

The logo for ELK-DESA, featuring the company name in a bold, red, sans-serif font with a registered trademark symbol (®) to the upper right of the 'A'. The background of the cover is white with various geometric patterns in light blue and red, including triangles, lines, and dots.

ELK-DESA[®]

Annual Report

2025

永聯資源有限公司

ELK-DESA RESOURCES BERHAD

198901002858 (180164-X)

CONTENTS

5 Year Key Financial Information	02
Corporate Information	04
Corporate Profile and Structure	05
Profile of Directors	06
Profile of Key Senior Management	08
Management Discussion and Analysis	10
Sustainability Statement	16
Corporate Governance Overview Statement	68
Directors' Responsibility Statement in Financial Reporting	79
Additional Compliance Information Disclosures	80
Statement on Risk Management and Internal Control	81
Audit Committee Report	88
Particulars of Properties	94
Financial Statements	95
Analysis of Shareholdings	159
Notice of Annual General Meeting	162
Statement Accompanying Notice of Annual General Meeting	167
Share Buy-Back Statement	168
Form of Proxy	Enclosed

FIVE (5)-YEAR KEY FINANCIAL INFORMATION

	Financial Year Ended 31 March				
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Income Statement					
Revenue	143,751	128,894	155,242	167,776	196,684
Profit before Interest and Tax	59,082	44,494	72,225	61,296	60,087
Profit before Tax	46,015	34,894	63,308	49,039	43,720
Net Profit for the Financial Year	35,285	25,774	47,735	36,658	32,647
Statement of Financial Position					
Total Assets	663,014	582,262	693,049	806,949	892,856
Total Liabilities	221,183	134,733	221,276	323,533	399,533
Share Capital	344,449	344,899	351,493	351,493	351,493
Retained Earnings	91,576	97,200	120,280	131,923	141,830
ICULS - equity component	5,805	5,430	-	-	-
Total Equity	441,830	447,529	471,773	483,416	493,323
Hire Purchase (HP) Portfolio					
Gross HP Receivables	746,448	691,043	866,389	930,978	1,044,935
Unearned HP Interest Income	(190,967)	(174,516)	(242,875)	(272,978)	(312,069)
Net HP Receivables	555,481	516,527	623,514	658,000	732,866
Net HP Receivables after Impairments	522,797	468,051	575,103	641,749	716,426
Annual HP Disbursements	80,188	110,664	262,401	248,862	272,979
Asset Quality					
Gross Impaired Loans Ratio	4.9%	9.9%	7.4%	1.9%	1.8%
Net Impaired Loans Ratio	1.4%	2.9%	1.9%	0.6%	0.6%
Loan Loss Coverage	121%	94%	104%	127%	127%
Share Information					
Net Assets per Share (RM)	1.49	1.50	1.04	1.06	1.08
Earnings per Share (sen)	7.86 [^]	5.74 [^]	10.50	8.06	7.18
Net Dividend per Share (sen)	7.25	5.25	6.50 [@]	5.00	4.50
Dividend Yield	5.3%	3.9%	5.7%	4.0%	3.9%*
Dividend Payout Ratio	61%	61%	62%	62%	62%#
Financial Ratios					
Net Profit Margin (Group)	24.5%	20.0%	30.7%	21.8%	16.6%
Net Profit Margin (HP Segment)	34.3%	28.5%	43.2%	30.4%	23.0%
Net Profit Margin (Furniture Segment)	6.6%	3.3%	7.8%	4.2%	4.6%
Cost to income ratio (HP Segment)	27.4%	29.4%	30.8%	29.6%	26.8%
Return on Assets	5.0%	4.1%	7.5%	4.9%	3.8%
Return on Equity	8.1%	5.8%	10.4%	7.7%	6.7%
Gearing Ratio	0.44	0.26	0.42	0.62	0.76

* Based on the share price at the end of the financial year.

Based on 451,728,456 ELK-Desa Shares (excluding treasury shares) as at 30 Jun 2025.

[^] Comparative has been restated to incorporate retrospective adjustment in respect of bonus issuance.

[@] First interim dividend has been restated in respect of bonus issuance.

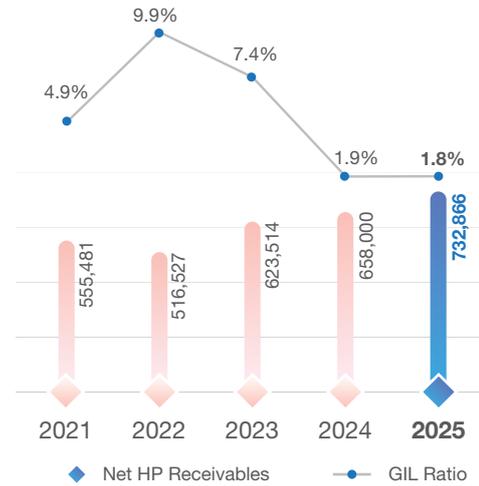
FIVE (5)-YEAR KEY FINANCIAL INFORMATION

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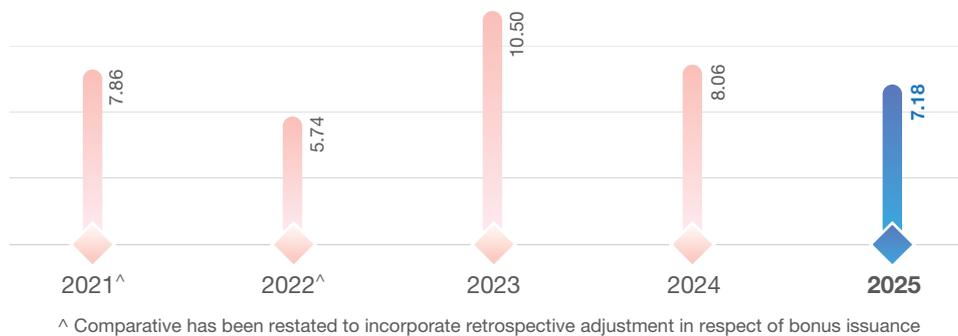
REVENUE (RM'000) AND PROFIT BEFORE TAX (RM'000)



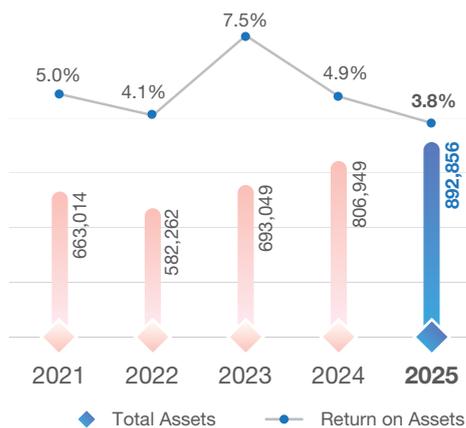
NET HP RECEIVABLES (RM'000) AND GROSS IMPAIRED LOANS ("GIL") RATIO (%)



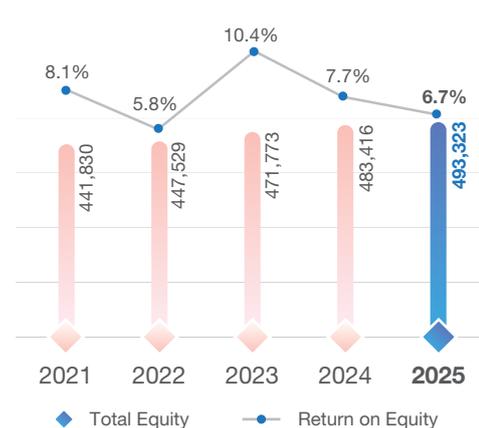
EARNING PER SHARE (SEN)



TOTAL ASSETS (RM'000) AND RETURN ON ASSETS (%)



TOTAL EQUITY (RM'000) AND RETURN ON EQUITY (%)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
**Mr. Teoh Hock Chai @
Tew Hock Chai**

*Group Executive Director and
Chief Executive Officer*
Mr. Teoh Seng Hui

*Executive Director and
Chief Financial Officer*
Mr. Teoh Seng Hee

*Non-Independent
Non-Executive Director*
Mr. Teoh Seng Kar

*Independent
Non-Executive Directors*
**Datin Gan Kok Ling
Ms. Tan Tai Kim
Mr. Ong Wah Tong**

AUDIT COMMITTEE

Ms. Tan Tai Kim (*Chairman*)
Mr. Teoh Seng Kar
Datin Gan Kok Ling
Mr. Ong Wah Tong

REMUNERATION COMMITTEE

**Mr. Teoh Hock Chai @
Tew Hock Chai** (*Chairman*)
Datin Gan Kok Ling
Ms. Tan Tai Kim

NOMINATION COMMITTEE

Datin Gan Kok Ling (*Chairman*)
Mr. Teoh Seng Kar
Mr. Ong Wah Tong

COMPANY SECRETARY

Mr. Loke Weng Fook
SSM PC No. 201908002829
(MIA 6573)

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd

Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite,
Avenue 3 Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel No : 603-2783 9299
Fax No : 603-2783 9222
E-mail : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

Customer Service Centre:

Unit G-3, Ground Floor,
Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

AUDITORS

BDO PLT (LLP0018825-LCA &
AF0206)
Chartered Accountants
Level 8, BDO @ Menara CentARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel No : 603-2616 2888

REGISTERED OFFICE

15-17, Jalan Brunei Utara
Off Jalan Pudu
55100 Kuala Lumpur
Tel No : 603-2145 7000
Fax No : 603-2145 8258
E-mail : enquiry@elk-desa.com.my

WEBSITE

www.elk-desa.com.my

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad

Stock Name & Code:

ELKDESA (5228)

CORPORATE PROFILE AND STRUCTURE

ELK-DESA RESOURCES BERHAD is incorporated and domiciled in Malaysia. It was listed on the Main Market of Bursa Malaysia Securities Berhad on 18 December 2012.

ELK-Desa Resources Berhad has two business segments through its wholly-owned subsidiaries, ELK-Desa Capital Sdn Bhd and ELK-Desa Furniture Sdn Bhd.

The ELK-Desa Capital Group is primarily involved in the business of hire purchase financing for used motor vehicles as well as selling general insurance policies as an insurance agent.

The ELK-Desa Furniture Group is primarily involved in the business of trading and wholesaling of home furniture.



@ On 21 February 2025, Tat Lian Holding Sdn Bhd has been placed under its members' voluntary liquidation ("MVL").

PROFILE OF DIRECTORS

MR. TEOH HOCK CHAI @ TEW HOCK CHAI

Executive Chairman

*Chairman of Remuneration
Committee*



Male



Age 80



Malaysian

Mr. Teoh Hock Chai is the Executive Chairman of ELK-Desa Resources Berhad and was appointed to the Board on 19 November 2004.

On 16 March 1971, Mr. Teoh founded Eng Lee Kredit Sdn Bhd which is currently a substantial shareholder of ELK-Desa Resources Berhad. Presently, he is the Executive Chairman of Eng Lee Kredit Sdn Bhd.

Mr. Teoh Hock Chai also serves as the Advisor to the Kuala Lumpur & Selangor Car Dealers & Credit Companies Association (KLSCDCCA).

MR. TEOH SENG HUI

*Group Executive Director and
Chief Executive Officer*



Male



Age 53



Malaysian

Mr. Teoh Seng Hui is the Group Executive Director and Chief Executive Officer of ELK-Desa Resources Berhad. Mr. Teoh was appointed to the Board on 1 October 2006. He was redesignated as Group Executive Director on 13 November 2014 and subsequently appointed as the Chief Executive Officer on 22 February 2018.

He graduated from the University of Kent at Canterbury, United Kingdom with a Bachelor's degree in Accounting and Law in 1993. Thereafter, he gained many years of experience in the hire purchase and furniture business.

He is also a Director of Eng Lee Kredit Sdn Bhd.

MR. TEOH SENG HEE

*Executive Director and Chief
Financial Officer*



Male



Age 44



Malaysian

Mr. Teoh Seng Hee is the Executive Director and Chief Financial Officer of ELK-Desa Resources Berhad. He was appointed as the Chief Financial Officer on 13 November 2014 and subsequently appointed to the Board on 18 February 2016.

He graduated from Nanyang Technological University, Singapore with a First Class Honours Bachelor's degree in Engineering (Electrical & Electronics) in 2004 and Master of Science (Management) Degree from Nanyang Business School, Singapore in 2008. Mr. Teoh is a Fellow of the Chartered Institute of Management Accountants ("FCMA"), a Chartered Global Management Accountant ("CGMA") and a Chartered Accountant of the Malaysian Institute of Accountants ("MIA").

Since joining the ELK-Desa Group in 2008, Mr. Teoh has been actively involved in the corporate planning, finance and general management of the Group.

He is also a Director of Eng Lee Kredit Sdn Bhd.

MR. TEOH SENG KAR

*Non-Independent Non-
Executive Director*

Member of Audit Committee

*Member of Nomination
Committee*



Male



Age 47



Malaysian

Mr. Teoh Seng Kar is a Non-Independent Non-Executive Director of ELK-Desa Resources Berhad and was appointed to the Board on 26 November 2010.

He graduated from Nanyang Technological University, Singapore with a Bachelor's degree in Engineering (Mechanical and Production) in 2002. Thereafter, he gained broad experience in various industries relating to procurement consultancy, plantations and property development.

Currently, he is the Group Executive Director of Unico Holdings Berhad.

PROFILE OF DIRECTORS

cont'd

DATIN GAN KOK LING

Independent Non-Executive Director

Chairman of Nomination Committee

Member of Audit Committee

Member of Remuneration Committee



Female



Age 49



Malaysian

Datin Gan Kok Ling is an Independent Non-Executive Director of ELK-Desa Resources Berhad and was appointed to the Board on 19 August 2022.

She obtained her LLB (Hons) from the University of Nottingham, England and has been admitted as an advocate and solicitor of the High Court of Malaya in 1999. She has more than 25 years of experience as an advocate and solicitor in Malaysia and is currently a Partner in the banking and finance department of Messrs. Adnan Sundra & Low, Kuala Lumpur. In the first 2 years of her practice, she was extensively involved in corporate work including mergers and acquisitions, joint ventures and corporate restructuring exercises as well as real estate matters. Since 2002, she has been primarily involved in banking and finance (including Islamic finance) and debt capital market transactions. Some of her notable banking and finance and debt capital markets experience includes advising on the issue of debt securities for the financing of several infrastructure and energy projects in Malaysia.

Datin Gan Kok Ling also sits on the Board of CYL Corporation Berhad and Oriental Kopi Holdings Berhad.

MR. ONG WAH TONG

Independent Non-Executive Director

Member of Audit Committee

Member of Nomination Committee



Male



Age 58



Malaysian

Mr. Ong Wah Tong is an Independent Non-Executive Director of ELK-Desa Resources Berhad and was appointed to the Board on 15 August 2024.

Mr. Ong Wah Tong has gained vast experience in Malaysia's banking industry. He worked as a Branch Manager at Public Bank Berhad ("PBB") for 12 years and another 11 years at the PBB's Headquarters as a Manager involved in reviewing the completeness of securities documentation to ensure compliance with the relevant laws and regulations and PBB's internal requirement. Mr. Ong retired from PBB in year 2022.

From year 2022 till to-date, Mr Ong has been holding the position of the Chief Executive Officer in the Budaya Potensi Group, an oil palm company located in Sabah. In his role, he has developed and implemented new policies and procedures to improve the efficiency of company operations. Further, he has also collaborated with legal, accounting, and other professional teams to review and ensure compliance with laws and regulations.

MS. TAN TAI KIM

Independent Non-Executive Director

Chairman of Audit Committee

Member of Remuneration Committee



Female



Age 56



Malaysian

Ms. Tan Tai Kim is an Independent Non-Executive Director of ELK-Desa Resources Berhad and was appointed to the Board on 23 August 2023.

She graduated with a Bachelor of Accounting (Honours) degree from the University of Malaya in 1992 and passed the professional examination of the Malaysian Association of Certified Public Accountants ("MACPA") in 1993. Ms. Tan is a member of the Malaysian Institute of Accountants ("MIA") since 1995.

After graduation, Ms. Tan started her professional career as an audit assistant with Deloitte Kassim Chan / Deloitte Touche Tohmatsu before joining Pengkalen Holdings Berhad where she worked as an Internal Audit Executive from 1994 to 1996. Ms. Tan has experience of more than 28 years in the field of corporate finance and advisory. She advised on corporate exercises of corporations, special purpose vehicles and real estate investment trusts, for projects involving equity and debt fund raising, underwriting, mergers and acquisitions, initial public offering, issuances of asset based securities, reverse take-overs, divestitures, share issuance exercises, debt restructuring, general offers and independent advice to various independent boards of directors and minority shareholders for related party transactions and general offers at various reputable financial institutions and organisations such as Southern Investment Bank Berhad, PM Securities Sdn Bhd, ECM Libra Investment Bank Berhad, Hong Leong Investment Bank Berhad and Mercury Securities Sdn Bhd. Her tenure in Hong Leong Investment Bank from July 2009 to October 2022 included roles where she undertook corporate finance and client coverage for investment banking activities involving corporate finance, equity capital market and debt funding projects and where her last held position was Senior Vice President of Corporate Finance, before assuming her current position as the Director of Corporate Finance at Mercury Securities Sdn Bhd in May 2023.

Note:

1. *Mr. Teoh Hock Chai @ Tew Hock Chai who is the Executive Chairman and a major shareholder of the Company is the father of Mr. Teoh Seng Hui, Mr. Teoh Seng Hee and Mr. Teoh Seng Kar who are Directors of the Company. Mr. Teoh Seng Hui, Mr. Teoh Seng Hee and Mr. Teoh Seng Kar are siblings.*
2. *Save as disclosed, all Directors have no family relationship with any Director and/or major Shareholder of the Company, have no conflict of interest with the Company and have not been convicted for any offense within the past five years.*

PROFILE OF KEY SENIOR MANAGEMENT

MR. TEOH HOCK CHAI @ TEW HOCK CHAI

Executive Chairman



Male



Age 80



Malaysian

For details of Mr. Teoh Hock Chai @ Tew Hock Chai's profile, please refer to page 6 of the Annual Report.

MR. TEOH SENG HUI

Group Executive Director and Chief Executive Officer



Male



Age 53



Malaysian

For details of Mr. Teoh Seng Hui's profile, please refer to page 6 of the Annual Report.

MR. TEOH SENG HEE

Executive Director and Chief Financial Officer



Male



Age 44



Malaysian

For details of Mr. Teoh Seng Hee's profile, please refer to page 6 of the Annual Report.

MR. LOKE WENG FOOK

Company Secretary



Male



Age 69



Malaysian

Mr. Loke Weng Fook is appointed the Company Secretary of ELK-Desa Resources Berhad since 1 November 2011. He oversees company secretarial duties and investors relation.

Mr. Loke is an Associate Member of the Chartered Institute of Management Accountants ("CIMA") of the United Kingdom, a Chartered Global Management Accountant ("CGMA") and a Chartered Accountant of the Malaysian Institute of Accountants ("MIA").

Mr. Loke has over 40 years of extensive experience in accounting, taxation, corporate secretarial work, insurance agency operation and corporate restructuring work.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

MR TEOH HOCK SU

Senior Manager – Business & Operations (HP Division)



Male



Age 66



Malaysian

Mr Teoh Hock Su is the Senior Manager of the Hire Purchase Business and Operations. He is responsible for overseeing the Group's Hire Purchase Division.

After his secondary education, Mr Teoh gained more than 40 years of experience in the hire purchase and trading of used cars business. He joined the ELK-Desa Group on 1 September 2004 as a Manager and was one of the pioneer staff to build the Hire Purchase Division. He was later promoted to his current position of Senior Manager on 1 April 2007.

Mr. Teoh Hock Su also serve as the Vice President of the Kuala Lumpur & Selangor Car Dealers & Credit Companies Association (KLSCDCCA).

MR. TEO CHONG GUAN

Director (Furniture Division)



Male



Age 53



Malaysian

Mr. Teo Chong Guan is the Director of the Furniture Division. He is responsible for overseeing the Group's Furniture Division. He was appointed to the current position on 8 April 2015.

After his secondary education, Mr. Teo gained more than 30 years of experience in the furniture trading business ranging from retail, wholesale, manufacturing and export.

Note:

1. Mr. Teoh Hock Su is the brother of Mr. Teoh Hock Chai @ Tew Hock Chai who is the Executive Chairman and a major shareholder of the Company. Mr. Teoh Hock Su is also the uncle of Mr. Teoh Seng Hui, Mr. Teoh Seng Hee and Mr. Teoh Seng Kar who are Directors of the Company.
2. Mr. Teo Chong Guan is the nephew of Mr. Teoh Hock Chai @ Tew Hock Chai. He is also the cousin brother of Mr. Teoh Seng Hui, Mr. Teoh Seng Hee and Mr. Teoh Seng Kar.
3. Save as disclosed, all Key Senior Management have no family relationship with any Director and/or major Shareholder of the Company, have no conflict of interest with the Company and have not been convicted for any offence within the past five years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

ELK-Desa Resources Berhad (“ELK-Desa” or the “Group”) is an established non-bank lender that has carved a niche as a reputable hire purchase financier in the used motor vehicles sector.

Incorporated and based in Malaysia, ELK-Desa has been listed under the Financial Services Sector on the Main Market of Bursa Malaysia Securities Berhad (“Bursa”) since 18 December 2012.

Targeting specifically buyers who are seeking small-value financing, a market segment that remains underserved by financial institutions, ELK-Desa has successfully differentiated itself in this highly competitive industry to deliver sustained profitable performance and uninterrupted dividend payouts over the last five years.

Further leveraging on its hire purchase financing expertise, the Group also cross-sells motor-related general insurance products to its hire purchase customers. These products are mainly from leading insurance brands, namely Tokio Marine Insurans (Malaysia) Berhad and Berjaya Sompoo Insurance Berhad.

While its hire purchase financing business is still the Group’s primary business activity and income generator, ELK-Desa is also involved in the furniture trading business. Having started operations in mid-2015, the furniture trading segment is currently focused on the wholesaling of home furniture in the domestic market.

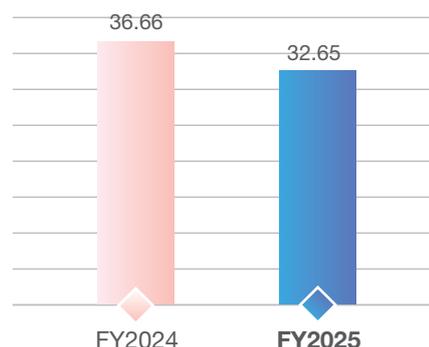
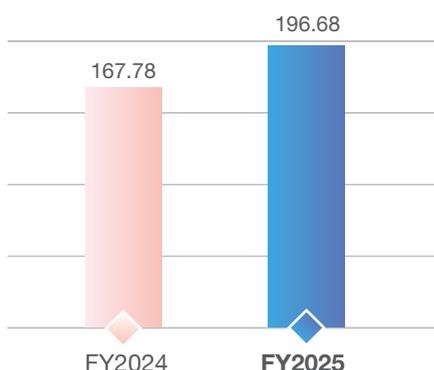
As a public listed company, ELK-Desa strives to enhance its appeal as a resilient counter in Bursa Malaysia in order to attract quality investors that are seeking long term returns. That said, business sustainability has always been the Group’s top priority. As such, the Group has embedded three important elements into its business operation as a guide for its sustainability goal. These elements include being mindful of its growth strategy by not expanding beyond its means and taking on higher risk, having a longer-term strategy that would create solid stable returns over a longer period and prudent practices to ensure better asset quality over quantity.

At the same time, the Group has also built itself a reputation as a reliable dividend stock amongst investors by consistently, over the last five years, delivering a dividend yield averaging approximately 4.6% per year along with a dividend payout ratio that averages around 62% per year.

REVIEW OF FINANCIAL RESULTS, PERFORMANCE AND FINANCIAL CONDITION

For the financial year ended 31 March 2025 (“FY2025”), ELK-Desa registered a 17% increase in revenue to RM196.68 million compared to RM167.78 million last year. This increase was due to higher contributions from both the Group’s hire purchase financing and furniture division.

The Group’s profit before tax for FY2025 decreased by 11% to RM43.72 million from RM49.04 million previously while profit after tax for FY2025 decreased by 11% to RM32.65 million compared to RM36.66 million a year ago. The decreases in profits were mainly due to lower contribution from the hire purchase financing division.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

In tandem with the lower profits, the Group's basic Earnings per Share ("EPS") was 7.18 sen as compared to 8.06 sen in the previous financial year.

In FY2025, the Group's total assets increased by 11% to RM892.86 million while total liabilities increased by 23% to RM399.53 million as compared to FY2024 due to higher borrowings.

Total borrowings increased by 25% to RM375.96 million in FY2025, to support the growth in hire purchase receivables in the past one year. The Group's gearing as at 31 March 2025 remains at a manageable level of 0.76 times.

As at 31 March 2025, the shareholders' funds grew by 2% to RM493.32 million and the Net Assets per Share ("NA") stood at RM1.08.

Return on equity ("ROE") decreased from 7.7% to 6.7%. Return on assets ("ROA") also decreased from 4.9% to 3.8%. The decline in both metrics were due to higher than expected impairment allowances from the hire purchase division.

Segmental Performance – Hire Purchase Financing Division

Hire Purchase Segment (RM)	FY2025	FY2024	Variance	Variance
Revenue	128,039,483	113,227,038	14,812,445	13%
Other Income	2,201,898	1,855,953	345,945	19%
Depreciation of Property, Plant and Equipment & Right of Use Assets	(1,246,605)	(1,356,691)	110,086	8%
Impairment Allowance	(44,064,107)	(26,385,893)	(17,678,214)	-67%
Other Expenses	(29,277,821)	(29,159,765)	(118,056)	0%
Profit before Interest & Tax	55,652,848	58,180,642	(2,527,794)	-4%
Finance Costs	(16,262,871)	(12,127,278)	(4,135,593)	-34%
Profit before Tax	39,389,977	46,053,364	(6,663,387)	-14%
Credit Loss Charge	6.3%	4.1%		2.2%
Cost to Income Ratio	26.8%	29.6%		-2.8%

ELK-Desa's hire purchase financing division remains as the Group's main income generator, contributing 90% to the Group's FY2025 earnings.

During the year under review, the division's revenue increased by 13% to RM128.04 million from RM113.23 million a year ago. Approximately 90% of the revenue was derived from hire purchase interest income, which recorded a 13% increase to RM114.78 million from RM101.60 million last year. Non hire purchase interest income increased to RM13.26 million from RM11.63 million last year.

Other income increased by 19% mainly due to higher interest income derived from short-term funds. This can be attributed to the higher level of cash, bank balances and short-term funds during the financial year.

Impairment allowance increased by 67% from RM26.39 million to RM44.06 million. Credit loss charge (i.e. Impairment Allowance over Average Net Hire Purchase Receivables) increased from 4.1% to 6.3%. The substantially higher impairment allowance and credit loss charge were a result of slower hirer repayment and high losses incurred from repossessions during the financial period.

Other expenses increased marginally to RM29.28 million mainly due to higher operating expenses which are in tandem with the increased level of hire purchase portfolio this year. Cost to income ratio for the hire purchase financing division for FY2025 is 26.8%, down from 29.6% last year. This is reflective of the Group's commitment to manage operating costs prudently and effectively.

Finance costs increased by 34% to RM16.26 million as a result of higher drawdown of block discounting facilities to support the increased hire purchase receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

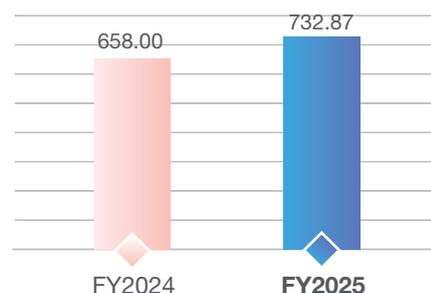
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Despite the 67% increase in impairment allowance, the profit before tax decreased by 14% to RM39.39 million, due to a larger hire purchase portfolio contributing to a significant increase in hire purchase revenue.

Net hire purchase receivables increased by 11% to RM732.87 million as at 31 March 2025. This is in tandem with the Group's strategy to expand its hire purchase receivables portfolio while taking a cautious approach to protect our asset quality. Notably, net hire purchase receivables are at the highest level since the Company's commencement of hire purchase business and have grown at a compounded annual growth rate ("CAGR") of 12.4% over the last three years post covid pandemic.

