44% and 51% (through Power Root Distributor) respectively in Superwrapz.

## 6. PROSPECTS AND OUTLOOK

### 6.1 Overview and prospect of the global economy

The global economy is projected to grow at 3.2% in 2019 supported by growth in several major countries in the advanced economies. This growth is then forecast to improve to 3.5% in 2020. Growth in 2020 is expected to be supported by stronger gross domestic product (“GDP”) performance in emerging market and developing economies (“EMDEs”).

EMDEs are forecast to grow slower at 4.1% in 2019, largely due to easing external demand and investment following the impact of rising tariffs. But its growth is anticipated to improve 4.7% in 2020 as growth in major EMDEs is expected to rebound after recovering from the effect of financial market pressures.

Global inflation is projected to be at 3.6% in both 2019 and 2020. In 2019, inflation in advanced economies is expected to record 1.6%, while in EMDEs, it is projected at 4.8%. In 2020, inflation in advanced economies is expected to record 2% (2019: 1.6%), while inflation in EMDEs is projected to record 4.7% (2019: 4.8%) following slower wage growth. Meanwhile, world trade growth is expected to ease to 2.5% in 2019 amid deepening trade tensions between the US and China, and improve to 3.7% in 2020 backed by robust GDP growth in EMDEs. Foreign direct investment (“FDI”) is anticipated to expand 15% to USD1.5 trillion in 2019, mainly due to a rise in cross-border merger and acquisition (M&A) activities and an increase in greenfield investments.

Overall, global growth is expected to remain modest, supported by solid domestic demand in EMDEs. Nevertheless, growth in advanced economies is expected to ease further, mainly due to the ongoing trade restrictive policies. Downside risks remain a threat to world growth. These include the re-escalation of trade tensions between the US and China as well as broadening tariff hikes to other countries which will further hamper global demand. Moreover, exposure to financial vulnerabilities due to prolonged low interest rates may weigh on growth. Additionally, heightening geopolitical tensions, climate change effects and technological disruptions will adversely affect the global economy.

*(Source: Chapter 2 - Global Economic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)*

### 6.2 Overview and prospect of Malaysia

The Malaysian economic outlook remains resilient with domestic demand anchoring growth. The GDP expansion of 4.7% (y-o-y) in the first half of 2019 is expected to continue for the rest of the year while improving marginally to 4.8% in 2020. Notwithstanding the steady economic performance, the balance of risks to outlook remains on the downside as Malaysia has a high degree of openness. Disruption to global supply chain emanating from the prolonged trade dispute between major economies, geopolitical tensions, electronics slowdown as well as volatility in the global financial and commodity markets are anticipated to affect Malaysia’s growth momentum in the near-term.

Accounting for about 58% of GDP, household spending will continue to spearhead growth, supported by a stable labour market and benign inflation. Meanwhile, gross fixed capital formation is expected to gain traction in 2020 following revival of strategic projects coupled with on-going capital spending in the services and manufacturing sectors. On the supply-side, projection of a broad-based expansion led by the services sector will support growth backed by household spending. In addition, the rapid expansion of the digital economy and the launch of Visit Malaysia 2020 (VM2020) will boost the growth of the sector. The manufacturing sector is expected to



perform moderately in subsequent quarters before gaining momentum in the second half of 2020 in line with the anticipated upturn in the global electronics demand.

Resulting from the softer global demand amid trade and technology tensions, exports are estimated to record a moderate growth in 2019. Nevertheless, forecast for 2020 indicates a gradual pick up in the external sector in line with the projected improvement in global trade activities following the resumption of the US-China trade talks and recovery in global demand for electronics. Meanwhile, current account surplus is anticipated to narrow with rising imports following an uptick in investment and industrial activities coupled with widening deficits in services and income accounts.

*(Source: Chapter 3 - Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)*

### **6.3 Overview and prospect of the industries where our Group operates in**

#### Service Sector

The services sector expanded 6.3% during the first half of 2019 benefitting from resilient domestic demand. In 2019, the sector is projected to grow 6.1%, constituting about 58% of GDP primarily supported by wholesale and retail trade; finance and insurance; information and communication; and food & beverages and accommodation subsectors. The sector is projected to expand 6.2% in 2020 with most subsectors expanding at the same momentum, while trade-and manufacturing related services are expected to improve marginally.

The wholesale and retail trade subsector remains the key driver of the services sector. In 2019, the subsector is expected to grow 6.8% following expansion in the retail segment, particularly with the increasing number of convenience stores. However, the wholesale segment is projected to decline as hypermarkets are reviewing their business model due to high operating costs.

In 2020, the subsector is projected to increase 7% supported by tourism related activities and accelerating growth of e-commerce utilising the Electronic World Trade Platform which is designed to facilitate trade by connecting businesses, managing cargo authorisation and assisting customs operations.

The food & beverages and accommodation subsector is projected to record a strong growth of 9.2% in 2019 mainly supported by household and tourist spending. In 2020, the growth is expected to expand by 8.9% following increasing tourist arrivals and receipts amid VM2020, which targets 30 million tourists and RM100 billion receipts. Furthermore, the extended Visa On Arrival (VOA) from seven to 13 entry-points nationwide for Chinese and Indian tourists is anticipated to provide additional impetus to the growth of the subsector. The hosting of Asia-Pacific Economic Cooperation (APEC) meetings starting December 2019 until November 2020 are expected to spur the growth of the subsector.

