

POWER ROOT BERHAD

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

MINUTES OF THE EIGHTEENTH (18TH) ANNUAL GENERAL MEETING OF THE COMPANY HELD AT NO. 1, JALAN SRI PLENTONG, TAMAN PERINDUSTRIAN SRI PLENTONG, 81750 MASAI, JOHOR DARUL TAKZIM, MALAYSIA ON TUESDAY, 27 AUGUST 2024 AT 3.00 P.M.

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

Shareholders Present:

As per the attendance list.

1.0 WELCOME ADDRESS BY THE CHAIRMAN

The Company's Co-Chairman, Dato' Afifuddin bin Abdul Kadir welcomed all present at the Company's Eighteenth (18th) Annual General Meeting ("AGM") and began by introducing the Members of the Board and the Representative of the Company Secretary ("Company Secretary"). He then conveyed the apologies from Mr. Wong Tak Keong, the Executive Director & Chief Executive Officer for not being able to attend the Company's 18th AGM.

The Chairman informed that the attendance at this AGM is restricted to shareholders, proxy holders and authorised representatives of corporate shareholders, therefore the discussion that transpires in this AGM is deemed confidential and only for the knowledge of such relevant parties. Any visual or audio recording whilst this AGM is conducted, is strictly prohibited unless our prior written consent is obtained.

2.0 QUORUM

The Chairman informed that the Company Secretary had confirmed that 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.

3.0 NOTICE OF AGM

The Chairman informed that the notice of the 18th AGM and the Annual Report 2024 had been published on 25 July 2024 and 26 July 2024 respectively, within the stipulated time. The Chairman informed that the Notice of 18th AGM was advertised in the New Straits Times newspaper on 26 July 2024. Hence, the notice was taken as read and the Chairman proceeded to the meeting agenda.

4.0 PROXIES

The Company Secretary reported that the Company had received 75 proxy forms totaling 353,583,498 ordinary shares representing 77.73% of the Company's issued ordinary shares within the prescribed period. Out of those, 28 shareholders totaling 47,832,900 ordinary shares representing 10.51% of the Company's issued ordinary shares have appointed the Chairman of the Meeting as their proxy.

5.0 POLL VOTING

The Chairman informed that there were 12 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 paragraph 8.29A 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 the conclusion of the deliberations of all items on the meeting agenda. The results of the voting will be announced after verification by the Scrutineers.

ORDINARY BUSINESS

6.0 AGENDA 1:

TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024, TOGETHER WITH THE REPORTS OF THE DIRECTORS' AND AUDITORS' THEREON

- 6.1. The Chairman informed that the Audited Financial Statements for the financial year ended 31 March 2024 (“AFS”) together with the Reports of the Directors and Auditors, which had been approved by the Board, and had been circulated to all members within the prescribed period. The Chairman referred to the AFS in the Annual Report 2024.
- 6.2. The Chairman highlighted that, as stated in the Notice, the AFS will not be put forward for voting. This is in line with Section 340(1)(a) of the Companies Act 2016 and the Company’s Constitution which only requires the AFS to be laid before the shareholders. The AFS are tabled at the 18th AGM only for discussion and for the Board to address any queries.
- 6.3. The Chairman informed that the Company had received a letter from the Minority Shareholders Watch Group (“MSWG”) dated 20 August 2024, and the Board would address the questions raised by the MSWG at this juncture.
- 6.4. The Chairman invited Mr. See Thuan Po to present the questions raised by MSWG and responses from the Board which are set out in **Appendix A** attached herewith.
- 6.5. The Chairman invited questions or comments from shareholders/proxies from the floor on the AFS and the queries and comments received and responses by the Company which are set out in **Appendix B** attached herewith.

There being no further question raised by the members present, the Chairman proceeded to next item of the agenda.

7.0 AGENDA 2

RESOLUTION 1: TO SANCTION PAYMENT OF DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDING 31 MARCH 2025, 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 and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 1.

The Chairman deferred the poll voting on Ordinary Resolution 1 to after the conclusion of the deliberations of all items on the meeting agenda.

8.0 AGENDA 3

RESOLUTION 2: TO APPROVE THE BENEFIT PAYABLE TO THE DIRECTORS ON AN AGGREGATE AMOUNT OF NOT MORE THAN RM600,000 FOR THE FINANCIAL YEAR ENDING 31 MARCH 2025

The Chairman continued with Ordinary Resolution 2. As there were no questions from the shareholders, the Chairman invited and

received a proposer and seconder from amongst the shareholders for Ordinary Resolution 2.