**NET HP RECEIVABLES
(RM MILLION)**

11%



Gross Impaired Loans ratio decreased marginally to 1.8% as at 31 March 2025 compared to 1.9% in the previous year. Net Impaired Loans ratio remained at a low level of 0.6%. The impaired loans ratios are expected to remain at the current low levels in the short to medium term. The Group rigorously reviews its impairment policy to ensure that adequate impairment provisions are made for potential future credit losses.

Segmental Performance – Furniture Division

Furniture Segment (RM)	FY2025	FY2024	Variance	Variance
Revenue	68,644,788	54,549,144	14,095,644	26%
Other Income	110,650	155,016	(44,366)	-29%
Cost of inventories sold	(44,628,160)	(35,733,165)	(8,894,995)	-25%
Depreciation of Property, Plant and Equipment & Right of Use Assets	(1,213,329)	(1,147,036)	(66,293)	-6%
Impairment Allowance	(437,330)	(358,403)	(78,927)	-22%
Other Expenses	(18,071,523)	(14,355,571)	(3,715,952)	-26%
Share of Results of Associates, Net of Tax	28,918	5,220	23,698	454%
Profit before Interest & Tax	4,434,014	3,115,205	1,318,809	42%
Finance Costs	(104,300)	(129,428)	25,128	19%
Profit before Tax	4,329,714	2,985,777	1,343,937	45%

ELK-Desa's furniture division, which is currently a non-core business activity of the Group, also contributed positively during the year under review.

The total furniture revenue increased by 26% to RM68.64 million. Gross profit margin stayed at a stable level of approximately 35%.

Other expenses increased by 26% to RM18.07 million, mainly due to higher selling, distribution and staff costs, which are in line with the higher sales.

The furniture division recorded a higher profit before tax of approximately RM4.33 million for FY2025 mainly due to higher sales and stable margins.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF OPERATIONS

Hire Purchase Financing Division

The Group operates its hire purchase financing business via its wholly-owned subsidiary, *ELK-Desa Capital Sdn Bhd*. With two offices, one in the heart of Kuala Lumpur and the other in Klang, Selangor, the Division employs a total of 208 individuals.

As ELK-Desa's hire purchase business is centred on the small-value used car sector, which is generally not an area of focus for the typical financial institution, the Group relies on a broad hirer base as a strategy to reduce its credit risk.

As of 31 March 2025, the Group's hire purchase financing division has a hirer base of approximately 40,300 individuals. Its average outstanding net hire purchase receivables per hirer is approximately RM18,200. These numbers collectively show that the Group's credit exposure per hirer is relatively low.

Annual hire purchase disbursements exceeded RM270.00 million, reflecting our continued efforts to rebuild the portfolio after the slowdown during the pandemic years.

ELK-Desa continues to conduct its hire purchase financing business mainly through dealers in Kuala Lumpur and Selangor. As such, the Group prides itself for having cultivated an extensive active dealer network that is more than 450 strong.

In FY2025, ELK-Desa has remained steadfast in fostering a close and mutually beneficial relationship with its dealers. The Group value-adds to our dealers' business by processing financing requests expeditiously and efficiently as well as paying out disbursements in a timely manner. By doing so, dealers are able to sell their used car stocks at a faster rate and have better cash flow for their operation.

When it comes to risk management, the Group's hire purchase financing business is dependent on the economic environment that correlates with consumer confidence and spending habits. The business also faces credit risks that stem from the hirers' ability to repay instalments in a timely manner. To mitigate credit risks, the Group has implemented stringent credit management policies and closely monitors repayments. However, in FY2025, ELK-Desa faced higher impairment allowances, reflecting an increase in credit risk during the year. The Group will continue to maintain a cautious approach towards credit risk by focusing on low value hire purchase financing and through avoiding heavy reliance on any single large hirer.

The hire purchase financing business also faces strategic risk, whereby the business may be impacted by the failure to respond to competition, changes in political, economic and regulatory conditions. On the latter, the industry is regulated under the Hire Purchase Act 1967 and the Group will be affected by any unfavourable terms of amendment to the said Act. Strategic risks are managed by paying close attention to all relevant trends and development that can potentially impact the Group's hire purchase financing business and putting in place the capability to react or adapt to changing situations quickly.

Furniture Division

The Group Furniture Division is spearheaded by its wholly-owned subsidiary, *ELK-Desa Furniture Sdn Bhd*. The furniture division employs 141 individuals.

Furniture products are predominantly manufactured by contract manufacturers locally and from overseas. These products are distributed by the Group under its own brand, **ELK-DeSA**.

The Group Furniture Division focuses on the domestic wholesale market and distributes **ELK-DeSA**™ furniture products to more than 1,000 furniture retailers throughout Malaysia.

Besides distributing our **ELK-DeSA**™ furniture products via our extensive dealers' network, we have two furniture retail showrooms located in Klang, Selangor. These showrooms primarily cater to customers who live in and around their respective areas.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The Division also has a small sofa assembly facility catering to the demands and requirements from our two retail showrooms and the wholesale business.

The **ELK-DeSA**™ brand continues to strengthen its presence in the furniture market, as many of its customers find the contemporary and urban-centric design of **ELK-DeSA**™ furniture and its reasonable price tag highly appealing.

Moving forward, the Group plans to grow its furniture trading business steadily and sustainably, with a primary focus on strengthening its presence in East Malaysia, specifically Sabah and Sarawak, to increase its contribution to the overall Group's success. Meanwhile, the hire purchase financing business will continue to be the main source of income for the Group in the near future.

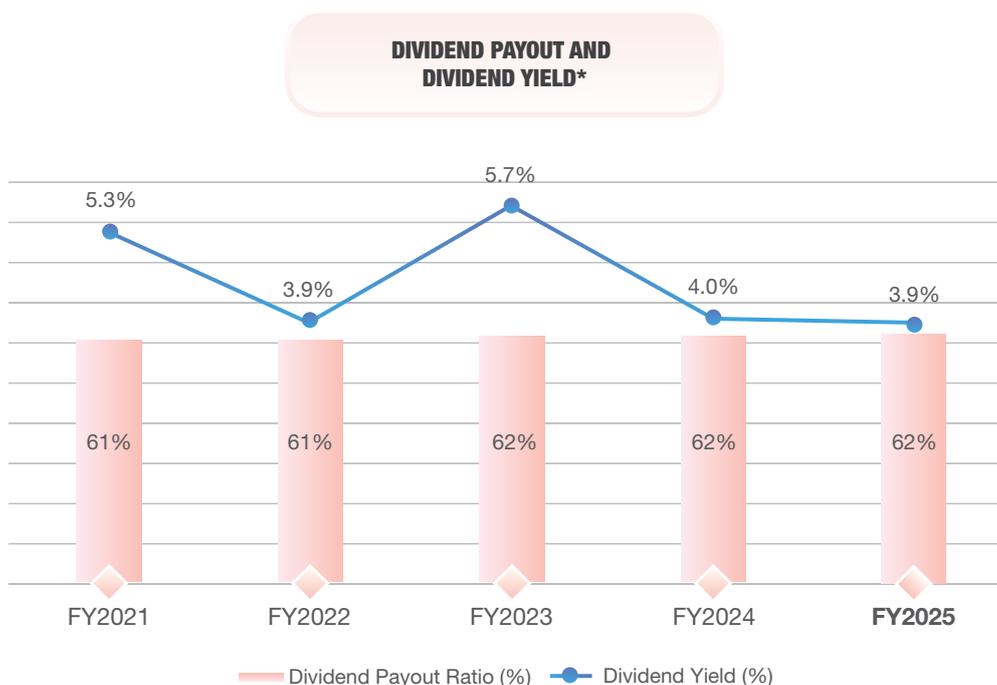
In terms of risks, the performance of the furniture industry is subject to a myriad of factors ranging from macroeconomic conditions to consumer and business confidence.

DIVIDENDS

The Board of Directors has declared a second single-tier interim dividend of 2.50 sen per share in respect of the financial year ended 31 March 2025, and the dividend was paid on 26 Jun 2025. With the declaration of the second interim dividend, the Board of Directors will not recommend any final dividend for the financial year ended 31 March 2025.

In addition to the first single-tier interim dividend of 2.00 sen per share, which was paid on 18 December 2024, the total dividend for the financial year ended 31 March 2025 is 4.50 sen per share (FY2024: 5.00 sen). This represents a dividend payout ratio of approximately 62% of the net profit, which is higher than the dividend policy of 60% set by the Board.

The Board has and will remain committed towards sustaining, if not improving, shareholders' return while at the same time conserving sufficient financial resources for future expansion. ELK-Desa's consistency in distributing dividends has further solidified the counter as a reliable dividend stock amongst investors.



*Note: Dividend Yield is computed based on the share price at the end of the financial year

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FORWARD-LOOKING STATEMENT

Bank Negara Malaysia (“BNM”) projects the Malaysian economy to grow between 4.5% and 5.5% in 2025, driven by sustained domestic demand, robust investment activities, and resilient household spending. However, this outlook is subject to revision due to escalating global trade tensions, including the ongoing tariff war, which may affect the domestic labour market and disrupt Malaysia’s export activities.

Inflation is anticipated to trend higher in 2025, with headline inflation projected between 2.0% and 3.5%, and core inflation between 1.5% and 2.5%. The implementation of domestic policy reforms such as fuel subsidy rationalisation—particularly the potential impact of RON95 price adjustments—and the expansion of the sales and services tax are expected to be key inflationary drivers.

ELK-Desa’s performance for FY2025 was lower than expectations, despite net hire purchase receivables growing at a healthy 11% year-on-year. Nonetheless, we acknowledge emerging pressures in collections and recovery activities, particularly due to uncertainties stemming from subsidy rationalisation and rising living costs.

Moving forward, we are paying very close attention to emerging macroeconomic risks. These include uncertainties in global trade, with rising shipping costs possibly impacting cost of living. While some of these costs may be temporarily offset by significantly lower-priced products entering our market, we also have to be mindful of how the influx of these products impacts local players and the local labour market.

Volatility in global financial markets could also affect consumer sentiment. Moreover, in the automotive sector, the aggressive pricing strategy by Chinese electric vehicle (“EV”) manufacturers is beginning to alter the competitive landscape, forcing downward price adjustments on internal combustion engine (“ICE”) vehicles. This trend could influence overall demand patterns and residual values of ICE vehicles, with implications for credit risk and asset recovery in our hire purchase segment.

Looking ahead to FY2026, ELK-Desa remains committed to sustainable growth, focusing on expanding our hire purchase portfolio within our niche and underserved market segment. We will continue leveraging internally generated funds, with no immediate plans to raise funds through capital markets, given our solid balance sheet. As part of our prudent efforts in capital management, we will take a moderate approach when acquiring new banking facilities.

We aim to optimise yields from our receivables and improve operational efficiency, targeting a Return on Equity (“ROE”) of over 8% in the medium term. Recognising the potential rise in credit risk and collection challenges, we will adopt a proactive and rigorous approach to credit management.

In the furniture segment, to further strengthen our competitive edge, our strategy remains focused on enhancing logistics and product variety across all geographical locations in Malaysia, specifically reinforcing our wholesale presence in Sabah and Sarawak.

Despite the macroeconomic and sectoral headwinds, the Board of Directors remain confident in the Group’s resilience and its ability to deliver long-term value to shareholders and stakeholders as we transition into FY2026 and beyond.

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

The Board of Directors (“Board”) of ELK-Desa Resources Berhad (“ELK-Desa” or the “Company”) presents this Sustainability Statement (“Statement”) of ELK-Desa and its group of subsidiaries (“ELK-Desa Group” or the “Group”), which discusses and reports the sustainability progress, target, performance, as well as achievement of the Group’s businesses and operations.

This Statement has been reviewed by the Board and is available on our corporate website at <https://www.elk-desa.com.my/ar2025.html>.

Reporting Scope and Period

This Statement has been prepared in accordance with the relevant requirements of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) and has considered the Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits.

Furthermore, this Statement is prepared in accordance with the GRI Standards and incorporates additional best practices in sustainability reporting where appropriate.

Starting from this reporting cycle, the Statement has been expanded to include sustainability data and information for the Furniture Segment, in addition to the existing Hire Purchase (“HP”) Segment.

The reporting period of this Statement is from 1 April 2024 to 31 March 2025 (“FY2025”), unless stated otherwise. Due to the inclusion of the Furniture Division, the sustainability data for FY2025 will not be directly comparable with data from the previous years, which exclusively covered the HP Segment.

About our Business

ELK-Desa Group has two reporting segments, namely the HP Division and the Furniture Segment.

The HP Division operates a non-bank lending business, providing financing for used cars and acting as an agency for motor-related general insurance products. The HP Division is based in the Group’s headquarters in Kuala Lumpur and has an office in Klang, Malaysia, primarily serving customers and used-car dealers in the Klang Valley region.

The HP Division holds memberships in both the Association of the Hire Purchase Companies Malaysia and the Kuala Lumpur & Selangor Car Dealers and Credit Company Association of Malaysia.

The Furniture Division, currently a non-core business activity of the Group, offers furniture products primarily in wholesale from both locally and overseas. These products are distributed under the Group’s own brand, **ELK-DeSA™**. In addition to distributing furniture through an established dealer network, the Furniture Division operates 2 furniture retail showrooms located in Klang, Selangor, which primarily serve customers in and around their respective areas. Our Furniture Division also manages a small furniture assembly facility specialising in sofa assembly, catering to the demands and requirements of its 2 retail showrooms and wholesale business.

Assurance

This Statement has not been subjected to an internal auditor’s review nor external assurance. Nonetheless, the sustainability data presented in this Statement has been verified by an independent external service provider via an agreed-upon procedures engagement.

Contact Details

We value feedback from internal and external stakeholders. For any inquiries about our sustainability initiatives or reporting, as well as any comments or feedback, please direct contact to our Company Secretary, Mr. Loke Weng Fook at the email address: enquiry@elk-desa.com.my.

SUSTAINABILITY STATEMENT

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GED/CEO'S MESSAGE

Throughout the year, most countries, including Malaysia, continue to pursue multifaceted initiatives to address climate change and promote human rights. The global effort highlights the growing recognition of the interconnectedness between environmental sustainability and the protection of fundamental human rights. Simultaneously, businesses adapted to a rapidly evolving business environment, marked by changes in workplace dynamics, communication strategies with stakeholders, and the integration of sustainability practices into their operations.

At ELK-Desa Group, we continue to adapt to these changes. We work closely with stakeholders to improve operational efficiency, enhance work satisfaction, and develop values for our employees, customers, business partners, and society. Beyond these ongoing efforts, we are taking proactive steps to develop a systematic approach for effectively estimating and calculating emissions from our operations.

This initiative aligns with the regulatory changes that increasingly demand emissions-related data and address the financial impacts of climate-related risks on businesses. In response to these changes, we have enhanced our Scope 1 and Scope 3 emissions in relation to employee commuting and business travel in this year's Statement. By estimating and reporting these emissions, we aim to better understand our environmental footprint and ensure our operations are prepared to comply with upcoming IFRS S2 Climate-related Disclosures, which incorporate the TCFD Recommendations, as well as other relevant climate-related regulations.

This year, we continue to present the HP Division's sustainability commitments and progress, including updates to our targets. Notably, some targets for the Furniture Division have also been incorporated, reflecting our increased focus on managing the sustainability performance of our material sustainability matters ("MSMs"). These updates are summarised in the table below.

Material Matters	Commitments	Indicators	Division	FY2025 Targets	FY2025 Actual Results
Anti-Corruption, Anti-Money Laundering, and Ethical Business Practices	To demonstrate our adherence to integrity, governance, and responsible business practices within the expectations of the marketplace and stakeholders. We have adopted a zero-tolerance approach to anti-bribery and corruption.	Number of confirmed incidents of corruption and action taken	HP	Zero confirmed incident	0
			Furniture	Zero confirmed incident	0
		% of active suppliers/business partners to whom we have communicated or affirmed our code of conduct/anti-bribery and corruption policy	HP	98% of suppliers/business partners	99.6%
			Furniture	98% of suppliers/business partners	100%
		% of employees who have received training on policy and procedure related to anti-bribery, corruption and code of ethics and conduct	HP	98% of employees	99.5%
			Furniture	98% of employees	100%
		% of Board members and Senior Management endorsed the Declaration of conflict of interest/communicated regarding the anti-corruption policy and procedure	HP	100% of Board members and Senior Management	100%
			Furniture	100% of Senior Management	100%
		% of operations function assessed for risk related to corruption	HP	100% of the total operations	100%
			Furniture	100% of the total operations	100%

SUSTAINABILITY STATEMENT

cont'd

Material Matters	Commitments	Indicators	Division	FY2025 Targets	FY2025 Actual Results
Financial Performance (Group)	To achieve steady financial performance growth.	Return on equity	Group	> 8.0%	6.7% ¹
		Return on assets	Group	> 5.5%	3.8% ¹
		Earnings per share growth	Group	> 5.0%	-10.9% ¹
		Dividend payout ratio	Group	> 60%	62%
Responsible Finance	To serve the under privileged community not supported by mainstream lenders, e.g., bank and license financial institution. To treat customers fairly through practices of clear and transparent financing terms, lending only to those who can afford to repay. To finance road-worthy motor vehicles.	% of hirers that fall under B40 and M40	HP	95% of hirers	100%
		% of hirers have been briefed on financing terms when signing the HP agreement	HP	100% of hirers	100%
		Loan approved for motor vehicles that passed B7 PUSPAKOM inspection	HP	100% of the loan approved	100%
		For new loan cases, vehicle age not exceeding 15 years	HP	95% of vehicles	100%
Employee Engagement and Employee Wellbeing	To engage regularly with employees. To provide employee training and development. To ensure the low rate of staff turnover. To ensure the happiness of employees. To safeguard employee safety and health.	Employee engagement activities per year	HP	To conduct at least 4 engagement activities	8
			Furniture	To conduct at least 4 engagement activities	4
		Average training hours per employee per year	HP	Minimum average of 18 hours of training and development	32
			Furniture	Minimum average of 15 hours of training and development	17
		Staff turnover (confirmed staff) per annum	HP	< 10% of confirmed staff turnover	8%
			Furniture	< 10% of confirmed staff turnover	4%
		Number of work-related fatalities	HP	Zero work related fatalities	0
			Furniture	Zero work related fatalities	0
		Lost time incident rate	HP	Zero lost time incident rate	0
			Furniture	Zero lost time incident rate	0

SUSTAINABILITY STATEMENT

cont'd

Material Matters	Commitments	Indicators	Division	FY2025 Targets	FY2025 Actual Results
Innovation	To approach/ educate all hirers and dealers to use our innovative products. To improve products, services and internal processes using technology.	Product adoption rate by hirer or dealers (e-payment channel)	HP	At least 65% adoption rate	92.6%
		Number of accepted innovative ideas/ processes per annum	HP	Minimum 8 projects that meet project criteria per annum	10

¹ Return on equity, return on assets and earnings per share growth did not meet the set targets mainly due to higher than expected impairment allowances incurred for the HP Division.

OUR SUSTAINABILITY PHILOSOPHY

ELK-Desa Group's business philosophy is to be "Your Trusted People Centric Partner in Value Creation". Through our operations and business activities, we aim to deliver positive outcomes for all stakeholders, whether as a business, service provider, employer, or business partner. Our approach to value creation is guided by our Core Values of Enthusiastic, Trustworthy, Humble, Innovative, and Committed ("ETHIC"). These values align with our commitment to minimising negative environmental or social impacts arising from our business or operations.

This philosophy forms the foundation of ELK-Desa's corporate strategies, which integrate both short- and long-term sustainability considerations. It is also embedded in our governance, processes, and how we manage our businesses.

SUSTAINABILITY GOVERNANCE



The Board is tasked with the overall governance of the ELK-Desa Group and holds ultimate responsibility for overseeing its governance, management, targets, and performance, with a focus on business sustainability. The Board ensures that the Group's strategic plan is aligned with the long-term value creation, integrating economic, environmental, social, and governance ("EESG") considerations that support sustainability.

SUSTAINABILITY STATEMENT

cont'd

The Board reviews short- and long-term business strategies of the Group, considering sustainability-related risks and opportunities that may influence these business strategies. The Board also oversees Management's initiatives to address sustainability issues, as well as their progress and performance. Besides, the Board is also responsible for ensuring processes are established to enable transparent and effective communication with stakeholders regarding sustainability strategies, priorities, targets, and performance.

The Group Executive Director/Chief Executive Officer ("GED/CEO") is responsible for the overall sustainability performance of the Group, supported by the Sustainability Steering Committee ("SSC"), which consists of Senior Management and heads of key functions. The GED/CEO chairs the SSC, which holds regular meetings to review and discuss EESG matters, as well as the progress and performance of sustainability-related strategies, initiatives, and targets.

The Group's sustainability-related strategies, initiatives, and targets are developed by the SSC, reviewed, deliberated, and approved by the GED/CEO, and endorsed by the Board. The GED/CEO provides leadership to the SSC and the respective Sustainability Working Groups ("SWGs") of the HP Division and the Furniture Division to oversee the implementation of the endorsed strategies, initiatives, and targets. The sustainability-related strategies, initiatives, and targets for each division are designed to address their MSMs as assessed and determined by the respective SWGs. The SWGs periodically report on sustainability progress and performance and highlight any challenges that need resolution. The SWGs are responsible for reviewing stakeholder engagement activities within their respective divisions to ensure that the concerns of relevant stakeholders are taken into account when assessing and managing EESG matters.

In FY2025, the Directors and Senior Management continue to attend relevant training to keep abreast with the latest developments in sustainability topics.

STAKEHOLDER ENGAGEMENT

ELK-Desa Group has developed multiple communication channels to effectively engage with stakeholders, which have also considered different engagement objectives. These channels allow the Group to assess stakeholders' expectations and concerns, gain insights into their interests, and consistently share important information across all stakeholder groups. Stakeholder engagement plays a vital role in aligning the Group's business activities with the varied interests of its stakeholders, while also ensuring that critical information is communicated to stakeholders effectively.

Through our stakeholder engagement activities, the Group gathers valuable feedback from stakeholders, which is integrated into the decision-making process via the SWGs and SSC, and other management reporting channels. Stakeholder feedback, including stakeholders' concerns and interests, is also considered in the materiality assessment process when identifying and assessing the Group's MSMs.

To ensure meaningful engagement between the business divisions and their stakeholders, the Board, via the GED/CEO, has assigned the SSC the responsibility of driving stakeholder engagement. This includes ensuring that relevant sustainability matters and topics are effectively addressed and communicated to stakeholders. The heads or senior managers of various departments and functions are responsible for conducting effective stakeholder engagements within their respective departments or functions. They are also tasked with keeping the SWGs and SSC informed about significant issues arising from these interactions, such as stakeholder comments, concerns, or complaints. Key issues identified through these engagements are highlighted to the Board, as necessary.

Reviewing stakeholder groups and assessing engagement approaches

Stakeholders are assessed based on two areas, namely their influence, i.e., ability to impact business operations or reputation, and their interest in the business, i.e., the extent of impact the business's operations or performance will have on them. The stakeholders were grouped and prioritised based on the assessment results.

The outcome of stakeholder analysis serves as a guide for us when considering the engagement approaches and communication channels. The SWGs review the stakeholder engagement approaches and channels on a yearly basis. The primary objective is to ensure that appropriate and effective engagement channels and platforms are in place.

SUSTAINABILITY STATEMENT

cont'd

The HP Division and Furniture Division's stakeholder groups, engagement methods, and relevant discussion concerns for FY2025 are summarised as follows:

Stakeholder Groups	Engagement Methods	Sustainability Concerns
Regulators	<ul style="list-style-type: none"> Meetings/ discussions Seminars/ training 	<ul style="list-style-type: none"> Governance New regulations, if any Compliance with rules and regulations Ethical and responsible business and better practices Corporate culture
Shareholders and Investors	<ul style="list-style-type: none"> Annual General Meeting Annual Report Analyst briefings and IR events Group's website Investor relations channel Announcement on Bursa's website including Quarterly Financial Results 	<ul style="list-style-type: none"> Sales and budget achievement Compliance with rules and regulations Financial Performance Major corporate decisions, strategies, and directions Ethical and responsible conduct Group's sustainability
Financier	<ul style="list-style-type: none"> Meetings Annual Report Quarterly financial results and updates Yearly facility review 	<ul style="list-style-type: none"> Financial performance Responsible Financing Major corporate decisions, strategies, and directions Sustainability management approaches
Customers	<ul style="list-style-type: none"> Customer Survey Social Media posting Customer service and HP Careline channels Group's website HP Engage portal 	<ul style="list-style-type: none"> Customer experience and quality of products and services (including payment channels) Data security and privacy Responsible finance and product/ services transparency Products and services which cater to customer needs
Dealers	<ul style="list-style-type: none"> Due diligence on dealers and business partners Ongoing business engagements, visits (informal visits and field visits) Process for procurement or the establishment of business relationships Social media posting Customer and HP Careline channels HP Engage portal Furniture business website Dealer survey 	<ul style="list-style-type: none"> Business Integrity Governance and Compliance Fair pricing Efficient and responsible business relationships
Employees	<ul style="list-style-type: none"> Half-yearly performance review and appraisal Learning and Development Programmes Occupational safety and health programmes Employee surveys Group activities such as townhall, brainstorm, teambuilding, annual dinner, and ad-hoc celebration SOP walkthrough Social media posting 	<ul style="list-style-type: none"> Career progress Employees' remuneration and benefits Employee health and safety Workplace safety Work-life balance Workplace culture and business ethics

SUSTAINABILITY STATEMENT

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OUR MATERIAL MATTERS

The MSMs are determined via a materiality assessment process, illustrated as follows:

Materiality Assessment Process

A sustainability matter is considered material if it reflects the Group's significant EESG impact, such as topics related to environmental impacts, climate-related impacts, and human rights, or substantively influences the assessment and decisions of stakeholders. We also take into consideration the 9 common sustainability matters prescribed by Bursa in the latest MMLR.

When assessing a sustainability matter, the considerations may include:

- the extent to which the Group's business and operations have an impact on the matter assessed;
- the extent to which the matter impacts the Group's business and operations; and
- the extent to which the matter affects stakeholders or stakeholders' decisions.

The SSC conducts a comprehensive materiality assessment every three years. During this assessment, members of the SSC provide their assessments from both the perspective of the business and the viewpoints of stakeholders. As appropriate, input from Management and other employees will be considered by the SSC to enhance understanding and ensure a balanced consideration of the perspectives of various stakeholder groups. The SSC may also engage in special engagements with selected stakeholders to gather their insights during the comprehensive materiality assessment process, as needed.

Between these comprehensive assessments, the SSC conducts an annual review of the materiality assessment outcomes.

In FY2025, the HP Division reviewed the materiality assessment, updating its MSMs considering various aspects, including developments in the business environment, changes in regulations, industry and global trends. The Furniture Division, on the other hand, also performed a simple materiality assessment to determine matters which are relevant to its business.

This year, we have realigned our MSM categories to focus on the 9 key MSMs. The changes from FY2024 MSMs to FY2025 MSMs can be summarised as follows.

MSMs FY2024	MSMs FY2025
<ul style="list-style-type: none"> • Integrity • Anti-Corruption, Anti-Money Laundering and Ethical Business Practices 	Business Ethics and Integrity
<ul style="list-style-type: none"> • Integrating Sustainability into the Business • Supply Chain Management • Company Presence, Stability and Growth • Financial Performance 	Business Performance and Resilience
<ul style="list-style-type: none"> • Data Security & Privacy • Customer Privacy 	Data Privacy & Security
<ul style="list-style-type: none"> • Governance • Risk Management 	Risk Management

SUSTAINABILITY STATEMENT

cont'd

MSMs FY2024	MSMs FY2025
<ul style="list-style-type: none"> Employee Engagement Occupational Health and Safety Labour Practices and Standards Diversity and Inclusion 	Inclusive, Respectful, and Safe Workplace
<ul style="list-style-type: none"> Technology and Digitalisation Innovation 	Innovation, Technology, and Digitalisation
<ul style="list-style-type: none"> Energy Management Climate Change Emissions (direct & indirect) Water Management Recycling & Waste Management 	Climate Change, Energy and Emissions Management, and Waste and Water Management
<ul style="list-style-type: none"> Responsible Finance 	Responsible Finance
<ul style="list-style-type: none"> Community Engagement, Enrichment & Relationships 	Community and Society

When combining the sustainability matters, we adopted a more conservative approach and maintained the higher ratings amongst the combined matters, which determined their position in the Materiality Matrix.

The MSMs and their relevance to the HP Division and Furniture Division, respectively, are as follows.

