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**POWER ROOT BERHAD**

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

**PART A**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE  
PROPOSED RENEWAL OF THE AUTHORITY  
TO BUY-BACK ITS OWN SHARES BY THE COMPANY  
("PROPOSED RENEWAL OF SHARE BUY-BACK")**

**PART B**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE  
("PROPOSED SHAREHOLDERS' MANDATE")**

The above proposals will be tabled as Special Businesses at the Company's Sixteenth ("16<sup>th</sup>") Annual General Meeting ("AGM") which will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 29 August 2022 at 3.00 p.m. The Notice of the 16<sup>th</sup> AGM and the Proxy Form are set out in the Annual Report of the Company for the financial year ended 31 March 2022.

The Proxy Form should be completed and deposited at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time set for the AGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Saturday, 27 August 2022 at 3.00 p.m.  
Date and time of the AGM : Monday, 29 August 2022 at 3.00 p.m.

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement/Circular:

“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
“Board”	: Board of Directors of Power Root
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Circular”	: This circular to the shareholders of Power Root in relation to the Proposed Renewal of Share Buy-Back and Proposed Shareholders’ Mandate
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
“Director”	: Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other Company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company
“EPS”	: Earnings per Share
“ESOS”	: The Employees’ share option schemes implemented on 23 July 2012 and 11 June 2019
“ESOS Options”	: A right which the Grantee is required to pay to subscribe for new Shares at specified prices to be determined in accordance with the By-Laws
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 30 June 2022, being the latest practicable date prior to the printing of this Statement/Circular
“Major Shareholder(s)”	: A person who has interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares, is:  (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.

For the purpose of this definition, “interests” shall have the meaning of “interest in shares” given in Section 8 of the Act.

In relation to the Proposed Shareholders’ 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 the Company or any other company which is its subsidiary or holding company.

## DEFINITIONS (CONT'D)

“NA”	:	Net assets
“Person(s) Connected”	:	Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
“Power Root” or “Company”	:	Power Root Berhad
“Power Root Distributor”	:	Power Root Distributor Sdn Bhd
“Power Root Group” or “Group”	:	Power Root and its subsidiaries, collectively
“Power Root HK”	:	Power Root HK-China Company Limited
“Power Root Manufacturing”	:	Power Root Manufacturing Sdn Bhd
“Power Root Marketing”	:	Power Root Marketing Sdn Bhd
“Power Root ME”	:	Power Root ME FZCO
“Power Root Shanghai”	:	Power Root (Shanghai) Food Trading Co., Ltd
“Power Root Share(s)” or “Share(s)”	:	Ordinary share(s) in Power Root
“Proposed Shareholders’ Mandate”	:	Proposed renewal of the shareholders’ mandate for the Power Root Group to enter into RRPTs
“Proposed Renewal of Share Buy-Back”	:	Proposed renewal of authority for the Company to purchase up to 10% of its own issued share capital
“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 the Group which involve the interests, direct or indirect, of a Related Party
“Superwrapz”	:	Superwrapz International Sdn Bhd
“VWAP”	:	Volume weighted average price
“Warrants”	:	Warrants issued by the Company pursuant to the deed poll dated 29 June 2018, constituting the Warrants 2018/2023, which will expire on 24 July 2023

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Statement/Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted.

Any reference to time of day in this Statement/Circular is a reference to Malaysian time, unless otherwise stated.

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## TABLE OF CONTENTS

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### **PART A**

#### **STATEMENT TO SHAREHOLDERS OF POWER ROOT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK**

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK	1
3.	RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK	7
4.	EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK	7
5.	APPROVALS REQUIRED	12
6.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	12
7.	DIRECTORS' RECOMMENDATION	12
8.	AGM	12
9.	FURTHER INFORMATION	13

### **PART B**

#### **CIRCULAR TO SHAREHOLDERS OF POWER ROOT IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE**

1.	INTRODUCTION	14
2.	DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE	15
3.	RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE	22
4.	EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE	23
5.	APPROVALS REQUIRED	23
6.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	23
7.	DIRECTORS' RECOMMENDATION	23
8.	AGM	24
9.	FURTHER INFORMATION	24

### **APPENDICES**

APPENDIX I	FURTHER INFORMATION	25
APPENDIX II	EXTRACT OF THE NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING	26

**PART A**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE  
PROPOSED RENEWAL OF THE AUTHORITY  
TO BUY-BACK ITS OWN SHARES BY THE COMPANY  
("PROPOSED RENEWAL OF SHARE BUY-BACK")**



## **POWER ROOT BERHAD**

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

### **PROPOSED RENEWAL OF SHARE BUY-BACK**

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#### **1. INTRODUCTION**

At the 15<sup>th</sup> AGM of the Company held on 27 August 2021, the shareholders of Power Root approved a renewal of the authority for the Company to purchase up to 10% of its own issued share capital of Power Root. The said authorisation shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 16<sup>th</sup> AGM of the Company. On 14 July 2022, the Board had announced that the Company has proposed to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back at the forthcoming AGM.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back and to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Share-Buy-Back to be tabled at the forthcoming AGM to be convened on 29 August 2022. The Notice of AGM together with the Proxy Form are enclosed in the Annual Report 2022.