#### Manufacturing Sector

During the first half of 2019, the manufacturing sector expanded by 4.2% mainly supported by the domestic-oriented industries. For the year, the sector is expected to grow 4% with the Manufacturing Production Index and sales expanding 4.1% and 6.1%, respectively, between January and July. In 2020, the manufacturing sector is estimated to grow 4.1% driven by steady improvement in the export-oriented industries coupled with sustained expansion in the domestic-oriented industries.

The domestic-oriented industries are expected to remain resilient, particularly driven by the consumer-related cluster, including transport equipment as well as food and beverages.

In 2020, the performance of the export oriented industries is anticipated to improve in tandem with the uptick in electronics cycle, especially during the second half of the year. Manufacturers in Malaysia are also expected to benefit from the changes in the global electronics supply chain following the US-China trade and technology dispute. Likewise, production of petrochemicals and oleochemicals is expected to increase with the commencement of RAPID. The domestic-oriented industries are expected to be driven by both consumer- and construction-related clusters. In the consumer-related cluster, food subsector will continue to expand due to higher demand from households as well as tourists amid VM2020.

*(Source: Chapter 3 - Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)*

#### **6.4 Future Plans and Prospects of our Group**

Our Group continues to see strong demands for its products in the third quarter of FYE 31 March 2020, especially from its overseas markets and an improved sales and operation efficiency which resulted in improvement in profitability. Our Group remains optimistic of its prospects in the current financial year, while keeping abreast of macro-scale developments in the beverage sector. In addition, our Group intends to further strengthen its brand equity by building brand familiarity and subsequent loyalty. Our Group will continue to sustain efforts to enhance returns on investment, improve production efficiencies and reinforce cost consciousness across all aspects, as part of the overall operations optimisation discipline.

Our Group's investments in the Subsidiaries will enable our Group to diversify its product range to include non-food related products such as cling wraps and aluminum foils and roasted coffee as food ingredients to its existing and new markets in North Asia and Middle East region as well as locally. Our Group shall continue to focus on growing its footprints and network throughout these markets, among others.

Premised on the above, the proceeds from the Subscription Shares will enable the Subsidiaries to secure its initial working capital needs in pursuing the business operation of the respective Subsidiaries.

*(Source: Our Management)*

### **7. EFFECTS OF THE PROPOSED SHARES ALLOTMENT**

#### **7.1 Issued share capital and substantial shareholders' shareholdings**

The Proposed Shares Allotment is not expected to have any effect on the issued share capital and the shareholdings of the substantial shareholders of Power Root as it does not involve the issuance of ordinary shares in Power Root.

#### **7.2 NA and gearing**

The Proposed Shares Allotment is not expected to have a material effect on the NA and gearing of our Group.

#### **7.3 EPS**

The Proposed Shares Allotment is not expected to have a material effect on the earnings and EPS of our Group for the FYE 31 March 2020.

#### 7.4 Convertible securities

As at the LPD, the Proposed Shares Allotment is not expected to have any effect on the convertible securities of Power Root.

#### 8. APPROVALS REQUIRED

The Proposed Shares Allotment is conditional upon approvals being obtained from the non-interested shareholders of Power Root at an EGM to be convened pursuant to Paragraph 6.06(1) of the Listing Requirements.

The Proposed Shares Allotment is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by Power Root.

#### 9. HISTORICAL SHARE PRICE

The monthly high and low prices of Power Root Shares traded on the Main Market of Bursa Securities from January 2019 up to December 2019 are as follows:

|             | <b>High<br/>RM</b> | <b>Low<br/>RM</b> |
|-------------|--------------------|-------------------|
| <b>2019</b> |                    |                   |
| January     | 1.391              | 1.221             |
| February    | 1.420              | 1.287             |
| March       | 1.373              | 1.208             |
| April       | 1.351              | 1.208             |
| May         | 1.399              | 1.217             |
| June        | 1.545              | 1.351             |
| July        | 1.896              | 1.476             |
| August      | 1.994              | 1.672             |
| September   | 2.113              | 1.906             |
| October     | 2.211              | 2.044             |
| November    | 2.419              | 2.034             |
| December    | 2.450              | 2.300             |

Last transacted market price of Power Root Shares on 30 January 2020, being the last trading day prior to the date of the announcement of the Proposed Shares Allotment on 31 January 2020

RM2.290

Last transacted market price of Power Root Shares as at the LPD

RM2.290

*(Source: Bloomberg)*

#### 10. OTHER CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Our Board confirms that save for the Proposed Shares Allotment and the Proposed Shareholders' Mandate, the approvals of which will be sought at our Company's forthcoming EGM, there are no other corporate proposals which have been announced but have yet to be completed as at the date of this Circular.

**11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

Save as disclosed below, none of our Directors and Major Shareholders of Power Root and/or persons connected to them has any interest, direct and/or indirect, in the Proposed Shares Allotment.

As at the LPD, Wong Tak Keong, the Managing Director and substantial shareholder of Power Root, holds direct and indirect equity interest of 7.60% and 2.02% respectively in Power Root. Accordingly, Wong Tak Keong is deemed an Interested Director and Shareholder in the Proposed Shares Allotment.

In view of the above, Wong Tak Keong has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Shares Allotment in the Company. In addition, he will abstain from voting and undertake to ensure that persons connected with him, if any, to abstain from voting in respect of their direct and/or indirect shareholdings in Power Root, if any, on the ordinary resolutions pertaining to the Proposed Shares Allotment to be tabled at the EGM to be convened.