MSMs FY2025	Division ²
Business Ethics and Integrity	 
Business Performance and Resilience	 
Data Privacy & Security	 
Risk Management	 
Inclusive, Respectful, and Safe Workplace	 
Innovation, Technology, and Digitalisation	
Climate Change, Energy and Emissions Management, and Waste and Water Management	 
Responsible Finance	
Community and Society	 

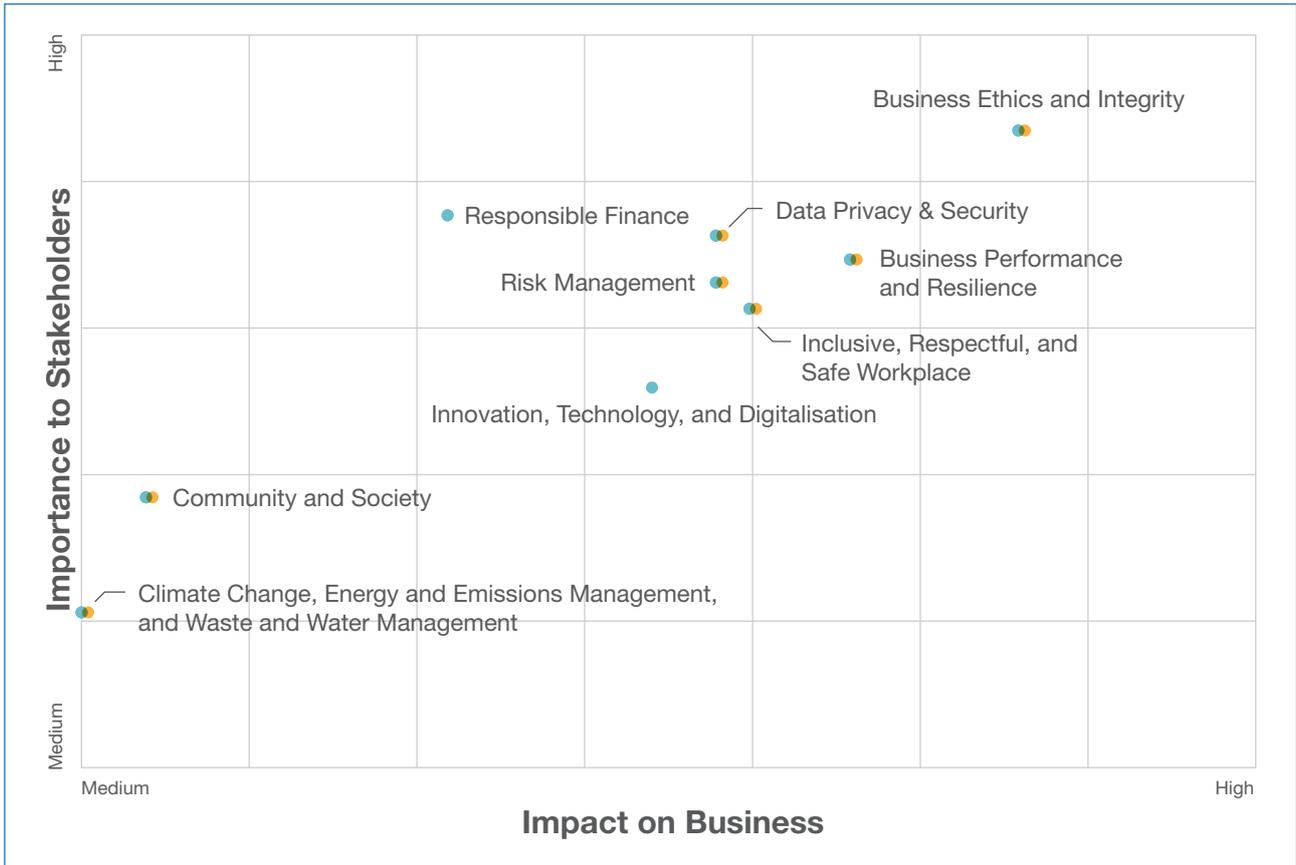
² Blue icons represent the HP Division while orange icons represent Furniture Division.

SUSTAINABILITY STATEMENT

cont'd

The MSMs identified for the HP Division in FY2025 are presented in the materiality matrix below, with the Furniture Division having selected the MSMs most relevant to its business and operations. The MSMs identified are presented in the materiality matrix below:

Materiality Matrix 2025



SUSTAINABILITY STATEMENT

cont'd

ECONOMIC

THE VALUES WE CREATE AS A PEOPLE-CENTRIC BUSINESS

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> • Business Performance and Resilience • Community and Society
GRI Topics	<ul style="list-style-type: none"> • GRI 201 – Economic Performance • GRI 203 – Indirect Economic Impacts • GRI 204 – Procurement Practices • GRI 207 – Tax

BUSINESS PERFORMANCE AND RESILIENCE

Presence, Stability, and Growth

ELK-Desa has established itself as a dependable lender in the hire purchase financing business, gaining the trust of diverse stakeholders, including used-car dealers to borrowers. We are committed to maintaining our reputation and market presence by proactively addressing challenges and flexibly adjusting to fluctuations in the unpredictable economic environment. We prioritise continuous monitoring of trends in the used car market and industry to remain integral to our approach, enabling us to stay relevant and sustainable. In Malaysia, the used car market remains significant due to its affordability compared to new cars.

On the other hand, we are also gradually growing our furniture business, supporting the Group's business diversification and mitigating concentration risks.

The Group is committed to responsible business management, which involves balancing long-term benefits and costs while addressing immediate and short-term issues. By adopting this approach, we aim to strengthen our business fundamentals, ensuring stability and sustainable growth over time.

Our leadership and management team, leveraging their wealth of experience and knowledge, consistently enhance business performance with diligence and prudence. Through ongoing monitoring and research, our Senior Management ensures the business stays aligned with market needs, fostering sustained value creation and effectively meeting current demands.

FY2025 Financial Performance

The Group's financial performance is summarised as follows.

ELK-Desa Group	FY2023	FY2024	FY2025
Revenue (RM'000)	155,242	167,776	196,684
Return on Equity	10.4%	7.7%	6.7%
Return on Assets	7.5%	4.9%	3.8%
Earnings Per Share (sen)	10.50	8.06	7.18
Dividend (sen per share)	6.50 ³	5.00	4.50
Dividend payout ratio	62%	62%	62%

³ First interim dividend has been restated in respect of bonus issuance.

For detailed information on the Group's financial performance and position, please refer to the **Management Discussion and Analysis Statement** of this Annual Report 2025.

SUSTAINABILITY STATEMENT

cont'd

Financial Inclusion and Support for Local Economic Development

HP Division

The HP Division operates a model that provides small-value financing to purchasers of second-hand cars, particularly targeting individuals who are often underserved by mainstream financial institutions, such as self-employed individuals and those with low-to-middle income. Particularly in Kuala Lumpur and Selangor, owning a vehicle can significantly improve access to employment opportunities and contribute to economic advancement, ultimately increasing disposable income. Our operations are designed to promote financial inclusivity, supporting underprivileged and lower-income communities by enabling their investment in mobility and economic advancement. Through these initiatives, we strive to ensure that no one is left behind as Malaysia continues to develop.

In FY2025, we provided services to approximately 40,312 hirers, with an average outstanding receivables of RM18,180 per hirer. All our hirers were from the B40 and M40 income groups.

HP Division	FY2023	FY2024	FY2025
Approximate number of hirers	40,938	39,021	40,312
Average outstanding net hire purchase receivables per hirer (RM)	15,231	16,863	18,180

Currently, our financing services are exclusively for vehicles registered in Malaysia, which means that we support hirers within Malaysia, and our disbursed hire-purchase funds directly benefit the local economy. Furthermore, as a responsible corporate citizen, we meet our tax obligations by contributing a fair and reasonable amount of corporate taxes to the country.

Apart from that, our HP Division collaborates with a network of local car dealers in Kuala Lumpur and Selangor, thereby creating employment opportunities throughout our value chain. As at 31 March 2025, we employed 208 individuals within the HP Division, contributing to the local employment market and economy. For more information about our employees, please refer to the **Organisation Culture – Our Employees** section of this Statement.

Furniture Division

Global awareness of climate change and environmental sustainability is steadily growing. Our Furniture Division actively engages with customers to assess demand for eco-friendly and sustainably sourced furniture. As a furniture wholesaler, we maintain the flexibility to adapt our sourcing strategies where feasible, aligning with evolving market trends.

In FY2025, 85% of our total procurement expenditure was procured from local suppliers.

ELK-Desa Group

Our efforts and support for local economic development are summarised in the following table:

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of employees	194	204	208	141
Tax Contribution (RM) ⁴	12,454,841	9,522,819	6,537,535	1,279,669
Community Investment (RM)	215,716	361,679	343,642	0
			343,642	
Proportion of spending on local suppliers ⁵	100%	100%	100%	85%
			98%	

⁴ Comprising income tax.

⁵ For the HP Division, local suppliers refer to used car dealers, vendors, and suppliers registered in Malaysia. For the Furniture Division, local suppliers refer to suppliers registered in Malaysia, from whom both trade and non-trade items are procured.

SUSTAINABILITY STATEMENT

cont'd

Overview of Economic Value Generated and Distributed

The breakdown of the HP Division and Furniture Division's direct economic value generated, economic value distributed, and economic value retained throughout the year is as follows.

	FY2023 (RM'000)	FY2024 (RM'000)	FY2025 (RM'000)	
	HP	HP	HP	Furniture
Direct economic value generated ("DEVG"), mainly in the form of revenue and other income	102,577	114,968	130,241	68,755
Economic value distributed ("EVD"):	84,439	99,690	95,425	64,937
Comprising:				
• Operating cost	19,298	40,003	37,166	53,401
• Employee wages and benefits	14,313	15,088	14,846	10,256
• Payment to providers of capital				
i. Dividend	29,563	22,740	20,401	0
ii. Finance cost	8,594	11,974	16,131	0
• Payment to government, in the form of taxes ⁶	12,455	9,523	6,537	1,280
• Community investments, including donations	216	362	344	0
Economic value retained (DEVG-EVD)	18,138	15,278	34,816	3,818

6 Comprising income tax.

COMMUNITY AND SOCIETY

During the financial year under review, the Group remained steadfast in supporting local communities and addressing the needs of the less fortunate via a range of corporate social responsibility ("CSR") initiatives. These efforts include charitable donations aimed at supporting educational institutions and the community.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Amount invested in the community (RM)	215,716	361,679	343,642	0
			343,642	
Estimated number of beneficiaries ⁷ of the investment in communities	78	24	43	0
			43	

7 Exclude beneficiaries that are internal to the company.

SUSTAINABILITY STATEMENT

cont'd

RESPONSIBLE FINANCE

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Responsible Finance
GRI Topics	<ul style="list-style-type: none"> GRI 201 - Economic Performance GRI 203 - Indirect Economic Impacts

Responsible Lending

The HP Division's business sustainability heavily relies on responsible lending practices, which focus on providing loans only to individuals who have the capacity to repay. Our goal is to ensure that our hirers derive overall benefits from our products and services and steer clear of unsustainable financial commitments. To manage credit risks effectively, the Group enforces a stringent credit approval process that involves a thorough assessment of customers' financial backgrounds and capabilities, including their income sources, to avoid and prevent lending to individuals who may struggle to meet their repayment obligations.

We also analyse the composition of our portfolio, taking into account the income demographics and financial stability and sustainability of our hirers. In order to strive for a balance between promoting financial inclusivity and maintaining responsible lending practices, we use a variety of assessment methods. These include utilising objective indicators such as hirer's debt service ratios, which help us evaluate a hirer's ability to manage their debt obligations effectively.

On the other hand, we also mitigate our risks by monitoring key indicators such as impaired loan ratio and credit loss charge, which are essential measurements for assessing the quality of our portfolio.

We maintain continuous communication with borrowers, aiming to strike a balance between sustaining business performance and supporting customers in fulfilling their financial obligations.

In FY2025, the HP Division's gross impaired loans ratio decreased marginally due to the recovery and repossession activities, as well as write-off of unrecoverable receivables. The net impaired loans ratio remained at a low level of 0.6%.

HP Division	FY2023	FY2024	FY2025
Impaired loans ratio (Gross)	7.4%	1.9%	1.8%
Impaired loans ratio (Net)	1.9%	0.6%	0.6%
Credit loss charge	1.2%	4.1%	6.3%

For more information about non-performing loan ratios and credit loss charges, please refer to the **Management Discussion and Analysis Statement** of this Annual Report 2025.

Product and Disclosure Responsibility

We continue to uphold our products and disclosure responsibilities, and we are committed to the fair treatment of customers by maintaining transparent financing terms and financing road-worthy motor vehicles. In compliance with relevant laws and regulations, such as the Hire-Purchase Act 1967, we provide customers with all necessary and essential information regarding hire purchase arrangements. This includes details on deposit, pricing, term charges, instalment numbers, and the rights of both the customer and financier. Other than that, our employees verbally emphasise and explain key terms of the hire purchase agreements, including the risks of non-payment. This action is to ensure that customers are fully informed and have a clear understanding of their financial responsibilities before signing the hire purchase agreement. In line with regulatory requirements, all hirers have been briefed on the relevant financing terms.

SUSTAINABILITY STATEMENT

cont'd

In June 2024, the Group established and implemented an Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions (“AML, CFT, CPF and TFS”) Policy across all business activities. This AML, CFT, CPF and TFS Policy is committed to maintaining the business integrity and protecting the interests of our customers, stakeholders, and employees. Our AML, CFT, CPF and TFS Program employs a risk-based initiative that undergoes regular reviews to ensure continued effectiveness and full compliance with all applicable laws and regulations in all jurisdictions where we operate. To reinforce these efforts, we conduct ongoing training and awareness for all employees.

We also ensure adherence to regulatory requirements for other products, such as motor and Loan Protector insurance, by providing customers with product disclosure sheets and ensuring they receive a detailed briefing from our employees before making any commitments. Our HP Careline team is available to assist customers or potential customers who need clarification about our products and services, hire purchase terms, and their rights as protected by relevant laws and regulations.

Moreover, we strive to minimise potential negative environmental or social impacts resulting from our financial activities by financing road-worthy vehicles. In FY2025, 100% of loans approved were for motor vehicles that have successfully passed the B7 PUSPAKOM inspection, ensuring that these vehicles meet stringent safety and environmental standards.

Furthermore, we have implemented a measure for our new loan cases, aiming for at least 95% of financed vehicles to have a vehicle age of not more than 15 years. This initiative is designed to promote the use of newer and more environmentally friendly vehicles that are likely to have lower emissions and higher fuel efficiency. In FY2025, all of the vehicles financed under new loan cases met the criterion.

The Group is committed to upholding ethical standards and legal compliance by not supporting financing for activities associated with corruption, smuggling, human trafficking, or any other prohibited actions under anti-corruption, anti-money laundering, and anti-terrorism financing laws. If any such activities come to our attention, we will take immediate and appropriate action to ensure that our financial services are not utilised for these purposes.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT

The HP Division's environmental impacts are primarily derived from its office operations, which involve energy consumption, emissions, and resource usage. The Furniture Division also contributes to these environmental impacts, but with lower energy demands, while additionally generating waste through its manufacturing and operational processes.

CLIMATE CHANGE, ENERGY AND EMISSIONS MANAGEMENT, AND WASTE AND WATER MANAGEMENT

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Climate Change, Energy and Emissions Management, and Waste and Water Management
GRI Topics	<ul style="list-style-type: none"> GRI 302 – Energy GRI 305 – Emissions

CLIMATE CHANGE, ENERGY AND EMISSIONS MANAGEMENT

Energy

HP Division

In terms of financing activities, we finance road-worthy vehicles that meet PUSPAKOM's vehicle inspection, including emission tests. Purchasing a used car may have a lower carbon footprint compared to purchasing a new car, as the production of new vehicles often involves significant greenhouse gas ("GHG") emissions and the use of materials that are environmentally costly to produce. In addition, owning a road-worthy used car helps extend the lifespan of the resources and materials of the used car, thereby promoting environmental sustainability.

Electricity is used for our office operations at the HP Division, powering basic office appliances such as air-conditioning units, which are vital for maintaining comfortable working environments, as well as computers, lighting, and security systems that ensure the safety of personnel and assets. In our HP Division, we have a few petrol-based company vehicles, but fuel consumption is generally minimal and does not contribute significantly to overall operational costs or environmental impact.

Our energy management strategy focuses on reducing our dependency on non-renewable energy sources and improving our energy efficiency. In Malaysia, the electricity purchased from TNB is generated from a combination of coal, natural gas, and renewable sources. By recognising the advantages of investing in renewable energy production capacity, we have installed a solar power generation system at our Klang office, capable of generating approximately 61,776 kWh of electricity annually, depending on weather conditions. This installation offsets around 41 metric tonnes of CO₂e each year. Apart from that, in December 2023, we installed a solar power generation system at our Kuala Lumpur headquarters, which is expected to produce 33,961 kWh of electricity, offsetting an estimated 14 metric tonnes of CO₂e annually. Overall, the Group's current solar power generation systems have the capacity to generate 95.8 MWh of clean energy.

In FY2025, the solar power generation systems for the HP Division generated a total of 80.89 MWh of clean energy, helping to avoid approximately 62.61 metric tonnes of CO₂e emissions. The HP Division consumed about 54.07 MWh while 26.82 MWh of the excess energy was contributed to the grid and helped to offset our electricity bills.

Furniture Division

Our Furniture Division consumes fuel in our company vehicles and in leased equipment, which are used for operations and logistics.

SUSTAINABILITY STATEMENT

cont'd

ELK-Desa Group

During the financial year under review, the HP and Furniture Division consumed a total of 1,349,923 kWh in energy, sourced from fuel consumption, purchased electricity, and solar energy generation. Energy consumption of the HP Division contributed to about 51.3% of the Group's overall energy consumption, while the Furniture Division contributed to about 48.7%.

Energy Consumption ⁸	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Petrol consumed (kWh) ⁹	NA	NA	210,870 ¹⁰	116,404 ¹¹
Diesel consumed (kWh) ¹²	NA	NA	NA	126,222 ¹³
Electricity purchased from TNB (kWh) ¹⁴	463,951	429,134 ¹⁵	427,773 ¹⁶	414,586
Solar/ renewable fuel consumption (kWh) ¹⁷	17,223	41,400	54,068	NA ¹⁸
Total energy consumption (kWh)	481,174	470,534	692,711	657,212
			1,349,923	

8 Overall the Group applies the operational control consolidation method for its energy and emissions reporting.

9 Petrol consumed was estimated based on the 33.5 MJ of the U.S. Energy Information Administration. Reference: <https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php>.

10 The HP Division began to collect this data in FY2025.

11 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

12 Diesel consumed was estimated based on the 38.3 MJ of the U.S. Energy Information Administration. Reference: <https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php>.

13 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

14 Derived from electricity bills.

15 Excludes electricity bills for approximately 2 periods of actual electricity utilisation for 2 premises during the end of the financial year, that had not been received by the HP Division during the finalisation of this Statement.

16 During the financial year under review, the HP operations streamlined its operational space and reduced its rented floor area, contributing to lesser electricity purchased.

17 Derived from solar power generation system reports.

18 No solar power generation system in the Furniture Division.

For FY2025, the HP Division and Furniture Division recorded an energy intensity (focusing on electricity used at our premises) of 108 kWh/m² and 38 kWh/m², respectively. The energy intensity of our HP Division decreased by 13% compared to FY2024, primarily due to a reduction in office floor space area in an effort to streamline our operations.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Total energy consumption (kWh)	481,174	470,534	481,841	414,586
Total floor areas (m ²)	4,888	4,888	4,442	10,845
Energy intensity (kWh/m²)¹⁹	98.44	96.26	108.47	38.23

19 Energy intensity = (electricity purchased from TNB + electricity generated and consumed from the solar power generation systems)/ total floor area.

SUSTAINABILITY STATEMENT

cont'd

GHG Emissions

The HP Division will continue to report on Scope 2 emissions and will begin reporting on Scope 1 and Scope 3 emissions, with a specific focus on Category 6 – Business Travel and Category 7 – Employee Commuting. For the Furniture Division, this year represents the first time emissions data are reported. Prior to this, both the Furniture Division and HP Division underwent a data collection process to identify, determine, and gather the necessary information required for emissions reporting.

The GHG emissions generated within our business operations in FY2025 are summarised as follows.

Emissions Generated	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Scope 1 emissions – petrol consumed (tCO _{2e})	NA	NA	46	29 ²⁰
Scope 1 emissions – diesel consumed (tCO _{2e})	NA	NA	NA	31 ²¹
Scope 2 emissions – electricity consumption (tCO _{2e}) ²²	359	332	331	321
Scope 3 emissions – Business Travel (tCO _{2e})	NA	NA	46	225 ²³
Scope 3 emissions – Employee Commuting (tCO _{2e})	NA	NA	188	35 ²⁴
Total emissions generated (tCO_{2e})	359	332	611	641
			1,252	

20 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

21 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

22 FY2023 and FY2024 emissions from purchased electricity were restated, using the latest Grid Emission Factor, i.e. 0.774 Gg CO_{2e}/GWh for year 2022, provided by the Energy Commission of Malaysia. Reference: Grid Emission Factor (GEF) in Malaysia, 2017-2022, <https://meih.st.gov.my/home>.

23 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

24 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

By generating solar-based electricity, we avoided an estimated 42 tonnes of CO_{2e} emissions in FY2025. Moving forward, we will continue to enhance our emissions data collection and calculation processes from time to time to ensure more accurate emissions reporting in the future.

Starting from FY2025, the Group will expand the coverage of its emissions intensity by including Scope 1 emissions, in addition to Scope 2 emissions. Emission intensity for FY2023 and FY2024 will not be restated.

With the inclusion of both Scope 1 and Scope 2 emissions in FY2025, the HP Division and Furniture Division recorded emissions intensity of 85 kg of CO_{2e}/m² and 35 kg of CO_{2e}/m², respectively.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Total emissions (tCO _{2e}) ^{25 26}	359	332	377	381
Total floor areas (m ²)	4,888	4,888	4,442	10,845
Emission intensity (tCO_{2e}/m²)²⁷	0.07	0.07	0.08	0.04

25 FY2023 and FY2024 emissions from purchased electricity were restated, using the latest Grid Emission Factor, i.e. 0.774 Gg CO_{2e}/GWh for year 2022, provided by the Energy Commission of Malaysia. Reference: Grid Emission Factor (GEF) in Malaysia, 2017-2022, <https://meih.st.gov.my/home>.

26 FY2025 emissions data includes both Scope 1 and Scope 2 emissions.

27 FY2023 and FY2024 emissions intensity were restated due to the adjustments in purchased electricity data.

The HP Division continues to make proactive efforts in managing and optimising energy and emissions usage, striving to enhance energy and emissions efficiency in line with global initiatives for climate change. We encourage responsible electricity usage in our operations by implementing practices such as powering down equipment and appliances when not in use, as well as utilising natural lighting, ventilation, and cooling to reduce our energy consumption and emissions.

SUSTAINABILITY STATEMENT

cont'd

Climate Change

The Group acknowledges that climate change may have impacts on the business and its business environment in the short-, medium-, and long-term. The Group has begun to consider its preparation to perform climate-related assessments to evaluate the climate-related risks and opportunities to the business. We aim to develop business resilience in the face of different climate possibilities in the future.

Following Bursa's introduction of new disclosure requirements to align with the IFRS S1 Sustainability-related Disclosures and IFRS S2 Climate-related Disclosures, the Group will undertake measures to prepare for alignment and compliance with the IFRS S1 and IFRS S2 according to the timeline set by Bursa. The IFRS S2 disclosure requirements also incorporate elements of the TCFD Recommendations.

WASTE AND WATER MANAGEMENT

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Climate Change, Energy and Emissions Management, and Waste and Water Management
GRI Topics	<ul style="list-style-type: none"> GRI 303 – Water and Effluents GRI 306 – Waste

Recycling and Waste Management

The HP Division and Furniture Division do not generate hazardous or scheduled waste in its operations. The main type of non-hazardous waste produced by the HP Division and Furniture Division is paper.

HP Division

As office paper waste may contain sensitive information such as customer data, the division has established a structured waste management process where wastepaper containing sensitive data is collected in designated bins and sent to professional service vendors for shredding. Where possible, the shredded materials are recycled. This process acts as a control measure to manage data security risks within the HP Division.

Before engaging professional shredding service vendors, we perform thorough due diligence, which includes interviews and background checks, to assess how they manage collected paper waste, their shredding processes, and their procedures for handling shredded materials.

To monitor our office paper waste output, we track the weight of office paper waste sold via invoices provided by our shredding service vendors. These vendors also provide reports confirming the amount of office paper waste shredded and recycled. All office paper waste generated was sold to shredding service vendors and recycled accordingly.

The office paper waste in FY2025 is significantly higher than in FY2024, primarily due to further housekeeping activities carried out during the year, and unnecessary hardcopy documents were disposed of to free up storage space.

Furniture Division

Office paper waste in the Furniture Division is considered less sensitive compared to the HP Division because our operations do not involve the handling of significant volumes of confidential or personal data. Office paper waste is collected and sold to waste collectors for recycling.

Apart from office paper waste, the Furniture Division also generated paper scraps, carton boxes, and plastic waste in the designated recycling bin. All waste is collected by the waste contractor quarterly.

SUSTAINABILITY STATEMENT

cont'd

ELK-Desa Group

During the financial year under review, the Group generated a total of 26 tonnes of waste, and the disposal methods for the waste are summarised as follows:

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Waste Generated (tonnes)				
Hazardous waste	0	0	0	0
Non-hazardous waste				
Comprising of:				
Office paper waste	20	2	11	0
Paper scrap, carton box, and plastic waste	NA	NA	NA	15
			26	
Waste Diverted from Disposal				
Non-hazardous waste:				
Recycling (off-site)	20	2	11	15
			26	
Waste Directed to Disposal				
Non-hazardous waste:				
Incineration/ landfilling (off-site)	Insignificant	Insignificant	Insignificant	Insignificant
			Insignificant	

The implementation of various e-wallet payment channels/ providers, and our MyELK-Desa+ mobile application, has significantly decreased the reliance on paper documentation. Besides, measures such as enabling double-sided printing on all printers and photocopiers, as well as encouraging eco-friendly practices among our employees, have further helped reduce paper consumption.

Water Management

Our HP and Furniture Division does not depend on water for our daily operations, except for domestic use. To ensure sustainable water management, we adhere to responsible water consumption practices and actively avoid unnecessary water wastage. Furthermore, none of our operations are located in water-stress areas, which further minimises our impact on local water resources.

During the financial year under review, the Group recorded a total of 9 megalitres ("MI") of water usage within our operations.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Water usage (MI)	NA	5	4	5
			9	

SUSTAINABILITY STATEMENT

cont'd

SOCIAL

EMPLOYMENT PRACTICES AT ELK-DESA GROUP

Covered in this section	
Material Sustainability Matters	• Inclusive, Respectful, and Safe Workplace
GRI Topics	Nil

INCLUSIVE, RESPECTFUL, AND SAFE WORKPLACE

Organisation Culture

ELK-Desa is committed to its “People Centric Organisational Culture” philosophy, a core principle that shapes our interactions with our stakeholders, such as hirers, dealers, and employees. This philosophy is aligned with our long-term business objectives of increasing stakeholder value by promoting understanding and alignment of interests. Under this guiding principle, we prioritise the development of positive mindsets and behaviours within our workforce and the building of strong customer service interactions both internally and externally.

The people-focused philosophy is further reinforced by ELK-Desa Group’s Core Values of “ETHIC”, which sets out our principles and stance towards the business, society, and the environment.



Human Rights, Labour Practices, and Standards

As a responsible employer, we are committed to safeguarding the well-being of our employees by upholding human rights, fostering fair labour practices and standards, and preventing discrimination and sexual harassment. These commitments are clearly outlined in the Group’s human resources policies.

Although none of our employees are currently covered by a collective bargaining agreement, we fully respect and support their rights to freedom of association and collective bargaining, without imposing any restriction in this regard.

Employee compensation is determined fairly, considering factors such as experience, expertise, performance, as well as roles and responsibilities.

SUSTAINABILITY STATEMENT

cont'd

During the financial year under review, the Group recorded zero substantiated complaints concerning human rights violations.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of substantiated complaints concerning human rights violations	0	0	0	0
			0	

Diversity and Inclusion

The Group provides equal employment opportunities and fair treatment for all employees, irrespective of gender, age, ethnicity, culture, sex, disability, religion, and any other status. Our employment practices, including recruitment, ongoing appraisals, and career development, are based on merit, performance, and objective qualities.

