

ELK-DESA RESOURCES BERHAD

(Company No: 180164-X)

Incorporated in Malaysia

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-NINTH ANNUAL GENERAL MEETING (“29TH AGM) OF ELK-DESA RESOURCES BERHAD HELD AT THE BERJAYA TIMES SQUARE HOTEL KUALA LUMPUR, MANHATTAN V BALLROOM, LEVEL 14 WEST, NO. 1, JALAN IMBI, 55100 KUALA LUMPUR ON THURSDAY, 9 AUGUST 2018 AT 10.00 A.M.

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) Representative from Shook Lin & Bok, the Legal Adviser
- vii) Representatives of Tricor Investors & Issuing House Services Sdn Bhd, the Company’s Share Registrar
- viii) Shareholders/ Proxies/ Corporate Representatives/ Invitees and others as per attendance lists

1. AGENDA 1:

TO LAY THE STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS

The Chairman of the Meeting invited the Executive Director and Chief Financial Officer, Mr. Henry Teoh to present the financial performance review of ELK-Desa Resources Berhad and its group of companies (“Group”) for the financial year ended 31 March 2018. The presentation slides covered explanation on the following areas:

- Corporate structure
- Financial Performance For FYE2018
- Key Financial Trends
- Future Plans

After the presentation by Mr. Henry Teoh, the Chairman of Meeting gave opportunity to the floor to ask questions.

Shareholders/Proxies raised the following significant matters relevant to the Group’s financial performance and business directions. The Chief Executive Officer and the Chief Financial Officer, each of them took turn to answer the queries.

Significant Matters Raised by the Shareholders

1. On the average interest rate of the Hire Purchase Receivables and loan quality.
2. On the higher amount of tax payable of RM9,411,984 for the financial year ended 31 March 2018.
3. On the impact of the China-US trade wars on the Group’s furniture business.
4. On the utilisation of the short-term funds upon its maturity.
5. On the low gearing of the Group as compare with other companies engaging in the similar financial services business.

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6. On the impact of the Group's business after the reintroduction of the Sales and Services Tax.

Management Answers to the Significant Matters Raised by the Shareholders

The average effective interest rate of the Hire Purchase Receivables is between 17 % to 18 %. The credit loss charges for FY2018 was 5.5 % compared to 6.3 % in FY2017. The non-performance loan ratio stood at 1.0 % as at the end of FY2018.

The higher amount of tax payable was in tandem with the increase in profits before tax registered by the Group for the financial year ended 31 March 2018.

The revenue of the Group's furniture business is mainly derived from the domestic wholesale and retail market. The export trade was represented by only a small fraction of the total revenue. Hence the trade war between China-US is not expected to have any significant impact on the Group's furniture business.

The short-term funds are the excess liquidity pending hire purchase disbursement.

Meanwhile the Group has no intention to call for new equities to finance the expansion of the hire purchase portfolio instead the Group will be looking at the leverage, such as the bank borrowings.

The Sales and Services Tax ("SST") is expected to have no significant impact on the Group's hire purchase portfolio because the Group only financed the second hand cars and which are not affected by the SST.

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.

2. **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 2018**

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

3. **AGENDA 3:
RESOLUTION 2
TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF RM598,000 FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2018**

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

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- 4. 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 2018**

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

- 5. AGENDA 5(I):
RESOLUTION 4
RE-ELECTION OF MR. TEOH SENG HUI WHO IS RETIRING BY ROTATION
PURSUANT TO ARTICLE 112 OF THE COMPANY'S CONSTITUTION**

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

- 6. AGENDA 5(II)
RESOLUTION 5
RE-ELECTION OF MR. LOONG FOO CHING WHO IS RETIRING BY
ROTATION PURSUANT TO ARTICLE 112 OF THE COMPANY'S
CONSTITUTION.**

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

- 7. AGENDA 5 (III)
RESOLUTION 6
RE-ELECTION OF MR. YEE KIN LAN WHO IS RETIRING BY ROTATION
PURSUANT TO ARTICLE 112 OF THE COMPANY'S CONSTITUTION**

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

- 8. AGENDA 6
RESOLUTION 7
RE-APPOINTMENT OF MESSRS. BDO AS AUDITORS**

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

- 9. AGENDA 7
RESOLUTION 8
PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND
ARTICLES OF ASSOCIATION BY SIMULTANEOUSLY REPLACING THEM
WITH A NEW CONSTITUTION OF THE COMPANY**

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

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10. AGENDA 8: OTHER BUSINESS

There was no other business to be transacted.

11. POLL RESULTS

All resolutions tabled at the 29th AGM were passed by shareholders voted by poll as follows:

Resolution	Vote For		Vote against		Total votes	
	No of units	%	No of units	%	No of units	%
1	118,392,387	99.996	4,539	0.004	118,396,926	100.000
2	118,392,387	99.996	4,539	0.004	118,396,926	100.000
3	118,392,387	99.996	4,539	0.004	118,396,926	100.000
4	118,392,387	99.996	4,539	0.004	118,396,926	100.000
5	118,392,387	99.996	4,539	0.004	118,396,926	100.000
6	118,392,387	99.996	4,539	0.004	118,396,926	100.000
7	118,392,387	99.996	4,539	0.004	118,396,926	100.000
8	118,392,387	99.996	4,539	0.004	118,396,926	100.000