**12. DIRECTORS' STATEMENT**

Our Board (other than the Interested Director and Shareholder who has abstained from deliberating and voting in respect of the Proposed Shares Allotment at the relevant Board meetings), after having considered all aspects of the Proposed Shares Allotment, including but not limited to the rationale, the utilisation of proceeds and the effects of the Proposed Shares Allotment, is of the opinion that the Proposed Shares Allotment is fair and reasonable and in the best interest of Power Root and its shareholders.

Accordingly, our Board (save for Wong Tak Keong) recommends you vote in favour of the ordinary resolutions in respect of the Proposed Shares Allotment to be tabled at the forthcoming EGM.

**13. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Shares Allotment is expected to be completed by the first half of year 2020.

**14. EGM**

The notice convening the EGM is enclosed herewith together with this Circular. The EGM will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim on Thursday, 27 February 2020 at 3:00 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolutions to give effect to the Proposed Shares Allotment.

If you are unable to attend and vote in person at the forthcoming EGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible so as to arrive at the Share Registrar's office at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time set for the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

**15. FURTHER INFORMATION**

For further information, please refer to the attached appendix which form part of this Circular.

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

**Dato' Afifuddin Bin Abdul Kadir**  
Independent Non-Executive Co-Chairman

**PART B**

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED  
SHAREHOLDERS' MANDATE**



**POWER ROOT BERHAD**

Company Reg No.: 200601013517 (733268-U)  
(Incorporated in Malaysia)

**Registered Office:**  
Suite 9D, Level 9  
Menara Ansar  
65 Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim

12 February 2020

**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*)  
Dato' Low Chee Yen (*Executive Deputy Chairman*)  
Wong Tak Keong (*Managing Director*)  
Dato' How Say Swee (*Executive Director*)  
Dato' Wong Fuei Boon (*Executive Director*)  
See Thuan Po (*Executive Director*)  
Ong Kheng Swee (*Independent Non-Executive Director*)  
Azahar bin Baharudin (*Independent Non-Executive Director*)  
Dato' Tea Choo Keng (*Independent Non-Executive Director*)

**To: Our Shareholders**

Dear Sir/Madam,

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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**1. INTRODUCTION**

On 31 January 2020, our Board announced that our Company proposes to seek the approval from our shareholders for the Proposed Shareholders' Mandate at our forthcoming EGM which will permit our Group to enter into RRPTs, which are necessary for the day-to-day operations and are in the ordinary course of business of our Group.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSED SHAREHOLDERS' MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

On 31 January 2020, TA Securities had on behalf of our Board, announced that the Subsidiaries had on 31 January 2020, entered into four (4) respective Subscription Agreements. The Subsidiaries are intended to venture into new and/or recently restructured businesses. Details of the new and/or recently restructured businesses to be undertaken by the Subsidiaries have been set out in Part A of this Circular.

As at the LPD, Wong Tak Keong is the Managing Director and substantial shareholder of Power Root, holding approximately 7.60% and 2.02% direct and indirect interest respectively in Power Root.

Upon the completion of the Proposed Shares Allotment, Wong Tak Keong will hold an effective interest of approximately 10% in each of the Subsidiaries. In view of Wong Tak Keong's interest in Power Root and the Subsidiaries, the transactions between our Group with the respective Subsidiaries are thereby deemed related party transactions.

Hence, our Company proposes to seek a general mandate from our shareholders for our Company and/or its subsidiaries to enter into arrangements or transactions with the Subsidiaries, which are necessary for the day-to-day operations of our Group and not to the detriment of the minority shareholders of our Company.

### **2.1 Provision under the Listing Requirements**

Pursuant to Paragraph 10.09 (1)(a) of the Listing Requirements, listed issuer with a share capital of RM60.0 million and above must immediately announce a RRPT as follows:-

- (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
- (ii) the percentage ratio of such RRPT is 1% or more;

whichever is the higher.

Paragraph 10.09 (2) of the Listing Requirements provides that, where there are RRPTs, our Company may seek shareholders' mandate in respect of such transactions subject to among others, the following:

- (a) the transactions are in the ordinary course of business and are on the terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09 (1) of the Listing Requirements, as stated above;
- (c) our Company's Circular includes the information as may be prescribed by Bursa Securities;



- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected to a Director or Major Shareholder and where the interest of an interested Person Connected to a Director or Major Shareholder is involved, such Director or Major Shareholder, must not vote on the resolution approving the transactions and an interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (e) our Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by our Company, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where our Company has procured its shareholders' mandate pursuant to the Listing Requirement, the provisions of Paragraph 10.08, Part E of Chapter 10 of the Listing Requirements shall not apply save for Paragraph 10.08(7) during the period of validity of the shareholders' mandate.

## **2.2 Validity of the Proposed Shareholders' Mandate**

As at the LPD, our Company does not have an existing mandate from its shareholders to enter into the RRPTs. In this respect, our Company is seeking approval from the shareholders for the Proposed Shareholders' Mandate which will allow our Group, in their ordinary course of business, to enter into the category of RRPTs disclosed in Part B, Section 2.6 of this Circular with the Related Parties, provided such transactions are made at arms' length and are not to the detriment of the minority shareholders of our Company.