A Board-level policy has been established to promote gender diversity at the leadership level.

We are also committed to creating a harmonious workplace environment that is free from discrimination and any form of abusive, offensive, or harassing behaviour.

Safety, Health, and Wellbeing

The safety, health, and overall well-being of our employees are top priorities for us, as we strive to build long-term and mutually supportive relationships with our employees.

OUR EMPLOYEES

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Inclusive, Respectful, and Safe Workplace
GRI Topics	<ul style="list-style-type: none"> GRI 202 – Market Presence GRI 405 – Diversity and Equal Opportunity

As at 31 March 2025, the Group employs a total of 349 employees. This includes 18 contract-based employees. Employees of the HP Division are exclusively Malaysians, while the Furniture Division employs some foreign workers who are mainly manual workers.

We do not engage employees on a non-guaranteed hours basis in our operations. There are approximately 37 workers, such as security guards and cleaners, who are not direct employees but are present at our premises.

Employment categories	As at 31 March 2025								
	HP			Furniture			ELK-Desa Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Breakdown by employment types									
Permanent employees	46	148	194 (93%)	102	35	137 (97%)	148	183	331 (95%)
Contract-based employees	7	7	14 (7%)	4	0	4 (3%)	11	7	18 (5%)
Full-time employees	53	155	208 (100%)	106	35	141 (100%)	159	190	349 (100%)
Part-time employees	0	0	0 (0%)	0	0	0 (0%)	0	0	0 (0%)

SUSTAINABILITY STATEMENT

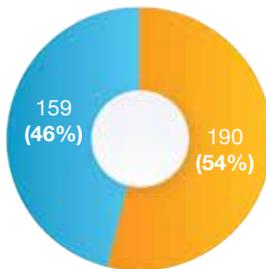
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The table provided an overview of our diverse and balanced workforce, which reflects the demographic makeup of the nation.

	31 March 2023	31 March 2024	31 March 2025	
	HP	HP	HP	Furniture
Breakdown by gender				
Male	54	53	53	106
Female	140	151	155	35
Breakdown by ethnicity				
Malay	120	137	135	18
Chinese	54	49	54	74
Indian	20	18	19	8
Others	0	0	0	41
Breakdown by age groups				
Aged below 30	55	55	52	39
Aged between 30-50	112	123	125	83
Aged above 50	27	26	31	19

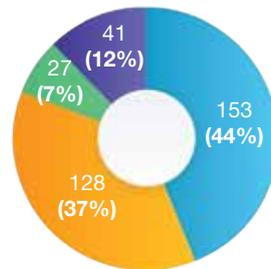
As at 31 March 2025, the Group's diversity in relation to gender, ethnicity, and age is illustrated as follows:

Employees by Gender
(as at 31 March 2025)



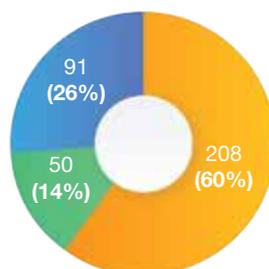
■ Male ■ Female

Employees by Ethnicity
(as at 31 March 2025)



■ Malay ■ Chinese ■ Indian ■ Others

Employees by Age Group
(as at 31 March 2025)



■ Below 30 ■ Between 30-50 ■ Above 50

SUSTAINABILITY STATEMENT

cont'd

A more detailed breakdown of our employee demographics as at 31 March 2025, categorised by employee categories, gender, and age groups, is illustrated below.

	ELK-Desa Group (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of Board								
Board	0	0	2	1	3	1	5 (71%)	2 (29%)
	0 (0%)		3 (43%)		4 (57%)		7 (100%)	

	ELK-Desa Group (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of employees - Employee category								
Senior Managers	0	0	1	1	7	1	8 (80%)	2 (20%)
	0 (0%)		2 (20%)		8 (80%)		10 (3%)	
Middle Managers	1	0	13	23	8	10	22 (40%)	33 (60%)
	1 (2%)		36 (65%)		18 (33%)		55 (16%)	
Executives	15	30	47	86	7	11	69 (35%)	127 (65%)
	45 (23%)		133 (68%)		18 (9%)		196 (56%)	
Non-Executives	30	15	26	11	4	2	60 (68%)	28 (32%)
	45 (51%)		37 (42%)		6 (7%)		88 (25%)	
Total	46	45	87	121	26	24	159 (46%)	190 (54%)
	91 (26%)		208 (60%)		50 (14%)		349 (100%)	

	HP Division (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of employees - Employee category								
Senior Managers	0	0	1	1	4	1	5 (71%)	2 (29%)
	0 (0%)		2 (29%)		5 (71%)		7 (100%)	
Middle Managers	1	0	6	19	6	9	13 (32%)	28 (68%)
	1 (2%)		25 (61%)		15 (37%)		41 (100%)	
Executives	8	24	13	72	2	6	23 (18%)	102 (82%)
	32 (26%)		85 (68%)		8 (6%)		125 (100%)	
Non-Executives	6	13	5	8	1	2	12 (34%)	23 (66%)
	19 (54%)		13 (37%)		3 (9%)		35 (100%)	
Total	15	37	25	100	13	18	53 (25%)	155 (75%)
	52 (25%)		125 (60%)		31 (15%)		208 (100%)	

SUSTAINABILITY STATEMENT

cont'd

	Furniture Division (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of employees - Employee category								
Senior Managers	0	0	0	0	3	0	3 (100%)	0 (0%)
	0 (0%)		0 (0%)		3 (100%)		3 (2%)	
Middle Managers	0	0	7	4	2	1	9 (64%)	5 (36%)
	0 (0%)		11 (79%)		3 (21%)		14 (10%)	
Executives	7	6	34	14	5	5	46 (65%)	25 (35%)
	13 (18%)		48 (68%)		10 (14%)		71 (50%)	
Non-Executives	24	2	21	3	3	0	48 (91%)	5 (9%)
	26 (49%)		24 (45%)		3 (6%)		53 (38%)	
Total	31	8	62	21	13	6	106 (75%)	35 (25%)
	39 (28%)		83 (59%)		19 (13%)		141 (100%)	

EMPLOYEE ENGAGEMENT AND EMPLOYEE WELLBEING

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Inclusive, Respectful, and Safe Workplace
GRI Topics	<ul style="list-style-type: none"> GRI 203 – Indirect Economic Impacts GRI 401 – Employment GRI 403 – Occupational Health and Safety GRI 404 – Training and Education GRI 405 – Diversity and Equal Opportunity

Fostering strong employment engagement is crucial for building strong connections with our employees. At ELK-Desa Group, we cultivate an open and transparent work environment that encourages employees to share ideas and address any concerns they may have. To support effective internal communication and engagement, we have various channels, including functional/ team reporting structures, continuous communications through electronic means, town hall sessions, and more.

The engagement channels are designed to achieve multiple objectives, including enabling Management to communicate the Group's policies, business strategies, and directions effectively. These channels also allow Management to gain insights into employees' perspectives, understand the challenges they face in their roles and positions, and identify opportunities to improve the work environment. Additionally, these channels also serve as platforms to facilitate the sharing of business ideas, the exchange of experience in resolving work-related issues, and the identification and development of talents and skills within the Group.

Before implementing any significant initiatives or measures that may affect employees or business operations, we actively seek input and feedback from our employees, which is then considered in our decision-making process. Besides, we also ensure employees are kept informed about the business strategies and upcoming changes, promoting clear communication of business directions and alignment of expectations.

During the financial year under review, the HP and Furniture Division achieved its target of conducting at least 4 employee engagement activities by implementing 17 and 4 key initiatives, respectively. ELK-Desa is also committed to providing and enhancing the well-being of our employees, aiming to create a conducive work environment that encourages creativity, boosts employee motivation, reduces stress, and strengthens capabilities.

SUSTAINABILITY STATEMENT

cont'd

Performance Appraisal

The Group highly values its workforce, acknowledging their critical role in contributing skills, expertise, and experience to achieve the company's objectives. Our people management strategies are designed with a long-term perspective, addressing succession planning, required skillsets, and existing workforce gaps.

We continue to foster talent and expertise internally through ongoing investment in both technical and non-technical development opportunities for our employees.

Employee performance appraisal is conducted at least twice annually to assess individual performance, analyse strengths and areas for improvement, and determine relevant training requirements and needs. At the same time, these appraisal sessions are also a platform for supervisors or managers to connect with employees, discuss career goals, set targets, and explore opportunities for mutual development with the company's support.

This process helps identify suitable and appropriate training topics and programmes to enhance the competencies and professional knowledge of our workforce. Employees are also encouraged to use this opportunity to communicate and share any workforce challenges or areas where the company can further improve its operations with their supervisors or managers.

Employees underwent regular performance and career development reviews	FY2023		FY2024		FY2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
By Gender								
Male	54 / 54	100%	53 / 53	100%	53 / 53	100%	92 / 106	87%
Female	140 / 140	100%	151 / 151	100%	155 / 155	100%	29 / 35	83%
By Employee Category								
Senior Managers	7 / 7	100%	7 / 7	100%	7 / 7	100%	0 / 3	0%
Middle Managers	32 / 32	100%	33 / 33	100%	41 / 41	100%	14 / 14	100%
Executives	121 / 121	100%	126 / 126	100%	125 / 125	100%	57 / 71	80%
Non-Executives	34 / 34	100%	38 / 38	100%	35 / 35	100%	50 / 53	94%

Learning and Development

We consider employee development a critical element for sustaining our business. Our ongoing learning and development initiatives include training sessions aimed at enhancing operational efficiency, leadership skills, and conducting "walkthrough sessions" to review relevant Standard Operating Procedures ("SOPs") across our business and operations. These "walkthrough sessions" help employees gain a deeper understanding of business processes, controls, and their underlying rationale, while creating opportunities for process improvement activities. Our learning and development programmes are delivered via various channels, including traditional methods and digital training platforms such as our e-LMS platform.

SUSTAINABILITY STATEMENT

cont'd

A summary of the learning and development programmes participated in by our employees in FY2025 is summarised as follows:

Training Categories	Training Topics	Description
HP Division		
e-Learnings	Learning Management System (“LMS”) Training Resources from Online Portals	LMS is an online training platform conducted virtually, in which the company subscribed to Talents LMS - an International Learning solution provider. All staff are encouraged to participate in the training program with monthly uploading of training courses. There are 3 main types of courses, namely: <ol style="list-style-type: none"> 1) Purchase from the Training provider off the shelf; 2) Customised program produced by the committee with assistance from front-line staff; and 3) In-house production with materials collected from online sources.
Training from External Training providers	Malaysia Institute of Accountants (“MIA”) & Malaysian Institute of Management (“MIM”) Training Program subscription	A Program for managerial staff to accumulate Continuing Professional Education (“CPE”) points through attending courses conducted by MIA or MIM on a yearly basis. (Minimum of 6 to 12 CPE Points per person per annum).
Departmental Knowledge Base Training	Job-Related Training Programme	To provide training for front-line staff and Executives of all departments to enhance their job-related knowledge, bring about changes, and achieve efficiency in their operations.
	Standard Operating Procedure (“SOP”) Cross-Department Walkthrough Programme	A biannual workshop to review the SOPs of respective departments through Group Studies, Analytics, Brainstorming, and Assessment Tests to further strengthen the SOPs of the departments. Work process improvement projects are also required to be launched.
	Brainstorming Sessions for Individual Departments / Groups	A special activity designed for the respective departments to source ideas and solutions through out-of-the-box thinking to overcome existing challenges and operational bottlenecks.
Departmental Technical Skills Training	Skill-Based Technical Training Programme	A skill-based technical training for staff of the Individual Department to strengthen their operational techniques and mental strength, for example, Interviewing skills, Collection skills, spreadsheet skills and other computer software learning.

SUSTAINABILITY STATEMENT

cont'd

Training Categories	Training Topics	Description
HP Division		
Conceptual/ Leadership Skills Training	Program of Executive Development ("PED")	<p>PED is a customised program for a group of selected Junior staff (Executive & Junior Executive) in the company to enhance and build a better foundation for subsequent training, such as HR 360, ITF, etc.</p> <p>It also aims to increase an individual's skill in one or more areas of expertise, especially in self-confidence and communication skills. Increases an individual's motivation to perform their job better. To enable the staff to have more awareness and responsibility in their work scope.</p>
	HR360 Individual Development Programme ("IDP")	HR 360 is a customised program for a group of designated staff in the company based on the collective Individual Development Assessment Plan to develop their potential as future leaders. This program includes workshops and coaching sessions to help identify the training needs and areas of improvement for selected staff.
	Pre-Innovative Task Force Development Programme ("Pre-ITF")	This is a continuation series for staff who have completed their HR-360 IDP Program. A training Program to prepare trainees for further escalation to ITF. It serves as a selection platform for Management to identify suitable candidates for ITF.
	Learning and Development Skills for Managers	A program designed for Managers to be exposed to Learning Development Skills in Training Need Analysis, understand the objectives of training, and manage training activities.
Compliance & Awareness Training	Anti-Bribery Management System ("ABMS"), AMLA, PDPA & On-Boarding are Awareness Programmes and Implementation	An awareness program to affirm the Company's commitment to conducting all businesses of the Company in an honest, ethical, corruption-free, and professional manner wherever the Company operates.
	ISO Training	A special training session was conducted by an outsourced ISO consultant for the ISO Committee in preparation for ISO readiness in ELK-DESA.
IT Related Training	Data Security and Privacy	An online training on the IT security awareness Programme aimed to alert staff to IT scams.
	Core System Training	An in-house training program launched by the IT department aimed to familiarise staff with the company's systems and IT functions and enhance their technical skills and software applications for daily operations.

SUSTAINABILITY STATEMENT

cont'd

Training Categories	Training Topics	Description
Furniture Division		
Compliance & Awareness Training	Warehouse Safety Awareness	Equip employees with the knowledge and skills necessary to identify and avoid potential hazards.
	Safe Handling of Forklift Truck	An in-depth course on manual and mechanical forklift handling, which is designed to increase safety, motivation, and productivity, that helps protect personnel, loads, and equipment.
Conceptual/ Leadership Skills Training	Strategic Planning Theories, Tools and Practice for Businesses	This programme helps to understand key strategic planning tools and apply them to the organisation.
	Board of Directors: Navigating Resilience via ESG Strategy	ESG resilience refers to a company's ability to withstand and adapt to risks and opportunities arising from ESG factors. This training helps to set strategic ESG targets and roadmap. We can learn how best to identify and close gaps in GHG inventory and roadmap development.
	Strategic and Systems Thinking Leadership Competency Skills for Corporate Managers	People who are inclined to think strategically often anticipate obstacles before they arise. This forethought enables them to craft effective solutions, avoid escalating challenges and risk, and create new value for the enterprise by exploiting opportunities or creating opportunities that lead to better results.
	Sales Leadership Excellence through Mastering Key Habits	This program focuses on understanding the crucial role of sales executives, developing a proactive outlook, maintaining high standards, and improving skills, abilities, and attitudes. By integrating Stephen Covey's 7 Habits of Highly Effective People, participants will cultivate essential habits and core competencies to make a significant impact on themselves and their organisation.
	Sharpening Your Core Leadership Competencies	This programme seeks to help you apply core leadership competencies in leading winning teams and sharpen your competencies to achieve superior performance.
Team/ Department Collaboration Training	Developing Crucial Communication Skills for High-Stake Conversations	Whether it's navigating conflicts, delivering constructive feedback, or discussing sensitive topics, the ability to handle tough conversations with grace and effectiveness can significantly impact team dynamics, employee satisfaction, and organisational success.
	Impactful Communications at the Workplace	Developing communication skills among administrative staff through experiential learning.
	Building A Great Team Through Growth Mindset	Explores the power of a growth mindset in fostering a great team.
	Forging Ahead as a Cohesive Team	This programme will help you discover and live out the five behaviours of a cohesive team: building trust, mastering conflict, achieving commitment, embracing accountability and focusing on results. You will learn that team cohesion happens when you remain united with your team members while working to achieve common goals.
	Accountability in the Workplace	This workshop empowers participants to take ownership of their actions and contribute to a culture of accountability that drives success.

SUSTAINABILITY STATEMENT

cont'd

Training Categories	Training Topics	Description
Furniture Division		
Corporate Financial Knowledge	Managing Profit and Cash Flows and Ensuring Better Cash Flows with Profitability: Monitoring Key Ratios	This programme seeks to help participants understand profitability, return on investment ("ROI") and cash flow, and learn financial ratio analysis to drive cash flow and profitability
	Finance for Non Finance Manager	Non-finance managers need to operate more strategically, managing the growth and risk in their organisations and therefore must have the necessary financial skills and knowledge to effect change & add value to their businesses in the short and long term.

During the financial year under review, the employees of ELK-Desa Group recorded a total of 8,941 hours of training, averaging approximately 26 hours of training per employee for both divisions. HP Division recorded lower average training hours in FY2025 due to fewer courses scheduled.

Learning and Development (Training Hours)	FY2023		FY2024		FY2025			
	HP		HP		HP		Furniture	
	Total	Average	Total	Average	Total	Average	Total	Average
Total Training Hours	6,797	35	7,194	35	6,602	32	2,339	17
					Total: 8,941 Average: 26			
Gender								
Male	1,459	27	1,871	35	1,727	33	1,712	16
					Total: 3,439 Average: 22			
Female	5,338	38	5,323	35	4,875	31	627	18
					Total: 5,502 Average: 29			
Employee Category								
Senior Managers	100	14	175	25	220	31	71	24
					Total: 291 Average: 29			
Middle Managers	1,927	60	1,817	55	2,385	58	427	30
					Total: 2,812 Average: 51			
Executives	4,002	33	4,408	35	3,636	29	1,200	17
					Total: 4,836 Average: 25			
Non-Executives	768	23	793	21	361	10	640	12
					Total: 1,001 Average: 11			

SUSTAINABILITY STATEMENT

cont'd

Occupational Health and Safety

Due to the nature of our operations, which involve handling cash, we are acutely aware of the safety risks to our employees, including potential incidents of robbery and burglary. To safeguard our operations and employees' safety, we have implemented a range of security measures across our operations and facilities, including installing closed-circuit televisions ("CCTVs"), employing security guards, implementing security management, and collaborating with security service providers for certain cash-handling activities. Besides, the growth of online payment alternatives has further reduced the risks associated with cash handling.

We regularly conduct assessments of occupational safety and health risks across our operations to ensure a safe and secure working environment for all employees. This assessment is particularly important for our Furniture Division, as our daily activities involve the use of light tools and machines, forklifts in handling and mobilising goods. By identifying and addressing these risks proactively, we aim to minimise workplace accidents, ensure compliance with safety regulations, and promote a culture of safety awareness among our employees. Additionally, these assessments also help us implement relevant training programmes and safety procedures to the specific needs of our Furniture Division.

In addition to physical safety, we place a strong emphasis on the mental well-being of our employees. In FY2023, the HP Division launched the We Hear You ("WHY") event, which continued into FY2025. This event is designed to create a supportive environment where employees feel comfortable discussing their welfare and mental health openly. Through WHY, we aim to better understand and address the mental health needs of our workforce, while fostering a positive organisational culture. The WHY event is available to the HP Division's employees throughout the year.

We regularly provide training, including safety and health training, for our employees. These programmes cover essential topics such as reporting work-related injuries, emergency response approaches for addressing various emergency situations, safety risks, and fire safety. By providing these training, we aim to equip our employees with the knowledge and skills necessary to manage potential hazards effectively and respond appropriately to emergencies.

In FY2025, the Group carried out the health and safety standards virtually, which contributed to more employees being trained compared to FY2024.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of employees trained on health and safety standards ²⁸	NA	32	175	135
			310	

28 The HP Division began to collect this data in FY2024.

We are pleased to report that there were no work-related fatalities, serious occupational injuries, or lost time incident rates for ELK-Desa Group in FY2025. The safety performance of ELK-Desa Group in FY2025 is summarised as follows:

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Work-related fatalities	0	0	0	0
			0	
Lost time incident rate ^{29 30}	NA	0	0	0
			0	
High-consequence work-related injuries (excluding fatalities) ³¹	NA	0	0	0
Recordable work-related injuries ^{32 33}	NA	0	0	0

29 The definition of lost time incident and recordable work-related injuries are the same, defined as work-related injuries which resulted in at least one day of medical leave.

30 The HP Division began to collect this data in FY2024.

31 The HP Division began to collect this data in FY2024.

32 The HP Division began to collect this data in FY2024.

33 The definition of lost time incident and recordable work-related injuries are the same, defined as work-related injuries which resulted in at least one day of medical leave.

SUSTAINABILITY STATEMENT

cont'd

Employee Remuneration and Benefits

ELK-Desa Group provides fair and competitive compensation and benefits to attract and retain talent. These incentives are also designed to motivate employees, enhance their performance, and realise the growth potential of the business and our employees. We strive to support our employees, to a practical extent, in achieving a healthy work-life balance by providing comprehensive benefits, including medical and insurance coverage, retirement plans, opportunities for learning and development, and parental leaves. These initiatives are aimed at fostering both personal and family growth, ensuring our employees feel valued and supported.

Generally, the remuneration and benefits for full-time employees are summarised as follows:



In FY2025, the ratio of basic salary and remuneration of women to men for every employee category is summarised as follows:

	FY2024	FY2025	
	HP	HP	Furniture
Employee category			
Senior Managers	0.37:1	0.39:1	NA ³⁴
Middle Managers	0.87:1	0.82:1	0.61:1
Executives	0.89:1	0.89:1	0.73:1
Non-Executives	0.88:1	0.84:1	0.88:1

³⁴ NA as there were no female Senior Managers in FY2025.

For the Furniture Division, there are 3 male Senior Managers and no female Senior Managers. This is due to the smaller scale of the furniture employee base and reflects the outcomes of prior appointment processes, and does not signify any intentional gender exclusion. Nevertheless, we will continue to uphold equality in our employment practices and promote diverse gender participation in our workforce.

SUSTAINABILITY STATEMENT

cont'd

Employee Retention

As at 31 March 2025, the turnover and new hire rates of employees of the Group are broken down by employee category, age group, and gender, and are reported in the table below.

Employee turnover ^{35 36}	31 March 2023		31 March 2024		31 March 2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
Employee category								
Senior Managers	0	0	0	0	0	0	0	0
	Number: 0							
Middle Managers	4	13	2	6	2	5	0	0
	Number: 2							
Executives	15	12	16	13	11	9	4	6
	Number: 15							
Non-Executives	7	21	4	11	3	9	1	2
	Number: 4							
Age group								
Aged < 30	11	20	11	20	7	13	1	3
Aged 30 – 50	13	12	9	7	9	7	4	4
Aged > 50	2	7	2	8	0	0	0	0
Gender								
Male	9	17	5	9	5	9	2	2
Female	17	12	17	11	11	7	3	9
Total	26	13	22	11	16	8	5	4

35 Turnover rate = Number of turnover (of said category) / number of employees (of said category) at the end of the financial period

36 In FY2025, we have revised our turnover definition to cover only confirmed employees.

New employee hire ³⁷	31 March 2023		31 March 2024		31 March 2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
Employee category								
Senior Managers	0	0	0	0	0	0	0	0
Middle Managers	6	19	1	3	6	15	0	0
Executives	26	22	19	15	19	15	22	31
Non-Executives	4	12	12	32	4	11	1	2
Age group								
Aged < 30	13	24	25	46	16	31	9	23
Aged 30 – 50	23	21	7	6	10	8	13	16
Aged > 50	0	0	0	0	3	10	1	5
Gender								
Male	7	13	6	11	7	13	13	12
Female	29	21	26	17	22	14	10	29
Total	36	19	32	16	29	14	23	16

37 New hire rate = Number of new hire (of said category) / number of employees (of said category) at the end of the financial period

SUSTAINABILITY STATEMENT

cont'd

A summary of indicators for parental leaves pursuant to GRI 401-3 is as follows.

Parental Leave	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of employees entitled to parental leave during the financial year				
Male	24	23	35	43
Female	63	71	101	26
Number of employees that took parental leave during the financial year				
Male	3	2	3	3
Female	8	20	20	1
Number of employees that returned to work during the financial year after parental leave				
Male	3	2 ³⁸	3	3
Female	7	14 ³⁹	20	2
Number of employees who were still employed 12 months after their return to work during the previous financial year				
Male	4	3	2	1
Female	5	7	10	0
Return to work rate^{40 41}				
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Retention rate⁴²				
Male	67%	100%	100%	100%
Female	71%	100%	71%	NA

38 This data has been restated subsequent to a correction in HR records.

39 This data has been restated subsequent to a correction in HR records.

40 Return to work rate = total number of employees that returned to work after parental leave / total number of employees due to return to work after taking parental leave

41 FY2024 return to work rate were restated due to the adjustments in number of employees that returned to work during the financial year after parental leave.

42 Total number of employees who were still employed 12 months after their return to work during the previous financial year.

FOCUSING ON CUSTOMERS

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Data Privacy & Security
GRI Topics	<ul style="list-style-type: none"> GRI 418 – Customer Privacy

DATA PRIVACY & SECURITY

Customer Experience and Satisfaction

HP Division

We ensure we stay connected with our customers to better understand customers' expectations, identify areas for improvement, and continuously enhance our service and experience provided to customers. We are committed to responsible financing and ensuring our customers are well-informed about our products through clear documentation, briefings by our employees, and product disclosure sheets.

SUSTAINABILITY STATEMENT

cont'd

We have established multiple channels for our customers to reach us, including our customer service care line, email, and customer service at our office. We also utilise social media platforms and digital communication tools such as Facebook, WhatsApp, and two-way SMS to enhance accessibility. In FY2025, we introduced a mobile application, enabling customers to make their payments, to inquire or seek advice about loan, insurance, and road tax matters online, or to contact our HP Careline Team. In FY2025, we further upgraded the applicable to MyELK-Desa+. To further streamline convenience, we offer various payment options, including JomPay and e-Pay networks. Our customer care line is now equipped with an Interactive Voice Response system to improve communication and address customers' inquiries more accurately and efficiently.

These online engagement tools have allowed us to maintain consistent communication with existing customers while streamlining business processes for greater efficiency. Leveraging technologies and digital tools, we have reduced the lead time from application to disbursement, enhancing our service delivery.

We also actively seek feedback and comments from our customers via various channels, including a survey link to customers attached to our responses made through our email-based customer service channel. The link to the customer survey is also available in our product brochure. The outcome of customer surveys is compiled, analysed, and considered to improve our customer relationship management process and technology and digitalisation, especially relating to our service to customers. Management regularly holds discussions and meetings with relevant personnel to assess and review customers' experiences and address any issues raised. Customer views and feedback are taken seriously, and we implement necessary actions to improve our service and customer experience and expectations, where appropriate.

Alongside key issues or highlights with regard to other stakeholders, highlights and key issues raised by customers, including how we address them and actions undertaken to enhance our customer relationship management process, are discussed at the SWG.

Furniture Division

Our Furniture business is supported by a sizeable and dedicated team comprising sales and marketing personnel, office administrative personnel, as well as store and warehouse personnel, who work together to serve our large base of furniture dealers – our valued customers. To ensure we continuously meet their needs and maintain a high satisfaction level, our Managers-in-charge carry out monthly dealer surveys. These surveys gather feedback from dealers about ELK-Desa Furniture, particularly in comparison to their other suppliers.

To maximise the effectiveness of this feedback initiative, the surveys are conducted based on specific selection criteria, ensuring that we target the most relevant and representative dealers. The insights gathered from these surveys are then regularly reviewed and analysed by the Management team, allowing us to identify areas for improvement and address concerns promptly.

Customer Privacy

We adhere to strict policies and procedures to safeguard customer data in compliance with the Personal Data Protection Act 2010 ("PDPA 2010") and other relevant laws and regulations. Amongst others, these measures include training for employees, particularly new hires, on PDPA 2010 requirements, documented SOPs, document disposal practices, documentation practices, and ensuring robust IT and data governance practices are in place. When delivering customer service, to further ensure the security and confidentiality of personal information, we conduct an identity check before addressing any inquiries related to sensitive details.

During the financial year under review, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data, or complaints received from outside parties or from regulatory bodies. We are also pleased to report zero cases of identified leaks, thefts, or losses of customer data.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0	0
			0	

SUSTAINABILITY STATEMENT

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GOVERNANCE

RISK MANAGEMENT

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> • Risk Management
GRI Topics	<ul style="list-style-type: none"> • Nil

To ensure the long-term sustainability of our business, we have implemented a robust risk management process that addresses short-, medium-, and long-term risks. This process integrates our sustainability management process and practices with an Enterprise-wide Risk Management Framework (“ERM Framework”), which covers strategic, operational, reputational, financial, environmental, social, and governance risk.

