

MINUTES OF THE SIXTEENTH (16TH) ANNUAL GENERAL MEETING OF THE COMPANY HELD AT NO. 1, JALAN SRI PLENTONG, TAMAN PERINDUSTRIAN SRI PLENTONG, 81750 MASAI, JOHOR DARUL TAKZIM, MALAYSIA ON MONDAY, 29 AUGUST 2022 AT 3.00 P.M.

Present	:	Dato' Afifuddin bin Abdul Kadir	<i>(Independent Non-Executive Co-Chairman)</i>
		Y.A.D. Tengku Dato' Setia Putra Alhaj Bin Tengku Azman Shah Alhaj	<i>(Independent Non-Executive Co-Chairman)</i>
		Mr. Wong Tak Keong	<i>(Chief Executive Officer)</i>
		Dato' How Say Swee	<i>(Executive Director)</i>
		Dato' Wong Fuei Boon	<i>(Executive Director)</i>
		Mr. See Thuan Po	<i>(Executive Director)</i>
		Mr. Ong Kheng Swee	<i>(Non-Independent Non-Executive Director)</i>
		Encik Azahar bin Baharudin	<i>(Independent Non-Executive Director)</i>
		Ms. Tan Lay Beng	<i>(Independent Non-Executive Director)</i>
Absent with apology	:	Dato' Tea Choo Keng	<i>(Independent Non-Executive Director)</i>
		Mr. Low Jun Lee	<i>(Non-Independent Non-Executive Director)</i>
In Attendance	:	Ms. Santhi A/P Saminathan	<i>Company Secretary, Boardroom Corporate Services Sdn. Bhd.</i>
		Ms. Chan Yen Ing	<i>Engagement Partner, KPMG PLT (External Auditors)</i>

and Shareholders and Proxies as per the attendance list.

WELCOME BY THE CHAIRMAN

The Company Secretary informed those present that the Sixteenth (16th) Annual General Meeting ("AGM") will start and began by introducing the Members of the Board and the Chairman for the Meeting i.e. the Co-Chairman, Dato' Afifuddin bin Abdul Kadir. The Chairman then welcomed everyone to the Meeting. He conveyed the apologies of Dato' Tea Choo Keng and Mr. Low Jun Lee who were absent from the meeting.

NOTICE OF AGM

The Chairman informed that the Company Secretary had confirmed the requisite quorum was present. Having noted the presence of a quorum in accordance with Clause 80 of the Company's Constitution, the Chairman then called the meeting to order. The Chairman informed that the notice of AGM had been issued on 29 July 2022 and published within the stipulated time. Hence, the notice was taken as read and the Chairman proceeded to the meeting agenda.

PROXIES

The Chairman reported that the Company have received 88 proxy forms totalling 302,912,831 ordinary shares representing 69.12% of the Company's issued ordinary shares within the prescribed period. Out of those, 44 **shareholders totalling 74,069,698 ordinary shares representing 16.90% of the Company's issued ordinary shares** have appointed the Chairman of the Meeting as their proxy.

POLL VOTING

The Chairman informed that there were 11 Ordinary Resolutions to be tabled for the shareholders' approval at this Meeting and that the voting of all resolutions at this Meeting would be conducted by way of poll voting in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Chairman informed that Boardroom Share Registrars Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process whilst NeedsBridge Advisory Sdn. Bhd. has been appointed as Scrutineers to verify the poll results. The Poll Administrator will brief the shareholders on the polling procedures before the casting of votes. The polling process will be conducted upon conclusion of the deliberations of all items on the meeting agenda. The results of the voting will be announced after verification by the Scrutineers.

AS ORDINARY BUSINESS

AGENDA 1: TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022, TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORT THEREON

The Chairman informed that the Audited Financial Statements for the financial year ended 31 March 2022 ("AFS") together with the Reports of the Directors and Auditors, which have been approved by the Board, and have been circulated to all shareholders within the prescribed period was being tabled before this Meeting for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution do not require the AFS to have a formal approval of the shareholders' and hence, was not put forward for voting. However, the Board would be pleased to deal with any questions from the shareholders' pertaining to the AFS.

