

APOLLO FOOD HOLDINGS BERHAD
(Incorporated in Malaysia - Co. No. 291471-M)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-THIRD ANNUAL GENERAL MEETING ("23RD AGM") HELD ON 30TH OCTOBER 2017 AT PUTERI PACIFIC HOTEL, DELIMA ROOM, LEVEL 2, JALAN ABDULLAH IBRAHIM, 80730 JOHOR BAHRU, JOHOR DARUL TAKZIM AT 10:00 AM.

AGENDA 1

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017 TOGETHER WITH THE REPORTS OF DIRECTORS AND INDEPENDENT AUDITORS THEREON

The Audited Financial Statements for the financial year ended 30 April 2017 together with the Reports of directors and Independent Auditors thereon were tabled to the meeting.

Among the key matters raised by the shareholders on the results of the Company and the Group's business as well as the responses from the Board/Management were as follows:-

| | Key Matters raised by the Shareholders | Responses from the Board/Management |
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| 1. | Referring to the 5 year highlights on the Annual Report which shows a decrease in the revenue particularly in year 2017 and the substantial decrease in the Profit After Tax (PAT) of 40%, whether the industry was facing some kind of common problem that led to the decrease in performance in general? | <p>Most manufacturers in the food industries like Apollo (i.e. production of chocolates, wafers and layer cakes) were facing price hike problem on raw materials since last year. Most ingredients such as hydro rated palm oil, sugar, cocoa powder, shortenings, eggs and etc prices had increased. However, Apollo would not compromise the increased price with the quality of its products by skimming on the ingredients as a remedial action to improve the profit margin. Raw materials price remained high for over a year now and there was no sign of decreasing. Hence, if the situation persists, the Company may have to eventually adjust the retail selling price to improve its profit margin.</p> <p>Besides that, the Company is also facing tough challenges of the RM1K minimum wages as well as freeze of work permits for foreign workers implemented by the Malaysian government. In fact, the entire industry in the region had shortage of labour problem. Despite that the Company had managed to obtain approval for 100 foreign workers 2 years ago, but until today it had not been fulfilled. All these unfavorable factors have contributed to the lower performance by the Company in terms of revenue.</p> |

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| 2. | Whether there was a general slowdown in consumption of Apollo products? | The Company had shortage of products delivery to certain overseas countries and therefore was unable to fulfill these orders. However, currently Management is re-visiting this problem for improvement in future. |
| 3. | Based on the Annual Report, the existing plant was operating with limited labour resources. Hence, was the plant running at 100% capacity? | <p>The production of different product types was being dealt with differently in terms of the plant's running capacity. Presently, for chocolate wafers line, production capacity had increased by about 50%. For layer cakes, production capacity had reached its optimum, i.e. full capacity as the plant was operating with 3 shifts but eventually stopped due to weaker control on 3rd shift and lack of control would jeopardize the quality of products.</p> <p>For the chocolate products machines, the Company did not scrape off any old machines but to restore/rebuild them and to use them as standby.</p> |
| 4. | How would automation help the Company to resolve the labour shortage problem? | <p>The Company had not gone into full automation yet due to some problem with the approval of extension of one piece of the Company's land title at Larkin by the State Government. After much effort, the Company finally managed to sort out the problem and obtained the land title extension approval. Since the cost of investment of full automation is very huge (around RM50-80 million), the Company has to be very prudent in its implementation bearing all the high costs and risks involved.</p> <p>The quotations solicited by the Company from automation suppliers many years ago had become outdated. Therefore, the Company would now re-visit the suppliers for new quotations beginning next year 2018. Presently, the Company was considering automation for production of layer cakes except for the final stage of packing process which is highly labour intensive. If the automation for layer cakes is proven efficient, then the Company would also consider automation for wafer productions. At the same time, if the Company goes into full automation, it would also need to look into staff training with acquired skill on the technical know-how.</p> |