Our sustainability management process and ERM Framework provide a structured and calculated approach to risk management, operating at both macro and micro levels. The ERM Framework is aligned with the ERM methodology guided by ISO 31000:2018 Risk Management – Guidelines.

The Board holds the ultimate responsibility for sustainability management, ensuring that sustainability strategies align with the company’s overall strategies and overseeing risk management, including setting the risk appetite. The Board reviews the materiality assessment, endorses the Group’s MSMs, and approves relevant strategies to address these issues, as well as performance in relation to management effectiveness. Sustainability performance is also taken into account in the assessment and remuneration of Directors and Senior Managers.

The Audit Committee assists the Board in its risk management oversight by reviewing and overseeing the implementation of the ERM Framework by Management. The Audit Committee receives regular updates from Management on the Group’s risks and obtains assurance on the integrity of the risk management system. The ERM Framework is periodically reviewed by the Audit Committee to adapt to evolving business needs and regulatory developments before being recommended for the Board’s approval. For more information about our ERM framework and internal control, please refer to the **Statement on Risk Management and Internal Control** in this Annual Report 2025.

BUSINESS ETHICS AND INTEGRITY

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> • Business Ethics and Integrity
GRI Topics	<ul style="list-style-type: none"> • GRI 205 – Anti-corruption

We are committed to upholding high ethical and integrity standards in all aspects of our business, particularly in financial dealings and transactions. We are also committed to complying with all relevant laws and regulations, ensuring transparency and openness in our interactions with stakeholders. These core principles are fundamental to building reliable, trustworthy, and strong stakeholders’ confidence in our business, products, and services.

During the financial year under review, there were no significant instances of non-compliance with laws and regulations, nor were there any associated fines or non-monetary sanctions. There were no fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods.

ELK-Desa Group has established open, regular, and well-maintained communication channels with our shareholders and investors to actively listen to and address their concerns or comments. For our customers, we ensure the delivery of accurate and truthful information through well-trained employees, transparent product documentation, and product disclosure sheets.

SUSTAINABILITY STATEMENT

cont'd

The Group has established a Code of Ethics and Conduct (“Code”) that governs the business ethics and practices of its Directors, employees, and operations. The Code is further supported by other governance policies, including the Anti-Bribery and Corruption Policy (“ABC Policy”) and the Employees Handbook, which provide clear expectations and guidelines for employee behaviour. The Code covers key areas such as compliance, financial integrity, workplace culture, integrity and anti-corruption, and others. The Code is also regularly reviewed, and any updates are communicated to all employees through the Group’s internal communication channels. All new employees are introduced to the Code during their onboarding process.

The Code emphasises the importance of, amongst others:



SOPs have been established to integrate ethical business practices into our operations, providing clear guidance for employees on their responsibilities and duties. These SOPs outline acceptable and unacceptable practices, ensuring alignment with our ethical standards. The Management is expected to set the tone at the top and set examples, upholding ethical business behaviours and integrity. Employees are encouraged to voice any concerns or questions, including those related to ethics, and the Management is responsible for addressing these issues promptly and appropriately.

Anti-Corruption and Anti-Bribery

The ELK-Desa Group adheres to a strict zero-tolerance policy against bribery and corruption, ensuring that all business dealings and relationships are conducted fairly, professionally, and with integrity. To uphold these principles, the Group has implemented an Anti-Bribery Management System (“ABMS”) through its ABC Policy, which includes a range of controls and monitoring measures to protect business integrity. Besides, a No-Gift Policy is in place to prevent the acceptance of any gifts that could influence business decisions or create conflicts of interest. The Group strictly prohibits facilitation payments and emphasises the importance of avoiding conflicts of interest. The ABC Policy is accessible to the public on the Group’s corporate website.

As part of its Group-wide risk assessment process, the Group identifies corruption-related risks, including bribery, facilitation payments, money laundering, fraud, extortion, and collusion, as risk factors. To mitigate these risks, the Group conducts regular policy communication or training to foster continuous anti-corruption awareness among employees. Additionally, controls such as transaction monitoring and reviews have been implemented to ensure compliance.

As of 31 March 2025, all of the Group’s operations have been assessed for corruption-related risks.

	FY2023	FY2024	FY2025
Number and percentage of operations assessed for corruption-related risks	2/2 (100%)	2/2 (100%)	2/2 (100%)

The Anti-Bribery & Corruption Working Group oversees the design and implementation of the ABMS, providing guidance to employees and business associates, monitoring the ABMS’s performance, and reporting to the Board every year. The ABMS integrates corruption risk into the Group’s risk management processes and includes internal controls such as regular or one-off due diligence on employees, business associates, and third-party organisations to evaluate exposure to bribery and corruption risk.

SUSTAINABILITY STATEMENT

cont'd

All Directors and employees of the HP Division and Furniture Division have been briefed on the ABC Policy and are required to participate in annual refresher briefings or training, as well as provide written acknowledgement of their commitment to anti-corruption principles. All new employees are also briefed on the ABC Policy during their induction. The Group actively communicates its ABC Policy and the Code to suppliers and business partners.

During the financial year under review, the number and percentage of Board members, employees, and suppliers/business partners who received communication and training on anti-corruption policies and procedures are summarised in the following table.

	FY2023		FY2024		FY2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
Communicated on anti-corruption policies and procedures								
Board of Directors	9 / 9	100%	9 / 9	100%	Group Number: 7 / 7 Percentage: 100%			
Employees	188 / 194	96.9%	204 / 204	100%	208 / 208	100%	139 / 141	98.6%
Suppliers/Business Partners	1,150 / 1,179	97.5%	1,251 / 1,296	96.5%	1,320 / 1,325	99.6%	2,076 / 2,076	100%
Training on anti-corruption policies and procedures								
Board of Directors	9 / 9	100%	9 / 9	100%	Group Number: 7 / 7 Percentage: 100%			
Employee category								
Senior Managers	NA	NA	7 / 7	100%	7 / 7	100%	3 / 3	100%
					Number: 10 / 10 Percentage: 100%			
Middle Managers	NA	NA	33 / 33	100%	41 / 41	100%	14 / 14	100%
					Number: 55 / 55 Percentage: 100%			
Executives	NA	NA	126 / 126	100%	125 / 125	100%	71 / 71	100%
					Number: 196 / 196 Percentage: 100%			
Non-Executives	NA	NA	38 / 38	100%	34 / 35	97.1%	53 / 53	100%
					Number: 87 / 88 Percentage: 98.9%			
Overall total employees	188 / 194	96.9%	204 / 204	100%	207 / 208	99.5%	141 / 141	100%
					Number: 348 / 349 Percentage: 99.7%			

Whistleblowing Programme

At ELK-Desa Group, we promote a culture where employees are encouraged to voice their concerns, particularly regarding actions that conflict with the Group's values. To facilitate this, employees have access to a grievance reporting mechanism managed by Human Resources, which they can use to report any violation of the Code or other workplace issues.

SUSTAINABILITY STATEMENT

cont'd

A Whistleblowing Programme has been established through a Whistleblowing Policy. This programme enables both employees and external stakeholders, including vendors, business dealers, and partners, to report any serious concerns such as serious breaches of the Code, non-compliance with laws and regulations, human rights violations, unethical practices, or situations that put employees in unsafe or unfair working conditions. The Whistleblowing Programme is accessible through the Group's corporate website and serves as an independent reporting channel from Management. This ensures that reports can be submitted confidentially, while providing protection to whistleblowers, particularly employees, against any potential retaliation within the Group.

We are pleased to report that there were no confirmed incidents of corruption, bribery or breaches of the Group's Code or ABC Policy. The Group is committed to regularly reviewing its policies and processes to ensure adherence to the high ethical and integrity standards in all our business operations.

	FY2023	FY2024	FY2025
Confirmed incidents of corruption	0	0	0

INNOVATION, TECHNOLOGY, AND DIGITALISATION

Covered in this section	
Material Sustainability Matters	• Innovation, Technology, and Digitalisation
GRI Topics	Nil

At ELK-Desa Group, innovation is deeply ingrained in our culture and values, and we actively encourage employees to participate in the continuous improvement and development of innovative solutions to enhance business operations and processes. Through our employee engagement activities, we provide a platform for employees to share and contribute their ideas.

We also foster ongoing improvement across the Group and all departments by motivating employees to propose innovative ideas and supporting the implementation of these ideas to align with the Group's ongoing development needs, guided by a set of project criteria. In FY2025, we accepted 10 projects from various departments, further developing ideas or processes into action plans or initiatives to bring the proposed concepts to life.

Technology, Digitalisation and Innovation

Information technology and systems play a critical role in supporting the various functions of the HP Division's operations, including payment methods, customer service, stakeholder communication, as well as meeting facilitation. The HP Division continues to leverage IT adoption and digitisation to enhance business efficiency and operational effectiveness. These initiatives are overseen by the IT Steering Committee, which ensures alignment with the Division's goals.

As we digitise our services and engagement platforms, we also place efforts in guiding hirers and dealers in adapting to changes or updates in our products and solutions. To support this transition, our call agents and HP careline operators are trained in the enhanced systems and technology, ensuring they can provide effective assistance. The relevant SOPs are reviewed from time to time. To ensure a seamless experience, we gather feedback from users to identify areas where users may need more guidance or which may need enhancements.

In FY2025, the adoption rate of our e-payment channels reached approximately 93%, reflecting a positive response to our digital transformation efforts. Moving forward, we aim to expand the MyELK-Desa+ mobile app, transforming it into a holistic application that enhances functionality and improves engagement with hirers.

SUSTAINABILITY STATEMENT

cont'd

Data Security & Privacy

With the increased adoption of IT and digitisation, exposure to cybersecurity risk would inherently increase. At ELK-Desa, IT security risks, including data security and privacy risks, remain among the key risks that we actively manage and monitor.

To address these risks, we conduct regular training and awareness programmes for employees, focusing on data security and privacy. These initiatives are complemented by established SOPs and internal controls designed to promote good cyber hygiene practices and ensure the protection of data security and privacy.

We collaborate with external professional service providers to manage our IT systems and cybersecurity. These providers help implement and maintain necessary safeguards, such as anti-virus software, firewalls, data mirroring and offsite backup, to protect our IT systems, including hardware and software, and safeguard sensitive customer information and data.

To ensure the effectiveness and adequacy of our IT controls and systems, independent audits on our IT systems are conducted at least once a year, either via external audits, internal audits, or both.

The Group is pleased to report that there were no cases of IT breaches that resulted in data or security breaches.

SUSTAINABILITY STATEMENT

cont'd

Performance Data Table (from ESG Reporting Platform)

Indicator	Measurement Unit	2024	2025
Anti-corruption			
Percentage of employees who have received training on anti-corruption by employee category - Bursa C1(a)			
<i>Board of Directors</i>	Percentage	100	100
<i>Senior Managers</i>	Percentage	100	100
<i>Middle Managers</i>	Percentage	100	100
<i>Executives</i>	Percentage	100	100
<i>Non-Executives</i>	Percentage	100	99
Percentage of operations assessed for corruption-related risks - Bursa C1(b)	Percentage	100	100
Confirmed incidents of corruption and action taken - Bursa C1(c)	Number	0	0
Community/Society			
Total amount invested in the community where the target beneficiaries are external to the listed issuer - Bursa C2(a)	MYR	361,679	343,642
Total number of beneficiaries of the investment in communities - Bursa C2(b)	Number	24	43
Diversity			
Percentage of employees by gender and age group, for each employee category - Bursa C3(a)			
Age Group by Employee Category			
<i>Senior Managers Aged below 30</i>	Percentage	0	0
<i>Senior Managers Aged between 30-50</i>	Percentage	29	20
<i>Senior Managers Aged above 50</i>	Percentage	71	80
<i>Middle Managers Aged below 30</i>	Percentage	0	2
<i>Middle Managers Aged between 30-50</i>	Percentage	61	65
<i>Middle Managers Aged above 50</i>	Percentage	39	33
<i>Executives Aged below 30</i>	Percentage	27	23
<i>Executives Aged between 30-50</i>	Percentage	68	68
<i>Executives Aged above 50</i>	Percentage	5	9
<i>Non-Executives Aged below 30</i>	Percentage	55	51
<i>Non-Executives Aged between 30-50</i>	Percentage	40	42
<i>Non-Executives Aged above 50</i>	Percentage	5	7
Gender Group by Employee Category			
<i>Senior Managers Male</i>	Percentage	71	80
<i>Senior Managers Female</i>	Percentage	29	20
<i>Middle Managers Male</i>	Percentage	33	40
<i>Middle Managers Female</i>	Percentage	67	60
<i>Executives Male</i>	Percentage	17	35
<i>Executives Female</i>	Percentage	83	65
<i>Non-Executives Male</i>	Percentage	39	68
<i>Non-Executives Female</i>	Percentage	61	32

SUSTAINABILITY STATEMENT

cont'd

Indicator	Measurement Unit	2024	2025
Diversity (Cont'd)			
Percentage of directors by gender and age group - Bursa C3(b)			
<i>Male</i>	Percentage	67	71
<i>Female</i>	Percentage	33	29
<i>Aged below 30</i>	Percentage	0	0
<i>Aged below 30-50</i>	Percentage	44	43
<i>Aged above 50</i>	Percentage	56	57
Energy management			
Total energy consumption - Bursa C4(a)	Megawatt	470.53	1349.92
Health and safety			
Number of work-related fatalities - Bursa C5(a)	Number	0	0
Lost time incident rate ("LTIR") - Bursa C5(b)	Rate	0	0
Number of employees trained on health and safety standards - Bursa C5(c)	Number	32	310
Labour practices and standards			
Total hours of training by employee category - Bursa C6(a)			
<i>Senior Managers</i>	Hours	175	291
<i>Middle Managers</i>	Hours	1,817	2,812
<i>Executives</i>	Hours	4,408	4,836
<i>Non-Executives</i>	Hours	793	1001
Percentage of employees that are contractors or temporary staff - Bursa C6(b)	Percentage	5	5
Total number of employee turnover by employee category - Bursa C6(c)			
<i>Senior Managers</i>	Number	0	0
<i>Middle Managers</i>	Number	2	2
<i>Executives</i>	Number	16	15
<i>Non-Executives</i>	Number	4	4
Number of substantiated complaints concerning human rights violations - Bursa C6(d)	Number	0	0
Supply chain management			
Proportion of spending on local suppliers - Bursa C7(a)	Percentage	100	98
Data privacy and security			
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data - Bursa C8(a)	Number	0	0
Water			
Total volume of water used - Bursa C9(a)	Megalitres	5.28	8.94

SUSTAINABILITY STATEMENT

cont'd

Indicator	Measurement Unit	2024	2025
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	26
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	26
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	0
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	106
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	652
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	494

Internal assurance

External assurance

No assurance

(*) Restated

SUSTAINABILITY STATEMENT

cont'd

GRI CONTENT INDEX

Statement of use	ELK-Desa Resources Berhad has reported in accordance with the GRI Standards for the period of 1 April 2024 to 31 March 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards(s)	Not applicable

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	<ul style="list-style-type: none"> Legal Name: ELK-Desa Resources Berhad Nature of Ownership: Public Listed Company Headquarters: Kuala Lumpur, Malaysia Country of Operation: Malaysia 				
		SS: About This Report	16			
		AR: Notes to the Financial Statements – Corporate Information	113			
	2-2 Entitles included in the organization's sustainability reporting	SS: About This Report – Reporting Scope and Period	16			
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> Reporting Period: 1 April 2024 to 31 March 2025 Frequency: annually (12 months) Publication Date: 18 July, 2025 				
		SS: About This Report – Reporting Scope and Period	16			
		SS: About This Report – Contact Details	16			
	2-4 Restatements of information	<ul style="list-style-type: none"> Emissions conversion for purchased electricity for FY2023 and FY2024 has been restated to reflect the latest emission factor published by the authorities Parental leaves data for FY2024 has been restated due to a correction in HR records 				
	2-5 External assurance	SS: About This Report – Assurance	16			
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> Sectors: Financial Services Sector This year SS has been expanded to include sustainability data and information for the Furniture Segment, in addition to the existing HP Segment 				
SS: About This Report – About our Business		16				

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-7 Employees	<ul style="list-style-type: none"> Number of HP and Furniture employees are based on head count and at the end of the reporting period HP employees required for operations are mainly office-based and their working time is mainly during working hours. Full-time employment arrangements are ideal for such job nature. A few employees are contract-based as the Company employs them on contract-basis past their retirement age. Furniture employees are mainly based in the office and warehouse, apart from sales and marketing employees who conduct frequent customer visits. Our operations are conducted during normal working hours. Full-time employment arrangements are ideal for such job nature. A few employees are contract-based as the Company employs them on contract-basis past their retirement age No significant fluctuations in the number of HP employees during the reporting period and between reporting periods 				
		SS: Our Employees	36 - 39			
	2-8 Workers who are not employees	<ul style="list-style-type: none"> Number of HP and Furniture workers who are not employees and whose work is controlled by the organisation are based on head count and at the end of the reporting period No significant fluctuations in the number of HP workers who are not employees during the reporting period and between reporting periods 				
		SS: Our Employees	36 - 39			
	2-9 Governance structure and composition	SS: Sustainability Governance	19 - 20			
		AR: Profile of Directors	6 - 7			
		AR: Corporate Governance Overview Statement	68 - 78			
	2-10 Nomination and selection of the highest governance body	AR: Corporate Governance Overview Statement	68 - 78			
		Corporate Governance Report				

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-11 Chair of the highest governance body	AR: Profile of Directors	6 - 7			
		AR: Profile of Key Senior Management	8 - 9			
		Corporate Governance Report				
	2-12 Role of the highest governance body in overseeing the management of impacts	SS: Sustainability Governance	19 - 20			
		SS: Stakeholder Engagement	20 - 21			
		SS: Our Material Matters	22 - 24			
		Corporate Governance Report				
	2-13 Delegation of responsibility for managing impacts	SS: Sustainability Governance	19 - 20			
		SS: Stakeholder Engagement	20 - 21			
		SS: Our Material Matters	22 - 24			
		Corporate Governance Report				
	2-14 Role of the highest governance body in sustainability reporting	SS: Sustainability Governance	19 - 20			
		SS: Our Material Matters	22 - 24			
		Corporate Governance Report				
	2-15 Conflicts of interest	AR: Corporate Governance Overview Statement	68 - 78			
	2-16 Communication of critical concerns	SS: Stakeholder Engagement	20 - 21			
		SS: Business Ethics and Integrity – Whistleblowing Programme	50 - 53			
	2-17 Collective knowledge of the highest governance body	SS: Sustainability Governance	19 - 20			
		Corporate Governance Report				
	2-18 Evaluation of the performance of the highest governance body	SS: Sustainability Governance	19 - 20			
Corporate Governance Report						
2-19 Remuneration policies	AR: Corporate Governance Overview Statement	68 - 78				
	Website: https://www.elk-desa.com.my/remuneration_policy.html					
2-20 Process to determine remuneration	AR: Corporate Governance Overview Statement	68 - 78				
	Remuneration Policy: https://www.elk-desa.com.my/remuneration_policy.html					

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-21 Annual total compensation ratio	<ul style="list-style-type: none"> Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual): 21.04:1 (HP Division only) Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual): -1.08%:1% (HP Division only) Highest-paid individual: Executive Chairman (HP Division only) All employees: all employees other than those who had work less than 12 months reported under GRI 2-7 have been included (HP Division only) Annual total compensation: basic salary, overtime, allowance, and bonus (HP Division only) 				
	2-22 Statement on sustainable development strategy	SS: GED/CEO's Message	17 - 19			
	2-23 Policy commitments	SS: GED/CEO's Message	17 - 19			
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management	30 - 34			
		SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Human Rights, Labour Practices, and Standards	35 - 36			
		SS: Business Ethics and Integrity	50 - 53			
		Code of Ethics and Conduct: https://www.elk-desa.com.my/code-conduct.html				
	Anti-Bribery and Corruption Policy: https://www.elk-desa.com.my/anti-bribery-and-corruption-policy.html					
	2-24 Embedding policy commitments	SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Human Rights, Labour Practices, and Standards	35 - 36			
		SS: Business Ethics and Integrity	50 - 53			

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-25 Processes to remediate negative impacts	SS: Our Sustainability Philosophy	19			
		SS: Stakeholder Engagement	20 - 21			
		SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Organisation Culture	35			
		SS: Business Ethics and Integrity	50 - 53			
		Whistleblowing Programme: https://www.elk-desa.com.my/whistleblower_policy.html				
	2-26 Mechanisms for seeking advice and raising concerns	SS: Business Ethics and Integrity – Whistleblowing Programme	52 - 53			
		Whistleblowing Programme: https://www.elk-desa.com.my/whistleblower_policy.html				
	2-27 Compliance with laws and regulations	SS: Business Ethics and Integrity	50 - 53			
2-28 Membership associations	SS: About This Report – About Our Business	16				
2-29 Approach to stakeholder engagement	SS: Stakeholder Engagement	20 - 21				
2-30 Collective bargaining agreements	SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Human Rights, Labour Practices, and Standards	35 - 36				
Material Topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SS: Our Material Matters	22 - 24			
	3-2 List of material topics	SS: Our Material Matters	22 - 24			
Topics-Specific Disclosures: Material Matters						
Business Performance and Resilience						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: The Values We Create as a People-Centric Business	25 - 27			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Overview of Economic Value Generated and Distributed	27			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Financial Inclusion and Support for Local Economic Development	26			

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Business Performance and Resilience (Cont'd)						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Financial Inclusion and Support for Local Economic Development	26			
GRI 207: Tax 2019	207-1 Approach to tax	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Financial Inclusion and Support for Local Economic Development	26			
Community and Society						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: The Values We Create as a People-Centric Business – Community and Society	27			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SS: The Values We Create as a People-Centric Business – Community and Society	27			
Responsible Finance						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Responsible Financing	28 - 29			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	SS: Responsible Financing – Responsible Lending	28			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SS: Responsible Financing	28 - 29			
Climate Change, Energy and Emissions Management, and Waste and Water Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management	30 - 34			
GRI 302: Energy 2016	302-1 consumption within the organization	<ul style="list-style-type: none"> The conversion factor for fuel consumption was obtained from U.S. Energy Information Administration (source: https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php) 				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – Energy	30 - 31			

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Climate Change, Energy and Emissions Management, and Waste and Water Management (Cont'd)						
GRI 302: Energy 2016 (Cont'd)	302-3 Energy intensity	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – Energy	30 - 31			
	302-4 Reduction of energy consumption	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – Energy	30 - 31			
GRI 303: Water and Effluents 2018	303-5 Water consumption	<ul style="list-style-type: none"> Water storage not a significant water-related impact to ELK-Desa The water data was obtained from water bills 				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Water Management	34			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Consolidation approach for emissions: operational control The emissions conversion factor for fuel consumption was obtained from GHG Protocol (source: https://ghgprotocol.org/calculation-tools-and-guidance) 				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions				
	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> Consolidation approach for emissions: operational control. The emissions conversion factor for electricity consumption was obtained from Grid Emission Factor (source: https://meih.st.gov.my/home) 				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions	32			
	305-3 Other indirect (Scope 3) GHG emissions	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions	32			
	305-4 GHG emissions intensity	<ul style="list-style-type: none"> The emissions factor used was obtained from the Grid Emission Factor and it does not specify gases included in the calculation 				
SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions		32				

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Climate Change, Energy and Emissions Management, and Waste and Water Management (Cont'd)						
GRI 305: Emissions 2016 (Cont'd)	305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> The emissions factor used was obtained from the Grid Emission Factor and it does not specify gases included in the calculation 				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions	32			
GRI 306: Waste 2020	306-3 Waste generated	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Recycling and Waste Management	33 - 34			
	306-4 Waste diverted from disposal	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Recycling and Waste Management	33 - 34			
	306-5 Waste directed to disposal	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Recycling and Waste Management	33 - 34			
Inclusive, Respectful, and Safe Workplace						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Employment Practices at ELK-Desa Group	35 - 36			
		SS: Our Employees	36 - 39			
		SS: Employee Engagement and Employee Wellbeing	39 - 48			
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	<ul style="list-style-type: none"> All senior managers of the HP and Furniture Division are Malaysians 				
		SS: Our Employees	36 - 39			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SS: Employee Engagement and Employee Wellbeing – Learning and Development	40 - 44			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SS: Employee Engagement and Employee Wellbeing – Employee Retention	47 - 48			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> Significant locations of operation: our significant locations of operation for HP Division and Furniture Division are mainly in the Klang Valley 				
		SS: Employee Engagement and Employee Wellbeing – Employee Remuneration and Benefits	46			
	401-3 Parental leave	SS: Employee Engagement and Employee Wellbeing – Employee Retention	47 - 48			

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Inclusive, Respectful, and Safe Workplace (Cont'd)						
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	SS: Employee Engagement and Employee Wellbeing – Occupational Health and Safety	45			
	403-9 Work-related injuries	SS: Employee Engagement and Employee Wellbeing – Occupational Health and Safety	45			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SS: Employee Engagement and Employee Wellbeing – Learning and Development	40 - 44			
	404-2 Programs for upgrading employee skills and transition assistance programs	SS: Employee Engagement and Employee Wellbeing – Learning and Development	40 - 44			
	404-3 Percentage of employees receiving regular performance and career development reviews	SS: Employee Engagement and Employee Wellbeing – Performance Appraisal	40			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SS: Our Employees	36 - 39			
	405-2 Ratio of basic salary and remuneration of women to men	SS: Employee Engagement and Employee Wellbeing – Employee Remuneration and Benefits	46			
Customer Privacy and Security						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Focusing on Customers	48 - 49			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SS: Focusing on Customers – Data Privacy & Security – Customer Privacy	49			
Risk Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Risk Management	50			

SUSTAINABILITY STATEMENT

cont'd

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Business Ethics and Integrity						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Business Ethics and Integrity	50 - 53			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	SS: Business Ethics and Integrity – Anti-Corruption and Anti-Bribery	51 - 52			
	205-2 Communication and training about anti-corruption policies and procedures	SS: Business Ethics and Integrity – Anti-Corruption and Anti-Bribery	51 - 52			
	205-3 Confirmed incidents of corruption and actions taken	SS: Business Ethics and Integrity – Whistleblowing Programme	52 - 53			
Innovation, Technology, and Digitalisation						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Innovation, Technology, and Digitalisation	53 - 54			

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of ELK-Desa Resources Berhad (“ELK-Desa” or the “Company”) recognises the importance of implementing high standards of corporate governance in the Company for the purposes of safeguarding the interest of its stakeholders and assets of the Group, comprising the Company and all its subsidiaries (“ELK-Desa Group” or the “Group”). In adopting corporate governance practices, the Board is mindful in considering the five pillars of transparency, accountability, ethical culture, sustainability and financial performance.

As such, the Board seeks to embed in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term strategic imperatives through performance, without compromising personal or corporate ethics and integrity.

The Corporate Governance Overview Statement (“Statement”) provides an overview of the Company’s application of the Principles set out in the Malaysian Code on Corporate Governance (as at 28 April 2021) (“MCCG”) published by the Securities Commission Malaysia for the financial year ended 31 March 2025 (“FY2025”) and up to the date of this Statement. The details on how the Company has applied each Practice as set out in the MCCG are disclosed in the **Corporate Governance Report**, which is available for viewing on the Company’s website at www.elk-desa.com.my/corporate_governance_report.html.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Directors are collectively responsible to the Company’s shareholders for the long-term success of the Group for its overall strategic direction, its values and its governance. They are led by experienced and knowledgeable Board members who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives and goals.

All members of the Board are aware of their responsibility to take decisions objectively to promote the success of the Group to create long-term value for shareholders and other stakeholders. The role and responsibilities of the Board are clearly set out in the Board Charter, which is available on the Company’s website at www.elk-desa.com.my/board_charter.html. The Board Charter is periodically reviewed and updated in tandem with changes to regulatory requirements and other developments in corporate governance, such as revisions to the MCCG, with final approval by the Board. The Board Charter was last reviewed on 20 February 2025.