The Chairman informed that the Company had received a letter from the Minority Shareholders Watch Group ("MSWG") dated 22 August 2022, and the Board would address the questions raised by the MSWG at this juncture.

The Chairman invited Mr. See Thuan Po and Mr. Wong Tak Keong to present the questions raised by MSWG and responses from the Board as per Appendix A attached herewith. After their replies, and as there were no further questions, Mr See and Mr Wong ended their presentation on the MSWG questions.

The Chairman then invited questions from the shareholders on Agenda 1. As there were no questions, the Chairman proceeded to next item of the agenda.

AGENDA 2

RESOLUTION 1: TO SANCTION PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 MARCH 2023, TO BE PAYABLE ON QUARTERLY BASIS IN ARREARS

The Chairman proceeded to Ordinary Resolution 1. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Ordinary Resolution 1, which was duly carried out.

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 2023

The Chairman continued with Ordinary Resolution 2. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Ordinary Resolution 2, which was duly carried out.

AGENDA 4

RESOLUTION 3: TO RE-ELECT DATO' WONG FUEI BOON, WHO RETIRES PURSUANT TO CLAUSE 100 OF THE COMPANY'S CONSTITUTION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-ELECTION

The Chairman briefed on Ordinary Resolution 3. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Ordinary Resolution 3, which was duly carried out.

AGENDA 5

RESOLUTION 4: TO RE-ELECT MR. SEE THUAN PO, WHO RETIRES PURSUANT TO CLAUSE 100 OF THE COMPANY'S CONSTITUTION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-ELECTION

The Chairman continued with Ordinary Resolution 4. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Ordinary Resolution 4, which was duly carried out.

AGENDA 6

RESOLUTION 5: TO RE-ELECT DATO' TEA CHOO KENG, WHO RETIRES PURSUANT TO CLAUSE 100 OF THE COMPANY'S CONSTITUTION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-ELECTION

The Chairman moved to the next agenda Ordinary Resolution 5. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Ordinary Resolution 5, which was duly carried out.

AGENDA 7

RESOLUTION 6: TO RE-ELECT MS. TAN LAY BENG, WHO RETIRES PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION AND BEING ELIGIBLE, OFFERS HERSELF FOR RE-ELECTION

The Chairman briefed on Ordinary Resolution 6. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Ordinary Resolution 6, which was duly carried out.

AGENDA 8

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

The Chairman continued with Ordinary Resolution 7. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Ordinary Resolution 7, which was duly carried out.

AS SPECIAL BUSINESS:

AGENDA 9

RESOLUTION 8: AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75(1) AND 76(1) OF THE COMPANIES ACT 2016 (“AUTHORITY TO ALLOT SHARES”)

The Chairman proceeded to Ordinary Resolution 8 in respect of Authority for Directors to Issue Shares pursuant to Sections 75(1) and 76(1) of the Companies Act 2016 (“Authority to Allot Shares”). As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Resolution 8, which was duly carried out.

AGENDA 10

RESOLUTION 9: PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN POWER ROOT BERHAD (“POWER ROOT SHARES”), IN RELATION TO THE COMPANY’S DIVIDEND REINVESTMENT PLAN (“DRP”) THAT PROVIDES THE SHAREHOLDERS OF POWER ROOT BERHAD (“SHAREHOLDERS”) THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW POWER ROOT SHARES

The Chairman continued with Ordinary Resolution 9.

A shareholder enquired on whether the Company would, in the future offer any dividend reinvestment option and if so, what would be the size of the electable portion.

Mr. See Thuan Po replied that, the Company may opt to do so. Should we opt for this, it will be a mixture of cash and shares rather than that of a 100% electable portion.

As there was no further question, the Chairman invited a proposer and seconder from amongst the shareholders for Resolution 9, which was duly carried out.