The Proposed Shareholders' Mandate, if approved by our shareholders at the forthcoming EGM, shall take effect from the date of passing of the resolution proposed at the forthcoming EGM and will continue to be in force until:

- (a) the conclusion of the next AGM of our Company following the forthcoming EGM at which such ordinary resolution is passed to effect the Proposed Shareholders' Mandate, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of our 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) The Proposed Shareholders' Mandate is revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

## **2.3 Disclosure in Annual report**

Disclosure will be made in our Company's annual report in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs made during the financial year pursuant to the Proposed Shareholders' Mandate based on the following information:

- (a) type of Recurrent Related Party Transactions made; and
- (b) names of the Related Parties involved in each type of the RRPT made and their relationship with our Company.

## 2.4 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) Directors;
- (b) Major Shareholders; and
- (c) Persons Connected with the Directors and/or Major Shareholders.

## 2.5 Principal activities of our Group

Power Root is an investment holding company. Our Group manufactures and distributes beverage products (being fast moving consumer goods) in Malaysia and in 43 other countries. Our Group offers coffee under the Alicafe, Per'l, and Ah Huat White Coffee brand names, instant premixed tea under the brand names of Alitea and Ah Huat Tea, cocoa beverages under the Oligo, Per'l Choco, and Ah Huat Coco brand names, and canned energy drinks under the Power Root Extra name.

The particulars of the transacting subsidiary companies of Power Root that are expected to enter into RRPTs and their principal activities are as follows:

| No.   | Company Name             | Effective % held | Principal activities   |
|---|--------------------------|------------------|--|
| 1)  | Power Root Marketing     | 100%             | Distribution of various beverage products  |
| 2)  | Power Root Manufacturing | 100%             | Manufacture and distribution of beverage products  |
| 3)  | Power Root Shanghai      | 100%             | Distribution of various beverage products  |
| 4)  | Power Root ME            | 97.0%            | Distribution of various beverage products  |
| <b>Subsidiaries that are deemed Related Parties due to interest of Wong Tak Keong<sup>(1)</sup></b> |                          |                  |  |
| 1)  | Power Root Distributor   | 50.1%            | Distribution and trading of non-food related products                                    |
| 2)  | Power Root HK            | 90.0%            | Trading of beverage products   |
| 3)  | Alicafe Roasters         | 80.0%            | The intended principal activity is manufacturing and distribution of various beverages   |
| 4)  | Superwrapz               | 69.6%            | The intended principal activity is distribution and trading of non-food related products |

It is envisaged that, in the normal course of our Group's businesses, transactions of a revenue or trading nature between the above companies in our Group and the Related Parties are likely to occur, which are necessary for its day-to-day operations. The details of the RRPTs contemplated under the Proposed Shareholders' Mandate are set out in Part B, Section 2.6 of this Circular.

Notes:

- (1) *Wong Tak Keong is an Interested Director and Shareholder by virtue of his directorships, direct and indirect shareholdings in our Company, and the transacting Subsidiaries. Please refer to Part B, Section 6 of this Circular for details of his shareholdings in our Company.*

*Upon Completion, the directorship and direct and indirect shareholdings of Wong Tak Keong in the transacting Subsidiaries are as follows:*

|                        | <----- Direct -----> |       | <----- Indirect-----> |       | Directorship |
|------------------------|----------------------|-------|-----------------------|-------|--------------|
|                        | No. of shares        | %     | No. of shares         | %     |              |
| Power Root Distributor | 60,000               | 10.0% | -                     | -     | -            |
| Alicafe Roasters       | 10,000               | 10.0% | -                     | -     | -            |
| Power Root HK          | 100,000              | 10.0% | -                     | -     | ✓            |
| Superwrapz             | 5,000                | 5.0%  | 51,000 <sup>(i)</sup> | 51.0% | -            |

Note:

- (i) *Deemed interested by virtue of his shareholdings held in Power Root Distributor.*

*[The rest of this page is intentionally left blank]*

## 2.6 Details of the RRPTs and the Related Parties

The class and nature of the RRPTs of our Group are as follows:

| No.          | Transacting parties                           | Nature of transactions   | Relationship of Related Parties                                   | Estimated aggregate value to be transacted from the forthcoming EGM to the next AGM (RM) |
|--------------|---|--|---|--|
| 1.           | Power Root Manufacturing to Power Root HK     | Sale of beverage products by Power Root Manufacturing to Power Root HK   | Interested Director and Shareholder Wong Tak Keong <sup>(1)</sup> | 3,100,000  |
| 2.           | Power Root HK to Power Root Shanghai          | Distribution of Power Root's products by Power Root HK to Power Root Shanghai  |   | 3,400,000  |
| 3.           | Power Root Distributor to Power Root Shanghai | Sale of non-food related products being cling wraps and aluminium foil products by Power Root Distributor to Power Root Shanghai |   | 400,000  |
| 4.           | Superwrapz to Power Root ME                   | Sale non-food related products being cling wraps and aluminium foil products by Superwrapz to Power Root ME                      |   | 300,000  |
| 5.           | Alicafe Roasters to Power Root Manufacturing  | Sale of roasted coffee by Alicafe Roasters to Power Root Manufacturing   |   | 165,000  |
| 6.           | Alicafe Roasters to Power Root Manufacturing  | Royalty fee payable by Power Root Manufacturing to Alicafe Roasters for the sale of roasted coffee products                      |   | 34,500   |
| <b>Total</b> |   |  |   | <b>7,399,500</b>   |

Notes:

(1) Wong Tak Keong is an Interested Director and Shareholder by virtue of his directorships, direct and indirect shareholdings in our Company, and the transacting Subsidiaries. Please refer to Part B, Section 6 of this Circular for details of his shareholdings in our Company.