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authority and powers to the Board Committees, namely the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”), via specific terms of reference (“TOR”) approved by the Board, which are available on the Company’s website at https://www.elk-desa.com.my/terms_of_reference.html. The Board Committees are entrusted with the responsibility to oversee specific aspects of the Company’s affairs in accordance with their respective terms of reference as approved by the Board and to report to the Board with their findings and recommendations. The decision on whether to act on such recommendations, however, lies with the Board. The demarcation of roles and responsibilities of the Board, Board Committees, Executive Chairman and Group Executive Director (“ED”)/Chief Executive Officer (“CEO”) are summarised as follows:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Board		
Responsible for the overall business direction of and overseeing the conduct of the business affairs		
Board Chairman		
Responsible for leadership of the Board, by ensuring effective conduct of the Board and effective communication with shareholders and stakeholders		
Audit Committee ("AC")	Nomination Committee ("NC")	Remuneration Committee ("RC")
Oversees matters relating to financial reporting, external audit, internal audit, whistleblowing, related party transactions and conflict of interest situations, risk management as well as the establishment of an effective and sound framework of risk management and internal control	Oversees matters pertaining to the structure, size and composition of the Board and Board Committees, including identifying and nominating candidates to fill Board/ Board Committee vacancies, annual evaluation of board-level effectiveness, and succession planning	Establishes and reviews the Directors' remuneration package to align with the long-term objectives and business strategy of the Group, as well as to recommend the remuneration for Senior Management
Group Executive Director/Chief Executive Officer		
Responsible for ensuring the efficiency and effectiveness of the operation for the Group, implementing the policies, strategies, sustainability plan and decisions adopted by the Board and highlighting material and relevant matters to the attention of the Board in an accurate and timely manner		

The Executive Chairman of the Board leads the Board in ensuring the effective conduct of the Board; sets the Board agenda and ensures that Board members receive complete and accurate information in a timely manner; leads the pace in Board meetings and discussions; encourages active participation of all Board members and allows dissenting views to be freely expressed.

The role of the day-to-day management of the Group's business development and operations, including implementation of policies and decisions of the Board, is helmed by the Group Executive Director/Chief Executive Officer, and assisted by the Executive Director/Chief Financial Officer. The Board believes that such division of power and responsibilities helps ensure balance in that no one person in the Board has unfettered powers to make any major decisions for the Company unilaterally. The Board has established clear functions reserved for itself, through the matters reserved for the Board listed in the Board Charter, and those delegated to Management.

The Board members have full access to the Company Secretary, who is a qualified professional, to provide advisory services to the Board, particularly on corporate governance issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters. The Board members also have full and unrestricted access to information pertaining to the Company and are entitled to obtain independent professional advice in carrying out their duties.

In ensuring the generation of long-term, sustainable values to stakeholders, the Board holds ultimate responsibilities for the sustainability performance of the Group and establishes a sustainability governance and management structure, through which the Board ensures the Group's corporate strategies and targets incorporate long-term economic, environmental, social, and governance considerations. Together with the Group's ERM Framework and processes, the sustainability management processes facilitate the Board's oversight role over the Group's short- and long-term risk management, including sustainability risks.

The Board has also developed a Code of Ethics and Conduct ("Code") which essentially sets out the standards of conduct expected from Board members and employees of the Group and all other affected personnel. This Code is augmented by a Whistleblowing Programme which serves as an avenue for raising concerns relating to possible breaches of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

The Board has implemented an Anti-Bribery Management System (“ABMS”), through the Group’s Anti-Bribery and Corruption Policy (“ABC Policy”), designed to apply the five Principles under the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009. The ABMS formalises the Group’s governance structure, risk management and internal control, and monitoring and communication mechanisms for the Group with respect to the prevention of bribery and corruption across the Group’s business activities. A regular corruption risk assessment is conducted for all levels of the organisation to prevent and detect bribery and corruption acts. The ABMS is further augmented by a No Gift Policy, which was established by the Group to avoid conflict of interest in any ongoing or potential business dealings and decision-making, and to demonstrate our commitment to maintaining high standards of ethics and integrity.

In June 2024, the Board has adopted the Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions Policy (“AML, CFT, CPF and TFS Policy”) setting the standards for the Group in its prevention and detection of activities associated with money laundering, counter financing of terrorism, countering proliferation financing and targeted financial sanctions.

The Code, the ABC Policy and the AML, CFT, CPF and TFS Policy are periodically reviewed and are available on the Company’s website at https://www.elk-desa.com.my/governance_policies.html

Board and Board Committee Meetings

For the financial year under review, the Board convened five (5) Board meetings, five (5) AC meetings, three (3) NC meetings and one (1) RC meeting. The attendance records are as follows:

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Teoh Hock Chai @ Tew Hock Chai	5/5	-	-	1/1
Mr. Teoh Seng Hui	5/5	-	-	-
Mr. Teoh Seng Hee	5/5	-	-	-
Mr. Teoh Seng Kar	5/5	5/5	3/3	-
Datin Gan Kok Ling [#]	5/5	5/5	3/3	1/1
Ms. Tan Tai Kim [^]	5/5	5/5	-	1/1
Mr. Ong Wah Tong [*]	2/2	2/2	2/2	-
Mr. Loong Foo Ching (Retired on 8 August 2024)	2/2	2/2	1/1	-
Mr. Ng Soon Lai @ Ng Siek Chuan (Retired on 8 August 2024)	2/2	2/2	1/1	-
Ms. Toh Jyh Wei (Retired on 8 August 2024)	2/2	-	-	-
Total number of meetings for FY2025	5	5	3	1

Note:

[^] Ms. Tan Tai Kim was appointed to the RC on 15 August, 2024

[#] Datin Gan Kok Ling was appointed to the RC on 15 August, 2024

^{*} Mr. Ong Wah Tong was appointed to the Board, the AC and the NC on 15 August 2024

At the beginning of each new calendar year, the annual meeting calendar of the Board and Board Committees and the Annual General Meeting (“AGM”) is prepared and circulated to facilitate the Directors’ time planning.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Board and Board Committee Meetings (Cont'd)

Agendas and board papers are circulated to the Directors both hardcopy and digital copy at least seven (7) days before the Board and Board Committee meetings so as to give the Directors sufficient time to consider the issues to be deliberated at meetings, as well as to obtain further clarification and information from Management where required.

As stipulated in the Board Charter, the Directors are required to devote sufficient time to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board or Board Committees.

Continuous Professional Development

The Board acknowledges the importance of continuous education and training programmes for its members to enable the effective discharge of its responsibilities and to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group and the Directors. The Company Secretary would often circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference.

All Directors have completed Part I and Part II of the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa as of the approval date of this Statement. During the financial year under review, the training attended by the Directors included briefings, seminars, in-house training, workshops and conferences conducted by the relevant regulatory authorities and professional bodies and qualified trainers. Details of the training programmes attended/ participated by the Directors are as follows:

Training	THC	TSHui	TSHee	TSK	GKL	TTK	OWT
Audit Oversight Board (AOB) Conversation with Audit Committees				Y	Y	Y	
Anti-bribery and corruption training for new ELK-Desa Director							Y
Being Sued as an INED – A Personal Journey			Y		Y		
Board of Directors: Navigating Resilience via ESG Strategy					Y		
Bursa Malaysia – Board Ethics: Growing Concerns From New Technology, Stakeholder Interests & Conflict of Interest						Y	
Bursa Malaysia Mandatory Accreditation Programme (MAP) Part I							Y
Bursa Malaysia Mandatory Accreditation Programme (MAP) Part II	Y	Y	Y	Y	Y	Y	Y
Case Study – Based MFRS Webinar : IFRS Sustainability Disclosure Standards: IFRS S1 and S2			Y				
Cash Flow Management Masterclass: Managing the Lifeblood of A Business in a Volatile World			Y				

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Continuous Professional Development (Cont'd)

Training	THC	TSHui	TSHee	TSK	GKL	TTK	OWT
Critical Thinking Champion - Think on Your Feet, Analyze Problems, Questioning and Find Solutions						Y	
How can Boards make the most of Blockchain & Digital Assets					Y		
ICDM Members' Exclusive with Deloitte: Are You Measuring Your Sustainability Performance Right: Targets & Metrics?			Y				
Induction Programme for Familiarization on HP and Furniture Business							Y
Key MFRS Standards – Underlying Principles and Applications			Y				
Provision of Financial Assistance (FA) & RPT	Y	Y	Y	Y	Y	Y	Y
Strategy and Control for CFOs and Finance Professionals		Y					
TP Bytes – Clock is ticking, act fast			Y				

Note:

THC : Mr. Teoh Hock Chai @ Tew Hock Chai

TSHui : Mr. Teoh Seng Hui

TSHee : Mr. Teoh Seng Hee

TSK : Mr. Teoh Seng Kar

GKL : Datin Gan Kok Ling

TTK : Ms. Tan Tai Kim

OWT : Mr. Ong Wah Tong

II. BOARD COMPOSITION

The Board currently consists of seven (7) members, comprising three (3) EDs and four (4) Non-Executive Directors (“NEDs”), of whom three (3) are Independent Directors (“IDs”) and two (2) of them are female directors. The requirements of Paragraph 15.02(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent, and one(1) director of the listed issuer shall be a woman; are fulfilled.

The IDs provide unbiased and independent judgment in ensuring that the strategies proposed by the Management are fully deliberated, challenged and examined objectively, taking into account the interests of shareholders and other stakeholders. They are essential for protecting the interests of minority shareholders and can make significant contributions to the Company’s decision-making by bringing in the quality of detached impartiality.

The EDs are complemented by the experience and independent views of the NEDs who are professionals in the field of law, corporate, finance and accounting. The Board members possess a fair range of business, banking, administration and retail experience. The mix of skills and experience is vital in directing and supervising the Group’s overall business activities in light of the increasingly challenging economic and operating environment in which the Group operates. The profile of each Director is set out in the Company’s Annual Report 2025.

The NC, comprising three (3) members, all of whom are NEDs, with the majority of them being IDs, is entrusted to assess the structure, size and composition (including mix of skills, knowledge and experience) of the Board, identifying and recommending suitable candidates for Board membership, and also to assess annually the performance of the Directors, Board and Board Committees, succession plans and training courses for Directors. The NC, chaired by the Independent Non-Executive Director, presents relevant recommendations to the Board with regard to its assessments and reviews. The Board has the ultimate responsibility of delivering the final decisions on the appointment. This process ensures that the suitable Board composition and the appropriate skillsets are identified and sought after to support the strategic direction and needs of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The NC has a Fit and Proper Policy which sets out a set of fit and proper criteria for assessing directors of ELK-Desa Group, and the policy is incorporated in the various evaluation tools in ELK-Desa Group's Board Performance Evaluation Framework, which is used by the NC in the annual assessment of the Board, Board Committees, and individual Directors.

The Fit and Proper Policy adopted by the Board on 16 June 2022 and last reviewed on 20 February 2025, is available on the Company's website at: https://www.elk-desa.com.my/governance_policies.html.

Based on the annual assessment conducted during the financial year under review which takes into consideration the Directors' Fit and Proper Policy, the NC was satisfied with the existing Board composition and has concluded that each Director possesses the requisite character and integrity, experience, competence and capability to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time, participation and contribution during the year under review. All assessments and evaluations carried out by the NC pursuant to the Company's Board Performance Evaluation Framework, including the consideration taken leading to its recommendations, in the discharge of its functions were duly documented.

The Company's Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of IDs. Upon completion of the nine (9) years, an ID may continue to serve on the Board subject to the director's re-designation as a non-independent director. The nine (9) years can either be a consecutive service of nine (9) years or a cumulative service of nine years with intervals. Notwithstanding this, the independent director may continue to serve as an independent member of the Board, if the NC concludes and the Board concurs that the director is able to exercise independent judgement after nine (9) years of service, subject to shareholders' approval annually through a process of two-tiers voting. The MMLR also sets a 12-year limit to the tenure of IDs, and the Board will undertake necessary actions to ensure an orderly succession of IDs with the relevant fit and proper quality. There is currently no independent director who has served for more than nine (9) years.

In February 2025, the NC conducted an assessment of the independence of the IDs based on the criteria on independence set out in the Board Performance Evaluation Framework adopted by the Board. Following the recommendation of the NC, the Board is of the opinion that the independence of the existing IDs remains unimpaired and their judgement over business dealings of the Company had not been influenced by the interest of the other Directors or substantial shareholders.

Mr. Teoh Hock Chai @ Tew Hock Chai, the Executive Chairman, and Mr. Teoh Seng Hee, the Executive Director and Chief Financial Officer will retire by rotation pursuant to Clause 112 of the Company's Constitution at the upcoming annual general meeting and are eligible to offer themselves for re-election. Based on the annual assessment of the above-named directors, the NC considers that both directors satisfy the Fit and Proper Policy, have carried their duties and responsibilities effectively, and have made positive contributions to the Group, hence, NC will recommend for them to be re-elected to the Board.

Mr. Ong Wah Tong who was appointed in Aug 2024, will retire as a director at the upcoming AGM in accordance with Clause 116 of the Company's Constitution. The NC has assessed his performance and considers him suitable for re-election based on the criteria of the Company's Fit and Proper policy.

The Board concurred with the NC and recommended the re-election of all three (3) directors for shareholders' approval. The NC also reviewed and recommended to the Board its assessment on the existing Board and Board Committee composition and structure, as well as the continuous training needs of the Board and Directors to ensure ongoing effective functioning of the Board. Considering the outcome of annual assessment and recommendations of the NC, the Board is of the view that the current Board composition remains effective.

During the financial year under review, the NC through various channels including through industry networking and recommendations from independent Directors, actively sought and identified prospective candidates to enable the succession of IDs. Mr. Ong Wah Tong, an ID, was appointed to the Board on 15 August 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The Company has a gender diversity policy in the Board Charter to have at least one female Director in the composition of the Board. Currently, the Board has two (2) female Directors out of the seven (7) Directors and is always mindful of the importance of diversity in the Board to effectively manage the Company's business. The Board does not have specific targets for ethnic or age composition on the Board, as the Board and the NC apply meritocracy in assessing Directors and candidates for directorships i.e. evaluating the suitability of Directors/ candidates based on their competence, character, time availability, time commitment, knowledge, experience and other qualities in meeting the needs of the Group. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre.

A summary of key activities undertaken by the NC in discharging its duties during and for the financial year under review includes, among others:

- reviewed the Board Performance Evaluation Framework and the criteria of the Fit and Proper Policy, assessed and appraised the performances and effectiveness of the Board, Board Committees and individual Directors based on set criteria approved by the Board, such as factors pertaining to the structure, operations, Director's roles and responsibilities and Chairman's roles and responsibilities and the competence, integrity, character, experience and time commitment of individual Directors;
- assessed the independence of IDs based on the criteria established and adopted by the Board, and made recommendations to the Board as appropriate;
- reviewed the term of office and performance of the AC and its individual members in accordance with the AC TOR;
- assessed and appraised the performance of Executive Directors, Chief Executive Officer and Chief Financial Officer;
- reviewed and recommended to the Board regarding re-election of Directors;
- reviewed the training attended by the Directors, considering assessment results of the performance and effectiveness of the Board, Board Committees and individual Directors;
- reviewed Board diversity and succession planning;
- reviewed the TOR of the NC; and
- reviewed candidates to be appointed as Independent Directors and made relevant recommendations to the Board.

III. REMUNERATION

The Board has established a RC to implement the policies and procedures on matters relating to the remuneration of Directors and Senior Management and making recommendations on the same to the Board for approval.

The RC is currently comprised of three (3) members of whom two (2) are IDs whilst the Chairperson is the Executive Chairman. With the majority of IDs as its members, the RC yields objectivity in its deliberations and decision-making pertaining to matters relating to the remuneration and rewards of the Directors and Senior Management. The Remuneration Committee's functions and deliberations are also guided by a set of remuneration policy and procedures instituted by the Board, setting out the principles and policies required to be observed in setting the remuneration of Directors and Senior Management.

The remuneration policy and procedures, which are approved by the Board, are reviewed annually and are available on the Company's website at https://www.elk-desa.com.my/governance_policies.html. The Board has adopted the said remuneration policies and procedures to align the remuneration of Directors and Senior Management with the business strategy and long-term objectives of the Company. The EDs are paid fees, salaries, allowance, performance-based incentive, including bonus and other customary benefits, as appropriate. The remuneration is set based on the performance, qualifications and experience of the Directors. The salary level for EDs takes into account the nature of the role, performance of the business and the individual and market positioning.

The remuneration of NEDs comprises fees, meeting allowances and other benefits. The Board ensures that the remuneration for NEDs does not conflict with their obligation to bring objectivity and independent judgement in relation to their duties and responsibilities. Directors are required to abstain from deliberation and voting on their own remuneration at Board Meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

The aggregate fees and remuneration paid/payable to each Director by the Company and the Group for the financial year ended 31 March 2025 are as follows:

	Salary RM	Bonus RM	Fees RM	Benefits- in-kinds RM	Other emoluments RM	EPF RM	Total RM
The Company							
Non-Executive Directors							
Mr. Teoh Seng Kar	-	-	75,000	-	10,500	-	85,500
Datin Gan Kok Ling	-	-	70,000	-	10,500	-	80,500
Ms. Tan Tai Kim	-	-	65,000	-	8,250	-	73,250
Mr. Ong Wah Tong (Appointed to the Board on 15 August 2024)	-	-	55,000	-	4,500	-	59,500
Mr. Loong Foo Ching (Retired on 08 August, 2024)	-	-	-	-	4,500	-	4,500
Mr. Ng Soon Lai @ Ng Siek Chuan (Retired on 08 August, 2024)	-	-	-	-	4,500	-	4,500
Ms. Toh Jyh Wei (Retired on 08 August, 2024)	-	-	-	-	2,250	-	2,250
Subtotal Directors' Remuneration	-	-	265,000	-	45,000	-	310,000
Executive Directors							
Mr. Teoh Hock Chai @ Tew Hock Chai	-	-	130,000	-	-	-	130,000
Mr. Teoh Seng Hui	-	-	75,000	-	-	-	75,000
Mr. Teoh Seng Hee	-	-	75,000	-	-	-	75,000
Subtotal Directors' Remuneration	-	-	280,000	-	-	-	280,000
Total Directors' Remuneration	-	-	545,000	-	45,000	-	590,000
The Group							
Non-Executive Directors							
Mr. Teoh Seng Kar	-	-	75,000	-	10,500	-	85,500
Datin Gan Kok Ling	-	-	70,000	-	10,500	-	80,500
Ms. Tan Tai Kim	-	-	65,000	-	8,250	-	73,250
Mr. Ong Wah Tong (Appointed to the Board on 15 August 2024)	-	-	55,000	-	4,500	-	59,500
Mr. Loong Foo Ching (Retired on 08 August, 2024)	-	-	-	-	4,500	-	4,500
Mr. Ng Soon Lai @ Ng Siek Chuan (Retired on 08 August, 2024)	-	-	-	-	4,500	-	4,500
Ms. Toh Jyh Wei (Retired on 08 August, 2024)	-	-	-	-	2,250	-	2,250
Subtotal Directors' Remuneration	-	-	265,000	-	45,000	-	310,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

The aggregate fees and remuneration paid/payable to each Director by the Company and the Group for the financial year ended 31 March 2025 are as follows: (cont'd)

	Salary RM	Bonus RM	Fees RM	Benefits- in-kinds RM	Other emoluments RM	EPF RM	Total RM
Executive Directors							
Mr. Teoh Hock Chai @ Tew Hock Chai	696,000	290,000	130,000	17,400	818	-	1,134,218
Mr. Teoh Seng Hui	576,000	240,000	75,000	12,300	1,276	97,920	1,002,496
Mr. Teoh Seng Hee	492,000	205,000	75,000	14,057	1,775	83,640	871,472
Subtotal Directors' Remuneration	1,764,000	735,000	280,000	43,757	3,869	181,560	3,008,186
Total Directors' Remuneration	1,764,000	735,000	545,000	43,757	48,869	181,560	3,318,186

The Board is of the view that disclosure of senior management's (other than Directors of the Company) remuneration on a named basis may not be in the best interest of the Group due to confidentiality and security concerns, for example, vulnerability of these personnel being poached by competitors, notwithstanding that the disclosure is in bands of RM50,000 each. In addition, the Group is operating in the highly competitive finance industry where poaching of executives is common.

As an alternative, the Board believes that the disclosure of aggregate remuneration of Key Management personnel in Note 30 (c) of the audited financial statements, in accordance with the requirements of Paragraph 17 of Malaysian Financial Reporting Standards ("MFRSs") 124 "Related Party Disclosure", are adequate as an alternative means to assess whether key Senior Management personnel are fairly remunerated and commensurate with the Company's performance.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, auditing, risk management and internal controls, the Board has established an AC which comprises four (4) members, all of whom are NEDs, with the majority of them being IDs. The composition of the AC, including its roles and responsibilities as well as a summary of its activities carried out for the financial year ended 31 March 2025, are set out in the **Audit Committee Report** of this Annual Report 2025.

One of the key responsibilities of the AC in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable accounting standards in Malaysia and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

Details of the AC, including activities undertaken for the financial year under review, are set out in the **Audit Committee Report** included in this Annual Report 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has an overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance on the effective and efficient conduct of business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The AC assists the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The AC does this via the deployment of an independent outsourced internal audit function that conducts internal audits based on an internal audit plan approved by the AC. Findings raised from internal audit are presented directly to the AC, including the remedial measures and action plans agreed by Management to address the matters so highlighted. For more details of the internal audit function, refer to the **Statement on Risk Management and Internal Control** included in this Annual Report 2025, as well as the **Corporate Governance Report** that is made available on the Company's website at www.elk-desa.com.my/corporate_governance_report.html. The AC is also responsible to oversee the risk management framework and policies while the Senior Management is tasked to manage business risks, guided by the organisation's risk appetite, including creating and maintaining an effective process to identify, evaluate, assess, control, monitor, report and manage the key risks identified.

Details of the Group's Risk Management framework, activities carried out for the financial year under review and reporting processes are set out in the **Statement on Risk Management and Internal Control** included in this Annual Report 2025.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Group's stakeholders and acknowledges that continuous communication between the Group and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures the supply of clear, comprehensive and timely information to the Group's internal and external stakeholders, such as regulatory, shareholders/ investors, financiers, customers, employees, and dealers/ business partners, via various disclosures and announcements. Through these disclosures, relevant information including quarterly and annual financial results, corporate governance and strategies, priorities and targets, and performance of management of the Group's sustainability matters, is announced and communicated to stakeholders. All these announcements and other information about the Group are available on the Company's website at www.elk-desa.com.my to which stakeholders including shareholders, investors, and the public may access.

In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback.

II. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's financial and non-financial performance via the Company's Annual Report and pose questions to the Board for clarification. The Board, in the conduct of AGMs, aims to facilitate meaningful engagement between the Board, Senior Management, and shareholders, and considers appropriate and cost-effective approaches to optimise engagements during AGMs. Shareholders are allowed to appoint more than one proxy in the event that they are unable to attend the AGMs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER (CONT'D)

II. CONDUCT OF GENERAL MEETINGS (CONT'D)

Notice of the 35th AGM, which was held online on 8 August 2024, was issued more than 28 days prior to the AGM. All the Directors (including the chairpersons of the Board Committees) were present to engage directly with, and were accountable to, the shareholders for their stewardship of the Company. During the AGM, shareholders participated in deliberating resolutions being proposed or on the Group's operations in general. The Directors and Senior Management appropriately responded to all questions raised and provided clarification as required by the shareholders.

The online AGM enables voting to be conducted electronically to facilitate efficient and accurate polling. At the same time, online AGM also facilitates remote shareholders' participation and voting in absentia. The minutes of the AGM were uploaded and published on the Company's website within 30 business days after the AGM.

This Statement is dated 19 June 2025.

DIRECTORS' RESPONSIBILITY STATEMENT IN FINANCIAL REPORTING

The Directors are required by the Act, to prepare the financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act in Malaysia, and the Listing Requirements.

The Board is satisfied that for the year ended 31 March 2025, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and the Company.

In presenting the financial statements of the Group, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have ensured that all relevant approved accounting standards and the requirements of the Act were followed in the preparation of these financial statements.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

In compliance with the Listing Requirements, the following information is provided:

a) Audit and Non-Audit Fees

The audit and non-audit fees paid and payable to the Company's External Auditors and a firm associated to it for the financial year ended 31 March 2025 were as follows:

	The Company	The Group
Audit Fees (RM)	38,500	142,300
Assurance related and Non-Audit Fees (RM)	5,900	25,900

Total fees for Non-audit services provided by the auditors and its member firms comprised tax compliance and tax advisory services.

b) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors and/or Chief Executive who is not a director and/or major shareholders and/or related parties as at the end of the financial year ended 31 March 2025 except for the transactions disclosed in Note 30 to the Financial Statements.

c) Recurrent Related Party Transactions

The Recurrent Related Party Transactions were set out in Note 30 of the Financial Statements and were in the ordinary course of business and were carried out on terms not more favorable to the related party than those generally available to the public.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control (“Statement”) is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), which requires the Board of Directors (“Board”) of ELK-Desa Resources Berhad (“ELK-Desa” or the “Company”) to include in the Company’s Annual Report a statement about the state of risk management and internal control of the Company and its subsidiaries (“ELK-Desa Group” or the “Group”), as a group.

The following statement outlines the nature and scope of the Group’s risk management and internal control system that has been in place during the financial year ended 31 March 2025 and up to the date of approval of this Statement.

RESPONSIBILITY

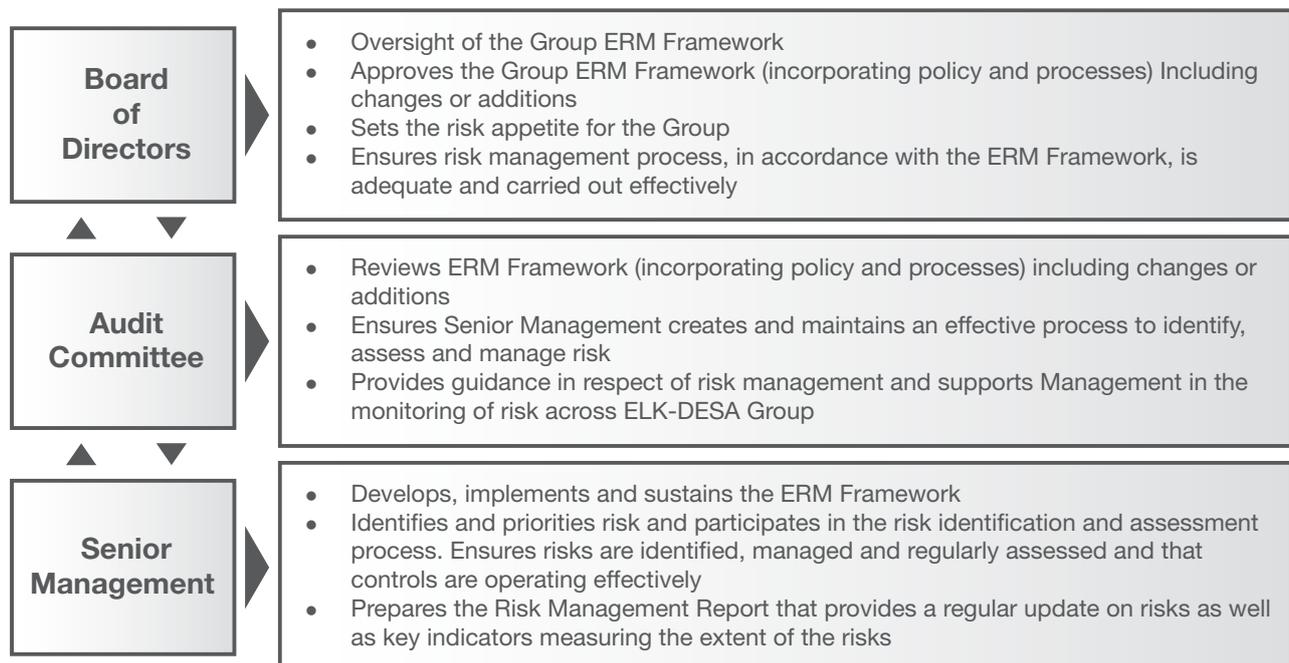
The Board recognises the importance of having in place a sound system of internal control and risk management framework for the objective of continuous creation and preservation of corporate value and safeguarding of the assets of the Group, as well as shareholders’ investment. The Board acknowledges its overall responsibility for the Group’s system of internal control and risk management, including reviewing the adequacy and integrity of the Group’s internal control system to achieve the aforementioned objectives. In view of inherent limitations in any system of risk management and internal control, such a system put into effect by Management can only manage and minimise risks to an acceptable level, but not eliminate all risks that may impede the achievement of the Group’s business objectives. Therefore, the system can only provide reasonable but not absolute assurance against the occurrence of any material misstatement, loss or malpractices.