AGENDA 11

RESOLUTION 10: PROPOSED RENEWAL OF THE AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY (“PROPOSED RENEWAL OF SHARE BUY-BACK”)

The Chairman continued with Ordinary Resolution 10 pertaining to Proposed Renewal of Share Buy-Back. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Resolution 10, which was duly carried out.

AGENDA 12

RESOLUTION 11: PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”).

The Chairman informed that the last item of the agenda is pertaining to Proposed Shareholders’ Mandate. As there were no questions from the shareholders, the Chairman invited a proposer and seconder from amongst the shareholders for Resolution 11, which was duly carried out.

VOTING BY POLL

As Ordinary Resolutions 1 to 11 have been proposed and seconded by the shareholders, the Chairman invited the Poll Administrator to brief the shareholders on the polling procedures before the casting of votes on all resolutions tabled at the Meeting.

The Chairman declared the commencement of voting session for the next 10 minutes. The Chairman further informed that after the closing of the voting session, the Independent Scrutineers would take approximately 20 minutes for the validation of poll results.

The Meeting resumed at 3.50 p.m. and the Chairman declared that based on the poll results, all 11 Ordinary Resolutions tabled at the 16th AGM were duly carried and read out the poll results as follows:

RESOLUTION	FOR		AGAINST	
	SHARES	%	SHARES	%
1	257,304,106	99.9223	200,000	0.0777
2	51,406,273	98.4058	832,800	1.5942
3	228,946,081	99.9088	209,000	0.0912
4	294,200,637	99.7147	841,800	0.2853
5	307,769,037	99.9351	200,000	0.0649
6	307,769,037	99.9351	200,000	0.0649
7	307,760,037	99.9321	209,000	0.0679
8	292,115,437	94.8522	15,853,600	5.1478
9	307,685,937	99.9081	283,100	0.0919
10	307,968,837	99.9999	200	0.0001
11	307,931,637	99.9351	200,000	0.0649

CLOSE OF MEETING

There being no further business, the Chairman thanked the shareholders for their attendance and declared the meeting closed at 4:00 p.m.

“APPENDIX A”

Mr. See Thuan Po and Mr. Wong Tak Keong presented the questions raised by MSWG and replies from the Board.

Question from Minority Shareholders Watch Group

Operational & Financial Matters

- 1. Power Root was prepared for the imposition of the sugar tax which was to be implemented on 1 April 2022. Although the Malaysian government has deferred the sugar tax implementation for the moment, the Company is ready for this eventuality. Power Root expects to roll out new products with lower sugar levels to meet the changing trends and tastes of consumers. (page 19 of Annual Report (AR) 2022)**

(a) What are the potential impacts to Power Root from the new sugar tax in Malaysia?

Products that do not meet the sugar threshold are required to pay the sugar tax of 47 sen per 100 grams. We will pass some of this cost by raising the prices of our products.

Nevertheless, the proposed sugar tax would not apply to the SKUs that we have reformulated.

(b) How much of your current products will be affected by the imposition of the sugar tax in Malaysia? How much of these products can be re-introduced with lower sugar levels?

Approximately 80% of our instant premix products will be affected by the imposition of the sugar tax. However, we have reformulated most of our products barring a handful of SKUs, of which will attract this sugar tax.

(c) What did you learn from the sugar tax roll-out in the Middle East markets that you can apply here?

The learnings for Middle East allowed us to tackle the reformulation of our products with relative ease in terms of taste profile, packaging changes and administrative requirements.

- 2. Due to inflationary pressures, Power Root adjusted the prices of its products in the domestic market from 1 January 2022. (page 19 of AR 2022)**

(a) How much was the increase in selling prices of your products in FY2022? Please provide the quantum of increase by product categories.

On average, the price increase of our instant premix products in Malaysia was approximately 8%.

(b) When was the last time, prior to FY2022, Power Root raised its selling prices and by how much?