Upon Completion, the directorship and direct and indirect shareholdings of Wong Tak Keong in the transacting Subsidiaries are as follows:

|                        | Direct        |       | Indirect              |       | Directorship |
|------------------------|---------------|-------|-----------------------|-------|--------------|
|                        | No. of shares | %     | No. of shares         | %     |              |
| Power Root Distributor | 60,000        | 10.0% | -                     | -     | -            |
| Alicafe Roasters       | 10,000        | 10.0% | -                     | -     | -            |
| Power Root HK          | 100,000       | 10.0% | -                     | -     | ✓            |
| Superwrapz             | 5,000         | 5.0%  | 51,000 <sup>(i)</sup> | 51.0% | -            |

Note:

(i) Deemed interested by virtue of their shareholdings held in Power Root Distributor.

## 2.7 Review procedures in relation to RRPTs

To promote good corporate governance in the conduct of our Group's business, our Group has established a framework for evaluating potential conflicts of interest and disclosure obligations arising out of transactions, arrangements and relationships between our Company and its Related Parties. The procedures in this framework ensure the RRPTs are on arm's length basis and in the best interest of our Group. We set forth below the review procedures of our Company's RRPTs:

- (i) Each Director is required to make full disclosure at once of any interest he or she may have in any business enterprise with an existing or proposed business relationship or transaction with our Company and/or its subsidiaries.
- (ii) All RRPT will be reviewed by our Audit Committee on a quarterly basis. Any member of our Audit Committee may as he deems fit, request for additional information on the RRPT from independent sources or advisers. Where the RRPT is estimated to exceed the percentage ratio of 1% or RM1 million in value whichever is higher, the RRPT will be reviewed and approved by our Audit Committee. Where the RRPT is below the above threshold, the RRPT can be reviewed and approved by any two non-interested authorised personnel (comprising any two (2) of the Directors) and thereafter, perused by our Audit Committee quarterly.
- (iii) Our Audit Committee will report its findings to our Board for further action if during the quarterly review, our Audit Committee views that the guidelines and procedures are insufficient to ensure that the RRPT are carried on normal commercial terms and/or the RRPT are deemed detrimental to the minority shareholders of Power Root.
- (iv) Our Audit Committee shall review procedures, and shall continue to review the procedures, on an annual basis or whenever the need arises.
- (v) With the information provided in the RRPT papers, our Board ascertains that at least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to or by the Related Parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products or services and/or quantities. If a quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be reviewed by our Audit Committee based on usual business practices of our Group to ensure that the RRPT are fair and reasonable to our Group as to the prices and terms, and are not detrimental to the minority shareholders of our Group.
- (vi) The interested Director in the RRPT must abstain from the Board's deliberation and voting on the relevant resolution(s) approving the RRPT. The interested Director must inform our Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed RRPT that he is aware or should reasonably be aware of, which is not in the best interest of our Company or its subsidiary, as the case may be.
- (vii) The interested Major Shareholder or Person Connected to them must not vote at the general meeting on the resolution approving the RRPT. It is the duty of the interested Director and interested Major Shareholder to ensure that Persons Connected to them abstain from voting on the resolution approving the RRPT.

## **2.8 Amount due from Related Parties**

Our Group, as part of its credit management practices, will carry out periodic reviews to ensure that all amounts owing by the Related Parties are paid within the credit period.

As at the LPD, there is no outstanding amount due to our Company from the Related Parties pursuant to the Recurrent Related Party Transactions that exceeded the credit period.

## **2.9 Audit Committee Statement**

Our Audit Committee has seen and reviewed the procedures as set out in Part B, Section 2.7 of this Circular and is of the view that the procedures are sufficient to ensure that the RRPTs are undertaken on arms' length basis on our Group's normal commercial 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.

Our Audit Committee is of the further view that our Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. Our Audit Committee shall review these procedures and processes on a yearly basis or whenever the need arises.

## **3. RATIONALE AND BENEFIT FOR THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate if approved by the shareholders, will enable our Group to venture into new and/or recently restructured business through the Subsidiaries including North Asia and Middle East markets.

The RRPTs envisaged in the Proposed Shareholders' Mandate are in the ordinary course of business of our Group and recurring in nature. The Proposed Shareholders' Mandate will eliminate the need to convene separate general meetings on each occasion to seek shareholders' prior approval for entry by our Group into such transactions.

The Proposed Shareholders' Mandate is intended to facilitate transactions entered into the ordinary course of business of our Group which are transacted from time to time with Related Parties at arm's length and are not detrimental to the minority shareholders of our Company.

## **4. EFFECT OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will not have any effect on the issued share capital of our Company and the substantial shareholders' shareholdings and is not expected to have a material effect on the NA per Share and gearing of our Group.

## **5. APPROVAL REQUIRED**

The Proposed Shareholders' Mandate is subject to our shareholders' approval being obtained at the forthcoming EGM to be convened.