The adequacy and operating effectiveness of the Group’s internal controls were reviewed by the Audit Committee (“AC”) in conjunction with internal audits conducted by the Internal Auditor for the financial year ended 31 March 2025. Audit issues tabled by the Internal Auditor and actions taken by Management to address the issues were deliberated at the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

RISK MANAGEMENT FRAMEWORK AND COMPLIANCE STRUCTURE

The Board has delegated the responsibility of risk management oversight and control to the AC. The AC reviews the Enterprise Risk Management (“ERM”) Framework and ensures that Senior Management creates and maintains an effective process to identify, analyse, evaluate, manage, report and monitor risk.

Roles and Responsibilities



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT FRAMEWORK AND COMPLIANCE STRUCTURE (CONT'D)

ERM Policy and Framework

The Board is aware that the Group's business activities invariably expose the Group to a range of risks. As such, the Group has established an ERM Framework to proactively identify, analyse, evaluate and manage key risks to an optimal level. In line with the Group's commitment to delivering sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It has incorporated the ERM methodology which is guided by ISO 31000:2018, Risk Management – Guidelines.

The Group has formalised a method for the documentation of risks and controls in the format of risk registers. Key risks of the Company are identified and assessed, taking into consideration the Group's strategic plans approved by the Board and are categorised and analysed to highlight the source of risks, their likelihood of occurrence and their impacts. The Group's risk profile and risk registers of significant risks are presented to the AC and Board for deliberation and approval for adoption. Comprehensive action plans to address key risks are continuously being developed, implemented and monitored. The risk registers of the Group's significant risks are maintained and monitored by the respective risk owners.

When reviewing strategic plans, the Board also considers the Group's key risk profile to enable the formulation of realistic and practical Group strategic plans.

INTERNAL CONTROL SYSTEM

The key elements of the internal control system established within the Group comprise the following:

- Control Environment;
- Risk Assessment;
- Control Activities; and
- Review of the risk management and internal control system.

Control Environment

Enhancing the Group's ability to achieve its business objectives remains as the Board's primary objective and direction in managing ELK-Desa Group. In ensuring that this objective is achieved, the Board continues to rely on Senior Management, led by the Group Executive Director/Chief Executive Officer, to ensure that the performances of businesses are in line with the approved business strategies and risk appetite. The Board in turn monitors the Group's performance and profitability through the reports it received and its involvement in operational and strategic meetings. Matters arising which are significant in nature are brought to the attention of the Senior Management, who in turn, directs these matters, if necessary, to the Board for its attention. The Group's financial performance is reviewed by Senior Management on a monthly basis to ensure that the performances of the various business units are monitored and benchmarked, and that the interests of stakeholders are addressed.

Governance Structure

The Group has instituted an organisational structure with defined lines of accountability and delegated authority. With a view to assist the Board in carrying out its duties, Board Committees are given specific terms of reference to discharge their respective responsibilities. The Board remains ultimately accountable and responsible for the Group's performance. Senior Management is delegated with the authority necessary for day-to-day decision-making pertaining to matters relating to the Group's businesses.

Audit Committee

The Board has delegated the responsibility for reviewing the adequacy and operating effectiveness of the risk management and internal control system to the AC. Accordingly, the AC assesses the adequacy and operating effectiveness of the system of risk management and internal control through independent reviews conducted by and reports it receives from the Internal Auditor and External Auditor, as well as Management's assessment on the Group's risk management and internal control systems and reporting on the implementation of remedial action plans or improvement initiatives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM (CONT'D)

Control Environment (Cont'd)

Senior Management

In the process of identifying, analysing, evaluating, managing and monitoring significant risks affecting the Group's objectives, the Board relies on the direct participation of Senior Management. Various scheduled and ad-hoc Management meetings are held at strategic, operational and financial levels to review the financial and operational reports and monitor the Group's performance. These meetings and reports provide the ideal platform for the identification of risks for each business unit and the controls to manage these risks. The Senior Management updates the Board on any significant matters which require the Board's attention.

Code of Ethics and Conduct

The Group's Directors and employees are expected to act and conduct guided by the Group's Code of Ethics and Conduct ("Code") which sets out the standards of integrity and conduct to be observed. The Code is developed considering the principles of compliance, integrity, ethical behaviour, respect, trust, credibility, avoidance and mitigation of conflict of interest and anti-corruption, amongst others.

Conflict of Interest Policy

During the financial year under review, the Group has formalised a Directors' and Key Senior Management's Conflict of Interest Policy to govern the identification, disclosure, and management of actual and potential conflict of interest situations to safeguard the interest of the Company and the Group. The policy is published on the Company's corporate website.

Internal Audit

The Group outsourced the internal auditing function to an external professional firm to provide independent and objective assurance on its risk management and internal control system. The outsourced Internal Auditor reviews the Group's internal control system by adopting a risk-based approach as guided by the International Professional Practices Framework, which is a globally recognised framework for internal audit. The outsourced Internal Auditor presents its Internal Audit Plan annually to the AC for approval before audits are carried out. Internal Audit Reports highlighting issues raised by the Internal Auditor together with Management's response to the internal audit findings are presented to the AC on a quarterly basis. The Internal Auditor also performs follow-up audits on the implementation of action plans agreed by Management in addressing previously highlighted audit findings.

Independent reviews will be conducted by the Internal Auditor to evaluate the effectiveness of the Group's risk management processes and associated controls, monitor compliance with the framework and provide independent assurance to the AC on the effective operation thereof.

External Audit

The External Auditor provides assurances in the form of annual statutory audit of the financial statements of the Group and the Company. Any areas for improvement identified during the course of the statutory audit are brought to the attention of the AC through management letters or are articulated at the AC meetings.

Whistleblowing Programme

The Board has formalised a Whistleblowing Programme which provides a channel for internal and external parties, including the public, to provide information on frauds, wrongdoings and non-compliance with regulations and procedures by a vendor, business dealer, partner or employee of the Group.

The Whistleblowing Programme is governed by the Group's Whistleblowing Policy and overseen by the AC. It allows the whistleblower to voice such concerns with complete confidentiality, knowing that the people who can address these issues are appropriately informed.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM (CONT'D)

Control Environment (Cont'd)

Whistleblowing Programme (cont'd)

The whistleblower's identity is always kept confidential and is protected against any form of reprisal or retribution within the Group. The Board is notified and updated on the investigation of any concerns raised.

The Whistleblowing Programme is published on ELK-Desa's corporate website at <https://www.elk-desa.com.my>.

Anti-Bribery and Corruption Policy

The Group has an Anti-Bribery Management System ("ABMS") to prevent, identify and respond to bribery and to comply with applicable laws and regulations. The ABMS is developed guided by the Guidelines on Adequate Procedures Pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009. The ABMS is complemented by the Group's Anti-Bribery and Corruption Policy which commits the Group's zero-tolerance to bribery and corruption and sets out various policies and procedures for managing corruption risks within the Group including annual corruption risk assessment, the prohibition of facilitation payment, a "No-Gift" policy with the limited exception of flowers, fruits and gifts with promotional nature, handling of conflict of interest situations, and due diligence, amongst others. The Anti-Bribery and Corruption Policy is available on ELK-Desa's corporate website at <https://www.elk-desa.com.my>.

Risk Assessment

Risk Processes

Risk assessments are conducted on potential new projects, existing activities, processes and systems to ensure that risk exposures are aligned with the Group's objectives, goals and risk appetite. The identification and management of risk is a continuous process linked to the achievement of objectives. Any risks or opportunities arising from these assessments, which may be conducted on ad-hoc basis, regular meetings or interviews by ERM consultants, are identified, analysed and reported to the appropriate management level.

The Group maintains key risk registers, compiled by Senior Management, which help to facilitate and systematically document the identification, assessment and on-going monitoring of the Group's significant risks, including actions to be taken to mitigate the risks. The document is formally reviewed half-yearly with emerging risks and mitigating actions added as required, while key risk indicators are monitored regularly and updated as appropriate.

Each key risk identified is evaluated and given a gross risk rating based on its likelihood and impact. This rating is the qualitative and quantitative evaluation of the probability of risk occurrence; and the impact on the Group, in the event that the particular risk is experienced. Thereon, the Management evaluates the effectiveness of existing internal controls to derive the net (residual) risk rating. This net (residual) risk rating reflects the prevailing risk status of the organisation after internal controls are put in place. In the determination and evaluation of the said risks and control effectiveness, a consistent set of risk rating parameters are used, as established within the Group's ERM Policy. Both the gross and net (residual) risks are mapped on the respective heat maps (bubble charts) for a holistic reporting of the organisation's key risk profile. Such orientation on the heat maps is used as a basis to report the extent to which risks are mitigated or reduced by the internal controls or risk mitigation strategies laid down by Management.

Action plans and mitigating controls are determined for all risks identified, analysed, evaluated and recorded in the risk registers. Risk owners are assigned to each of the risks to ensure that the action plans and mitigating controls are executed on a timely basis. Monitoring of the Group's overall risks and controls by Senior Management and review by independent assurance providers (i.e., internal audit or external audit) are also in place as the second and third lines of defence respectively to manage these risks.

The Senior Management established relevant Key Risk Indicators ("KRIs") to monitor the performance of identified critical risks. These KRIs are developed considering the risk appetite and serves as the barometer for risk position and risk management performance, as well as early warning signals to trigger effective risk responses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM (CONT'D)

Risk Assessment (Cont'd)

Significant Risks

In pursuing the Company's goal to create and sustain value for its stakeholders, the Board has approved a range of risk appetite for different risk categories, developed at the entity level by the Senior Management. The Board is aware of the inherent risks specific to the Group's current business activities and has developed internal control measures to address such risks which are detailed as below.

a) **Strategic risk**

These are risks that affect the business direction and the sustainability of the Group which arise from failure to respond to competition, changes in economic, environmental, social, pandemic, political and regulatory conditions or improper selection of business strategies. Failure in addressing competition risks may result in failure to retain business partners or losing out in competition against other competitors. Annual strategies are developed for both the hire purchase and furniture divisions together with progress performance targets. Business performance is reviewed quarterly by Senior Management who also assesses and monitors the business and market environment. Where necessary, the annual strategies will be adjusted or revised to reflect the latest business environment to ensure they remain relevant.

b) **Operational risks**

These are risks of loss related to a deficiency in the Group's internal processes, system procedures, management information system or human error. Senior Management communicates with subordinates and guides them effectively through a hybrid of communication channels on any new or variation in internal procedural processes. The Group has also implemented crucial data storage, preventive security measures and recovery mechanisms to mitigate any impact arising from disruption to its information system and cyber risks.

Innovative processes and digital transformation is now an integral part of our operations and risk management processes. Through the various communication channels, we continue to facilitate risk management through effective and efficient stakeholder engagement processes.

c) **Credit risk**

This relates to the potential loss due to customers failing to perform their contractual obligations. The Group has put in place a stringent credit management policy in the hire purchase disbursement strategy and stringent monitoring of repayment to mitigate this risk. In the hire purchase financing business, the Group minimises its exposure to this risk by broadening the hirer base and not relying heavily on any single large hirer. Hire purchase financing is provided for selected popular models of used cars that offer relatively good resale value, incur relatively minimal or slower depreciation in value over their remaining useful lives and can be disposed of at a relatively quicker rate upon repossession.

Since 2021, the Management has set up digital platforms to communicate and interact with customers pertaining to inquiries on the repayment of loans and other business matters. Payment channel infrastructure has become more agile as we are moving away from over-reliance on the conventional over-the-counter payment method to the electronic payment channel.

d) **Liquidity risk and funding risk**

These are risks to the Group for being unable to maintain adequate liquidity in its cash and cash equivalents to meet its financial commitments when they fall due. Funding risk is associated with the inability of the Group to secure new sources of funding for business expansion and replacement of borrowings with higher costs. Internal funds generated from earned revenue remain as the main contributor to the funding for the Group's operations. The long and cordial business relationship established with local financial institutions enables the Group to access cost-effective, short and long-term working capital requirements. Moreover, the Group is also able to gain access to the capital markets to raise funds for its business expansion at a relatively lower cost as opposed to conventional bank borrowings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM (CONT'D)

Risk Assessment (Cont'd)

Significant Risks (cont'd)

e) Interest rate risk

This risk relates to loss of revenue that arises from the fluctuation of interest rates on borrowed working capital. The Group's continuous efforts to source for competitive financing packages and to retire borrowings with higher costs alleviate the impact of adverse borrowing interest rate movements on the Group's financial performance. The Group also manages this risk by maintaining a mixture of fixed and floating rate borrowings.

The Group will continue to monitor, assess, analyse and profile existing identified risks and any emerging risks to consider appropriate approaches to their mitigation and management.

Control Activities

Senior Management is accountable for all risks assumed under their respective areas of responsibility and to ensure that the Group's objectives and goals are not impacted by internal and external risks beyond the acceptable levels. Control activities generally can be divided into three (3) main categories:

- a) Preventive controls are introduced to deter undesirable events or incidents of mistakes. Segregation of duties is primarily designed to prevent fraudulent activity from happening and remain undetected. Key finance-related tasks are divided among management staff. There are written guidelines and procedures for key business operating processes within the Group.
- b) Detective controls are designed to provide quick detection of errors and other undesirable events. These include reviews and reconciliations by supervisory personnel, physical counts of daily cash, inventory and fixed assets against the ledger statements. Management performs checks on the Group's financial performance and cost expenses against the budget, predetermined benchmarks and previous year's results to measure the extent to which financial objectives are being achieved. Credit control reports and receivables ledgers are scrutinised closely by a team of experienced management staff to ensure early detection of delinquent debts that may result in impairment losses.
- c) Corrective controls are designed to determine the actions to be taken to rectify those problems, upon the occurrence of any risk event. These include knowledge-based training to upgrade Management and staff's personal skill, job competency and periodic reassessment of the current procedures and guidelines. In addition, insurance covers are also in place to compensate any untoward material losses to the Group's assets.

The Group acknowledges that a sound communication process is imperative to capture and provide information relating to risks and internal controls to employees. All managers and Heads of Department are responsible to communicate information on detected risks and the means of control to those who are responsible for monitoring and mitigating those risks. Information about new or revised policies, guidelines and procedures which shall be adhered to by employees are disseminated via circulars and internal memos duly authorised by the Senior Management.

Review of the risk management and internal control system

There are processes to monitor the internal control policies and procedures designed and implemented by Management to ensure their effectiveness and also to identify any significant control weaknesses which prompt corrective actions.

The Board, through the AC, Senior Management, Risk Management Function and the Internal Auditor, reviews the internal control system on an on-going basis, whilst the External Auditor performs review on an annual basis. The Internal Auditor performs separate, independent evaluation of internal controls, including assessing the level of compliance with the Group's existing frameworks, policies, guidelines and procedures and the recognised standards and guidelines adopted by the Group. The outcome of the reviews highlighting areas for improvement is reported directly to the AC for monitoring and periodic review. Senior Management continues to be actively involved in monitoring and upgrading the control processes within all units in the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM (CONT'D)

Review of the risk management and internal control system (cont'd)

For the financial year under review, the Board via the AC, has reviewed the reports on internal audit performed on seven (7) areas of the internal control system of the Group. The audit findings were tabled to the AC, which has been periodically updated by Management on action plans required to address any significant control failures or weaknesses, and the implementation progress of these action plans. For the detailed scope of internal audit activities carried out for the financial year under review, refer to the **Audit Committee Report** in the Company's Annual Report 2025. The Internal Auditor had assured the AC that, throughout the financial year, in the respective internal audit cycles, there were no material issues, nor deficiencies noted that would significantly impair the overall system of internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required by Paragraph 15.23 of the MMLR, the External Auditor has reviewed this Statement for inclusion in the Annual Report 2025. As set out in their terms of engagement, the limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditor to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. The External Auditor has concluded that based on the procedures performed and evidence obtained, nothing has come to their attention that causes it to believe that the Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

CONCLUSION

In accordance with the assessment of the Group's system of internal control and risk management, the Board is of the view that the system of internal control and risk management established for the financial year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, the shareholders' investments, and the interests of customers, regulators, employees and other stakeholders. The Board has also received written assurance from the Group Executive Director/Chief Executive Officer and Executive Director/Chief Financial Officer; that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group.

During the year under review, a number of improvements to internal controls were identified and addressed. Nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require separate disclosure in the audited financial statements. Notwithstanding this, the Board will continue to ensure that the Group's system of internal control and risk management continuously adapts to changes in the business environment.

This statement was approved by the Board on 19 June 2025.

AUDIT COMMITTEE REPORT

COMPOSITION OF AUDIT COMMITTEE

As of financial year ended 31 March 2025, the Audit Committee (“AC”) of ELK-Desa Resources Berhad’s (“ELK-Desa” or the “Company”) comprises four (4) members, all of whom are Non-Executive Directors (“NEDs”), of which three (3) are Independent NEDs and one (1) Non-Independent NED. They are as follows:-

Name of Committee Members	Designation
Ms. Tan Tai Kim (Chairperson) (Chairman)	Independent Non-Executive Director
Mr. Teoh Seng Kar	Non-Independent Non-Executive Director
Datin Gan Kok Ling	Independent Non-Executive Director
Mr. Ong Wah Tong (Appointed to the AC on 15 August 2024)	Independent Non-Executive Director
Mr. Ng Soon Lai @ Ng Siek Chuan (Retired on 8 August 2024)	Independent Non-Executive Director
Mr. Loong Foo Ching (Retired on 8 August 2024)	Senior Independent Non-Executive Director

The AC was chaired by Mr. Ng Soon Lai @ Ng Siek Chuan until his retirement as a Board member on 8 August 2024. Subsequently Ms. Tan Tai Kim, an Independent Non-Executive Director was elected by members of the AC as the Chairperson. Ms. Tan Tai Kim, the present AC Chairperson, is a member of Malaysian Institute of Accountants (“MIA”). No alternate director is appointed as a member of AC. Accordingly, the Company complies with Paragraphs 15.09 (1)(c) (i) and (2) and 15.10 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”).

The profiles of members of the AC are available in the Company’s Annual Report 2025.

The current composition embrace the range of skills required to effectively carry out its responsibilities. All members of the AC are experienced and familiar in industries relevant to the businesses in which the Group operates. They have the financial knowledge and general accounting principles to ensure the completeness and accuracy of the company’s financial statements, and challenge management’s assertion on the financials of ELK-Desa and its subsidiaries (“ELK-Desa Group” or the “Group”).

ATTENDANCE OF AUDIT COMMITTEE

For the financial year ended 31 March 2025, the AC held a total of five (5) meetings. The details of attendance of AC members are outlined in the **Corporate Governance Overview Statement** in this Annual Report 2025.

The Company Secretary, being the Secretary of the AC, attended all the meetings held during the financial year.

Senior Management, represented by the Group Executive Director/Chief Executive Officer (“CEO”) and the Executive Director/Chief Financial Officer (“CFO”), attended AC meetings by invitation to provide input and clarification on AC queries, for example, on internal controls, risk management and audit issues. The External Auditors (“EA”), outsourced internal auditors, and risk management personnel were also invited to specific AC meetings for matters related to external audit, internal audit, and updates on risk management matters respectively.

TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the AC which set out the duties and responsibilities of the AC was last reviewed on 20 February 2025 and is published on the Company’s website at https://www.elk-desa.com.my/terms_of_reference.html.

During the financial year, the Board, through the Nomination Committee, had reviewed the term of office and evaluated the performance of the AC and its members, and is satisfied that the AC and its members had discharged their functions, duties and responsibilities in accordance with the AC’s TOR for the financial year ended 31 March 2025.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

For the financial year under review, the AC carried out the following activities in accordance with its TOR:

1) Financial Reporting and Oversight

- a) At the scheduled meetings held in August 2024, November 2024, February 2025 and May 2025, the AC reviewed and deliberated on the Group's unaudited first, second, third and fourth quarter financial statements respectively and recommended to the Board the approval of such quarterly financial statements prior to their release to Bursa.

The quarterly financial statements were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, International Accounting Standards ("IAS") 34 Interim Financial Reporting and Paragraph 9.22, including Appendix 9B, of the MMLR.

To gain a deeper understanding of the financial performance of the Group, the AC also reviewed the detailed management analysis of the financial performance which included key information such as the annual income and expenditure budget, operational statistics, collection and recovery process, effectiveness of impairment assessments, inventories control and cash flows movements.

- b) In June 2025, the AC held a meeting to review the Group's annual audited financial statements for the financial year ended 31 March 2025, prior to recommending the same to the Board for consideration and approval. The EA, Messrs. BDO PLT, were present during the review and the AC has obtained assurance from Messrs. BDO PLT that the financial statements give a true and fair view of the financial position of the Group, its financial performance and cash flows for the financial year ended 31 March 2025 in accordance with relevant financial reporting standards and the Companies Act 2016.
- c) At the various Board meetings held for the approval of quarterly financial statements in August 2024, November 2024, February 2025 and May 2025, and for the approval of the annual audited financial statements in June 2025, the AC Chairman briefed the Board on key important issues discussed by the AC in relation to the financial statements.

2) External Audit

- a) In November 2024, Messrs. BDO PLT presented the annual audit plan for the financial year ended 31 March 2025 to the AC for its consideration. The audit plan outlining the audit strategy and scope of statutory audit was developed to ensure adequate coverage of the Group's various business activities. The AC reviewed and noted the audit plan and sought clarification from the EA on the approach to be taken.

The EA also provided the AC with updates on audit-related matters, including new financial reporting standards such as IFRS S1- General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures, and changes to relevant guidelines on the statutory and regulatory requirements.

The EA gave written confirmation to the AC that they, together with their external audit team, have complied with relevant ethical requirements regarding professional independence.

At this meeting, AC Chairman obtained confirmation from the partner of Messrs. BDO PLT pertaining to the EA's competence, audit quality and resources capacity in relation to the audit, for assessing suitability, objectivity and independence. Pursuant to the Guidance G9.3 of the Malaysian Code of Corporate Governance (as at 28 April 2021) ("MCCG"), AC has also considered information disclosed in the EA's Annual Transparency Report 31 December 2023 to guide decisions on the re-appointment of EA.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

For the financial year under review, the AC carried out the following activities in accordance with its TOR: (cont'd)

2) External Audit (cont'd)

- b) In May 2025, the EA presented to the AC on the audit findings for the financial year ended 31 March 2025. The AC deliberated with the EA on key audit matters, i.e., being matters that, in the EA's professional judgment, were of most significance in the audit of the financial statement of the current period. AC also reviewed the EA's evaluation of the system of internal controls pertaining to financing reporting.

At this meeting, the EA had provided confirmation on its professional independence, including that of their team members, throughout the audit process, to the AC.

- c) During the period under review, the AC held two (2) private sessions with the EA without the presence of other members of the Board and Senior Management, i.e. in November 2024 and June 2025 to allow the AC to ask questions on any issues or significant matters that might not have been specifically addressed as part of the audit. There were no issues of concern being reported during the private sessions. The EA confirmed that assistance and cooperation were provided by the Senior Management and employees of the Group during the course of auditing.
- d) In June 2025, the AC conducted an annual assessment of the suitability and independence of Messrs. BDO PLT based on feedback from Senior Management who have had substantial contact with the audit team throughout the year.

The AC also reviewed the non-audit services rendered by the external auditors and its affiliates. AC opined that the non-audit services provided by the external auditors and its affiliates would not impair the independence of the external auditors.

Being satisfied with the EA's performance, technical competency, adequacy of resources and its professional independence, the AC recommended to the Board the re-appointment of Messrs. BDO PLT as the Group's EA for the financial year ending 31 March 2026.

Subsequently, the Board concurred with recommendation by the AC on the re-appointment of Messrs. BDO PLT as the Group's EA for the financial year ending 31 March 2026 and will propose the same to shareholders for approval at the forthcoming Annual General Meeting.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

For the financial year under review, the AC carried out the following activities in accordance with its TOR: (cont'd)

3) Internal Audit

- a) In May 2024, August 2024, November 2024 and February 2025, the AC reviewed the internal audit reports presented by the outsourced internal auditors. The internal audit reports included, among others, assessed the internal control environment for critical processes, key findings and recommendations to address audit findings highlighted, amongst others, to ensure compliance with applicable laws, regulations and procedures. At all meetings, Management was invited to brief the AC on operational processes, internal controls in place, actions to be taken by Management in addressing issues highlighted and status updates on follow-up actions arising from previous audits, particularly when concerning compliance matters or high-risk areas. The AC took note of Management's actions plans and implementation progress.

There were seven (7) internal control reviews of various processes of the Group for the financial year ended 31 March 2025 and the details were as follows:

Audit Area	Reported to AC
Internal Control Review of ELK-Desa Capital Sdn Bhd: Branch Service Process	August 2024
Internal Control Review of ELK-Desa Capital Sdn Bhd: HP Careline Process	August 2024
Internal Control Review of ELK-Desa Furniture Marketing Sdn Bhd: Retail Operations	November 2024
Internal Control Review of ELK-Desa Capital Sdn Bhd: In-House Collections Compliance Process	February 2025
Internal Control Review of ELK-Desa Capital Sdn Bhd: Electronic Data Processing	February 2025
Internal Control Review of ELK-Desa Capital Sdn Bhd: Finance Process and Operation Payment	February 2025
Internal Control Review of ELK-Desa Capital Sdn Bhd: Loan Application Process	February 2025

The Management has taken the necessary measures to address the audit findings and has formulated management action plans for improvement within specific timeline, where applicable.

Compliance and operational audits on all key business functions are conducted annually. Any major concerns arising from the current audit findings will be re-visited for improvement. All the audit issues are expected to be resolved in a timely manner.

- b) AC held two (2) private discussions with the outsourced internal auditors without the presence of other members of the Board and Senior Management in November 2024 and May 2025 to allow the outsourced internal auditors to provide candid and open discussion with the AC on any areas of concern. No significant areas were highlighted by the outsourced internal auditors during the private sessions.
- c) In February 2025, the outsourced internal auditors presented the annual internal audit plan covering the Group's SOP Compliance, the hire purchase and furniture divisions to the AC for review.

The objective of the internal audit activities is to review and test that the key business and support unit systems and processes are functioning satisfactorily. The areas to be tested are identified using a risk based internal audit plan. The plans cover a wide variety of risks including strategies and operational, legal, reputational and climate related risks.

The proposed annual plan by the outsourced internal auditors is deliberated and approved by the AC in the beginning of each financial year including the agreed internal audit fees.

- d) In June 2025, AC assessed the effectiveness of the outsourced internal auditors based on the criteria of independence in executing its mandate, objectivity in reporting and professional skepticism, and proactive communication to the AC on significant findings. AC was satisfied that the outsourced internal auditors had adequate resources to discharge its duties and had demonstrated unbiased views and comments in relation to their audit findings.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

For the financial year under review, the AC carried out the following activities in accordance with its TOR: (cont'd)

4) Review of Related Party Transactions

- a) During the financial year, the AC reviewed on quarterly basis, the Recurrent Related Party Transactions ("RRPT") transacted during the financial year ended 31 March 2025 and noted that none of the RRPT has trigger the aggregate quantum of 1% threshold. The AC also reviewed procedures in place to ensure the RRPTs were in the best interest of the Company, fair and reasonable, and on commercial terms not more favourable to the related parties than those generally available to the public. The RRPTs were mainly monthly rental transactions between related parties and subsidiary companies.

5) Conflict of Interest ("COI")

- a) In February 2025, AC reviewed the COI Policy to ensure that it sets out the guidelines, procedures, appropriate controls and measures to ensure systematic identification and management of potential, actual, perceive and persisting COI in a timely and effective manner, and recommend to the Board for approval and adoption.
- b) In May 2025, AC reviewed the declaration of interest by directors and key senior management as at 31 March, 2025 and noted that there is no declared actual or potential conflict of interest situations involving directors and key senior management.

6) Risk Management

- a) In August 2024 and February 2025, the AC reviewed the Enterprise Risk Management Reports ("ERM Reports") of the Group tabled by the Management. The ERM Reports provide a half-yearly review of the Group's existing risk registers, any new and potential risks identified and updated Key Risk Profile in the risk registers. Regular risk updates enable Management to take prompt action to monitor and mitigate key risks viewed as having a potentially negative impact on the future performance of the Group. Mitigation actions, as well as key indicators measuring the extent of the risks were included in the ERM Reports for review.
- b) In November 2024 and May 2025, the AC was briefed by Management on its half year Group's Risk and Control Environment Assessment. The assessment includes general emerging concerns, strategy, compliance, finance, operation, environmental, social & governance (ESG) and climate change aspects.
- c) In May 2025 and June 2025, the AC reviewed the Statement on Risk Management and Internal Control for the financial year ended 31 March 2025, which has also been reviewed by the EA, and recommended it to the Board for approval and inclusion in the Company's Annual Report 2025.

