

POWER ROOT BERHAD

Registration no. 200601013517 (733268-U)
(Incorporated in Malaysia)

MINUTES OF THE FIFTEENTH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD FULLY VIRTUAL VIA THE LIVE STREAMING AND ONLINE REMOTE VOTING USING THE REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES PROVIDED BY VOTE2U AT [HTTPS://WEB.VOTE2U.MY](https://web.vote2u.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC D6A471702) ON FRIDAY, 27 AUGUST 2021 AT 3.00 P.M.

Present (Via Video Conferencing) : 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)*

Mr. Wong Tak Keong *(Executive Director/Chief Executive Officer)*

Dato’ How Say Swee *(Executive Director)*

Dato’ Wong Fuei Boon *(Executive Director)*

Mr. See Thuan Po *(Executive Director)*

Mr. Ong Kheng Swee *(Independent Non-Executive Director)*

Encik Azahar bin Baharudin *(Independent Non-Executive Director)*

Mr. Low Jun Lee *(Non-Independent Non-Executive Director)*

Dato’ Tea Choo Keng *(Independent Non-Executive Director)*

In Attendance (Via Video Conferencing) : Ms. Leong Siew Foong *Company Secretary*

Mr. Tan Teck Eng *Engagement Partner, KPMG PLT (External Auditors)*

and Shareholders and Proxies as per the attendance list.

CHAIRMAN

The Company’s Co-Chairman, Dato’ Afifuddin bin Abdul Kadir presided and welcomed everyone to the Meeting.

QUORUM

After noting that the requisite quorum has been met in accordance with Clause 80 of the Company’s Constitution, the Chairman called the Meeting to order.

PROXIES

The Company received 59 copies of form of proxy holding 250,353,334 ordinary shares representing 58.72% of the total issued share capital of the Company within the prescribed period. Out of those, 11 of shareholders appointed Chairman of the Meeting as their proxy.

NOTICE

The notice convening the Meeting was taken as read.

Before the Chairman proceeded to the day's agenda, he informed the members that the voting of all motions of today's Annual General Meeting would be conducted by way of poll pursuant to Para 8.29A of Bursa Securities Listing Requirements. Polling would be conducted at the end of the deliberation on all the motions and the results would be announced thereafter.

The Chairman further informed the members that the total 12 Ordinary Resolutions as set out in the Notice of 15th AGM dated 30 July 2021 will be tabled first and thereafter the Q&A session will be held to address questions posed by the shareholders at this Meeting via real time submission of typed texts in the query box.

The Board and Management will endeavor to answer the questions posed during the Q&A session. Questions that are not taken up during the Meeting would receive an email response from the Company or the Company would upload to the Company's website all the questions received and attribute the questions raised by showing the full name of the shareholders or proxies.

After the Q&A session, the 12 Ordinary Resolutions would be put to vote for the shareholders to cast their votes remotely using the remote participation and voting ("RPV") facilities provided.

The Chairman informed the Meeting that the Company had appointed Agmo Digital Solutions Sdn. Bhd. as the Poll Administrator to conduct the electronic polling process and Aegis Communication Sdn. Bhd. as the Independent Scrutineer to verify the poll results.

Participation at this AGM is restricted to the Company's shareholders, proxies and authorised representatives of corporate shareholders who have registered to participate in this Meeting remotely.

The Chairman informed the Meeting that as discussions at this AGM might be deemed confidential and only for the knowledge of the relevant parties, any visual or audio recording whilst the AGM is being conducted is strictly prohibited unless the Company's written consent has been obtained prior to the Meeting.

Further, whilst the Company will do its best to ensure a smooth live streaming, the quality of the live streaming also very much depends on participants' internet bandwidth connection as well.

The Chairman then proceeded to the Agenda proper.

AS ORDINARY BUSINESS

AGENDA 1: TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021, TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORT THEREON

The Audited Financial Statements ("AFS") for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon have been circulated to all members within the prescribed period and a copy of which is tabled at this Meeting. Pursuant to Section 340 (1) (a) of

the Companies Act 2016, the AFS are laid out for discussion only, and will not be put forward for voting.

