

# ELK-DESA RESOURCES BERHAD

Company No: 198901002858 (180164-X)

Incorporated in Malaysia

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**Minutes of the Thirty-Fifth Annual General Meeting (“35<sup>th</sup> AGM” or Meeting”) of ELK-Desa Resources Berhad (“the Company”) held fully virtual through the TIIH Online Meeting Platform provided by Tricor Investor and Issuing House Services Sdn Bhd at <https://tiih.online> on 08 August 2024, Thursday at 10.00 a.m.**

## **Present (by remote participation)**

### **Board of Directors (“Board”):**

1. Mr. Teoh Hock Chai @ Tew Hock Chai (Executive Chairman of the Board)
2. Mr. Teoh Seng Hui (Chairman of Meeting / Group Executive Director and Chief Executive Officer) (“Chairman”)
3. Mr. Teoh Seng Hee (“Henry Teoh”) (Executive Director and Chief Financial Officer)
4. Mr. Teoh Seng Kar (Non-Independent Non-Executive Director)
5. Mr. Loong Foo Ching (Senior Independent Director)
6. Mr. Ng Soon Lai @ Ng Siek Chuan (Independent Director)
7. Ms. Toh Jyh Wei (Independent Director)
8. Datin Gan Kok Ling (Independent Director)
9. Ms. Tan Tai Kim (Independent Director)

## **In Attendance**

1. Mr. Loke Weng Fook - Company Secretary

## **By Invitation**

1. Mr. Johnny Sia Yeak Hong - Audit Partner, BDO PLT

Poll Administrator: Tricor Investor & Issuing House Services Sdn Bhd (“TIIH”)

Independent Scrutineer: Coopers Professional Scrutineers Sdn Bhd

## **Shareholders, Proxies and Corporate Representatives (“Members”)**

As per summary of attendance list via Remote Participation and Voting (“RPV”) facility provided by TIIH.

### **1. ADMINISTRATIVE**

The Company Secretary informed the Meeting that the 35<sup>th</sup> AGM is being held fully virtual at the TIIH’s online platform and the conduct of the virtual meeting is in compliance with Clause 76 of the Company’s Constitution, Section 327(2) of the Companies Act, 2016 and the Securities Commission Malaysia’s published Guidance Notes and FAQs on the Conduct of General Meetings for Listed Issuers.

Among others, the followings have been mentioned:

- a) Pursuant to Clause 83 of the Company’s Constitution, the Executive Chairman of the Company, Mr. Teoh Hock Chai @ Tew Hock Chai has nominated Mr. Teoh Seng Hui,

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the Group Executive Director and Chief Executive Officer of the Company to preside as Chairman of Meeting. Should the internet connection of Mr. Teoh Seng Hui, the Chairman of Meeting becomes unstable or interrupted due to technical problem, Mr. Loong Foo Ching, the Senior Independent Director, or failing him, Mr, Teoh Seng Kar, will take over the chair of the Meeting.

- b) In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of this Meeting will be voted by poll.
- c) Members may submit their questions relating to the resolutions set out in the Notice of the 35<sup>th</sup> AGM via the query box during the Meeting. Questions posted will be moderated to avoid repetition.
- d) The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator to facilitate the online voting process and results of the poll will be scrutinized by the Independent Scrutineer of Coopers Professional Scrutineers Sdn Bhd (“Scrutineers”).

Upon invitation, TIIH displayed a short video on voting procedures through the RPV.

## 2. **QUORUM**

Based on the Member’s attendance registration data provided by TIIH, the Company Secretary confirmed the presence of the requisite quorum for the purpose of the Meeting pursuant to Clause 81 of the Constitution of the Company.

## 3. **CALLING MEETING TO ORDER**

With the presence of a quorum, Mr. Teoh Seng Hui, the Chairman of Meeting called the Meeting to order and he extended a warm welcome to everyone at the Meeting.

## 4. **INTRODUCTION OF BOARD MEMBERS**

The Chairman introduced each and every member of the Board and the External Auditor, present remotely to brief shareholders and/or to answer questions pertaining to today’s agenda when necessary.