APOLLO FOOD HOLDINGS BERHAD (291471-M)
 SUMMARY OF KEY MATTERS DISCUSSED AT THE 23RD AGM HELD ON 30 OCTOBER 2017

-3-

| | Key Matters raised by the Shareholders | Responses from the Board/Management |
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| 5. | One of the substantial shareholders was slowly disposing off his shares. Would there be any implications that this would affect the net value/quoted price of the Apollo's shares in the future? | The Company had no comments on the disposal as it was purely the discretion of the individual concerned. Despite that, it was comforting to note that the action taken by the substantial shareholder had very little impact on market value of the shares, i.e. Apollo share price had no major fluctuation due to this action. |
| 6. | How much more capacity can the new factory accommodate? | When new machineries in place, the production output would definitely increase. However, upgrading to full automation would require a step-by-step approach and the output would depend very much on the market demand. The Company does not intend to over-flood the market with its products as such business strategy would bring negative effect onto the Company. |
| 7. | Is the Euro amount available is planned to be used in purchasing machineries? | Most of the machineries are manufactured in European countries. As such, the Company had maintained a big reserve fund in Euros through conversion of currency taking advantage of Dual Currency Index ("DCI") some years ago, to standby the fund for procurement of new machineries in the future. |
| 8. | In spite of all challenges and pressures on costs hovering around the market, does the Company have confidence to maintain the current profit after tax of 27 sen or further improve it in the near future? | From the industrial point of view, the raw materials cost would be the major deciding factor that would influence the Company's profitability. In the economies of scale, if raw material costs keep increasing, then the manufacturers would be forced to increase their retail prices which in turn would eventually pass onto the consumers. Currently, the Sales and Marketing team of the Company are closely monitoring the market movement. There are countries/areas which are very sensitive to price changes. Under such circumstances, the Company would use its judgement whether to look for alternative markets. |

.../4

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| 9. | <p>How is the overall market demand, effects of investment in new machineries, Capex expenditure as well as the effect to the Company the depreciation on new machineries going to be invested?</p> | <p>All markets globally had experienced economic slowdown including Malaysia. Business in Malaysia had slowed down and there were many factors contributed to the slowdown. Certain products were subject to external factors that were beyond the Company's control e.g. seasonal demands, shipment slowing down in the Middle-Eastern countries, etc.</p> <p>To meet the delivery demand of sales orders, Apollo always encourages its workers to work overtime. The Company has to strike a balance on its production lines between higher profit and lower profit products. However, the Company would prioritize to invest on new machines for higher profit products first and to defer the upgrading of machines for low profit products. The Company has plans to install 100% new machines for production of layer cake in order to ensure no disruption of output.</p> <p>In fact, the existing machines that had been running for the past 20 years were still managed to achieve its maximum efficiency due to good maintenance. The Company also has plans to go for automated packaging system with a higher speed. At this juncture, the budget for Capex expenditure was still being worked at and not yet finalized.</p> <p>Price range of good machineries would vary from country to country in Europe; some may vary between 30% - 40%. Generally, machines made in Switzerland would be higher than Italy but they are of comparable quality. The most important thing was to find something that would suit the Company's needs and requirement. Normally, the return of investment on new machines would take up to 10 years or even longer. Besides buying new machines, time and cost would also be spent to train staff to handle the technical skills.</p> <p>As far as depreciation was concerned, it would be assessed by the Accountant of the Company.</p> |

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| 10. | Given the assumption that all labour problems had been resolved and with capacity of new machines in place, how much more can the Company achieve in terms of production on top of what it had already been achieving now? | An increase of 10-18% was achievable because the Company would also step up its sales to fulfill those market demands which had not been fulfilled before. All efforts would be made to achieve higher output at all times. |
| 11. | <p>(a) What was the standing of Apollo in the present market in terms of both the quality and pricing?</p> <p>(b) Any chance of Apollo going for Bonus Issue in the near future?</p> <p>(c) How is the plan for the next generation of leaders coming along?</p> | <p>(a) Apollo was considered as one of the top market leaders in terms of quality and pricing even though its products were not the cheapest due to it has good quality of the ingredients. The MD had made a personal commitment to get involved in production as technical knowledge is very important to the food industry.</p> <p>(b) The Company's reserve fund in addition to its equity was mainly for investment purposes. Bonus issue would not be considered unless the Company needed more capital. At this juncture, the Company had sufficient cash to operate its day-to-day business. Therefore, the Company prefers to declare higher dividends instead of giving Bonus Issue.</p> <p>(c) Finding successors would be a very long process. It is the Company's policy to keep all existing staffs especially those long service staffs as long as possible as they were the foundation of the Company. Food industries unlike other industries cannot have a revamp of old staffs with new staffs because food industries need talents in technical know-how which cannot be replaced easily. Furthermore, such talents are very limited in the labour market. Presently, the Company was looking into grooming next generation as successors to lead the company in the future. At the same time, the Company also takes in fresh graduates as Management Trainees. As of now, the Company has a total of 50 Management Trainees undergoing on-the-job training. Every department in the Company was managed by its own team with the succession plan in place. In addition, the company also hires new joiners who contribute to new ideas and better problem solving skills.</p> |