The Chairman informed the members that they may raise their questions by typing them in the query box provided.

AGENDA 2

RESOLUTION 1: TO SANCTION PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 MARCH 2022, TO BE PAYABLE ON QUARTERLY BASIS IN ARREARS

AGENDA 3

RESOLUTION 2: TO APPROVE THE BENEFIT PAYABLE TO THE DIRECTORS AN AGGREGATE AMOUNT OF NOT MORE THAN RM600,000 FOR THE FINANCIAL YEAR ENDING 31 MARCH 2022

AGENDA 4

RESOLUTION 3: RE-ELECTION OF MR. AZAHAR BIN BAHARUDIN, WHO RETIRES PURSUANT TO CLAUSE 100 OF THE COMPANY'S CONSTITUTION AND BEING ELEGIBLE, OFFERS HIMSELF FOR REELECTION

AGENDA 5

RESOLUTION 4: RE-ELECTION OF MR. WONG TAK KEONG, WHO RETIRES PURSUANT TO CLAUSE 100 OF THE COMPANY'S CONSTITUTION AND BEING ELEGIBLE, OFFERS HIMSELF FOR REELECTION

AGENDA 6

RESOLUTION 5: RE-ELECTION OF Y.A.D. TENGKU DATO' SETIA PUTRA ALHAJ BIN TENGKU AZMAN SHAH ALHAJ, WHO RETIRES PURSUANT TO CLAUSE 100 OF THE COMPANY'S CONSTITUTION AND BEING ELEGIBLE, OFFERS HIMSELF FOR REELECTION

AGENDA 7

RESOLUTION 6: RE-ELECTION OF MR. LOW JUN LEE, WHO RETIRES PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION AND BEING ELEGIBLE, OFFERS HIMSELF FOR REELECTION

AGENDA 8

RESOLUTION 7: RE-APPOINTMENT MESSRS. KPMG PLT AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

AS SPECIAL BUSINESS:

AGENDA 9

RESOLUTION 8: CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR - MR. ONG KHENG SWEE

The Chairman informed that Resolution 8 is to continue Mr. Ong Kheng Swee as an Independent Director, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.

AGENDA 10

RESOLUTION 9: AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75(1) AND 76(1) OF THE COMPANIES ACT 2016 (“AUTHORITY TO ALLOT SHARES”)

AGENDA 11

RESOLUTION 10: PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN POWER ROOT (“POWER ROOT SHARES”), IN RELATION TO THE COMPANY’S DIVIDEND REINVESTMENT PLAN (“DRP”) THAT PROVIDES THE SHAREHOLDERS OF POWER ROOT (“SHAREHOLDERS”) THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW POWER ROOT SHARES

AGENDA 12

RESOLUTION 11: PROPOSED RENEWAL OF THE AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY (“PROPOSED RENEWAL OF SHARE BUY-BACK”)

AGENDA 13

RESOLUTION 12: PROPOSED NEW AND RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”).

The Chairman then informed the Meeting that the Q & A session will proceed.

QUESTIONS AND ANSWER SESSION

The Chairman invited Mr. Wong Tak Keong, Chief Executive Officer and Mr. See Thuan Po, Executive Director to address the questions that had been received from the shareholders:

Questions answered by Mr. Wong Tak Keong:

No.	Shareholder Name	Question	Answer
1.	Pang Yong Da	Do you plan to venture into capsule coffee business? If not, why?	It is the future trend of coffee industry and it is growing annually. In fact, the trend is growing rapidly in some countries. The Company is also moving towards that direction. We are in planning stage and are in the midst of doing R&D for the capsule coffee.
2.	a) Pang Yong Da	With the hike of sugar tax in imposed in the UAE and the KSA, what measure do you take to	The drop in business for UAE (“United Arab Emirates”) & KSA (“Kingdom of Saudi Arabia”)