## 5. **NOTICE OF MEETING**

The Notice of Meeting dated 10 July 2024 (“Notice”), circulated to shareholders within the prescribed period were taken as read.

Before proceed with the business of the Meeting, the Chairman informed that a poll would be conducted for all resolutions set out in the Notice.

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## **ORDINARY BUSINESS**

### **6. AGENDA ITEM NO. 1 - TO LAY THE STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS.**

The Chairman informed the Meeting that the first item of the ordinary business was meant for discussion only as it would not require shareholders' approval pursuant to the Companies Act, 2016. Therefore, Agenda item no. 1 was not put forward to shareholders for voting.

#### **Presentation of performance review**

Upon invitation, Mr. Henry Teoh, the Executive Director and Chief Financial Officer ("CFO") began with a presentation on the Performance Review of ELK-Desa Resources Berhad for the financial year ended 31 March 2024 (refer to the presentation slides attached to these minutes).

#### **Pre-meeting questions from MSWG and Members**

Mr. Henry Teoh presented the Company's response to the issues raised by the Minority Shareholders Watch Group ("MSWG") in their letter dated 01 August 2024 (refer to Appendix 1).

There was a pre-meeting question received from other Member requesting the Company to provide e-vouchers to shareholders attending the AGM. Mr. Henry Teoh has responded in the Company's response that since the Company listed in December 2012, we have consistently practiced no door gifts and vouchers at all our AGMs, as we believe that the best way to reward shareholders is to keep improving the way we run the business and providing good dividend returns to our loyal shareholders.

The Chairman thanked Mr. Henry Teoh for the presentation and informed the Meeting that Members could still submit their questions pertaining to today's resolutions at the query box during the Meeting. The question posed at the query box would be answered by Mr. Henry Teoh after all the agenda of the 35<sup>th</sup> AGM have been dealt with.

### **7. AGENDA ITEM NO. 2 – ORDINARY RESOLUTION 1 TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF RM773,000 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

The Chairman informed the Meeting that Ordinary Resolution 1 was to authorise the payment of Directors' Fees of RM773,000 for the financial year ended 31 March 2024. The rationale of payment of the Directors Fees was explained under Note 2 of the Explanatory Notes in the Notice.

#### **Ordinary Resolution 1**

The Chairman put the following resolution to vote by poll:

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“To approve the payment of Directors’ Fees of RM773,000 for the financial year ended 31 March 2024”

**8. AGENDA ITEM NO. 3- ORDINARY RESOLUTION 2  
TO APPROVE THE PAYMENT OF DIRECTORS’ BENEFITS PAYABLE TO THE  
NON-EXECUTIVE DIRECTORS UP TO AN AMOUNT OF RM150,000 FOR THE  
PERIOD FROM THE DATE IMMEDIATELY AFTER THE 35<sup>TH</sup> AGM UP TO THE  
DATE OF UNTIL THE NEXT AGM OF THE COMPANY TO BE HELD IN 2025**

The Ordinary Resolution 2 was to facilitate payment of allowances and other benefits to the Non-Executive Directors based on the rationale as explained under Note 3 of the Explanatory Notes in the Notice.

Ordinary Resolution 2

The Chairman put the following resolution to vote by poll:

“To approve the payment of Directors’ benefits payable to the Non-Executive Directors up to an amount of RM150,000 for the period commencing from the date immediately after the 35<sup>th</sup> AGM up to the date of the next AGM of the Company to be held in 2025”.

**9. AGENDA ITEM NO. 4 – ORDINARY RESOLUTIONS 3, 4  
TO RE-ELECT DIRECTORS RETIRING PURSUANT TO THE COMPANY’S  
CONSTITUTION**

The Chairman informed the Meeting that the following Directors, who were retiring pursuant to Clause 112 and Clause 116 of the Company’s Constitution has offered themselves for re-election:

1. Mr. Teoh Seng Hui; and
2. Ms. Tan Tai Kim

The respective profiles of the above-named Directors were provided on page 6 and 9 of the Profile of Directors in the Annual Report 2024. The Nomination Committee had assessed the performance and contribution of the retiring directors and were satisfied with their performance; hence the Board would recommend for their re-election at the 35<sup>th</sup> AGM.