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

Save as disclosed below, none of the Directors, Major Shareholders, and/or Persons Connected to them, have any interests, direct or indirect in the Proposed Shareholders' Mandate:

Wong Tak Keong is an Interested Director and Shareholder, by virtue of his directorship and substantial shareholdings in Power Root and by virtue of his directorships and shareholdings in the transacting Subsidiaries as detailed in the notes of Part B, Section 2.6 of this Circular.

The shareholdings of Wong Tak Keong as at the LPD are as follows:

| Interested Director and Shareholder | No. of Power Root Shares |      |            |      |
|-------------------------------------|--------------------------|------|------------|------|
|                                     | Direct                   | %    | Indirect   | %    |
| Wong Tak Keong                      | 31,088,800               | 7.60 | 8,250,800* | 2.02 |

Notes:

\* Deemed interested via his spouse, Ling Shi Yng and children, Wong Ling Huay and Wong Yee Han.

Accordingly, Wong Tak Keong has abstained and will continue to abstain from deliberations and voting on the Proposed Shareholders' Mandate at all the Board's meetings. Further, Wong Tak Keong will abstain from voting in respect of his direct and indirect interests, if any, on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming EGM.

In addition, Wong Tak Keong has undertaken to ensure that the Persons Connected to him shall abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming EGM in respect of their direct and indirect interests in our Company.

## 7. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, (save for the Interested Director and Shareholder who has abstained from deliberating and voting in respect of the Proposed Shareholders' Mandate at the relevant Board meetings), after having considered the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of our Group.

Accordingly, our Board (save for the Interested Director), recommends you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

## 8. EGM

The notice convening the EGM is enclosed herewith together with this Circular. The EGM will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim on Thursday, 27 February 2020 at 3:00 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the forthcoming EGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible so as to arrive at the Share Registrar's office at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time set for the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

**9. FURTHER INFORMATION**

For further information, please refer to the attached appendix which form part of this Circular.

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

**Dato' Afifuddin Bin Abdul Kadir**  
Independent Non-Executive Co-Chairman



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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular, and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. Our Directors confirm that, after making all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements, or other facts which, if omitted, would make any statement in this Circular false or misleading.

**2. WRITTEN CONSENT AND CONFLICT OF INTEREST**

TA Securities, being the Adviser for the Proposed Shares Allotment has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, letter and all references to it in the form and context in which they so appear in this Circular.

Notwithstanding that Wong Tak Keong has a share margin facility with TA Securities, TA Securities has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser in respect of the Proposed Shares Allotment.

TA Securities is of the opinion that its appointment as the Adviser for the Proposed Shares Allotment would not result in a "conflict of interest" situation based on the following:

- TA Securities is involved in various business activities including financial advisory, research, securities issuance, trading and brokerage. As such, the services extended to Power Root as the Adviser for the Proposed Shares Allotment is in the ordinary course of business of TA Securities; and
- Save for the professional fees charged in relation to the Proposed Shares Allotment, TA Securities will not be deriving any direct or indirect monetary benefit from the Proposed Shares Allotment outside of their aforesaid capacities.

Premised on the above, TA Securities confirm that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser to Power Root in respect of the Proposed Shares Allotment.

**3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position or business of our Group and the Board is not aware of any proceedings pending or threatened against our Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

**4. MATERIAL CONTRACTS**

As at the LPD, neither our Company nor any of our subsidiaries have entered into any contract outside the ordinary course of business which are or may be material during the two (2) years immediately preceding the date of the Circular.

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**FURTHER INFORMATION (CONT'D)**

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**5. MATERIAL COMMITMENT**

As at the LPD, save for a capital commitment for plant and equipment which have been contracted but not provided for amounting to RM4.26 million, our Board is not aware of any material commitment incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group.

**6. CONTINGENT LIABILITIES**

As at the LPD, our Board is not aware of any material contingent liability incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor during normal business hours from Monday to Friday (except public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) a copy of each of the Subscription Agreements;
- (iii) our Group's audited financial statement for the past two (2) FYEs 31 March 2018 to 2019 and our latest unaudited quarterly report for the six (6) months FPE 30 September 2019; and
- (iv) the letter of consent and conflict of interest referred to in Section 2 of this Appendix I.



**POWER ROOT BERHAD**

Company Reg No.: 200601013517 (733268-U)  
(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") 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 Darul Takzim on Thursday, 27 February 2020 at 3:00 p.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions:

**ORDINARY RESOLUTION 1**

**PROPOSED ISSUANCE AND ALLOTMENT OF 60,000 NEW ORDINARY SHARES IN POWER ROOT DISTRIBUTOR SDN BHD ("POWER ROOT DISTRIBUTOR"), REPRESENTING 10% EQUITY INTEREST IN POWER ROOT DISTRIBUTOR TO WONG TAK KEONG ("PROPOSED SHARES ALLOTMENT IN POWER ROOT DISTRIBUTOR TO WONG TAK KEONG")**

**"THAT**, subject to the approvals being obtained from all relevant authorities and parties, approval be and is hereby given to Power Root Distributor, being a subsidiary of the Company, to allot and issue 60,000 new ordinary shares in Power Root Distributor ("**Power Root Distributor Shares**" or "**Power Root Distributor Subscription Shares**"), representing an equity interest of 10% in Power Root Distributor, at an issue price of RM1.00 per Power Root Distributor Share to Wong Tak Keong upon the terms stipulated in the subscription agreement entered into between Power Root Distributor, the Company, Wong Tak Keong and three other subscribers dated 31 January 2020.