The Chairman deferred the poll voting on Ordinary Resolution 2 to after the conclusion of the deliberations of all items on the meeting agenda.

9.0 AGENDA 4

RESOLUTION 3: TO RE-ELECT Y.A.D. TENGKU DATO' SETIA PUTRA AL-HAJ BIN TENGKU AZMAN SHAH AL-HAJ, WHO RETIRES PURSUANT TO ARTICLE 100 OF THE COMPANY'S CONSTITUTION

The Chairman briefed the meeting on Ordinary Resolution 3. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 3.

The Chairman deferred the poll voting on Ordinary Resolution 3 to after the conclusion of the deliberations of all items on the meeting agenda.

10.0 AGENDA 5

RESOLUTION 4: TO RE-ELECT MR. LOW JUN LEE, WHO RETIRES PURSUANT TO ARTICLE 100 OF THE COMPANY'S CONSTITUTION

The Chairman briefed the meeting on Ordinary Resolution 4. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 4.

The Chairman deferred the poll voting on Ordinary Resolution 4 to after the conclusion of the deliberations of all items on the meeting agenda.

11.0 AGENDA 6

RESOLUTION 5: TO RE-ELECT MS. TAN LAY BENG, WHO RETIRES PURSUANT TO ARTICLE 100 OF THE COMPANY'S CONSTITUTION

The Chairman briefed the meeting on Ordinary Resolution 5. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 4.

As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 5.

The Chairman deferred the poll voting on Ordinary Resolution 6 to after the conclusion of the deliberations of all items on the meeting agenda.

12.0 AGENDA 7

RESOLUTION 6: TO RE-ELECT DATO' TEA CHOO KENG, WHO RETIRES PURSUANT TO ARTICLE 100 OF THE COMPANY'S CONSTITUTION

The Chairman continued on to Ordinary Resolution 6. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 6.

The Chairman deferred the poll voting on Ordinary Resolution 6 to after the conclusion of the deliberations of all items on the meeting agenda.

13.0 AGENDA 8

RESOLUTION 7: TO RE-APPOINT MESSRS. KPMG PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 MARCH 2025 AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman briefed the meeting on Ordinary Resolution 7. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 7.

The Chairman deferred the poll voting on Ordinary Resolution 7 to after the conclusion of the deliberations of all items on the meeting agenda.

SPECIAL BUSINESS:

14.0 AGENDA 9

RESOLUTION 8: CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – ENCIK AZAHAR BIN BAHARUDIN

The Chairman briefed the meeting on Ordinary Resolution 8. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Ordinary Resolution 8.

The Chairman further explained that the Company is required to use the two-tier voting process in seeking the shareholders' approval to retain an independent director beyond nine years, as per Practice 5.3 of the Malaysian Code of Corporate Governance.

Under the two-tier voting process, the shareholders' votes will be cast in the following manner:-

Tier 1: Large shareholders of the Company cast their votes, and
Tier 2: Remaining Shareholders cast their votes.

The Chairman deferred the poll voting on Ordinary Resolution 8 to after the conclusion of the deliberations of all items on the meeting agenda.

15.0 AGENDA 10

RESOLUTION 9:

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

The Chairman briefed the meeting on Ordinary Resolution 9. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Resolution 9.

The Chairman deferred the poll voting on Ordinary Resolution 9 to after the conclusion of the deliberations of all items on the meeting agenda.

16.0 AGENDA 11

RESOLUTION 10:

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 briefed the meeting on Ordinary Resolution 10.

As there were no further questions, the Chairman invited and received a proposer and seconder from amongst the shareholders for Resolution 10.

The Chairman deferred the poll voting on Ordinary Resolution 10 to after the conclusion of the deliberations of all items on the meeting agenda.

17.0 AGENDA 12

RESOLUTION 11:

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

The Chairman briefed the meeting on Ordinary Resolution 11. As there were no questions from the shareholders, the Chairman invited and received a proposer and seconder from amongst the shareholders for Resolution 11.

The Chairman deferred the poll voting on Ordinary Resolution 11 to after the conclusion of the deliberations of all items on the meeting agenda.