	<p>b) Chin Yee Chong</p>	<p>mitigate this problem?</p> <p>The Saudi Arabia and UAE are currently imposing the high sugar taxes of the group products, any plan for the group to roll out the less sugar products or healthy products?</p>	<p>arising from sugar tax in the region is approximately 25%. The sugar tax at a rate of 50% based on the shelf price of products was imposed at the end 2019. After that, COVID-19 occurred in March 2020. It was a double whammy impact for our business in these two countries.</p>
	<p>c) Kuan Lay Ming</p>	<p>Given the weak demand, price war and introduction of VAT (value-added) in Qatar, weak margins is expected to continue in the Middle East and North Africa (MENA) region, what is the strategy to overcome and when do you expect the recovery of sales? Does PWROOT considers exiting the market?</p>	<p>For the demand in UAE & KSA, we were hit by approximately 25% and approximately 10% respectively due to COVID-19. Until now, UAE has not recovered from the drop in demand due to COVID-19 pandemic.</p>
	<p>d) Lee Tuck Wai</p>	<p>The export value to the Middle East market segment has dropped from RM170 Million to RM99 Million in FY2021 due to the factors mentioned page 17 of the Annual Report. Can the Board/Management provide some updates on efforts to improve the export to this important market and whether the export value can be improved or at least maintained at the FY2021 levels?</p>	<p>There is hardly any sugar tax exempted product that we can launch, except for black coffee, which we do not have any significant market share in the Middle East (“ME”).</p> <p>We plan to launch more black coffee and hope to gain a certain market size for black coffee although we are not very optimistic about that.</p>
	<p>e) Huang Xiao En</p>	<p>What's the near term outlook for MENA sales? 50% sugar tax since 1st December FY2019 has been hitting PWROOT hard with >40% y.o.y revenue drop in MENA region. Any strategy to mitigate this issue?</p>	<p>Our immediate focus in the ME in the next financial year is to recover our profit margins. Our bottom line has dropped to the extent of 75% due to fixed cost and investment on Advertising and Promotional (“A&P”) spending in the ME.</p>
	<p>f) Tan Kuan Chin</p>	<p>What is the management plan to address the additional sugar tax in MEA? Will replacing sugar with Stevia a solution. What will be the cost impact Vs the saving? Thank you.</p>	

3.	<p>a) Pang Yong Da</p> <p>b) Chai Chan Chin</p>	<p>Which types of coffee beans do you use in your products?</p> <p>Do pwroot buy the coffee bean and process?</p>	<p>The Company is in the 3-in-1 business and the coffee powder that we purchase comes in the form of instant soluble coffee in powder form. We use a wide combination of coffee beans, including Robusta, Arabica and Columbia Arabica to produce our instant coffee powder.</p>
4.	<p>a) Yap Shong Waey</p> <p>b) Yee Kar Wai</p> <p>c) Chang Kok Soon</p> <p>d) Tan Kim Siang</p> <p>e) Teng Qi En</p> <p>f) Tan Zhi How</p>	<p>What is your strategy and solutions to the significant sales drop from MENA (Middle East and North Africa Area) region?</p> <p>What is the progress of MENA region? How company address the issue?</p> <p>Why export marked drop so much? What is the strategy company do to fix this problem? Can estimate how long can fix this problem? Thank you.</p> <p>Any business strategy to improve Oversea Sales, especially Middle East</p> <p>Does the group have any strategy to improve the revenue and profit in MENA area?</p> <p>When will the management expect the demand in MENA back to pre-pandemic level? What action has been taken to overcome the shortfall of sales and profit in MENA?</p>	<p>The Company is looking forward to expand the business to non-GCC (Gulf Cooperative Countries) countries. These non-GCC countries, however, have a high import duty and barriers to entry in terms of imports of foreign products into their countries. Therefore, we are in the midst of setting up OEM business structures whereby we will appoint local manufacturers in these countries as a licensed manufacturer to manufacture our products. We foresee that by next year we will have this going and therefore revenue will grow in these GCC countries.</p>
5.	<p>a) Yap Yip Yong</p> <p>b) Ooi Wei Chang</p>	<p>Given the on-going pandemic, what are the Board's strategies going forward?</p> <p>Can management give some updates on company's businesses and operations?</p>	<p>Apart from the impact on MENA countries, there is no real impact on other countries.</p> <p>COVID-19 impact on manufacturing operations are as follows:</p>