The last price increase prior to FY2022 was in April of FY2020 for East Malaysia where we increased our selling prices by 2%. This is mainly to defray the shipping cost to East Malaysia.

- 3. In the Kingdom of Saudi Arabia (KSA), due to the rise in the cost of raw materials and higher manufacturing costs, Power Root started to increase the price of its products from May 2022. As with its Malaysian market, the Company expects to increase prices gradually in the Middle East and North Africa (MENA) markets. (page 22 of AR 2022)**

- (a) How much was the increase in selling prices for your products in KSA? How about other MENA markets?**

This price increase in KSA was approximately 5% and over the financial year, we will be implementing price adjustments in the other GCC countries as well. We expect this to be completed by this financial year.

As for the non-GCC countries, we have adjusted our prices by 5% and subject to cost escalation and the relevancy of remaining competitive, we may increase our prices by another 3%.

- (b) Besides Middle East, which are your top export markets for the last three years? What are your plans for these markets in the coming years?**

Besides Middle East, our other main export markets are Singapore and China. Singapore contributed 13% and China contributed 11% of total export sales.

For Singapore, the plans are to grow this market through the introduction of new SKUs and improve our operational efficiency via our sales efforts and enhance our distribution channels.

As for China, we have restructured our sales and distribution model of which sales will flow through our subsidiary, Power Root (Shanghai) Food Trading Co. Ltd (“PR Shanghai”) where stocks are kept at a third party logistic warehouse in China. PR Shanghai will then on sell it to our designated online and offline distributors. This allows us to better control the flow of our goods and also the prices of our products.

- 4. During FY2022, Power Root expanded its production and warehousing capacity. It has commissioned one unit of a high-speed 10-lane stick filling machine and one unit of an 8-lane stick filling machine which added 10% to its production capacity. To cater for higher demand, the Company also increased its annual beverages capacity by 41.2% to 2.88 million cartons beginning April 2022. (page 23 of AR 2022)**

- (a) How much was the total capex for this expansion? How much did you spend to increase production capacity by 10%?**

Collectively, we paid RM4.8 million for the 10-lane stick filling machine and 8- lane stick filling machine.

- (b) What is the budgeted capex for FY2023 and FY2024?**

As a rule of thumb, our maintenance CAPEX is approximately RM5-6 million. For FY2023, we have budgeted RM15.9 million for plant and machinery purchases comprising of a multilane stick filling machine; batching and handling machine/system and a coffee roaster facility/machine.

For FY 2024, barring any major capex investments, we expect it to go back to the levels of just maintenance capex of RM5-6 million.

(c) What is the current capacity and utilisation rate for the pre-mixed instant products vs ready-to-drink products (RTD)? When do you expect to achieve optimal capacity for each segment?

Based on 22 working days, our current pre-mixed instant products capacity is 175,000 cartons per month. Meanwhile, our RTD's capacity captures 240,000 cartons per month.

The above is almost the optimal capacity for each segment.

(d) How much of your sales in FY2022 was from pre-mixed instant products vs RTD products?

The pre-mixed instant products comprise 78% of our overall sales whereas the RTD products comprise the remaining 22% of the sales.

5. The Group recorded a 7.1% decline in PAT to RM26.3 million in FY2022. The lower PAT was due to higher staff costs with additional headcount required in operations, and the higher sales incentives incurred. Another factor was the higher operating expenses incurred due to increased advertising and promotion (A&P) costs, and higher freight costs. (page 23 of AR 2022)

(a) How many workers does the Group have as at end-FY2022 vs end-FY2021? How many additional workers do you need to operate at optimal capacity?

The Group had a total of approximately 630 workers in FY2022 and approximately 600 workers in FY2021.

(b) How much did you spend on A&P costs in FY2022? What is the budgeted A&P costs for FY2023?

The A&P cost incurred in FY2022 was approximately 11% of the total revenue. The budgeted A&P cost for FY2023 should be around 11 - 12% of the total revenue.