18.0 AGENDA 13

RESOLUTION 12: PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE").

The Chairman briefed the meeting on Ordinary Resolution 12 and informed that Mr Wong Tak Keong is deemed interested in the Proposed Shareholders' Mandate by virtue of his directorship, direct and indirect shareholdings in the company and the transacting subsidiaries. The Chairman went on to inform that Mr. Wong Tak Keong would therefore abstain and continue to abstain from deliberating and voting on the RRPT Mandate, and informed that Mr. Wong has taken steps to ensure that persons connected to him would abstain from voting in respect of their direct and/or indirect shareholdings, if any, on this resolution.

There was no question raised by the shareholders/ proxies on this agenda, the Chairman invited and received a proposer and seconder from amongst the shareholders for Resolution 12.

The Chairman deferred the poll voting on Ordinary Resolution 12 to after the conclusion of the deliberations of all items on the meeting agenda.

19.0 AGENDA 14: ANY OTHER BUSINESS

The Chairman sought confirmation from the Company Secretary on whether the Company had received any notice for transaction of other business which had been given at this meeting. The Company Secretary confirmed that the Company had not received any notice for transaction of any other business at the Meeting.

20.0 POLLING PROCESS

As Ordinary Resolutions 1 to 12 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.

After the briefing by the Poll Administrator, 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 30 minutes for the validation of poll results.

21.0 ANNOUNCEMENT OF POLL RESULTS

The 18th AGM re-convened at 4.30 pm and the Chairman called the meeting to order for the declaration of the voting results which have been verified by the Scrutineers.

Based on the poll results verified by the Scrutineers, the Chairman declared that all Ordinary Resolutions tabled at the 18th AGM have been duly carried save for Resolution 8 which was not carried. The poll results were tabled as below:-

RESOLUTION	FOR		AGAINST	
	SHARES	%	SHARES	%
1	309,653,773	99.9931	21,500	0.000069
2	74,672,149	99.8620	103,200	17.0233
3	302,838,274	82.9767	62,129,369	0.1551
4	309,907,868	99.9451	170,200	0.0549
5	360,912,543	98.8835	4,075,100	1.1165
6	358,416,543	98.1996	6,571,100	1.8004
7	364,611,043	99.9023	356,600	0.0977
8.1	290,336,294	100.0000	0	0.0000
8.2	12,928,380	17.3184	61,722,669	82.6816
9	332,811,743	91.1844	32,175,900	8.8156
10	364,580,543	99.8885	407,100	0.1115
11	364,580,543	99.9305	253,700	0.0695
12	314,208,043	99.9194	253,300	0.0806

22.0 CONCLUSION OF MEETING

- i) The Company Secretary confirmed that there was no notice received for any other business to be conducted at the 18th AGM; and
- ii) The Chairman concluded the Meeting and thanked the shareholders for their attendance. The Meeting ended at 5.00 p.m.

“APPENDIX A”

Mr. See Thuan Po presented the questions raised by the Minority Shareholders Watch Group (“MSWG”) and responses from the Board.

Questions from Minority Shareholders Watch Group

Question 1.

For FY2024, the Group recorded a profit after tax (PAT) of RM42.3 million, a decrease of 28.9% from the PAT of RM59.5 million in FY2023 (Page 111 of the Annual Report 2024/AR2024). The decrease in PAT was attributed to lower revenue recorded for the year, higher raw material costs and higher absorption costs due to lower production output (Page 28 of AR2024).

1.(a) Which markets have significantly contributed to the drop in revenue and PAT? What action plans have been taken to improve revenue and earnings?

Our Response

The decrease in revenue and PAT for FY2024 was primarily attributed to weaker local sales and overseas sales, particularly in the GCC markets. The challenges faced were driven by:

- i) weaker market consumer sentiment arising from inflation and rising cost;
- ii) manpower challenges from the sales force; and
- iii) robust sales growth in previous FY2023.

To address these issues and improve revenue and earnings moving forward, we have implemented several strategic initiatives:

- Price increases and pack reduction to defend our margins;
- Focus on profitable channels and chains in terms of below-the-line investments and dialing down focus in the less profitable ones;
- Align incentive schemes towards profitability margins as opposed to just sales;
- Rationalisation of workforce to eliminate surplus capacity; and
- Introducing new SKUs and expansion into new countries.