The Chairman then put the following ordinary resolutions to vote by poll:

Ordinary Resolution 3

“To re-elect Mr. Teoh Seng Hui who is retiring by rotation pursuant to Clause 112 of the Company’s Constitution, as director of the Company”.

Ordinary Resolution 4

“To re-elect Ms. Tan Tai Kim who is retiring pursuant to Clause 116 of the Company’s Constitution, as director of the Company”.

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## Appreciation to the retiring independent directors.

The Chairman also informed the meeting that three (3) independent directors, namely Mr. Loong Foo Ching and Mr. Ng Soon Lai @ Ng Siek Chuan who were appointed on 20 September 2012; and Ms. Toh Jyh Wei who was appointed on 12 October 2012, will retire at the 35<sup>th</sup> AGM after serving as independent directors of the Company for almost twelve (12) consecutive years and will not seek re-election as a director. The independent directors have shared many valuable insights with the Board during their tenure. On behalf of the Board of Directors and the Management, the Chairman thanked Mr. Loong, Mr. Ng and Ms. Toh for their contribution and service to the Company, and wished them a happy retirement life.

## **10. AGENDA ITEM NO. 5 – ORDINARY RESOLUTION 5 RE-APPOINTMENT OF MESSRS. BDO PLT AS AUDITORS**

The Chairman informed the Meeting that the Auditors of the Company, BDO PLT had expressed their willingness to continue in office. The Board would recommend to the shareholders for approval of the re-appointment of Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. The Boards' proposal was based on the Audit Committees' ("AC") recommendation, having regard to AC annual evaluation of the external auditors as explained under Note 7 of the Explanatory Notes in the Notice.

The Chairman put the following ordinary resolution to vote by poll:

### Ordinary Resolution 5

“To re-appoint Messrs BDO PLT as Auditors of the company and to authorise the Directors to fix their remuneration”

## **SPECIAL BUSINESS**

## **11. AGENDA ITEM 6 – ORDINARY RESOLUTION 6: PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY (“PROPOSED SHARE BUY-BACK”)**

The Chairman informed the Meeting that the Board would seek the mandate for the Proposed Share Buy-Back from the shareholders of the Company at the 35<sup>th</sup> AGM to empower the Directors of the Company to exercise the power to purchase up to 10% of the total number of issued ordinary shares of the Company by utilising an aggregate amount of the funds not exceeding the retained profits of the Company as at the transaction date of the Proposed Share Buy-Back.

The details of proposal were set out in the Share Buy-Back Statement on page 170 to 179 of the Annual Report FY 2024. The Board is of the opinion that the proposal is in the best interest of the Company. Accordingly, the Board would recommend the shareholders to vote in favour of the resolution.

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The Chairman put the following ordinary resolution to vote by poll:

## Ordinary Resolution 6

“Proposed Renewal of Authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company”

## **12. AGENDA ITEM 7 – ORDINARY RESOLUTION 7: TO APPROVE THE PAYMENT OF RETIREMENT GRATUITY**

The Chairman informed the Meeting that Ordinary Resolution 7 was to authorise the payment of retirement gratuity amounting to RM100,000 (in total) to the retiring Independent Non-Executive Directors after the conclusion of the 35<sup>th</sup> AGM. The rationale of payment of the retirement gratuity was explained under Note 9 of the Explanatory Notes in the Notice.

## Ordinary Resolution 7

The Chairman put the following resolution to vote by poll:

“To approve the payment of retirement gratuity amounting to RM100,000 (in total) to the retiring Independent Non-Executive Directors”

## **13. AGENDA ITEM 8: OTHER BUSINESS**

The Chairman informed the Meeting that the Company had not received any notice to transact any other business at the Meeting.

## **14. QUESTION AND ANSWERS (“Q&A”) SESSION**

After dealing with all items on the agenda of the Notice, the Chairman invited Mr. Henry Teoh to join him to respond to questions and comments submitted via the query box by remote participants during the 35<sup>th</sup> AGM. All questions have been addressed accordingly. (“Appendix 3” attached hereto)

## **15. REMOTE VOTING SESSION**

On conclusion of the Q&A session, the Chairman proceeded to the remote voting session.

