KIM LOONG RESOUCES BERHAD (22703-K) Appendix 1

Minutes of 43rd AGM held on 25th July, 2018

Company's answers to the questions from the Minority Shareholder Watchdog Group vide letter dated 17th July, 2018

Strategic & Financial Matters

Q1 The Management Discussion & Analysis ("MD&A") on page 31 of the Annual Report states that two major risks that may have material effect on the Group's operations, performance, financial condition and liquidity includes shortage in skilled labour and up-going trend of minimum wages .

(a) To what extent has the labour problem contributed to the financial loss of the Company in FY2018?

(b) What are the steps taken / being taken to resolve the labour shortage problem and has the problem been resolved?

(c) Currently, what is the Group's labour productivity in terms of land-labour ratio (i.e. number of hectarage per worker)? To what extent will the introduction of automation improve the ratio going forward?

(d) The new minimum wage is expected to be announced in August 2018. What is the estimated impact on the labour cost of the Group for every increase of RM100 per month per staff?

A1 (a) Labour shortage is a general problem faced by the plantation industry in Malaysia. It may normally cause prolonged harvesting cycle and delay in harvesting and maintenance programme which result in adverse impact on quality of Fresh Fruit Bunches ("FFB") harvested. During high crop season, it is possible that certain FFB cannot be harvested in time become overripe / rotten in field. The Group's labour shortage condition was still not acute and the management managed to keep the financial loss arising from labour shortage to a minimal level.

(b) Labour shortage is an on-going problem under current operation environment. The management has taken necessary steps to retain existing workers by providing competitive remuneration as well as quality living accommodation and environment. Furthermore, the management also provide recruitment incentives to encourage our existing workers to assist in recruiting new workers from reliable sources.

(c) Currently, the Group plantation's average land-labour ratio maintains at around 10 hectares to 1 worker. Viability of introduction of automation in plantation is subject to factors such as land terrain, therefore we expect the plantation industry will still remain as a labour intensive industry. For our palm oil mills, automation of processes will help to reduce manpower requirements.

(d) We estimate a potential increase of up to 5% in the Group's total labour cost for every increase of RM100 per month per employee if the new minimum wage is implemented.

Q2 As stated in the MD&A on page 31 of the Annual Report, the forecast FFB production for FY2019 will be in the region of 90% of the amount for FY2018 due to the upcoming replanting programmes.

Please share the replanting programmes in the next 3 to 5 years and what is the expected CAPEX for these programmes?

A2 The Group plans to replant about 1,000 hectares per year in the next 3 – 5 years. The estimated replanting cost is about RM15,000 – RM18,000 per hectare.

Q3 As disclosed in the MD&A on page 26 of the Annual Report, the effective tax rate for FY2018 is 23.29% lower than the statutory rate. This was partly due to the utilization of tax incentive. Note 11 to the Financial Statements shows that the Company is enjoying reinvestment allowance incentive.

How long more will the Company enjoy the incentive and what will be the estimated tax saving from the incentive?

A3 Based on current operations, the Group expects certain subsidiaries would be eligible for claiming reinvestment allowance for the next few years. We are not able to estimate future tax saving from this incentive as it is subject to incurrence of qualifying capital expenditure and availability of profit in the future period.

Q4 As stated in the MD&A on page 27 of the Annual Report, the CPO inventory level stood at 21,000 MT which was higher than the normal level. This is partly due to marginal quality caused by excessive rainfall in the 4th quarter.

The quarter results ended 30 April 2018 shows that the inventories was still relatively high at RM53.523 million.

(a) Please explain how excessive rainfall contributes to higher inventory levels?

(b) What is the CPO inventory level (in MT) as at 30 April 2018?

(c) Were any inventories written off during the three months ended 30 April 2018? Are there any anticipated write-offs for FY2019?

A4 (a) Excessive rainfall normally causes damages to estate roads and infrastructure which may result in delay in evacuating FFB from estate to palm oil mill. Delay in evacuating FFB will affect the freshness of FFB with increase in Free Fatty Acid ("FFA") content in Crude Palm Oil ("CPO"). FFA specification is one of the parameters of CPO quality, and therefore CPO with high FFA content will normally not be sold and delivered by mill to refineries.

(b) The CPO inventory level as at 30 April 2018 was 18,800 MT and was further reduced to about 15,000 MT as at 30 June 2018.

(c) There were no inventories written off during the three months ended 30 April 2018. The management does not anticipate any write-off for FY2019 based on current operation environment.

Corporate Governance Matters

Q1. The Company states that all Directors are given sufficient time to go through the board papers prior to board meetings and therefore has applied Practice 1.5 of the Malaysian Code on Corporate Governance ("MCCG").

How many days in advance of the board meeting are the board papers circulated to the Directors?

A1. The agenda for each Board meeting and papers relating to the agenda are sent to all Directors at least seven days before the meeting. This was disclosed on page 46 of the Annual Report.

Q2. Practice 3.1 of the MCCG requires the Board to establish a Code of Conduct and Ethics for the Company and publish it on the Company's website. The Company has in its CG Report stated that the Code of Conduct and Ethics is covered in the Board CG Manual.

We note that only the extracts of the Board CG Manual is published on the Company's website and that it did not include the Code of Conduct and Ethics.

Please explain.

A2. The Code of Conduct and Ethics had been recently uploaded on the Company's website on 20 July, 2018.

Q3. Practice 5.1 of the MCCG requires the Board to disclose how the assessment on the board, its committees and each individual director was carried out and the outcome. We note that there is no disclosure on how the assessment is carried out in the Company's CG Report.

Please explain.

A3. The annual assessment on the board, its committees and each individual director was carried out internally using self-evaluation forms extracted from the Corporate Governance Guide issued by Bursa Malaysia. The results of the duly completed self-evaluation forms received from the Directors and Audit Committee members were tabled to the Nominating Committee for consideration. The Nominating Committee is satisfied that the Board has a good mix of skills, experience and qualities and each of the Directors has the professionalism, competence, experience, time commitment, integrity and character to effectively discharge their role as a Director. The Nominating Committee is also satisfied with the performance of the Audit Committee and each of Audit Committee members who have carried out their duties in accordance with the Terms of Reference of the Audit Committee.

KIM LOONG RESOUCES BERHAD (22703-K) Appendix 2
Minutes of 43rd AGM held on 25th July, 2018

Pertinent questions and answers relating to the Audited Financial Statements of the Company and the Group for the year ended 31st January, 2018 at the Annual General Meeting

Q1 What is the total cost of CPO production?

A1 The total cost of CPO production is around RM1,200 / MT.

Q2 How does the Board foresee the future of CPO in view of the US-China trade war?

A2 It is hard to predict the commodity market due to a lot of uncertainty. The CPO price is susceptible to fluctuation of the demand and supply of the commodity, fluctuation of currency exchange rate, import policies of major importing countries and others.

KIM LOONG RESOUCES BERHAD (22703-K) Appendix 3

Minutes of 43^{rd} AGM held on 25^{th} July, 2018

Pertinent questions and answers relating to the corporate governance matters at the Annual General Meeting

Q1 Why is the Company not adopting the two-tier voting process in seeking annual shareholders' approval to retain the independent director who has served the Board for more than 12 years to be in line with Practice 4.2 of the Malaysian Code on Corporate Governance ("MCCG")?

A1 The Nominating Committee and the Board took cognizance of the two-tier voting process which is a new practice and is not in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

Going forward, the Nominating Committee and the Board will consider the matter again.