**THAT** the Power Root Distributor Subscription Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing shares in Power Root Distributor, save and except that the Power Root Distributor Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date falls before the date of allotment of such Power Root Distributor Subscription Shares.

**AND THAT** any one (1) of the Director of the Company be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents and do all acts and things as may be required for or in connection with and to give full effect to the Proposed Shares Allotment in Power Root Distributor to Wong Tak Keong, with full and discretionary power to assent or make any conditions, variations, revisions, modifications and/or amendments as they may consider to be in the best interest of the Company, or that may be required by any relevant authorities and to take all such steps as well as to execute all such documents as they may deem necessary or expedient in order to implement, complete and do all such acts and things to finalise and give full effect to the Proposed Shares Allotment in Power Root Distributor to Wong Tak Keong."

## **ORDINARY RESOLUTION 2**

### **PROPOSED ISSUANCE AND ALLOTMENT OF 10,000 NEW ORDINARY SHARES IN ALICAFE ROASTERS SDN BHD (“ALICAFE ROASTERS”), REPRESENTING 10% EQUITY INTEREST IN ALICAFE ROASTERS TO WONG TAK KEONG (“PROPOSED SHARES ALLOTMENT IN ALICAFE ROASTERS TO WONG TAK KEONG”)**

**"THAT**, subject to the approvals being obtained from all relevant authorities and parties, approval be and is hereby given to Alicafe Roasters, being a subsidiary of the Company, to allot and issue 10,000 new ordinary shares in Alicafe Roasters (**"Alicafe Roasters Shares"** or **"Alicafe Roasters Subscription Shares"**), representing an equity interest of 10% in Alicafe Roasters, at an issue price of RM1.00 per Alicafe Roasters Share to Wong Tak Keong upon the terms stipulated in the subscription agreement entered into between Alicafe Roasters, the Company, Wong Tak Keong and one other subscriber dated 31 January 2020.

**THAT** the Alicafe Roasters Subscription Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing shares in Alicafe Roasters, save and except that the Alicafe Roasters Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date falls before the date of allotment of such Alicafe Roasters Subscription Shares.

**AND THAT** any one (1) of the Director of the Company be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents and do all acts and things as may be required for or in connection with and to give full effect to the Proposed Shares Allotment in Alicafe Roasters to Wong Tak Keong, with full and discretionary power to assent or make to any conditions, variations, revisions, modifications and/or amendments as they may consider to be in the best interest of the Company, or that may be required by any relevant authorities and to take all such steps as well as to execute all such documents as they may deem necessary or expedient in order to implement, complete and do all such acts and things to finalise and give full effect to the Proposed Shares Allotment in Alicafe Roasters to Wong Tak Keong."

## **ORDINARY RESOLUTION 3**

### **PROPOSED ISSUANCE AND ALLOTMENT OF 100,000 NEW ORDINARY SHARES IN POWER ROOT HK-CHINA COMPANY LIMITED (“POWER ROOT HK”), REPRESENTING 10% EQUITY INTEREST IN POWER ROOT HK TO WONG TAK KEONG (“PROPOSED SHARES ALLOTMENT IN POWER ROOT HK TO WONG TAK KEONG”)**

**"THAT**, subject to the approvals being obtained from all relevant authorities and parties, approval be and is hereby given to Power Root HK, being a subsidiary of the Company, to allot and issue 100,000 new ordinary shares in Power Root HK (**"Power Root HK Shares"** or **"Power Root HK Subscription Shares"**), representing an equity interest of 10% in Power Root HK, at an issue price of HKD1.00 per Power Root HK Share to Wong Tak Keong upon the terms stipulated in the subscription agreement entered into between Power Root HK, the Company and Wong Tak Keong dated 31 January 2020.

**THAT** the Power Root HK Subscription Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing shares in Power Root HK, save and except that the Power Root HK Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date falls before the date of allotment of such Power Root HK Subscription Shares.

**AND THAT** any one (1) of the Director of the Company be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents and do all acts and things as may be required for or in connection with and to give full effect to the Proposed Shares Allotment in Power Root HK to Wong Tak Keong, with full and discretionary power to assent or make to any conditions, variations, revisions, modifications and/or amendments as they may consider to be in the best interest of the Company, or that may be required by any relevant authorities and to take all such steps as well as to execute all such documents as they may deem necessary or expedient in order to implement, complete and do all such acts and things to finalise and give full effect to the Proposed Shares Allotment in Power Root HK to Wong Tak Keong."

#### ORDINARY RESOLUTION 4

##### **PROPOSED ISSUANCE AND ALLOTMENT OF 5,000 NEW ORDINARY SHARES IN SUPERWRAPZ INTERNATIONAL SDN BHD (“SUPERWRAPZ”), REPRESENTING 5% EQUITY INTEREST IN SUPERWRAPZ TO WONG TAK KEONG (“PROPOSED SHARES ALLOTMENT IN SUPERWRAPZ TO WONG TAK KEONG”)**

**"THAT**, subject to the approvals being obtained from all relevant authorities and parties, approval be and is hereby given to Superwrapz, being a subsidiary of the Company, to allot and issue 5,000 new ordinary shares in Superwrapz ("**Superwrapz Shares**" or "**Superwrapz Subscription Shares**"), representing an equity interest of 5% in Superwrapz, at an issue price of RM1.00 per Superwrapz Share to Wong Tak Keong upon the terms stipulated in the subscription agreement entered into between Superwrapz, the Company, Wong Tak Keong and Power Root Distributor dated 31 January 2020.