-6-

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| 12. | What the breakdown of RM9.9 million under "Other Income" is as appeared in the Statement of Profit & Loss and Other Comprehensive Income? | The "Other Income" would consist of investments of public quoted shares, fixed deposits, foreign exchange income and rental income of the Company. |

AGENDA 2
ORDINARY RESOLUTION NO.1
FIRST AND FINAL SINGLE TIER DIVIDEND

The payment of first and final single tier dividend of 25 sen per share for the financial year ended 30 April 2017 was approved by shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 3
ORDINARY RESOLUTION NO.2
DIRECTORS' FEE

The payment of Directors' fees of RM268,000-00 for the financial year ended 30 April 2017 was approved by shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 4
ORDINARY RESOLUTION NO.3
DIRECTORS' BENEFITS

The Directors' benefit at a capping amount of RM56,250 from 1 May 2017 to the next Annual General Meeting to be held in year 2018 was approved by shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 5
ORDINARY RESOLUTION NO.4
RE-APPOINTMENT OF DATUK P.VENUGOPAL

This agenda was withdrawn and not put forward for voting as Datuk P.Venugopal has resigned as Director with effect from 24 October 2017.

.../7

AGENDA 6(i)
ORDINARY RESOLUTION NO.5
RE-ELECTION OF MR LIANG CHIANG HENG PURSUANT TO ARTICLE 116 OF THE
ARTICLES OF ASSOCIATION

The re-election of Mr Liang Chiang Heng as Director of the Company pursuant to Article 116 of the Company's Articles of Association was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 6(ii)
ORDINARY RESOLUTION NO.6
RE-ELECTION OF ENCIK ABDUL RAHIM BIN BUNYAMIN PURSUANT TO ARTICLE 116 OF
THE ARTICLES OF ASSOCIATION

The re-election of Encik Abdul Rahim Bin Bunyamin as Director of the Company pursuant to Article 116 of the Company's Articles of Association was approved by the shareholders.

AGENDA 7
ORDINARY RESOLUTION NO.7
RE-APPOINTMENT OF AUDITORS

The re-appointment of Messrs BDO as Auditors of the company on remuneration to be determined by the Directors was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 8(i)
ORDINARY RESOLUTION NO.8
RETENTION OF MR NG CHET CHIANG @ NG CHAT CHOON TO CONTINUE IN OFFICE AS
INDEPENDENT NON-EXECUTIVE DIRECTORS

The retention of Mr Ng Chet Chiang @ Ng Chat Choon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as an Independent Non-Executive Director of the Company pursuant to the recommendation by MCCG 2012 was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 8(ii)
ORDINARY RESOLUTION NO.9
RETENTION OF EN.ABDUL RAHIM BIN BUNYAMIN TO CONTINUE IN OFFICE AS
INDEPENDENT NON-EXECUTIVE DIRECTORS

The retention of En. Abdul Rahim Bin Bunyamin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as an Independent Non-Executive Director of the Company pursuant to the recommendation by MCCG 2012 was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

AGENDA 8(iii)
ORDINARY RESOLUTION NO.10
RETENTION OF DATIN PADUKA HJH AMINAH BINTI HASHIM TO CONTINUE IN OFFICE
AS INDEPENDENT NON-EXECUTIVE DIRECTORS

The retention of Datin Paduka Hjh Aminah Binti Hashim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as an Independent Non-Executive Director of the Company pursuant to the recommendation by MCCG 2012 was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.