The Chairman advised Members to cast their votes if they had not done so as the polling process would end after 10 minutes.

At 10.57 a.m., the Chairman announced that the Meeting would be adjourned for about 20 minutes for verification of votes and thereafter the declaration of the poll results by the Scrutineer.

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## **16. ANNOUNCEMENT OF POLL RESULTS**

The Meeting resumed at 11.20 a.m, for the declaration of poll results. The poll results were presented to Members via the online meeting platform. Based on the polling results (“Appendix 4”), the Chairman **HEREBY DECLARED THAT** resolutions 1 to 7 listed in the Notice of the 35<sup>th</sup> AGM and dated 10 July 2024 **CARRIED**.

## **17. CLOSE OF MEETING**

There being no other business, the Chairman declared the Meeting closed at 11.25 a.m. and thanked all Members for their participation.

CONFIRMED AS A CORRECT RECORD

**TEOH SENG HUI**  
CHAIRMAN FOR THE 35<sup>TH</sup> AGM  
AT KUALA LUMPUR  
DATED:

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## Appendix 1

### MSWG enquiries raised in their letter dated 01 August 2024:

#### **Operational & Financial Matters**

No.	Questions	Response
1.	<p>In FY2024, ELK-Desa recorded a significantly higher impairment allowance at RM29.79 million compared to RM8.045 million previously (page 139 of AR2024).</p> <p>At the same time, a higher credit loss charge of 4.1% was recorded against 1.2% in FY2023.</p> <p>The higher impairment allowance and credit loss charge were mainly due to the higher losses incurred from sales of repossessed vehicles in contrast to exceptionally good collections in the first half of FY2023 (page 13 of AR2024).</p> <p>a) The impairment for HP receivables is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss (ECL) model (page 117, Note 8(e), AR2024). The ECL approach results in the early recognition of credit losses because it includes both incurred losses and expected future credit losses.</p> <p>How did the Group incur higher losses from the sale of repossessed vehicles when the ECL from high-risk customers should have been “frontloaded” in the provisioning of impairment allowances upon observing signs of delinquency in payments among borrowers?</p> <p>b) How different was their actual recovery value vis-à-vis management’s estimation for repossessed vehicles?</p>	<p>It is correct to state that customers who have fallen into certain higher risk buckets would have been provided for in terms of impairment provision.</p> <p>Within the impaired loans, we also separately look at those vehicles that are repossessed so that we are aware of the impairment losses for this category of accounts.</p> <p>In FY2024, the losses incurred from sales of repossessed vehicles were at least 20% higher compared to the loss experience we had prior to Covid in FY2021. This additional 20% losses were estimated to be approximately RM8.6 million.</p> <p>Excluding the additional losses mentioned above, the credit loss charge for FY2024 would have been significantly lower.</p> <p>As at 31 March 2024, loan loss coverage stood at 127%, reflecting adequate provisions for impaired loans.</p>



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No.	Questions	Response
2.	<p>Meanwhile, HP receivables amounting to RM61.95 million were written off in FY2024 against RM8.11 million as of FY2023 (page 119, Note 8(g) – Hire purchase receivables, AR2024). Nevertheless, these receivables are still subject to credit recovery activity.</p> <p>a) What is the ageing profile of the HP receivables written off?</p> <p>b) What recovery activities are to be undertaken? How successful is ELK-Desa in recovering bad debts generally? What is the average recovery rate of these HP receivables?</p> <p>c) Has the Group seen improvement in these customers' debt servicing ability? How are borrowers' repayment behaviours in the first three months of FY2025? What are the trends that ELK-Desa observed thus far?</p> <p>d) Considering current repayment behaviours and asset quality, do credit lending and management policies warrant a review to improve asset quality moving forward?</p>	<p>HP receivables amounting to RM61.95 million written off in FY2024 included both the repossessed accounts as well as unrecoverable accounts.</p> <p>These delinquent accounts were accumulated from FY2021 as the Group could not carry out repossession activities to recover the debts, due to constraints imposed by the Covid-19 Act that generally protected borrowers' interest.</p> <p>For the write off of unrecoverable accounts, the HP receivables must have been more than 5 months in arrears. Approximately 72% of the HP receivables written off were 12 months or more in arrears.</p> <p>Even after write off of the HP receivables, further recovery and legal activities would be carried out and the customers would have unfavourable track records in their credit reports. Average recovery rate of these receivables ranges from 18% to 25%.</p> <p>In the short term, there will be some level of uncertainties and fluctuations in terms of repayment behaviours and ability of the borrowers. Among others, this is potentially contributed by changes or impending changes in government subsidies and rising business costs due to increasing wage pressures.</p> <p>As ELK-Desa has been in the HP financing industry since 2004, we are monitoring these key issues closely in order to ensure that the HP business is well managed in the longer term.</p> <p>Notably, we have driven down the gross impaired loans ratio from a peak of 9.9% in</p>