#### **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK**

##### **2.1 Details of the Proposed Renewal of Share Buy-Back**

The Board is proposing to seek the shareholders' approval for the renewal of authority for the Company to purchase up to 10% of its total number of issued shares.

The mandate from the shareholders for the Proposed Renewal of Share Buy-Back shall be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back and will continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first.

The purchase of Shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbrokers to be appointed by the Board.

## **2.2 Treatment of Shares Purchased**

The Proposed Renewal of Share Buy-Back will be undertaken in accordance with Section 127 of the Act, Chapter 12 of the Listing Requirements and any prevailing laws, orders, requirements, rules and regulations issued by the relevant authorities at the time of purchase. The Directors may deal with the Shares purchased in the following manner:

- (i) cancel all the shares so purchased; or
- (ii) distribute the shares as share dividends to the shareholders; or
- (iii) resell the shares through Bursa Securities in accordance with the rules of Bursa Securities; or
- (iv) transfer the shares for the purpose of or under an employees' share scheme; or
- (v) transfer the shares as purchase consideration; or
- (vi) such other manner as may be permitted by the Act.

To date, the Company has yet to determine the manner of which the shares purchased are to be treated. An immediate announcement will be made to Bursa Securities on any purchase of shares as well as any resale or cancellation of the purchased Shares or a combination of both.

In the event that the purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of Section 127(9) of the Act, the Company's Constitution or the Listing Requirements on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

## **2.3 Maximum amount of funds to be allocated and the source of funds**

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Renewal of Share Buy-Back must be made wholly out of retained profits of the Company. Based on the latest audited financial statements of Power Root as at 31 March 2022, the Company has retained profits of RM51.9 million.

The Proposed Renewal of Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned period using the internal funds of the Power Root Group and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of internally generated funds, the actual number of Shares to be purchased and other relevant factors.

If Power Root purchases its own Shares using external borrowings, the Board will ensure that the Power Root Group has sufficient funds to repay the external borrowings and that the repayment will not have any material effect on the cash flow of the Power Root Group.

## **2.4 Potential advantages and disadvantages**

The potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back, if implemented, to the Company and its shareholders are as follows:

Potential advantages:

- (i) allows the Company the flexibility in attaining its desired capital structure;
- (ii) rewards the shareholders in the event that the treasury shares are distributed as share dividends; and
- (iii) mitigates the dilution effects on the EPS of the Power Root Group if the shares purchased are cancelled, hence making the Power Root Shares more attractive to investors.

Potential disadvantages:

- (i) reduce the financial resources of the Power Root Group and may result in the forgoing of better investment opportunities that may emerge in the future; and
- (ii) may result in the reduction of financial resources available for distribution of dividends to shareholders in the future as the Proposed Renewal of Share Buy-Back can only be made out of the retained profits of the Company.

The Board will be mindful of the interests of the Company and its shareholders when undertaking the Proposed Renewal of Share Buy-Back and in the subsequent resale of treasury shares on Bursa Securities, if any.

## **2.5 Public shareholding spread**

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

As at the LPD, the public shareholding spread of the Company was 29.59%.

Assuming that Proposed Renewal of Share Buy-Back is implemented in full, the public shareholding spread would be reduced to approximately 24.32%.

The Board will be mindful of the public shareholding spread requirement before making any purchases of its own Shares.



## **2.6 Implication relating to the Code**

Pursuant to the Code, if a director of a company or a person, together with the persons acting in concert with him (if any) (“**PACs**”), holding more than 33% but not more than 50% of the voting shares of a company, who as a result of a purchase by the company of its own voting shares, increase his holding in any period of six (6) months by an additional 2% or more of the voting shares of the company, there is an obligation to extend a mandatory offer to acquire the remaining shares not already held by the director of the company and the PACs. However, they may apply for an exemption from the Securities Commission pursuant to the Code.

As it is not intended for the Proposed Renewal of Share Buy-Back to trigger the obligation to undertake a mandatory general offer under the Code for any of its substantial shareholders and/or PACs, the Board will ensure that only such number of Power Root Shares are purchased, retained as treasury shares, cancelled or distributed such that the Code will not be triggered. In this connection, the Board is mindful of the requirements when making any purchase of Power Root Shares pursuant to the Proposed Renewal of Share Buy-Back.

## **2.7 Purchase price and resale price**

Pursuant to the Listing Requirements, Power Root may only purchase its Shares on Bursa Securities at a price which is not more than 15% above the VWAP of the Power Root Shares for the five (5) market days immediately prior to the date of purchase(s). An immediate announcement will be made to Bursa Securities of any purchase(s) of its own shares on the day of purchase.