These are the push and pull strategies implemented to (1) defend our margins and (2) to spur sales with priority focused on margins.

1.(b). What has been the price trend for Power Root’s key raw materials? Has the Company been able to pass on its cost increases to customers?

Our Response

Raw Materials	Current Pricing vs Average Price for FY24
Coffee Powder	<u>Uptrending</u> - we have managed to cap the increase to 7% - locked in prices till August 2026
Non-Dairy Creamer	<u>Downtrending</u> - prices are lower by approximately 12% - expected to reap the benefits in November 2024 - locked in prices till April 2026
Sugar	No major changes - RM3.51 vs current pricing of RM3.49
Cocoa Powder	<u>Uptrending</u> - prices are higher by approximately 46%

Despite these cost pressures, we have been able to pass on some of these cost to our customers through strategic price adjustments.

Question 2.

There is concern that Power Root recorded higher marketing expenses of RM37.31 million in FY2024 (FY2023: RM33.22 million) while the Group's revenue was lower year-on-year (Page 114 of AR2024). The Group has marketing entities in Malaysia (for Malaysian market) and overseas entities which include the marketing companies in Middle East, China, and Hong Kong (Page 144 of AR2024).

2(a). Which geographical markets did the Group focus more on marketing activities in FY2024 and why?

Our Response

Malaysia and Singapore were the markets that we focused more of our Above-the-Line (ATL) activities when compared to the previous financial year.

In Malaysia, we carried out our "Luxurious Paris Getaway" consumer campaign for the Frenche Roast products over the period of July to September 2023. The total prizes amounted up to RM1 million which included the Grand Prize of a trip to Paris, France for 6 couples on business class flights and 5-star accommodation. Other consolation prizes comprised of gold bars and cash prizes.

This contest was designed to align and associate the Frenche Roast brand with the luxurious and feel-good elements of Paris.

In addition to that, we aimed to expand the appeal of Ah Huat beyond its traditional Chinese consumer base, implementing various promotional activities, including signing Sean Lee as a brand ambassador, producing social media content that garnered over 13 million views, and airing a TV commercial on TV3. Please refer to page 16-17 of the Annual Report 2024 for more details.

As for Singapore, in conjunction with CNY 2024 and the introduction of our new Ah Huat Gao Siew Dai White Coffee, we promoted this SKU via Media Corp's TV Channels.

2(b). Are there any marketing ROI targets set for investing in marketing (advertising and promotional activities) for each geographical marketing entity? If yes, what are the targeted ROIs, and which entity drove sales and met the targeted ROI in FY2024?

Our Response

There is no hard and fast rule to this as most advertising and marketing activities are medium to long-term plays which are generally focused on brand building, customer loyalty and competitive positioning. In general, we will control our marketing spend based on the brands on hand and cap it within the pre-determined limit.

2(c). How have the increased efforts into creative marketing campaigns (Page 25 of AR2024) for the Malaysian market been performing?

Our Response

Our marketing campaigns are designed to communicate a clear consistent message to consumers, ensuring that our brand remains top of their minds. We believe we have been fairly successful in achieving this objective. As advertising and marketing activities are medium to long-term plays, we will continue with our efforts to be creative to ensure our consumers consistently notice us.

2(d).What is the Group's marketing budget for FY2025, and what percentage limit of revenue should be spent on marketing?

Our Response

In general, we expect our marketing costs to range between 10% to 13% of revenue, which should result in a total expenditure of less than RM40 million in FY2025.

3. In terms of capacity, the Group has made significant advancements in optimising the use of its storage space. The Group has increased storage capacity, improved efficiencies, as well as reduced storage, transportation, and warehousing costs (Page 28 of AR2024).

3(a). Is the Warehouse capacity optimisation exercise still ongoing? If so, what is the progress and the current and targeted use of storage capacity to achieve in FY2025?

Our Response

At the end of August 2024, we have fully internalised our warehouse storage activities, which marks the completion of our capacity optimisation exercise. Starting from September 2024, we will no longer utilise external warehouse storage, which will significantly improve our operational efficiency. Moving forward, our focus in FY2025 will be on maintaining this optimised storage capacity to ensure it aligns with our growing operational needs, while continuing to explore opportunities for further efficiencies in our storage and logistics processes.

3(b).Is there any cost savings realised from this optimisation exercise? If so, what is the amount?