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No.	Questions	Response
		FY2022 during the Covid pandemic, to 1.9% in FY2024.
3.	<p>The Furniture segment experienced a significant margin squeeze in FY2024, with the PBT margin almost halving to 5.5% from 10.08% earlier, because of higher imported goods purchases due to a weaker ringgit and stiffer competition. Segmental PBT declined by 46% to RM3 million from RM5.49 million earlier, though segmental revenue remained stable at RM54.55 million compared to RM54.48 million in FY2023.</p> <p>a) Why was the Furniture division unable to achieve a notable growth in revenue during FY2024?</p> <p>b) How different was the input cost structure in FY2024 compared to FY2023? Which input materials cost more to import than before?</p> <p>c) Has the Group been able to pass on the impact of higher input costs stemming from weaker forex to customers? If yes, what is the average quantum of price increase?</p> <p>d) Does the Group expect the elevated cost structure to persist in FY2025? Could shareholders expect a recovery in profit margin in FY2025?</p> <p>e) What measures will be taken to preserve the profit margin? Are proactive cost control initiatives required to improve profitability?</p>	<p>Our furniture segment is mainly involved in wholesaling of household furniture, supplying to more than 800 furniture retailers throughout Malaysia.</p> <p>In FY2024, we have observed slowness in consumer spending in household furniture resulting in a flat growth in the Group's furniture revenue. There is a shift from spending on furniture to other types of spending such as travelling and food.</p> <p>The situation was made worse due to the weakening of the Malaysian currency against the US Dollar, where products directly imported by the Group as well as certain materials such as upholstery material and other accessories imported by Malaysian furniture manufacturers translate to higher cost of goods purchased for furniture wholesalers like us.</p> <p>Such rising cost of furniture products may have an impact on our short term gross profit margins as it will take some time for the end consumer market to gradually adapt to the higher product prices.</p> <p>As a furniture wholesaler, we will be seeking a balance between key factors such as product affordability, product margins and reaching out to new market segments, in order to improve longer term profitability.</p>

