

ELK-DESA RESOURCES BERHAD

(Company No: 180164-X)

Incorporated in Malaysia

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING (“28TH AGM) OF ELK-DESA RESOURCES BERHAD HELD ON 02 AUGUST 2017 AT THE MELIA HOTEL, KUALA LUMPUR

Attendees:

- i) All members of the Board of Directors (“Board”)
- ii) Company Secretary
- iii) Management and staff of ELK-Desa Resources Berhad
- iv) Representative from Messrs BDO, the External Auditors
- v) Representative from Coopers Professional Scrutineers Sdn Bhd, the Scrutineer of poll voting
- vi) Representatives of Tricor Investors & Issuing House Services Sdn Bhd, the Company’s Share Registrar
- vii) Shareholders/ Proxies/ Corporate Representatives/ Invitees and others as per attendance lists

AGENDA 1:

TO LAY THE STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS.

The Chairman of Meeting gave opportunity to the floor to ask questions.

There were several shareholders asked questions relevant to the Group’s financial performance and business directions. Members of the Board namely Mr. Teoh Seng Hui and Mr. Teoh Seng Hee took turn to reply the queries. The comments were recorded as below:-

1. The Group had ascertained that proper action had been taken in relation to the write off of bad debts during the financial year ended 31 March 2017 and there are continuing efforts to follow up on the recovery of the written off debts through various channel including but not limiting to the legal action.
2. The lower dividend per share was mainly due to the enlarged share base arising from the previous rights issue of ordinary shares and also on the conversion of Irredeemable Convertible Loan Stocks. However the Company’s dividend yield had improved year on year and had registered a decent rate of 5.8% for the financial year ended 31 March 2017. Moreover the Company had formalised a dividend policy to distribute of not less than 60% of the Group’s annual net profit after tax to the shareholders of the Company as dividend.
3. The Group will assess and monitor the impact of MFRS 9 which will take effect from 1 January 2018. The Group currently has an adequate level of provision against loan loss and the Group’s preliminary view is that there will be minimal impact of the introduction of MFRS 9 on the Group’s financial performance.

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4. The Management is mindful of striking a financial balance between equity and debt or leverage financing. In the past, shareholders have been supportive of the Company's call for new equity capital. Besides, there are inherent risks associated with debt financing especially during an economic downturn or a credit squeeze situation. Currently the Group manage its' debt financing with the block discounting facility secured from a local financial institution, and the irredeemable convertible unsecured loan stock with coupon rate of 3.25% per annum.

The Board would like to place on record their appreciation and thanks to the shareholders who at the Meeting had contributed valuable recommendation and constructive suggestion on the improvement of the Group.

AGENDA 2:

RESOLUTION 1

TO SANCTION THE DECLARATION OF A FINAL SINGLE-TIER DIVIDEND OF 3.50 SEN PER SHARE OF RM1.00 EACH FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

AGENDA 3:

RESOLUTION 2

TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF RM580,000 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

AGENDA 4:

RESOLUTION 3

TO APPROVE THE PAYMENT OF DIRECTORS' BENEFITS PAYABLE TO THE NON-EXECUTIVE DIRECTORS UP TO AN AMOUNT OF RM150,000 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

AGENDA 5(I):

RESOLUTION 4

RE-ELECTION OF MR. TEOH SENG KAR WHO IS RETIRING BY ROTATION PURSUANT TO ARTICLE 112 OF THE COMPANY'S ARTICLE OF ASSOCIATION.

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

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AGENDA 5(II)

RESOLUTION 5

RE-ELECTION OF MR. NG SOON LAI @ NG SIEK CHUAN WHO IS RETIRING BY ROTATION PURSUANT TO ARTICLE 112 OF THE COMPANY'S ARTICLE OF ASSOCIATION.

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

AGENDA 6 (I)

RESOLUTION 6

RE-APPOINTMENT OF MR. TEOH HOCK CHAI @ TEW HOCK CHAI WHO IS RETIRING AT THE CONCLUSION OF THE 28TH AGM

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

AGENDA 6(II)

RESOLUTION 7

RE-APPOINTMENT OF MR. LIM KENG CHIN WHO IS RETIRING AT THE CONCLUSION OF THE 28TH AGM

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

AGENDA 7

RESOLUTION 8

RE-APPOINTMENT OF MESSRS. BDO AS AUDITORS

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

AGENDA 8:

OTHER BUSINESS

There was no other business to be transacted.