Our Response

Yes, we will realise significant cost savings from this optimisation exercise. By fully internalising our warehouse storage activities, we are able to reduce our warehouse handling-related expenses from approximately RM215,000 per month to RM60,000 per month.

4. In the upcoming financial year, the Group intends to improve on its product offerings to provide for better consumer satisfaction and choices. After making significant investments in building its brands in FY2024, the Group plans to build on this by refocusing on improving margins on its profitable brands in FY2025 (Page 29 of AR2024).

4(a) Has the Group identified ways to improve its product offerings? If so, what are they and to which profitable brands in the current offerings are subjected to this improvement exercise?

Our Response

In FY2024, we focused on promoting our newer brands such as Frenche Roast and Jom Teh, while also making effort to connect with non-Chinese consumers via Ah Huat's Kaw Terpaling Ngam campaign.

Consequently, in FY2025, we intend to re-channel our resources to our staple brands, specifically Alicafe, Per'l and Ah Huat which generally carry better margins. This approach will allow us to focus more on profitable channels and maximize returns.

To improve our product offerings, we introduced new SKUs comprises of Frenche Roast Cravers Blend and Per'l Rose Tea to extend our product lines. These SKUs are extensions to the brands that will provide customers with additional choices and options.

4(b). What initiatives are being rolled out to improve the Group's product offerings? Are these initiatives helping to drive and improve margins?

Our Response

To address these issues and improve Group's product offerings and margins, we have implemented several strategic initiatives:

- i) Price increases and pack reduction to defend our margins;
- ii) Align incentive schemes towards profitability margins as opposed to just sales;
- iii) Focus on profitable channels and chains in terms of below-the-line investments and dialing down focus in the less profitable ones – essentially, more targeted spending.

5. Power Root also intends to explore upstream business opportunities as it seeks solutions to rein in costs and improve management over its supply chain (Page 29 of AR2024).

What is the progress of exploring upstream business opportunities? Has the Group found any potential opportunities that can present solutions to its cost element and supply chain management?

Our Response

In terms of the upstream business capabilities, we now have the ability to (i) roast our own coffee beans and (ii) grind our coffee into raw material format. Since FY 2024, we have been producing our Ah Huat Kopi-O SKUs for the Singapore market and in due course, we will explore extending it to our other markets that sell Kopi-O SKUs. In addition to that, we are already producing our own micro-ground coffee of which we use as raw material for various coffee SKUs.

By integrating this upstream process, we hope to achieve better cost control and improve our overall supply chain management.

6. We note that Power Root states its Sustainability Statement has been reviewed and approved by its Board of Directors (Page 32 of AR2024).

- (a) However, there is no disclosure statement made on whether Power Root has subjected the Sustainability Statement to–**
- i) internal review by its internal auditor; or**
 - ii) independent assurance performed in accordance with recognized assurance standards.**

Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa), Practice Note 9, Paragraph 6.2 (e) (i) (ii). Please comply with Bursa’s MMLR in the next reporting cycle.

Our Response

Please refer to the Statement of Assurance provided by the Internal Auditors on pages 60-61 on selected indicators.

Additionally, the data highlighted with assurance by the Internal Auditors, which was uploaded for Bursa ESG Reporting, can be found on pages 62-63 of the AR2024.

- 7. The Company is tabling Resolution 8 to approve the continuation of Encik Azahar Bin Baharudin as an independent director (INED) of the Company who has served for more than ten years (Notice of 18th AGM). He was appointed as an INED on 28 April 2014 (Page 8 of AR2024).**

Our Response

As his tenure is approaching the tenure limit of 12 years, what is the Company’s plan for succession?

The Company acknowledges the importance of board succession planning and maintaining a balanced mix of experience and fresh perspectives. With Encik Azahar's tenure as an Independent Director approaching the 12-year limit, we have carefully considered the value he brings to the Board.

Given his extensive experience and his continued ability to provide independent and objective judgment, the Board is supportive of his continued role as an Independent Director. As such, we are committed to his continuation in this capacity, ensuring that the Board retains his valuable insights while we also explore future succession planning to ensure a smooth transition when the time comes.