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## Sustainability Matters

No	Questions	Response
1.	<p>ELK-Desa identified 23 material sustainability matters (MSMs) based on engagements and inputs from its management, employees and selected stakeholders (page 24 of AR2024).</p> <p>a) The 23 MSMs identified are notably higher than many Bursa Malaysia-listed companies, typically identifying at most 15 MSMs.</p> <p>A high number of MSMs may dilute the focus and resources of a company, making it challenging and overwhelming to address the most critical issues effectively.</p> <p>Would the Company consider calibrating the list of MSMs to a smaller number for more targeted and effective sustainability efforts? Does the Company see such a need to do so?</p> <p>b) Who were the stakeholders ELK-Desa engaged for the Materiality Assessment? How comprehensive was the selection of stakeholders in ensuring inclusive and balanced stakeholder perspectives in determining MSMs?</p>	<p>In our materiality assessment for FY2024, we recategorised and realigned a number of our sustainability matter groupings, taking into consideration the sustainability matters prescribed by the Bursa Main Market Listing Requirements (“Bursa MMLR”).</p> <p>There were 8 MSMs that were newly identified and all 8 of them were prescribed matters by the Bursa MMLR.</p> <p>Notably, few of the prescribed MSMs are not our focus area. We take note of your comments and will further align this in the next comprehensive materiality assessment which is conducted every three years.</p> <p>The prioritisation and selection of stakeholder groups were done after considering the level of influence and interest of each stakeholder group. The outcome of this stakeholder analysis serves as a guide for us when considering the engagement approaches and communication channels.</p> <p>The key stakeholder groups engaged for the materiality assessment were regulators, shareholders, financiers, hirers, dealers and our employees.</p>
2.	<p>The ratio of basic salary and remuneration of women to men for the Senior Managers category was 0.37:1, which is lower than 0.87:1, 0.88:1 and 0.89:1 in other employee categories (page 42 of AR2024).</p> <p>a) The ratio implied a significant pay gap between female and male senior managers in the Company.</p>	<p>The Senior Managers category comprises all Senior Management of the HP Financing Division, including three executive directors who are also sitting on the Board of ELK-Desa Resources Berhad.</p> <p>If we exclude the three directors, the ratio of basic salary and remuneration of women to men would be 0.83:1, which is</p>

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No	Questions	Response
	<p>How was the ratio calculated? What factors caused the significant disparities between the salary and remuneration of male and female senior managers in the Company?</p> <p>b) What measures are intended to be taken by ELK-Desa to narrow the pay gap between male and female senior managers?</p>	<p>comparable to the ratio in the other employee categories.</p> <p>In conclusion, there is no significant pay gap between male and female employees within the HP Financing Division.</p>

### Corporate Governance Matters

No	Questions	Response
1.	<p>Three independent non-executive directors, Mr Loong Foo Ching, Mr Ng Soon Lai and Ms Toh Jyh Wei, will retire upon the conclusion of the 35th AGM after serving the Board for 12 years. To ensure an orderly succession of INEDs after their retirement, the Board approved and appointed Ms Tan Tai Kim as a new INED on 23 August 2023.</p> <p>How is the progress in identifying more suitable candidates to replace the departing INEDs?</p>	<p>The Board has appointed two new independent directors (Datin Gan Kok Ling and Ms Tan Tai Kim) in the past two years.</p> <p>We have plans to appoint at least two more independent directors in the next 12 months.</p>
2.	<p>ELK-Desa proposes to pay Mr Loong, Mr Ng, and Ms Toh a retirement gratuity of RM100,000 (in total) at this AGM (Resolution 7).</p> <p>a) Why does the Company propose to pay gratuity to the three INEDs as the fees and benefits paid to them should have sufficiently remunerated their performance and contribution to the Group?</p> <p>b) How did the three INEDs perform and contribute to ELK-Desa's long-term performance and value creation for minority shareholders?</p> <p>c) What is the proposed breakdown of the gratuity payment to the three directors in the</p>	<p>Mr Loong Foo Ching, Mr Ng Siek Chuan, Ms Toh Jyh Wei have served as independent directors of ELK-Desa Resources Berhad for the past 12 years since the Company was listed on the Main Market of Bursa Malaysia Securities Berhad in 2012.</p> <p>Throughout the past 12 years, our three directors provided unbiased and independent judgement in ensuring that Management's proposals and strategies are fully deliberated and examined objectively. This contributed to better governance, continuous growth and ensured that all</p>

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No	Questions	Response
	<p>sequence of Mr Loong, Mr Ng and Ms Toh? How does the Group determine the amount of gratuity to be paid to each director?</p>	<p>shareholders' interests are being taken care of.</p> <p>The proposed breakdown of the gratuity payment, as a token of appreciation for their contributions, are as follows:</p> <ul style="list-style-type: none"><li>● Mr Loong Foo Ching - RM35,000</li><li>● Mr Ng Siek Chuan - RM35,000</li><li>● Ms Toh Jyh Wei - RM30,000</li></ul> <p>The Board, except for Mr Loong, Mr Ng and Ms Toh, determined the amount of the gratuity after taking into consideration the level of responsibility, seniority and contribution of the respective independent directors.</p>
3.	<p>ELK-Desa has adopted Practice 5.9 of the MCCG, which states that the board comprises at least 30% of women directors.</p> <p>What benefits has the board experienced from the increased participation of female directors in the boardroom over the years? How has the board's performance been impacted by these benefits? What aspects of the Board have experienced improvements or declines before and after the appointment of female directors?</p>	<p>All directors of the Company actively participate in Board discussions and often offer different perspectives based on their diverse background and experience.</p> <p>It is important to stress that our Board places priority on evaluating suitability of directors based on their competence, character, knowledge and experience, regardless of gender.</p>