Where the Company decides to resell the treasury shares on Bursa Securities, the Company may only do so at:

- (i) a price which is not less than the VWAP for Power Root Shares for the five (5) market days immediately prior to the resale; or
- (ii) a discounted price of not more than 5% to the VWAP for the Power Root Shares for the five (5) market days immediately prior to the resale provided that:
  - (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
  - (b) the resale price is not less than the cost of purchase of the Power Root Shares being resold.

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## 2.8 Purchase, Resale/Transfer and Cancellation of Treasury Shares Made In the Previous Twelve (12) Months

During the preceding twelve (12) months up to the LPD, details of the purchase of the Power Root Share by the Company were as follows:

Date of Purchase	Number of Shares Purchased	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration (RM)
14 July 2021	29,600	1.30	1.30	1.30	38,591.73
4 August 2021	26,300	1.30	1.30	1.30	34,289.63
5 August 2021	44,100	1.30	1.30	1.30	57,496.36
6 August 2021	50,000	1.29	1.29	1.29	64,686.91
23 September 2021	2,095,500	1.33	1.34	1.34	2,813,372.10
12 October 2021	2,150,500	1.33	1.34	1.34	2,886,648.46
27 October 2021	468,800	1.36	1.38	1.37	643,369.27
19 November 2021	181,000	1.33	1.35	1.34	243,105.92
22 November 2021	341,700	1.35	1.38	1.36	466,598.25
23 November 2021	963,800	1.38	1.38	1.38	1,332,757.79
26 November 2021	1,000,000	1.37	1.38	1.38	1,381,585.90
29 November 2021	161,100	1.33	1.35	1.34	216,065.58
30 November 2021	300,000	1.36	1.38	1.38	413,915.45
1 December 2021	264,800	1.34	1.35	1.35	358,154.02
10 December 2021	1,800	1.34	1.34	1.34	2,458.13
13 December 2021	188,300	1.34	1.36	1.35	255,598.57
16 December 2021	5,500	1.34	1.34	1.34	7,422.62
7 March 2022	58,000	1.27	1.28	1.28	74,405.95
8 March 2022	172,700	1.25	1.27	1.26	217,933.14
9 March 2022	119,300	1.24	1.25	1.24	148,615.40
15 March 2022	141,300	1.27	1.28	1.27	180,666.95
16 March 2022	80,400	1.28	1.30	1.30	104,476.61
17 March 2022	63,500	1.30	1.30	1.30	82,823.10
18 March 2022	103,200	1.30	1.31	1.31	135,508.05
21 March 2022	46,100	1.31	1.32	1.32	60,992.08
22 March 2022	418,300	1.34	1.36	1.35	568,650.48
23 March 2022	104,300	1.35	1.36	1.36	141,872.27
24 March 2022	137,000	1.35	1.37	1.37	187,799.29
25 March 2022	273,200	1.37	1.38	1.38	377,931.70
28 March 2022	155,900	1.37	1.39	1.39	216,702.89
29 March 2022	230,000	1.35	1.38	1.36	314,234.97
30 March 2022	12,200	1.35	1.36	1.36	16,622.45
31 March 2022	126,400	1.35	1.36	1.36	172,456.23
1 April 2022	241,200	1.36	1.38	1.37	332,609.66
4 April 2022	450,700	1.38	1.39	1.38	624,390.28
5 April 2022	100	1.38	1.38	1.38	179.55
6 April 2022	9,500	1.39	1.39	1.39	13,269.97
7 April 2022	200,000	1.36	1.39	1.38	277,012.48
11 April 2022	120,000	1.35	1.36	1.35	163,037.41
12 April 2022	14,900	1.35	1.36	1.36	20,322.51
13 April 2022	104,500	1.36	1.39	1.38	144,898.55
14 April 2022	282,900	1.38	1.40	1.39	394,980.44
15 April 2022	695,200	1.40	1.40	1.40	976,031.91
18 April 2022	5,600	1.40	1.40	1.40	7,894.36
20 April 2022	310,300	1.39	1.40	1.40	435,159.74

## 2.8 Purchase, Resale/Transfer and Cancellation of Treasury Shares Made In the Previous Twelve (12) Months (Cont'd)

During the preceding twelve (12) months up to the LPD, details of the purchase of the Power Root Share by the Company were as follows: (Cont'd)

21 April 2022	40,000	1.42	1.42	1.42	56,987.74
25 April 2022	100,000	1.48	1.48	1.48	148,488.40
26 April 2022	484,500	1.54	1.56	1.55	754,496.51
29 April 2022	200,000	1.54	1.55	1.55	310,730.48
5 May 2022	136,200	1.51	1.53	1.52	208,340.39
6 May 2022	141,600	1.54	1.54	1.54	218,785.02
9 May 2022	330,000	1.54	1.55	1.55	511,884.66
13 May 2022	1,872,000	1.56	1.57	1.57	2,944,842.68
17 May 2022	804,100	1.62	1.62	1.62	1,305,986.76
19 May 2022	292,200	1.67	1.67	1.67	489,584.36
20 May 2022	150,000	1.65	1.67	1.66	249,521.16
26 May 2022	85,900	1.68	1.68	1.68	144,789.27
27 May 2022	1,796,500	1.44	1.64	1.53	2,745,611.90
13 June 2022	91,500	1.65	1.66	1.65	151,574.68
15 June 2022	302,400	1.67	1.68	1.68	509,435.81
22 June 2022	57,200	1.63	1.66	1.65	94,843.67
23 June 2022	60,000	1.64	1.65	1.64	98,826.00
24 June 2022	68,900	1.64	1.65	1.65	113,871.50
<b>Total</b>	<b>19,962,500</b>				<b>28,666.196.10</b>