- 8. Practice 5.9 of MCCG states that the board comprises at least 30% women directors. The Company’s response: Departure. Presently, the Group has only one (1) woman director on the Board (comprising 9% of the Board) with the appointment of Ms. Tan Lay Beng on 3 January 2022 as an Independent Non-Executive Director of the Company. The Board will, at the opportune time, seek additional women candidates as Board members in line with its gender diversity policy (Page 48 of CG Report).**

MSWG’s question: What plans and timeframe for the Company to adopt Practice 5.9?

Our Response

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.

“APPENDIX B”

Question 1:

Power Root has increased the selling prices of its products, how have consumers responded to the changes?

Our Response

Due to rising raw material costs, the Company has increased the selling price of its products- a common strategy to maintain or boost profitability. Certain products have experienced price increases but continue to receive strong customers support. However, if demand declines, the company’s profitability Company may be affected.

The continued purchase of these products despite the price increase reflects strong brand loyalty and perceived value. However, competition from other industry players offering similar products at lower prices could lead to a shift in consumer preferences, potentially reducing overall sales volumes and offsetting the benefits of the price increase. The key challenge for the Company will be finding the optimal pricing strategy that maximizes profits while retaining customer demand.

Question 2:

Please provide the explanation on the pack reduction initiative and explain how the company plans to reduce external storage costs from RM215,000 to RM60,000 per month?

Our Response

Pack reduction refers to repackaging the products in smaller size packs or with lesser quantity per pack, which helps lower costs and maintain competitive pricing.

By reorganising internal warehouse storage activities and eliminating the external storage, the Company has achieved substantial cost savings, reducing warehouse handling-related expenses from approximately RM215,000 per month to RM60,000 per month. This move not only significantly reduces costs but also optimise storage space utilization.

The increased storage capacity and improved operational efficiencies have led to lower overall storage, transportation and warehousing expenses. This strategic move reflects the Company’s focus on cost management while improving the logistic capabilities, ultimately contributing to long-term profitability and operational streamlining.

Question 3:

What progress has Power Root made in expanding its presence in Middle East and North Africa (MENA) region market?

Our Response

The recovery of MENA's market is taking longer than expected compared to Southeast Asia. In FY24, the Company implemented an internal restructuring process of its sales and distribution activities in the region, aimed at enhancing brand presence and market dominance.

As part of the restructuring exercise, changes were made to our trade marketing, sales and development team, including the recruitment of additional sales leaders to manage our business expansion in Egypt and North Africa. Another notable development was the change of our distributor in the MENA region.

We have appointed Abbar & Sons as our new distributor in May 2023. Our Power Root Middle East team has visited Jeddah and Riyadh, Kingdom of Saudi Arabia ("KSA"), to meet and introduce them to our Alicafe and Alitea products.

Question 4:

a) What were the key factors contributing to employee turnover within the Sales and Marketing Department, comprising 107 employees in FY24?

Our Response

The turnover within the Sales and Marketing Department was primarily driven by a combination of push and pull factors. On the "push" side, many employees faced challenges in meeting their sales targets, leading to dissatisfaction and eventual departures. Simultaneously, the "pull" factor played a significant role, with some employees seeking better opportunities elsewhere in the market, attracted by competitive offers and enhanced career prospects.

b) What have been Power Root most consistent and best-selling products over the past two years?

Our Response

Malaysia's 3-in-1 market is indeed highly competitive, with a variety of popular brands vying for consumers' attention. Power Root has successfully positioned several of its brands by catering to different consumer segments. Introduced in 2020, Frenche Roast has offered a French-inspired coffee experience to the consumers. The Ah Huat White Coffee brand appeals to cost-conscious consumers with its affordable pricing, while Oligo Chocolate Malt has become a high-growth product, particularly popular among both parents and children in the malted beverage segment.

c) What is your average factory production capacity utilisation in FY24?

Our Response

The average factory capacity utilisation for Instant Premix Beverage and Ready-to-Drink Can Beverage range between 60% and 75%.

Question 5:

Nestlé is clearer about positioning its products under one strong brand, whereas Power Root does not feature its parent brand across all its product lines. Please provide us with details on the aforesaid concern raised.

Our Response

Power Root's products, such as Alicafe, Ah Huat, and Oligo, are marketed independently with minimal emphasis on their connection to the parent brand Power Root, unlike Nestlé, which prominently links its brand to products like KitKat and Nescafé. However, this approach is a legacy marketing initiatives and not an intentional marketing strategy of Power Root.