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## Appendix 2

### Live Questions submitted to the query box (TIH)

No.	Questions	Response
1.	Will 2024 be better than 2023 or will be worse due to new challenges?	There are new challenges ahead, nevertheless we will target to make 2024 better by growing the HP and furniture business.
2.	Hire-purchase receivables increased marginally to RM147.992 million in FY 2024. However, the finance cost of the borrowing used for financing have increased by more than 37% to RM12.257 million. (Statement & Profit & Loss – Pages 100 to 102 of AR) (1) What are the reason(s) for the highest financing cost despite marginal increase in HP financing? (2) What are the actions taken to mitigate the increase in financing cost in FY 2025?	RM147.992 million represents only part of the total hire purchase receivables ("HP receivables") which are classified as current assets. Including the non-current asset portion of HP receivables, the total HP receivables after impairment were approximately RM641.0 million. Hence, the HP receivable increased by at least 12% compared to the previous year. The increase in finance costs from higher borrowings was used to support higher HP receivables.
3.	What is the company's future outlook? May I know when physical AGM will resume?	<p>For the future outlook, we will grow HP receivables portfolio by 10% to 15% and drive down the impaired loan ratio. For the furniture segment, we will continue to solidify our presence in furniture wholesaling especially in Sabah and Sarawak.</p> <p>After considering various reasons, especially to facilitate the participation of shareholders from outstations, we opined that virtual AGM is still the most effective and efficient way of conducting a general meeting.</p>
4.	Impairment allowances on receivables, net of reversal increased substantially to RM26.744 million in FY 2024 (Statement of Profit & Loss – Page 102 of AR) (1) Reasons for the huge increase in impairment allowances in FY 2024, (2) will there be an	Basically, the higher amount of impairment allowances between these two (2) years was due to higher losses incurred on repossession of vehicles. Contrast to FY 2023, there was a reversal rather than an impairment and the variance is substantial.

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	improvement in impairment allowances for FY 2025 based on current collections status.	In FY 2025, we will continue to drive down the impairment allowance.
5.	What is latest NPL % for the used car loan for ELK-Desa in latest quarter? Is EPF 3 <sup>rd</sup> account implementation affect ELK-Desa loan business?	<p>As at 31 March 2024, the Gross Impaired Loans Ratio (which is published annually) was 1.9%. As for the Net Impaired Loans Ratio (after taking into account of impairment provisions), the latest numbest will be released in the Quarter 1 announcement in the middle of August 2024.</p> <p>Regarding the EPF 3<sup>rd</sup> account implementation, we have not seen a change in the repayment behaviour of hirer in terms of better collection and debt recovery.</p>
6.	ELK-Desa Furniture Sdn Bhd acquired 15.5% equity interest in Tat Lian Holdings Sdn Bhd for a total cash consideration of RM4.030 million. The share of profit from Tat Lian as an associated company amounted to RM5,220 in FY 2024. The profit contribution of only RM5,220 is very low compared to the investment of RM4.03 million made by ELK-Desa Furniture. Can the Board explain the justification of this investment based on the low profitability of Tat Lian Holdings?	<p>Tat Lian Holdings Sdn Bhd (“Tat Lian”) is an investment holding company that invest mainly in shares of Unico Holding Berhad (“UHB”), a property investment and property development company in Malaysia.</p> <p>The Group’s investment in Tat Lian is more for the value of its investment in UHB, as well as for the long-term and future profitability of UHB.</p>
7.	The CEO’s presentation reported that one of the main reason for the lower profits for FY 2024 was due to the higher losses from sale of repossessed vehicles. (1) What was the amount of losses attributed to the sales of the repossessed vehicles in FY 2024? (2) Is there an increase in the number of vehicles repossessed in FY 2024 vs FY 2023?	<p>In term of the impairment losses mentioned earlier, basically if we compare FY 2024 vs FY 2023, the number of vehicles repossessed has definitely increased because repossession was not allowed in FY 2023 due to the Covid Act.</p> <p>FY 2024 is the first year that we have resumed full suite of recovery activities including repossession, hence, there is a substantial increase in the number of vehicles being repossessed.</p>