(c) How much was the increase in freight costs in FY2022? How is the trend so far this year?

The increase was over 100%. In April 2021, the cost of a 40-footer container was approximately USD3,100 and at the end of the financial year, the cost was approximately USD6,750.

We expect the freight cost to come down and it has due to the improving conditions of the availability of containers.

6. The Group continues to codify ROI-based criteria and guidelines into its processes focusing on cost and control. During FY2022, guidelines on plant and machinery investment were set to comply with these criteria. Moving forward, Power Root will continue to focus on ROI. While revenue growth is important, the Group believes that ROI is a better measure of performance and business sustainability in the long run. (page 19 and 25 of AR 2022)

(a) Please explain more on the ROI-based criteria and guidelines. What guidelines have you set for plant and machinery investment?

For ROI in respect of plant and machinery investments, the rule of thumb is based on a payback of 3 years. The guidelines and criteria that we evaluate take into consideration amongst others, are:

- (i) The cost of the machine;
- (ii) The performance (in terms of yield);
- (iii) Compatibility and familiarity of the machine; and
- (iv) After sales service and maintenance.

(b) What is your target ROI over the long-term vs existing ROI?

Our targeted ROI on capex investment is 33%. For FY 2022, the ROI achieved was approximately 54%.

(c) Going forward, where is your revenue growth going to come from? Do you expect higher contribution from export market or domestic market?

Revenue growth is expected to come from:

- (i) Penetration into new markets, new segments and extension of SKUs;
- (ii) Growth in tea segment;
- (iii) Increase in operational efficiency through adaptation of technology; and
- (iv) Growth through upstream activities

(d) What is your targeted revenue mix between export and domestic markets?

Our targeted revenue mix between export and domestic markets is expected to be 44% from exports and 56% from local sales.

7. A significant increase in commodity prices will affect the Company's cost and profitability. In mitigation, it is looking for alternative suppliers and longer-term hedging to manage its purchase prices. (page 25 of AR 2022)

(a) How much was the increase in coffee bean and sugar costs in FY2022? How is the trend so far this year?

Coffee beans increased by approximately 16% and sugar cost increased by approximately 4%.

(b) Currently, what are the average locked-in prices for coffee bean and sugar, and for how long?

For coffee, we have managed to lock in our main variant's prices till December 2022. With effective from January 2023, we will be paying approximately 15% more in terms of coffee prices.

However, for sugar, we can't lock in sugar prices as it is a controlled item. We observed that sugar prices have been increasing recently as we are currently paying it at RM2.90 and we anticipated the price of sugar to further increase in the near future.

(c) How much of your raw material purchases are denominated in USD?

Approximately 50% of the raw material purchases are denominated in USD.

Corporate Governance Matters

- 8. Under Practice 1.4 of the Malaysian Code of Corporate Governance stipulates that the Chairman of the board should not be a member of the Audit Committee, Nominating Committee or Remuneration Committee. For FYE 2022, the company did not apply Practice 1.4. Does the Company intend to apply Practice 1.4, and if yes, by when?**

The Board is of the opinion that appointing Dato' Afifuddin bin Abdul Kadir as the Co-Chairman of the Board while he is a member of the Audit Committee and the Chairman of the Nominating Committee and Remuneration Committee, does not create a situation of self-review, nor does it impair his objectivity in the deliberations on the observations, findings and recommendations put forth by the respective Board Committees at Board meetings. The Independent Non-Executive Co-Chairman, Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah chairs the Company's Board meetings and as such, the conflict situation of self-review and objectivity would not arise.

- 9. Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that 30% of the Board should comprise women. As of FYE 2022, there was only one woman director out of the 11 directors on the Board. Does the Company intend to apply Practice 5.9, and if yes, by when?**

The Board is satisfied that through the annual performance assessment of the Board, the Board Committees and individual Directors by the Nominating Committee, the current Board composition possesses the right mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively. The Board will, at the opportune time, seek additional women candidates as Board members in line with its gender diversity policy.