The Shares purchased by the Company were retained as treasury shares. There was no resale, transfer or cancellation of the treasury shares in the preceding twelve (12) months up to the LPD.

As at the LPD, the number of treasury shares retained by the Company was 21,488,500.

## 2.9 Historical Share Price

The monthly highest and lowest market prices of the Power Root Shares as traded on Bursa Securities for the past twelve (12) months from July 2021 to June 2022 are as follows:

	High (RM)	Low (RM)
<b><u>2021</u></b>		
July	1.38	1.30
August	1.40	1.29
September	1.39	1.30
October	1.56	1.30
November	1.53	1.32
December	1.40	1.33
<b><u>2022</u></b>		
January	1.37	1.30
February	1.36	1.31
March	1.39	1.24
April	1.58	1.34
May	1.69	1.42
June	1.81	1.56

(Source: [www.bursamalaysia.com](http://www.bursamalaysia.com))

The last transacted price on LPD was RM1.67.

### 3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back is undertaken for the following purposes:

- (a) enable the Company to utilise any of the Power Root Group's surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market at market prices which the Board views favourable;
- (b) to stabilise the supply and demand, thereby supporting the fundamental value of the Power Root Shares;
- (c) if the purchased Power Root Shares are subsequently cancelled, long-term investors are expected to enjoy a corresponding increase in the value of their investments in the Company with the proportionate strengthening of the EPS of Power Root;
- (d) the purchased Power Root Shares can also be held as treasury shares and resold on Bursa Securities at a higher price therefore realising a potential gain without affecting the total issued share capital of the Company; and
- (e) should any treasury shares be distributed as share dividends, this would also serve to reward the shareholders of the Company.

### 4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The effects of the Proposed Renewal of Share Buy-Back on the issued share capital, NA, earnings, EPS, working capital and shareholdings of Directors and substantial shareholders are set out below based on the following assumptions:

**Minimum scenario** : Assuming none of the Outstanding Warrants and the Outstanding ESOS Options are exercised before the implementation of the Proposed Renewal of Share Buy-Back.

**Maximum scenario** : Assuming all the Outstanding Warrants and the Outstanding ESOS Options granted and/or to be granted are exercised before the implementation of the Proposed Renewal of Share Buy-Back.

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#### 4.1 Share capital

The effects of the Proposed Renewal of Share Buy-Back on the Company are set out below:

	<u>Minimum Scenario</u> No. of Shares	<u>Maximum Scenario</u> No. of Shares
Total number of issued shares as at the LPD	437,591,860*	437,591,860*
Assuming full exercise of the Warrants and the ESOS Options	-	82,986,279
Enlarged issued share capital	437,591,860*	520,578,139
Maximum number of shares that may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back	(43,759,186)*	(52,057,813)*
<b>Issued share capital after the Proposed Renewal of Share Buy-Back</b>	393,832,674	468,520,326

*Note:*

*\*Inclusive of 21,488,500 Treasury Shares*

The effect of the Proposed Renewal of Share Buy-Back on the issued share capital of the Company will depend on the intention of the Board with regards to the treatment of the purchased Power Root Shares. If the purchased Shares are cancelled, the issued share capital will be reduced by the number of Shares so cancelled. Conversely, if the purchased Power Root Shares are retained as treasury shares, resold or distributed to the shareholders, the Proposed Renewal of Share Buy-Back will not have any effect on the issued share capital of the Company.

#### 4.2 NA

The effect of the Proposed Renewal of Share Buy-Back on the NA per Share will depend on the actual purchase prices of the Power Root Shares. If all the Power Root Shares purchased are cancelled, the Proposed Renewal of Share Buy-Back will reduce the NA per Share if the purchase price exceeds the NA per Share at the time of the purchase. Conversely, the NA per Share will increase if the purchase price is below the NA per Share at the time of the purchase.

The NA will decrease if the purchased Shares are retained as treasury shares due to the accounting requirement for treasury shares to be carried at cost resulting in a decrease by the cost of the treasury shares.

If the treasury shares are subsequently resold on Bursa Securities, the NA upon the resale will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as dividends, the NA of the Power Root Group will be reduced by the cost of the treasury shares.

#### **4.3 Earnings and EPS**

The effects of the Proposed Renewal of Share Buy-Back will depend on the purchase price(s) of the Power Root Shares and the effective funding cost, if any, or any loss in interest income to the Power Root Group.