# ELK-DESA RESOURCES BERHAD

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Incorporated in Malaysia

		In FY 2024, we incurred additional 20% loss on repossessed vehicles when compared to pre-covid level, that amounted to approximately RM8.6 million.
8.	(1) How much does our Company spend to hold this virtual AGM plus remote participation & Voting (RPV)? (2) Could our Company conduct our next AGM / EGM / other meetings physically?	The cost for conducting the virtual AGM is typically less than RM20,000 and lower than conducting a physical AGM.
9.	Referring to MSWG Q1, the losses incurred from sales of repossessed vehicles were at least 20% higher compared to the loss experience ELK-Desa experienced prior to COVID in FY 2021. What caused the higher losses compared to before? Will this trend persist in coming FY?	<p>The higher losses incurred from sales of repossessed vehicles were mainly due to a one-off legal expense incurred in obtaining court order for authority to repossess on many repossession cases.</p> <p>It was also due to lower vehicle selling price after FY2024. The trend is likely to continue for a while, nonetheless we will monitor the situation closely.</p>
10.	For furniture segment, has the Company seen recovery in market demand from consumers? Does the Group expect a recovery in profit margin from the segment to the comparable level prior to FY 2024?	In term of market demand compared to last year, we have seen a higher demand resulted increased in sales; in term of profit margin, we are managing in such a way that customer can accept, we may pass on the cost to the customers in a gradual manner that customers can adapt to. We expect a stabilisation of profit margin for the furniture segment for the coming year.
11	<p>Compliments from shareholders as bellows:</p> <p>-</p> <p>i. Thank you to all for managing our Company well. All my votes are in favour: I remain a loyal shareholder. Always salute our Company premises in Klang opposite the Chinese school, when I drive past it.</p> <p>ii. All my votes are in favour: This is a good Company without the</p>	Thank you for all the good compliments.



# ELK-DESA RESOURCES BERHAD

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	usual noise. I remain a patriotic shareholder.	
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# ELK-DESA RESOURCES BERHAD

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Incorporated in Malaysia

## Appendix 3 - Polling Results of Ordinary Resolutions voted by poll at the 35<sup>th</sup> AGM of ELK-Desa Resources Bhd

Appendix 3

### ELK-DESA RESOURCES BERHAD (198901002858 (180164-X))

#### Thirty-Fifth Annual General Meeting

TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: DIA282781)

On 08-August-2024 at 10:00AM

#### Result On Voting By Poll

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
Resolution 1	217,613,411	99.9750	184	85.1852	54,433	0.0250	32	14.8148	217,667,844	100.0000	216	100.0000
Resolution 2	217,524,114	99.9554	172	80.0000	97,095	0.0446	43	20.0000	217,621,209	100.0000	215	100.0000
Resolution 3	212,611,895	99.8937	192	88.4793	226,199	0.1063	25	11.5207	212,838,094	100.0000	217	100.0000
Resolution 4	217,450,728	99.8961	195	88.6364	226,199	0.1039	25	11.3636	217,676,927	100.0000	220	100.0000
Resolution 5	217,656,599	99.9907	198	90.0000	20,328	0.0093	22	10.0000	217,676,927	100.0000	220	100.0000
Resolution 6	217,659,207	99.9910	198	89.5928	19,670	0.0090	23	10.4072	217,678,877	100.0000	221	100.0000
Resolution 7	217,418,104	99.9055	173	79.7235	205,590	0.0945	44	20.2765	217,623,694	100.0000	217	100.0000



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