KIM LOONG RESOUCES BERHAD (22703-K) Appendix 1
Minutes of 42nd AGM held on 25th July, 2017

Company's answers to the questions from the Minority Shareholder Watchdog Group vide letter dated 11th July, 2017

Strategic & Financial Matters

Q1 As reported in the Management Discussion & Analysis, the cost of production of CPO for FY2017 has increased by 21% to RM1,460 per MT of CPO. The increase was mainly due to lower oil extraction rate ("OER") and production of FFB as well as increase in operating cost.

(a) We noted that the OER recorded in FY2017 was the lowest in the last five years since 2013. What were the reasons for OER to decline over the years?

(b) Apart from the labour cost, what are the major expense items in the operating cost that had contributed to the increase in total operating cost for FY2017?

(c) Would the weakening Ringgit have any impact on the operating cost?

A1 (a) Our Group's OER performance for the past 4 years up to the FY 2016 was quite stable and the decline in FY2017 as compared to the preceding year was partly due to unfavourable weather condition which might have affected the fruit formation and oil content. The drop was quite in line with the OER performance of the States in which our mills are located.

(b) The unit cost of production of CPO for the FY2017 increased by 21% to RM1,460 per MT of CPO was mainly caused by drops in CPO production volume and OER by 15.82% and 2.74% respectively. Apart from labour cost, increase in fixed overhead such as depreciation and amortization charges arising from more mature plantation area and capital expenditure incurred has also contributed to the increase in total operating cost for FY2017.

(c) Weakening of Ringgit will have impact on our operating cost in terms of higher cost for imported fertilizers, machineries and parts for the plantations as well as milling operations. Furthermore, it would cause more difficulty in recruiting and retaining foreign workers for the operations due to unfavourable exchange rate.

Q2 We noted that as at the end of FY2017, the Company has provided an impairment allowance of RM7,749,518 on amount owing by certain subsidiaries.

(a) For which subsidiaries the impairment was made and what was the percentage of the impairment to the total amount owing by these subsidiaries?

(b) Was the amount owing by these subsidiaries trade in nature? If no, what was the purpose of the amount advanced to these subsidiaries?

(c) Could provide and share the financial position and outlook of these subsidiaries?

A2 (a) The allowance for impairment provided in accounts in respect of amount owing from subsidiaries was mainly arising from advances to a subsidiary, Palm Nutraceuticals Sdn. Bhd. which accounted for 78% of the total impairment allowance whilst the remaining was attributable to three other subsidiaries. The allowance for impairment provided in accounts represents 76% of total amount owing by these subsidiaries as at end of the FY2017.

(b) The amount owing by these subsidiaries are not trade in nature. The advances were mainly provided to support the activities/projects undertaken of the respective company.

(c) Currently, Palm Nutraceuticals Sdn. Bhd. is undergoing research-based activity which we do not expect significant contribution in near term whilst other subsidiaries are rather inactive.

Q3 The Sustainability and Corporate Responsibilities Statement reported that the Group is committed to create a culture of safety within the organization in which employees are trained to be aware of and practises safe behaviours.

(a) Could the Board provide the data related to Occupational, Safety and Health Administration ("OSHA"), such as number of accidents, lost time injury, etc. for FY2017? We hope the future annual reports would provide these data.

(b) What is the annual budget allocated for OSHA activities to ensure effective implementation of the Occupational, Health and Safety Management?

A3 (a) There is no major accident at workplace reported during the FY 2017. As the total medical leave taken is not material, we do not analyse the records arising from lost time injury.

(b) The Group does not set limit on spending for the purpose of effective implementation of the Occupational Health and Safety Management should need arise. The Group is unable to quantify the amount spent on Occupational, Safety and Health ("OSH") activities alone as there are many projects having multiple objectives such as improving efficiency, cost cutting and OSH activities.

Q4 It was recently reported that the MSPO certification compliance will be made mandatory for Malaysian plantations by end of 2019.

Has the Company started pursing the MSPO certification activities to ensure compliance to the MSPO requirement by 2019?

A4 We are aware of the MSPO certification compliance requirement by end of 2019 and we have started taking actions to look into the MSPO compliance requirement.

Corporate Governance Matters

Q1 We noted that one of the Company's Independent Non-Executive Directors ("INED") have served on the Board as INED for more than 9 years.

We hope the Board would take cognisance of the requirements under Practice 4.2 of the Malaysian Code on Corporate Governance 2017 relating to Independent Directors who have served the Board for more than nine years.

A1 The Board noted the provisions under Practice 4.2 of the Code. The Company will use the 'two-tier voting' process in seeking shareholders' approval for the resolution to retain Independent Director beyond twelve years in the next AGM since the effective date for the 'two-tier voting' process will be for such resolution to be tabled at general meetings after 1 January, 2018.

Q2 Note 10 to the Financial Statements on Directors' remuneration showed that the total remuneration for Executive Directors under the Company was increased by approximately 12% whereas under the Group, it increased significantly by 36%.

(a) Which companies under the Group had contributed to the substantial increase in the Directors' remuneration and what were the reasons for the increase?

(b) Could the Board share the financial performance of these subsidiaries in FY2017 compared with FY2016?

A2 (a) The Remuneration Committee has performed comparison study and review on remuneration package for the Executive Directors prior to its recommendation for the Board's approval. The increase in the remunerations for Executive Directors was to adjust to be in line with the market and to commensurate with the Executive Directors' contribution and involvement in the operations.

(b) The financial performances of those active subsidiaries that are paying remunerations to the Executive Directors are satisfactory with profit generated.

KIM LOONG RESOUCES BERHAD (22703-K) Appendix 2

Minutes of 42nd AGM held on 25th July, 2017

Pertinent questions and answers relating to the Audited Financial Statements of the Company and the Group for the year ended 31st January, 2017 at the Annual General Meeting

Q1 Noted that the Group's FFB production is expected to be potentially 20% higher compared to the quantity achieved in the FY2017 as stated on page 23 of the Chairman's Statement. Do you expect a squeeze in the labour market?

A1 Undeniably, there is a squeeze in the labour market but we still can cope with the labour shortage and achieve our target.

Q2 Noted that the milling operations recorded a 24% drop in profit as stated on pages 22, 133 and 134 of the Annual Report. Is it one-off trend?

A2 It is cyclical and depends on weather. Last year, El Nino phenomenon had caused low FFB production and affected the palm fruit formation and ripening causing poor oil content. Competition for crop due to lower FFB production and lower oil extraction rate resulted in lower processing margin and gross profit.

Q3 The dividend payout represents approximately 88% of the annual profit attributable to owners of the Company as stated on page 22 of the Chairman's Statement. Is the trend going to be maintained?

A3 We will still maintain it for the foreseeable future until otherwise decided.

Q4. On page 104, Note 8, why was there a write down of inventories from RM270,667 in FY2016 to RM719,428 in FY2017?

A4 The write down was mainly on finished goods marked to fair value.