#### **4.4 Dividends**

Assuming the Proposed Renewal of Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, if the Power Root Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back will have the effect of increasing the dividend rate of Power Root as a result of the reduction in the issued share capital of Power Root.

#### **4.5 Working capital**

The Proposed Renewal of Share Buy-Back will reduce the working capital of the Power Root Group, with the quantum depending on the purchase price(s) and the actual number of Power Root Shares bought back. However, the Board believes that the Proposed Renewal of Share Buy-Back will not have any material effect on the working capital of the Group.

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#### 4.6 Shareholdings of Directors and Substantial Shareholders

The effects of the Proposed Renewal of Share Buy-Back on the shareholdings of Directors and substantial shareholders are as follows:

##### Minimum Scenario:

	As at the LPD			After the Proposed Renewal of Share Buy-Back		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	%
<b>Directors</b>						
Dato' Affuddin bin Abdul Kadir	-	-	-	-	-	-
Y.A.D. Tengku Dato Setia Putra	-	-	-	-	-	-
Alhej bin Tengku Azman Shah Alhaj						
Dato' How Say Swee	76,807,436	18.46%	3,000,000	0.72% <sup>(2)</sup>	76,807,436	19.50%
Dato' Wong Fuei Boon	68,487,856	16.46%	10,000,000	2.40% <sup>(3)</sup>	68,487,856	17.39%
Wong Tak Keong	32,545,700	7.82%	8,250,800	1.98% <sup>(3)</sup>	32,545,700	8.26%
See Thuan Po	4,578,000	1.10%	6,712,600	1.61% <sup>(4)</sup>	4,578,000	1.16%
Ong Kheng Swee	235,315	0.06%	154,000	0.04% <sup>(5)</sup>	235,315	0.06%
Azahar bin Baharudin	6	0.00%	-	-	6	0.00%
Dato' Tea Choo Keng	3,480	0.00%	-	-	3,480	0.00%
Low Jun Lee	-	-	51,309,616	12.33% <sup>(6)</sup>	-	-
Tan Lay Beng	-	-	-	-	-	-
					51,309,616	13.03%
<b>Substantial Shareholders</b>						
Dato' How Say Swee	76,807,436	18.46%	3,000,000	0.72% <sup>(2)</sup>	76,807,436	19.50%
Dato' Wong Fuei Boon	68,487,856	16.46%	10,000,000	2.40% <sup>(3)</sup>	68,487,856	17.39%
Wong Tak Keong	32,545,700	7.82%	8,250,800	1.98% <sup>(3)</sup>	32,545,700	8.26%
Low Jun Lee	-	-	51,309,616	12.33% <sup>(6)</sup>	-	-
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	25,526,780	6.13%	3,741,600	0.90% <sup>(7)</sup>	25,526,780	6.48%
					3,000,000	0.76%
					10,000,000	2.54%
					8,250,800	2.10%
					51,309,616	13.03%
					3,741,600	0.95%

Notes:

- (1) Excluding 21,488,500 shares of the Company retained as Treasury Shares as at the LPD.
- (2) Deemed interested by virtue of his children pursuant to Section 59 of the Act.
- (3) Deemed interested by virtue of his spouse and children pursuant to Section 59 of the Act.
- (4) Deemed interested by virtue of his shareholdings in See Seang Huat & Company Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his spouse pursuant to Section 59 of the Act.
- (6) Deemed interested via KWAP's Fund Managers.
- (7) Deemed interested via KWAP's Fund Managers.