**THAT** the Superwrapz Subscription Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing shares in Superwrapz, save and except that the Superwrapz Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date falls before the date of allotment of such Superwrapz Subscription Shares.

**AND THAT** any one (1) of the Director of the Company be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents and do all acts and things as may be required for or in connection with and to give full effect to the Proposed Shares Allotment in Superwrapz to Wong Tak Keong, with full and discretionary power to assent or make to any conditions, variations, revisions, modifications and/or amendments as they may consider to be in the best interest of the Company, or that may be required by any relevant authorities and to take all such steps as well as to execute all such documents as they may deem necessary or expedient in order to implement, complete and do all such acts and things to finalise and give full effect to the Proposed Shares Allotment in Superwrapz to Wong Tak Keong."

#### ORDINARY RESOLUTION 5

##### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS' MANDATE”)**

**"THAT** approval be and is hereby given to the Company and/or its subsidiaries ("**Group**") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties ("**Recurrent Related Party Transactions**") as set out in Part B, Section 2.6 of this Circular dated 12 February 2020 ("**Circular**") provided that such transactions and/or arrangements are:

- (i) on an arms' length basis and on normal commercial terms which are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions by the Group conducted pursuant to shareholders' mandate during the financial year; and
- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
  - (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the EGM at which this shareholders' mandate is approved, at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;
  - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("**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 of the Company in a general meeting of the Company,

whichever is the earliest.

**THAT** any one (1) of the Director of the Company be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents and do all acts and things as may be required for or in connection with and to give full effect to the Proposed Shareholders' Mandate, with full and discretionary power to assent or to make any conditions, variations, revisions, modifications and/or amendments as they may consider to be in the best interest of the Company, or that may be required by any relevant authorities and to take all such steps as well as to execute all such documents as they may deem necessary or expedient in order to implement, complete and do all such acts and things to finalise and give full effect to the Proposed Shareholders' Mandate.

**AND THAT** as the estimates given for the Recurrent Related Party Transactions specified in Part B, Section 2.6 of the Circular being provisional in nature, any one (1) of the Director of the Company be and is hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Part B, Section 2.7 of the Circular.”

**By Order of the Board**

**LEONG SIEW FOONG (MAICSA NO. 7007572)**  
**SANTHI A/P SAMINATHAN (MAICSA No. 7069709)**  
**ZURIATI BINTI YAACOB (LS NO. 0009971)**  
Company Secretary

Johor Bahru  
Dated: 12 February 2020

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositors) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an Exempt Authorised Nominee (“EAN”) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. Where an authorised nominee appoints two (2) proxies, or where an EAN appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. In the case of a corporate body, the proxy appointed must be in accordance with the Constitution, and the instrument appointing a proxy shall be given under the Company’s Common Seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited at the Share Registrar’s Office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time set for the meeting or any adjournment hereof.
7. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.

**8. Explanatory Notes to Ordinary Resolution 4**

Taking into consideration Wong Tak Keong’s proposed subscription of 60,000 Power Root Distributor Shares as set out in Ordinary Resolution 1, Wong Tak Keong’s effective equity interest in Superwrapz will be 10.1% whereby he will hold a direct interest of 5% and an indirect interest of 51% through Power Root Distributor, respectively in Superwrapz.

**9. General Meeting Record of Depositors**

For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 75 of the Constitution of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities, a Record of Depositors as at 20 February 2020 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.



POWER ROOT BERHAD

POWER ROOT BERHAD
Company Reg No.: 200601013517 (733268-U)
(Incorporated in Malaysia)

Table with 2 columns: CDS Account no., Number of shares held

Proxy Form

I/We \_\_\_\_\_ (Name in full)

\_\_\_\_\_ (IC/Passport/Company No.) of \_\_\_\_\_

\_\_\_\_\_ (Address)

being a member/members of the abovenamed Company hereby appoint \_\_\_\_\_

\_\_\_\_\_ (Name in full)

\_\_\_\_\_ (IC/Passport No.) of \_\_\_\_\_

\_\_\_\_\_ (Address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim on Thursday, 27 February 2020 at 3:00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate box against each resolutions how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolutions, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

My/our proxy is to vote as indicated below:

Table with 3 columns: Ordinary Resolutions, For, Against. Rows include Proposed Shares Allotment in Power Root Distributor, Alicafe Roasters, Power Root HK, Superwrapz, and Proposed Shareholders' Mandate.

The proportions of \*my/our holdings to be represented by my \*proxy/proxies are as follows:

Table with 2 columns: Proxy 1, Proxy 2, Total. Values: %, %, 100%

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature of shareholder(s)/common seal

Notes:

- 1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositors) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds
4. Where an authorised nominee appoints two (2) proxies, or where an EAN appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. In the case of a corporate body, the proxy appointed must be in accordance with the Constitution, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited at the Share Registrar's Office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time set for the meeting or any adjournment hereof.
7. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.





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AFFIX  
STAMP



**POWER ROOT BERHAD**

Company Reg No.: 200601013517 (733268-U)

**Power Root Berhad**

(Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony, No. 5, Jalan  
Professor Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya, Selangor, Malaysia)

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