	<p>c) Chin Meow Fatt</p> <p>d) Lim Boon Hooi</p> <p>e) Justin Gerard A/L K Gerard</p>	<p>Where will pwroot direction go in the future?</p> <p>What have the management done differently now vs FY21 to improve the top & bottom line given the fact that pandemic is going to prolong still in FY22?</p> <p>What are power roots strategy moving forward post pandemic on recovering profits? What are power roots strategy to remain relevant in the future, since the trend are moving towards healthy & environment friend/sustainability?</p>	<ul style="list-style-type: none"> • Our manufacturing operation has been stopped for 3 times up to date and we are probably going to face the 4th shut down in the coming months due to the outbreak of COVID-19 in our manufacturing operations. • We have already started various strategies and action plans to reduce the risk including: <ul style="list-style-type: none"> (i) Vaccination - By the end of September 2021, we are looking at a vaccination rate of 90% for our factory workers; (ii) Implemented tighter COVID-19 SOP and enforcement; (iii) Moving forward, we are segregating our offices to at least 6-7 locations instead of having a central office. We are setting up multiple warehouses to store our products where reserve stocks can be placed in case our main warehouse is shut down and we can deliver from the other warehouses. In terms of production facilities, we are no longer centralising our production facilities at No. 1, Jalan Sri Plentong, but we will be expanding production facilities to multiples sites. (iv) We are only focusing on our major SKU now and we are not producing our smaller or slow moving SKU at all in order to keep our
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Questions answered by Mr. See Thuan Po

No.	Shareholder Name	Question	Answer
6.	Ng Keat Heng	What is the percentage of vaccinated staff right now?	By September 2021, 90% of the Johor staff will be fully vaccinated. In KL and for the East Malaysia sales staff, we are pretty much at that level as well. Vaccination rate is lagging for the North and East Coast staff. The Company will plan to arrange for the staff who have yet to receive the first jab appointment for vaccination in private clinics. The Board will encourage anti-vaxxers to get vaccination except for pregnant staff and nursing mothers.
7.	Chin Yee Chong	<p>a) In view of the heighten competition of 3 in 1 coffee market, there are many brands like Chek Hup, Oldtown, Nescafe, how can PWROOT differentiate themselves among the peers?</p> <p>b) There are many brand like chek hup, nescafe what is the competitive advantage of PWroot among the peer</p>	<p>Malaysia is the most competitive 3-in-1 market in the world. The way to differentiate ourselves in the following segments are as follows:-</p> <p>(i) 3-in-1 segment – we position ourselves as a French inspired brand though Frenché Roast.</p> <p>(ii) Functional segment - we are No. 1 coffee player in this segment via our Alicafé and Perl Café brands.</p> <p>(iii) White Coffee segment through the Ah Huat brand, our positioning is this is a coffee for all occasions and we also focus on the “Believe Eight Virtues”.</p> <p>(iv) Lower end segment via our</p>

			Jom Kopi brand, we market it as affordable coffee and maintain price competitiveness.
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The Chairman then declared that the Q & A session closed. Questions that are not taken up during the Meeting would receive an email response from the Company or would be uploaded on the Company's website all the questions received at the earliest practicable time and attribute the questions raised by showing the full name of the shareholders or proxies.

The Chairman subsequently informed that the polling would be conducted for all the 12 Ordinary Resolutions and online remote voting session would be opened immediately for another 5 minutes.

After the end of polling and verification by the Independent Scrutineers, the Chairman announced the results and declared that all the resolutions of today's Meeting were carried.

CLOSE OF MEETING

There being no further business, the Meeting closed at 4.10 p.m. with a vote of thanks to the Chair.