**Maximum Scenario:**

	As at the LPD				After full exercise of the Outstanding Warrants and the ESOS Options				After the Proposed Renewal of Share Buy-Back			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>												
Dato' Affuddin bin Abdul Kadir	-	-	-	-	-	-	-	-	-	-	-	-
Y.A.D. Tengku Dato Setia Putra Alhaj bin Tengku Azman Shah Alhaj	-	-	-	-	-	-	-	-	-	-	-	-
Dato' How Say Swee	76,807,436	18.46%	3,000,000	0.72% <sup>(2)</sup>	82,102,642	15.77%	3,000,000	0.58%	82,102,642	17.52%	3,000,000	0.64%
Dato' Wong Fuei Boon	68,487,856	16.46%	10,000,000	2.40% <sup>(3)</sup>	75,035,082	14.41%	11,000,000	2.11%	75,035,082	16.02%	11,000,000	2.35%
Wong Tak Keong	32,545,700	7.82%	8,250,800	1.98% <sup>(3)</sup>	55,510,300	10.66%	9,042,600	1.74%	55,510,300	11.85%	9,042,600	1.93%
See Thuan Po	4,578,000	1.10%	6,712,600	1.61% <sup>(4)</sup>	6,578,000	1.26%	6,712,600	1.29%	6,578,000	1.40%	6,712,600	1.43%
Ong Kheng Swee	235,315	0.06%	154,000	0.04% <sup>(5)</sup>	235,332	0.05%	154,000	0.03%	235,332	0.05%	154,000	0.03%
Azahar bin Baharudin	6	0.00%	-	-	7	0.00%	-	-	7	0.00%	-	-
Dato' Tea Choo Keng	3,480	0.00%	-	-	3,480	0.00%	-	-	3,480	0.00%	-	-
Low Jun Lee	-	-	51,309,616	12.33% <sup>(6)</sup>	-	-	58,692,402	11.27%	-	-	58,692,402	12.53%
Tan Lay Beng	-	-	-	-	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>												
Dato' How Say Swee	76,807,436	18.46%	3,000,000	0.72% <sup>(2)</sup>	82,102,642	15.77%	3,000,000	0.58%	82,102,642	17.52%	3,000,000	0.64%
Dato' Wong Fuei Boon	68,487,856	16.46%	10,000,000	2.40% <sup>(3)</sup>	75,035,082	14.41%	11,000,000	2.11%	75,035,082	16.02%	11,000,000	2.35%
Wong Tak Keong	32,545,700	7.82%	8,250,800	1.98% <sup>(3)</sup>	55,510,300	10.66%	9,042,600	1.74%	55,510,300	11.85%	9,042,600	1.93%
Low Jun Lee	-	-	51,309,616	12.33% <sup>(6)</sup>	-	-	58,692,402	11.27%	-	-	58,692,402	12.53%
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	25,256,780	6.13%	3,741,600	0.90% <sup>(7)</sup>	25,256,780	4.90%	3,741,600	0.72%	25,256,780	5.45%	3,741,600	0.80%

**Notes:**

- (1) Excluding 21,488,500 shares of the Company retained as Treasury Shares as at the LPD.
- (2) Deemed interested by virtue of his children pursuant to Section 59 of the Act.
- (3) Deemed interested by virtue of his spouse and children pursuant to Section 59 of the Act.
- (4) Deemed interested by virtue of his shareholdings in See Seang Huat & Company Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his spouse pursuant to Section 59 of the Act.
- (6) Deemed interested via KWAP's Fund Managers.
- (7) Deemed interested via KWAP's Fund Managers.



#### **4.7 Convertible securities**

Save for the Outstanding ESOS Options and the Outstanding Warrants, Power Root does not have any other convertible securities as at the LPD.

The Proposed Renewal of Share Buy-Back will not have any effect on the terms and conditions of the Outstanding ESOS Options and Outstanding Warrants.

#### **5. APPROVALS REQUIRED**

The Proposed Renewal of Share Buy-Back is subject to the approval of the shareholders at the forthcoming AGM.

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

Save for the proportionate increase in the percentage of shareholdings and/or voting rights in their capacity as the shareholders of the company pursuant to the Proposed Renewal of Share Buy-Back, none of the directors and/or major shareholders of the Company and persons connected with them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back and the subsequent resale of treasury shares, if any.

#### **7. DIRECTORS' RECOMMENDATION**

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution in relation to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

#### **8. AGM**

The ordinary resolution to vote on the Proposed Renewal of Share Buy-Back is set out in the Notice of 16<sup>th</sup> AGM contained in the Annual Report of the Company for the financial year ended 31 March 2022. The 16<sup>th</sup> AGM will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 29 August 2022 at 3.00 p.m. or at any adjournment thereof to consider and, if thought fit, passing with or without modifications the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back.

If you are unable to attend and vote at the forthcoming AGM, please complete and lodge the Proxy Form enclosed in the Annual Report 2022 in accordance with the instructions contained therein at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Khim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time set for the 16<sup>th</sup> AGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendix I of this Statement/Circular for further information.

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

**DATO' AFIFUDDIN BIN ABDUL KADIR**  
Independent Non-Executive Co-Chairman

**PART B**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE  
(“PROPOSED SHAREHOLDERS' MANDATE”)**



## POWER ROOT BERHAD

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

### Registered Office:

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

29 July 2022

### Board of Directors

Dato' Afifuddin bin Abdul Kadir	(Independent Non-Executive Co-Chairman)
Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj	(Independent Non-Executive Co-Chairman)
Wong Tak Keong	(Chief Executive Officer)
Dato' How Say Swee	(Executive Director)
Dato' Wong Fuei Boon	(Executive Director)
See Thuan Po	(Executive Director)
Low Jun Lee	(Non-Independent Non-Executive Director)
Ong Kheng Swee	(Non-Independent Non-Executive Director)
Azahar bin Baharudin	(Independent Non-Executive Director)
Dato' Tea Choo Keng	(Independent Non-Executive Director)
Tan Lay Beng	(Independent Non-Executive Director)

**To: The Shareholders of Power Root Berhad**

Dear Sir/Madam,

### PROPOSED SHAREHOLDERS' MANDATE

---

#### 1. INTRODUCTION

At the 15<sup>th</sup> AGM of the Company held on 27 August 2021, the Company sought and obtained from its shareholders the general mandate for the Power Root Group to enter into RRPTs of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for the Power Root Group's day to day operations. The aforesaid mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 16<sup>th</sup> AGM of the Company unless authority for its renewal is obtained from the shareholders.

On 14 July 2022, the Board had announced that the Company has proposed to seek its shareholders' approval for the Proposed Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholder' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM to be convened on 29 August 2022. The Notice of the AGM together with the Proxy Form are enclosed in the Annual Report 2022.

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

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

### **2.1 The Listing Requirements**

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPTs subject to the following:

- (a) the transactions are in the ordinary course of business and are on 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 the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued share capital of RM60 million and above:
  - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
  - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher.
- (c) the listed issuer's circular to shareholders for the shareholder mandate 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 with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. 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) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of RRPT disclosed in the Circular by 10% or more and must include the information as may be described by Bursa Securities in its announcement.

### **2.2 Principal Activities of the Power Root Group**

Power Root is principally an investment holding company whilst the subsidiaries are mainly involved in the manufacturing and distribution of beverage products.

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

No.	Company Name	Effective Equity Interest (%)	Principal Activities
1.	Power Root Manufacturing	100%	Manufacture and distribution of beverage products
2.	Power Root Shanghai	100%	Distribution of various beverage products
3.	Power Root ME	97.0%	Distribution of various beverage products
<b>Subsidiaries that are deemed Related Parties due to interest of Wong Tak Keong</b>			
1.	Power Root Distributor	50.1%	Trading of cling wraps and aluminium foil products
2.	Power Root HK	90.0%	Distribution of various beverage products
3.	Alicafe Roasters	80.0%	Wholesale of coffee, tea, cocoa and other beverages
4.	Superwrapz	69.6%	Trading of cling wraps and aluminium foil products

The Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate for the Power Root Group to enter into existing transactions in the normal course of business within the classes of Related Parties set out in Part B, Section 2.5 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. Such mandate will enable the Group to enter into RRPTs without the necessity, in most instances, to make the otherwise required announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPTs will also be subject to the review procedures set out in Part B, Section 2.6 below.

### **2.3 Validity Period of the Proposed Shareholders' Mandate**

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

- (a) the conclusion of the next AGM of the Company at which such Proposed Shareholders' Mandate is passed, at which time will lapse, unless by ordinary resolution passed at the general meeting, the authority is renewed either unconditionally or subject to conditions; or

- (b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever occur first.

Thereafter, approval from shareholders will be sought for the renewal of the Proposed Shareholders' Mandate.

#### **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.

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## 2.5 Details of the RRPTs and the Related Parties

The class and nature of the PRPT's of our Group are as follows:

No.	Transacting Parties	Nature of Transaction	Relationship of Related Parties	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 30 July 2021 (RM'000)	Actual value transacted from the date of last AGM on 27 August 2021 to the LPD (RM'000)	Estimated aggregate value to be transacted from the forthcoming AGM to the next AGM (RM'000)
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>	15,000	5,666	9,000
		Advertising and Promotional support by Power Root Manufacturing to Power Root HK		4,500	1,027	1,500
2.	Power Root HK to Power Root Shanghai	Distribution of Power Root's products by Power Root HK to Power Root Shanghai		10,000	6,274	10,000
		Advertisement and Promotional support by Power Root HK to Power Root Shanghai		2,000	-	2,000
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		500	-	500
4.	Superwrapz to Power Root ME	Sale of non-food related products being cling wraps and aluminium foil products by Superwrapz to Power Root ME		500	-	500
5.	Alicafe Roasters to Power Root Manufacturing	Sale of coffee bean by Alicafe Roasters to Power Root Manufacturing		3,500	-	4,000
		Royalty fee payable by Power Root Manufacturing to Alicafe Roasters for the sale of roasted coffee products		1,000	315	1,200

Note:

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



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>(1)</sup>	51.0%	-

Note:

(1) Deemed interested by virtue of his shareholdings held in Power Root Distributor.

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## 2.6 Review procedures in relation to RRPTs

To promote good corporate governance in the conduct of the Group's business, the Group has established a framework for evaluating potential conflicts of interest and disclosure obligations arising out of transactions, arrangements and relationships between the Company and its Related Parties. The procedures in this framework ensure the RRPTs are on arm's length basis, not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders and in the best interest of the Group. We set forth below the review procedures of our Company's RRPTs:

- (i) Each Director is required to make full disclosures at once of any interest he or she may have in any business enterprise with an existing or proposed business relationship or transaction with the Company and/or its subsidiaries.
- (ii) All RRPT will be reviewed by the Audit Committee on a quarterly basis. Any member of the 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) The 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, the 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 the Group to ensure that the RRPT are fair and reasonable to the Group as to the prices and terms, and are not detrimental to the minority shareholders of the 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 the Company or its subsidiary, as the case may be.
- (vii) The interested Director, 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.

## 2.7 Amount due from and owing by Related Parties

The total amounts due and owing by the Related Parties to the Group pursuant to the RRPTs which exceeded the credit terms as at the financial year ended 31 March 2022 are as follow:

	Related Party	Power Root Group transacting with Related Party	Nature of Transaction	Outstanding Amount RRPT Receivables as at 31 March 2022 (RM'000)			
				A period of 1 year or less	A period of more than 1 to 3 years	A period of more than 3 to 5 years	A period of more than 5 years
(1)	Power Root HK	Power Root Manufacturing	Sale of beverage products by Power Root Manufacturing to Power Root HK	1,546	-	-	-

There were no interest and late payment charges imposed by the Power Root Group on the above outstanding as they are trade in nature.

The Management monitors and reviews the outstanding amount on a regular basis and follow up on the status of the cases. The Management has and will continue to meet and discuss with the Related Party to actively pursue for early settlement of the outstanding amount due. The Board is of the opinion that the outstanding amount due is closely monitored and is recoverable.

## **2.8 Statement by Audit Committee**

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPTs have been complied with. If it is determined that the procedures stated in Part B, Section 2.6 are inadequate to ensure that (i) the RRPTs will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee has reviewed the procedures as set out in Part B, Section 2.6 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 the Group's normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not the detriment of the minority shareholders.

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

## **2.9 Disclosure of Recurrent Related Party Transactions**

Disclosure will be made in the annual report of the Company 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 entered into during the financial year based on the following information:

- (a) the type of the RRPTs made; and
- (b) the names of the Related Parties involved in each type of the RRPTs made and their relationships with the Company.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Shareholders' Mandate had been obtained.

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

The RRPTs envisaged in the Proposed Shareholders' Mandate are in the ordinary course of business of the 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 the Group into such transactions.

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

#### 4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

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

#### 5. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the shareholders at the forthcoming AGM.

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

Save as disclosed below, none of the Directors, Major Shareholders, and/or Persons Connected with 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 2.5 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	32,545,700	7.82	8,250,800 <sup>(1)</sup>	1.98

*Note:*

<sup>(1)</sup> Deemed interested via his spouse and children pursuant to Section 59 of the Act.

Accordingly, Wong Tak Keong have and will continue to abstain from all deliberations and voting on matters relating to the Proposed Shareholders' Mandate at the Board meetings and will abstain from voting in respect of his direct and indirect shareholdings in Power Root at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

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

#### 7. DIRECTORS' RECOMMENDATION

The 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 all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **8. AGM**

The ordinary resolution to vote on the Proposed Shareholders' Mandate is set out in the Notice of 16<sup>th</sup> AGM contained in the Annual Report of the Company for the financial year ended 31 March 2022. The 16<sup>th</sup> AGM will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 29 August 2022 at 3.00 p.m. or at any adjournment thereof to consider and, if thought fit, passing with or without modifications the ordinary resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote at the forthcoming AGM, please complete and lodge the Proxy Form enclosed in the Annual Report 2022 in accordance with the instructions contained therein at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Khim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time set for the 16<sup>th</sup> AGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendix I of this Statement/Circular for further information.

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

**DATO' AFIFUDDIN BIN ABDUL KADIR**  
Independent Non-Executive Co-Chairman

**FURTHER INFORMATION****(i) Directors' Responsibility Statement**

This Statement/Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement/Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

**(ii) Material Litigation**

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

**(iii) Material Contracts**

As at the LPD, neither the Company nor any of its 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.

**(iv) Documents Available for Inspection**

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

- (a) the Constitution of the Company; and
- (b) the audited financial statements of Power Root for the past 2 financial years ended 31 March 2021 and 2022.

## EXTRACT OF THE NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

## ORDINARY RESOLUTION 10

**Proposed Renewal of the Authority to Buy-Back Its Own Shares by the Company (“Proposed Renewal of Share Buy-Back”)**

“**THAT** subject to the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Securities and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit, necessary and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time; and the Directors of the Company shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back.

**THAT** the Directors of the Company be and is hereby authorised to deal with the shares purchased at their absolute discretion, either partially or fully, in the following manner:

- a) cancel all the shares so purchased; or
- b) distribute the shares as share dividends to the shareholders; or
- c) resell the shares through Bursa Securities in accordance with the rules of Bursa Securities; or
- d) transfer the shares for the purpose of or under an employees’ share scheme; or
- e) transfer the shares as purchase consideration; or
- f) such other manners as may be permitted by the Act

**AND THAT** the Directors of the Company be and is hereby authorised to take all such necessary steps to give effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed by the Directors to be in the best interest of the Company, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back.

**AND THAT** the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until:

- a) the conclusion of the next AGM of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or
- b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first.”



## ORDINARY RESOLUTION 11

### **Proposed Renewal of 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 to enter into existing recurrent related party transactions of a revenue or trading nature with the related parties mentioned under Part B, Section 2.5 of the Circular to Shareholders dated 29 July 2022 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

- a) the conclusion of the next AGM of the Company at which such Proposed Shareholders' Mandate is passed, at which time will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or
- b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first."