7) Whistleblowing

In August 2024, November 2024, February 2025 and May 2025, the Group's outsourced whistleblowing function tabled periodic reports on whistleblowing to the AC. Since the inception of the Whistleblowing Programme, there were no reported incidents through the Whistleblowing Channels.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION

The Group outsources its internal audit function to an external professional firm (“Internal Auditor”) to provide independent review of the Group’s internal control system and assist the Board in the discharge of their duties and responsibilities. The Internal Auditor provides reasonable assurance to the AC and the Board on whether the internal control processes have been adequately established and are operating effectively.

The professional outsourced Internal Auditor conducted internal control assessments in accordance with the *International Professional Practices Framework* for internal auditing by the Institute of Internal Auditors.

During the financial year under review, the Internal Auditor interviewed key process owners to gain an understanding of the Group’s processes, identified risks associated with the processes, determined the existence of internal controls and assessed their effectiveness relative to the business units’ objectives.

The Internal Auditor updated the AC on the internal audit plan of the Group and presented the outcome of its audits, on a quarterly basis to ensure the AC was kept abreast of the audit progress.

All documents were made available to the Internal Auditor as part of the internal control assessment process. The Internal Auditor performed testing on sampling basis on activities pertaining to selected processes, focusing on reviewing the internal control for those processes, compliance with written policies and procedures, applicable laws and regulations and operation-related documentation.

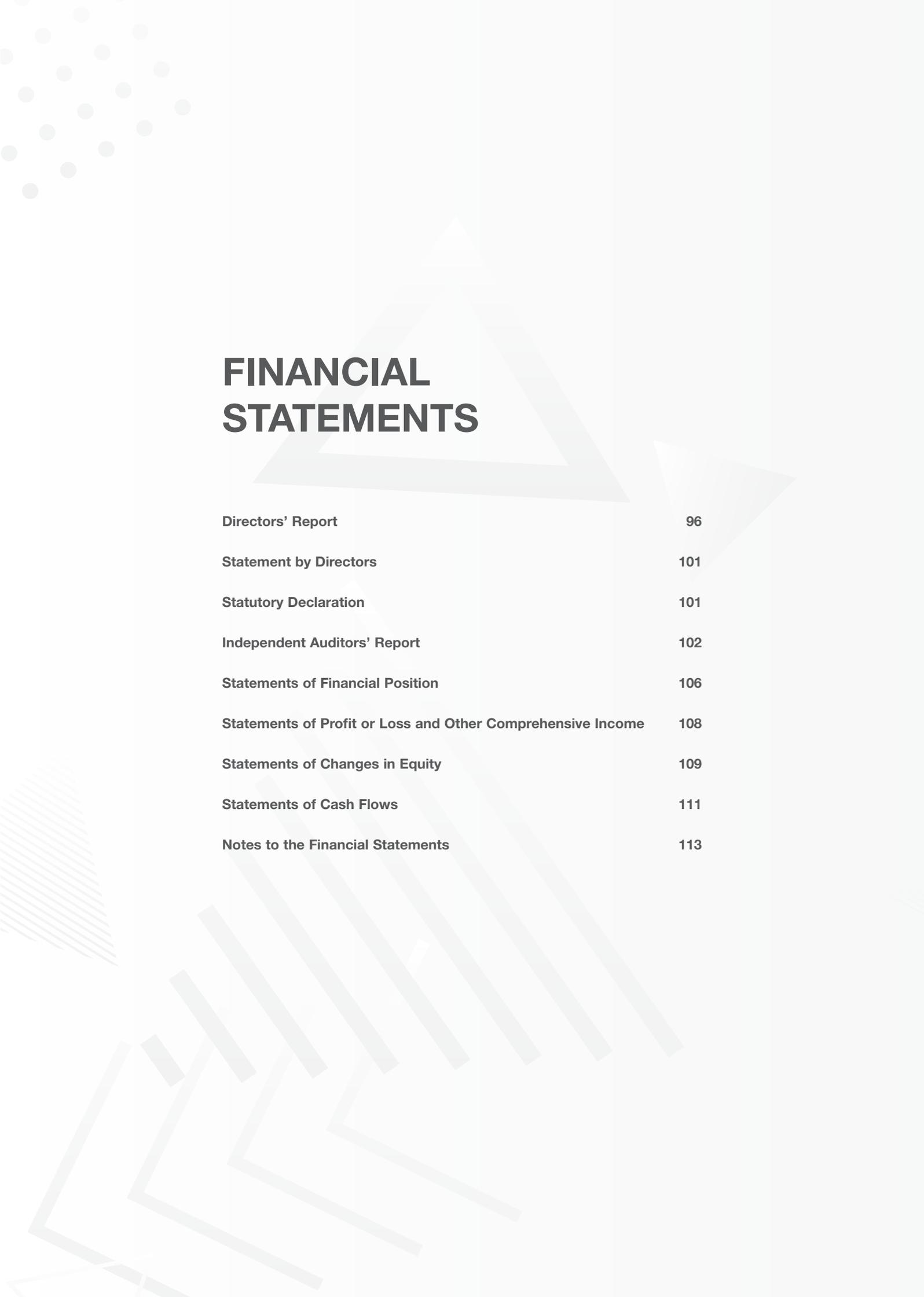
The Internal Auditor also documented processes reviewed through the use of process maps and process narratives and identified the key risks and existing controls in relation to the processes. The results of the reviews were presented to the AC through internal audit reports. Follow-up reviews in the form of full-scope audits, particularly on compliance matters or high-risk areas, were also conducted by the Internal Auditor to ascertain that recommendation for improvements on reported weaknesses have been implemented by Management on a timely basis, and quarterly status updates were provided to the AC on the progress of corrective action taken.

The cost of internal audit services incurred for the Group was approximately RM129,000 for the financial year ended 31 March 2025 (approximately RM109,500 for the previous financial year ended 31 March 2024).

PARTICULARS OF PROPERTIES

As At 31 March 2025

Location	Owner	Description of Property and Existing Use	Date of Acquisition	Net Book Value (RM)
No. 56 and 58 Lorong Tapah, Off Jalan Goh Hock Huat, 41400 Klang Selangor Darul Ehsan	ELK-Desa Capital Sdn Bhd	Two (2) freehold adjoining intermediate and corner four storey shop offices with approximate built-up area of 17,760 sq.ft.	13 November 2014	3.50 million
No. 92, Lebuhr Tapah, Off Jalan Goh Hock Huat 41400 Klang Selangor Darul Ehsan	ELK-Desa Capital Sdn Bhd	One (1) freehold corner four storey shop office with approximate built-up area of 15,498 sq.ft.	08 March 2018	2.99 million
Lot 755, Jalan Haji Sirat, Batu 3 1/2, off Jalan Kapar, 42100 Klang, Selangor Darul Ehsan	ELK-Desa Furniture Marketing Sdn Bhd	A parcel of freehold land measuring approximately 171,518 sq.ft. together with buildings erected thereon and occupied as offices, warehouse, showroom and factory.	28 June 2022	19.84 million



FINANCIAL STATEMENTS

Directors' Report	96
Statement by Directors	101
Statutory Declaration	101
Independent Auditors' Report	102
Statements of Financial Position	106
Statements of Profit or Loss and Other Comprehensive Income	108
Statements of Changes in Equity	109
Statements of Cash Flows	111
Notes to the Financial Statements	113

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are mainly provision of hire purchase financing services, insurance agent as well as manufacturing, wholesale and trading of furniture. Other details of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	32,646,508	29,586,925
Attributable to owners of the parent	32,646,508	29,586,925

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM
Second interim single tier dividend of 3.00 sen per ordinary share, paid on 20 June 2024 in respect of the financial year ended 31 March 2024	13,644,254
Interim single tier dividend of 2.00 sen per ordinary share, paid on 18 December 2024 in respect of the financial year ended 31 March 2025	9,096,169
	22,740,423

On 22 May 2025, the Directors declared a second interim single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 March 2025 and is payable to the shareholders on 26 June 2025 whose names appeared on the Record of Depositors of the Company at the close of business on 16 June 2025. The financial statements for the current financial year do not reflect this declared dividend. This dividend will be accounted for as an appropriation of retained earnings in the next financial year.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS' REPORT

cont'd

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

ELK-Desa Resources Berhad

Teoh Hock Chai @ Tew Hock Chai	
Teoh Seng Hui	
Teoh Seng Hee	
Teoh Seng Kar	
Datin Gan Kok Ling	
Tan Tai Kim	
Ong Wah Tong	(Appointed on 15 August 2024)
Loong Foo Ching	(Retired on 8 August 2024)
Ng Soon Lai @ Ng Siek Chuan	(Retired on 8 August 2024)
Toh Jyh Wei	(Retired on 8 August 2024)

Subsidiaries of ELK-Desa Resources Berhad

Pursuant to Section 253(2) of the Companies Act 2016, the Directors of the subsidiaries of ELK-Desa Resources Berhad during the financial year and up to the date of this report are as follows:

Teoh Hock Chai @ Tew Hock Chai
Teoh Seng Hui
Teoh Seng Hee
Lim Keng Chin
Loke Weng Fook
Teo Chong Guan
Teo Tiong Nam
Gan Chee Kiong

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2025 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	Number of ordinary shares			Balance as at 31.3.2025
	Balance as at 1.4.2024	Acquired	Disposal	
<u>Direct interests</u>				
Teoh Hock Chai @ Tew Hock Chai	1,988,000	1,412,000	(2,600,000)	800,000
Teoh Seng Hui	4,680,000	980,000	-	5,660,000
Teoh Seng Hee	3,620,000	600,000	-	4,220,000
Teoh Seng Kar	3,300,000	200,000	-	3,500,000
<u>Indirect interests</u>				
Teoh Hock Chai @ Tew Hock Chai	191,300,000	15,741,800	(11,280,000)	195,761,800

By virtue of his shareholdings in ELK Group Sdn. Bhd., Eng Lee Kredit Sdn. Bhd., Zhongxin Capital Sdn. Bhd., Zhongxin Resources Sdn. Bhd. and Teoh Hock Chai Family (L) Foundation, all of which are bodies corporate incorporated in Malaysia, Teoh Hock Chai @ Tew Hock Chai is deemed to have interests in the Company pursuant to Section 8 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS (CONT'D)

By virtue of his interests in the ordinary shares of the Company, Teoh Hock Chai @ Tew Hock Chai is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (a) Certain Directors who received remuneration from the subsidiaries as Directors/executives of the subsidiaries; and
- (b) Certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Directors of the Company for the financial year ended 31 March 2025 were as follows:

	Group RM	Company RM
Non-Executive Directors		
- Directors' fees	265,000	265,000
- Other emoluments	45,000	45,000
	310,000	310,000
Executive Directors		
- Directors' fees	280,000	280,000
- Short term employee benefits	2,499,000	-
- Defined contribution plan	181,560	-
- Other employee benefits	3,869	-
	2,964,429	280,000

DIRECTORS' REPORT

cont'd

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company were RM5,000,000 and RM27,075 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or might affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 March 2025 were as follows:

	Group	Company
	RM	RM
Statutory audit	142,300	38,500
Non-statutory audit	4,000	4,000
	<hr/> 146,300	<hr/> 42,500

Signed on behalf of the Board in accordance with a resolution of the Directors:

Teoh Hock Chai @ Tew Hock Chai
Executive Chairman

Teoh Seng Hui
Group Executive Director/Chief Executive Officer

Kuala Lumpur
19 June 2025

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 106 to 158 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2025 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors:

Teoh Hock Chai @ Tew Hock Chai
Executive Chairman

Kuala Lumpur
19 June 2025

Teoh Seng Hui
Group Executive Director/Chief Executive Officer

STATUTORY DECLARATION

I, Teoh Seng Hee (CA 49802), being the Director primarily responsible for the financial management of ELK-Desa Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 106 to 158 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
19 June 2025)

Teoh Seng Hee
Executive Director/Chief Financial Officer

Before me:

Commissioner for Oaths
Mardhiyyah Abdul Wahab

INDEPENDENT AUDITORS' REPORT

To The Members of ELK-Desa Resources Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ELK-Desa Resources Berhad, which comprise the statements of financial position as at 31 March 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 106 to 158.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of hire-purchase receivables

As at 31 March 2025, carrying amounts of hire-purchase receivables of the Group were RM716,425,846. The details of hire-purchase receivables and its credit risk have been disclosed in Notes 9 and 32 to the financial statements respectively.

We determined this to be key audit matter as the impairment of hire-purchase receivables require significant judgement by the management and is based on the impairment model, which inputs used are disclosed in Note 9 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To The Members of ELK-Desa Resources Berhad (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Audit response

Our audit procedures included the following:

- i. evaluated assessments performed by the management and assessed the adequacy of expected credit losses based on historical bad debts experience, credit profiles and past historical payment trends;
- ii. recomputed the probability of default using historical data and forward-looking information adjustments;
- iii. assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and
- iv. evaluated the basis applied by the management in determining cash flow recoverable in worst case scenarios, where applicable.

We have determined that there are no other key audit matters to be communicated in our report in respect of the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

To The Members of ELK-Desa Resources Berhad (Incorporated in Malaysia)

cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To The Members of ELK-Desa Resources Berhad (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
19 June 2025

Sia Yeak Hong

03413/02/2027 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	33,103,262	33,325,532	5,406	6,786
Investments in subsidiaries	6	-	-	418,000,000	418,000,000
Investment in an associate	7	3,320,138	4,035,220	-	-
Other investment	8	744,000	-	-	-
Hire-purchase receivables	9	559,220,101	493,757,125	-	-
Right-of-use assets	10	3,400,305	4,379,086	-	-
Deferred tax assets	11	5,922,678	5,854,201	83,690	54,230
		605,710,484	541,351,164	418,089,096	418,061,016
Current assets					
Hire-purchase receivables	9	157,205,745	147,992,055	-	-
Inventories	12	14,238,154	15,657,348	-	-
Other assets	13	4,475,840	2,489,347	-	-
Trade receivables	14	25,410,606	19,325,481	-	-
Other receivables, deposits and prepayments	15	1,712,089	1,452,514	4,500	4,500
Current tax assets		85,189	817,598	67,376	47,537
Short term funds	16	65,501,253	63,984,908	21,160,035	14,961,764
Cash and bank balances	17	18,516,205	13,878,959	643,522	234,710
		287,145,081	265,598,210	21,875,433	15,248,511
TOTAL ASSETS		892,855,565	806,949,374	439,964,529	433,309,527

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2025

cont'd

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	351,493,098	351,493,098	351,493,098	351,493,098
Retained earnings		141,829,468	131,923,383	87,523,573	80,677,071
TOTAL EQUITY		493,322,566	483,416,481	439,016,671	432,170,169
LIABILITIES					
Non-current liabilities					
Block discounting borrowings	19	230,643,418	194,958,860	-	-
Lease liabilities	10	2,818,140	3,742,358	-	-
		233,461,558	198,701,218	-	-
Current liabilities					
Trade payables	21	7,162,417	7,300,266	-	-
Other payables and accruals	22	9,195,903	9,540,784	599,150	913,400
Block discounting borrowings	19	101,623,354	83,912,739	-	-
Other borrowings	20	43,695,916	22,298,000	348,708	225,958
Lease liabilities	10	1,034,051	1,054,600	-	-
Current tax liabilities		3,359,800	725,286	-	-
		166,071,441	124,831,675	947,858	1,139,358
TOTAL LIABILITIES		399,532,999	323,532,893	947,858	1,139,358
TOTAL EQUITY AND LIABILITIES		892,855,565	806,949,374	439,964,529	433,309,527

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	23	196,684,271	167,776,182	29,970,000	34,965,000
Other income		2,312,548	2,010,969	727,514	502,881
Cost of inventories sold	12	(44,628,160)	(35,733,165)	-	-
Depreciation of property, plant and equipment	5	(1,240,831)	(1,304,729)	(1,380)	(1,380)
Depreciation of right-of-use assets	10	(1,219,103)	(1,198,998)	-	-
Impairment allowances on receivables, net of reversal	25	(44,501,437)	(26,744,296)	-	-
Other expenses		(47,349,344)	(43,515,336)	(1,008,300)	(1,378,234)
Finance costs	24	(16,367,171)	(12,256,706)	(122,750)	(104,070)
Share of profit of an associate, net of tax	7	28,918	5,220	-	-
Profit before taxation	25	43,719,691	49,039,141	29,565,084	33,984,197
Taxation	26	(11,073,183)	(12,380,996)	21,841	(17,350)
Profit for the financial year, attributable to the owners of the Company		32,646,508	36,658,145	29,586,925	33,966,847
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, attributable to the owners of the Company		32,646,508	36,658,145	29,586,925	33,966,847

	Note	Group	
		2025 RM	2024 RM
Earnings per ordinary share attributable to owners of the parent (sen)			
Basic earnings per ordinary share	27	7.18	8.06
Diluted earnings per ordinary share	27	7.18	8.06
Dividends per ordinary share, single tier (sen)	28	5.00	5.50

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2025

Group	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 April 2023		351,493,098	120,279,736	471,772,834
Profit for the financial year		-	36,658,145	36,658,145
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	36,658,145	36,658,145
Transaction with owners				
Dividends paid	28	-	(25,014,498)	(25,014,498)
Balance as at 31 March 2024/1 April 2024		351,493,098	131,923,383	483,416,481
Profit for the financial year		-	32,646,508	32,646,508
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	32,646,508	32,646,508
Transaction with owners				
Dividends paid	28	-	(22,740,423)	(22,740,423)
Balance as at 31 March 2025		351,493,098	141,829,468	493,322,566

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2025

cont'd

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 April 2023		351,493,098	71,724,722	423,217,820
Profit for the financial year		-	33,966,847	33,966,847
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	33,966,847	33,966,847
Transaction with owners				
Dividends paid	28	-	(25,014,498)	(25,014,498)
Balance as at 31 March 2024/1 April 2024		351,493,098	80,677,071	432,170,169
Profit for the financial year		-	29,586,925	29,586,925
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	29,586,925	29,586,925
Transaction with owners				
Dividends paid	28	-	(22,740,423)	(22,740,423)
Balance as at 31 March 2025		351,493,098	87,523,573	439,016,671

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		43,719,691	49,039,141	29,565,084	33,984,197
Adjustments for:					
Depreciation of property, plant and equipment	5	1,240,831	1,304,729	1,380	1,380
Depreciation of right-of-use assets	10	1,219,103	1,198,998	-	-
Unrealised fair value loss/(gain) on short term funds		269,572	(243,290)	-	57,110
Fair value loss on financial guarantee contracts	24	-	-	122,750	104,070
Gain on disposal of property, plant and equipment		-	(62,532)	-	-
Impairment allowances:					
- hire-purchase receivables	25	48,402,765	29,787,008	-	-
- trade receivables	25	453,659	366,197	-	-
Interest expenses	24	16,367,171	12,256,706	-	-
Interest income		(1,429,923)	(883,587)	(726,071)	(502,881)
Inventory written down	12(b)	14,061	562,989	-	-
Property, plant and equipment written off	5	3,748	-	-	-
Unrealised loss/(gain) on foreign exchange		14,091	(33,855)	-	-
Gain on lease termination	10(c)	(807)	-	-	-
Share of profit of an associate	7(f)	(28,918)	(5,220)	-	-
Operating profit before working capital changes		110,245,044	93,287,284	28,963,143	33,643,876
Changes in working capital:					
Inventories		1,405,133	1,001,109	-	-
Other assets		(1,986,493)	(1,788,470)	-	-
Hire-purchase receivables		(123,079,431)	(96,433,242)	-	-
Trade receivables		(6,552,875)	(2,034,643)	-	-
Other receivables, deposits and prepayments		(259,575)	10,328	-	-
Trade payables		(137,849)	3,667,288	-	-
Other payables and accruals		(343,616)	1,697,146	(314,250)	64,200
Cash (used in)/generated from operations		(20,709,662)	(593,200)	28,648,893	33,708,076
Tax paid		(7,774,737)	(11,085,462)	(27,458)	(63,153)
Tax refund		-	356,879	-	-
Net cash (used in)/from operating activities		(28,484,399)	(11,321,783)	28,621,435	33,644,923

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2025

cont'd

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	5	(1,022,309)	(1,518,375)	-	-
Proceeds from disposal of property, plant and equipment		-	151,236	-	-
Interest received		1,429,923	883,587	726,071	528,133
Investment in an associate		-	(4,030,000)	-	-
Additional investment in a subsidiary	6	-	-	-	(12,000,000)
Repayment from/(Advances to) a subsidiary		-	-	-	10,000,000
Net cash from/(used in) investing activities		407,614	(4,513,552)	726,071	(1,471,867)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net drawdown of block discounting borrowings		53,706,095	87,616,881	-	-
Repayments of term loan		(2,298,000)	(4,008,000)	-	-
Drawdown of revolving credit		2,000,000	20,000,000	-	-
Payments of lease liabilities	10(d)	(1,419,973)	(1,375,924)	-	-
Dividends paid	28	(22,740,423)	(25,014,498)	(22,740,423)	(25,014,498)
Interest paid		(16,443,667)	(12,431,246)	-	-
Net cash from/(used in) financing activities		12,804,032	64,787,213	(22,740,423)	(25,014,498)
Net (decrease)/increase in cash and cash equivalents		(15,272,753)	48,951,878	6,607,083	7,158,558
Effect of fair value changes on cash and cash equivalents		(269,572)	243,290	-	(57,110)
Cash and cash equivalents as at beginning of financial year		77,863,867	28,668,699	15,196,474	8,095,026
Cash and cash equivalents as at end of financial year	17(c)	62,321,542	77,863,867	21,803,557	15,196,474

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

1. CORPORATE INFORMATION

ELK-Desa Resources Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 15-17, Jalan Brunei Utara, Off Jalan Pudu, 55100 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 March 2025 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 19 June 2025.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are mainly provision of hire purchase financing services, insurance agent as well as manufacturing, wholesale and trading of furniture. Other details of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 34.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

The Group is primarily involved in the provision of hire-purchase financing and other integrated services (i.e. insurance agent) to its hire-purchase customers, principally in Malaysia, all of which are categorised under hire-purchase financing business.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

- (a) Hire-purchase financing and other integrated services (i.e. insurance agent); and
- (b) Trading of furniture.

Inter-segment revenue, if any, is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

The Chief Operating Decision Maker reviews the hire-purchase financing business together with other integrated services as a whole, for the purpose of making decisions on resource allocation and performance assessment as the revenue and income generated from other integrated services are mainly dependent on the hire-purchase financing business.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

4. OPERATING SEGMENTS (CONT'D)

Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

2025	Hire- purchase financing RM	Furniture RM	Total RM
Segment revenue			
Revenue from external customers	128,039,483	68,644,788	196,684,271
Other income	2,201,898	110,650	2,312,548
Finance costs	(16,262,871)	(104,300)	(16,367,171)
Depreciation of property, plant and equipment	(854,586)	(386,245)	(1,240,831)
Depreciation of right-of-use assets	(392,019)	(827,084)	(1,219,103)
Cost of inventories sold	-	(44,628,160)	(44,628,160)
Impairment allowances on receivables, net of reversal	(44,064,107)	(437,330)	(44,501,437)
Other expenses	(29,277,821)	(18,071,523)	(47,349,344)
Share of profit of an associate, net of tax	-	28,918	28,918
Segment profit before taxation	39,389,977	4,329,714	43,719,691
Taxation	(9,892,468)	(1,180,715)	(11,073,183)
Segment assets	821,406,194	71,449,371	892,855,565
Segment liabilities	394,061,747	5,471,252	399,532,999
<hr/>			
2024			
Segment revenue			
Revenue from external customers	113,227,038	54,549,144	167,776,182
Other income	1,855,953	155,016	2,010,969
Finance costs	(12,127,278)	(129,428)	(12,256,706)
Depreciation of property, plant and equipment	(930,494)	(374,235)	(1,304,729)
Depreciation of right-of-use assets	(426,197)	(772,801)	(1,198,998)
Cost of inventories sold	-	(35,733,165)	(35,733,165)
Impairment allowances on receivables, net of reversal	(26,385,893)	(358,403)	(26,744,296)
Other expenses	(29,159,765)	(14,355,571)	(43,515,336)
Share of profit of an associate, net of tax	-	5,220	5,220
Segment profit before taxation	46,053,364	2,985,777	49,039,141
Taxation	(11,681,228)	(699,768)	(12,380,996)
Segment assets	738,466,255	68,483,119	806,949,374
Segment liabilities	317,963,680	5,569,213	323,532,893

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

4. OPERATING SEGMENTS (CONT'D)**Geographical information**

No geographical information is presented as the Group does not have any overseas operations.

Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2025	Balance as at 1.4.2024 RM	Additions RM	Written off RM	Balance as at 31.3.2025 RM
Cost				
Freehold land	18,600,000	-	-	18,600,000
Buildings	8,618,251	-	-	8,618,251
Computer equipment and software	3,459,109	326,535	-	3,785,644
Office equipment	1,574,472	135,032	(7,180)	1,702,324
Furniture and fittings	762,083	13,952	-	776,035
Signboard	108,705	-	-	108,705
Motor vehicles	2,175,255	-	-	2,175,255
Renovation	4,926,450	543,430	-	5,469,880
Plant and machineries	1,121,276	3,360	-	1,124,636
	41,345,601	1,022,309	(7,180)	42,360,730
Accumulated depreciation				
Group 2025	Balance as at 1.4.2024 RM	Charge for the financial year RM	Written off RM	Balance as at 31.3.2025 RM
Buildings	722,502	172,366	-	894,868
Computer equipment and software	2,930,622	244,966	-	3,175,588
Office equipment	871,390	110,802	(3,432)	978,760
Furniture and fittings	287,405	63,573	-	350,978
Signboard	94,236	4,434	-	98,670
Motor vehicles	690,216	192,977	-	883,193
Renovation	2,199,283	339,251	-	2,538,534
Plant and machineries	224,415	112,462	-	336,877
	8,020,069	1,240,831	(3,432)	9,257,468

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2024	Balance as at 1.4.2023 RM	Additions RM	Disposals RM	Balance as at 31.3.2024 RM
Cost				
Freehold land	18,600,000	-	-	18,600,000
Buildings	8,618,251	-	-	8,618,251
Computer equipment and software	3,257,809	202,900	(1,600)	3,459,109
Office equipment	1,439,244	157,506	(22,278)	1,574,472
Furniture and fittings	599,905	162,833	(655)	762,083
Signboard	108,705	-	-	108,705
Motor vehicles	2,547,850	210,865	(583,460)	2,175,255
Renovation	4,198,639	727,811	-	4,926,450
Plant and machineries	1,064,816	56,460	-	1,121,276
	40,435,219	1,518,375	(607,993)	41,345,601

Group 2024	Balance as at 1.4.2023 RM	Charge for the financial year RM	Disposals RM	Balance as at 31.3.2024 RM
Accumulated depreciation				
Buildings	550,137	172,365	-	722,502
Computer equipment and software	2,549,320	382,900	(1,598)	2,930,622
Office equipment	784,242	102,961	(15,813)	871,390
Furniture and fittings	236,673	51,070	(338)	287,405
Signboard	89,801	4,435	-	94,236
Motor vehicles	999,241	192,515	(501,540)	690,216
Renovation	1,912,504	286,779	-	2,199,283
Plant and machineries	112,711	111,704	-	224,415
	7,234,629	1,304,729	(519,289)	8,020,069

Company 2025	Balance as at 1.4.2024 RM	Additions RM	Balance as at 31.3.2025 RM
Cost			
Signboard	17,780	-	17,780

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2025	Balance as at 1.4.2024 RM	Charge for the financial year RM	Balance as at 31.3.2025 RM
Accumulated depreciation			
Signboard	10,994	1,380	12,374

Company 2024	Balance as at 1.4.2023 RM	Additions RM	Balance as at 31.3.2024 RM
Cost			
Signboard	17,780	-	17,780

Company 2024	Balance as at 1.4.2023 RM	Charge for the financial year RM	Balance as at 31.3.2024 RM
Accumulated depreciation			
Signboard	9,614	1,380	10,994

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Carrying amount				
Freehold land	18,600,000	18,600,000	-	-
Buildings	7,723,383	7,895,749	-	-
Computer equipment and software	610,056	528,487	-	-
Office equipment	723,564	703,082	-	-
Furniture and fittings	425,057	474,678	-	-
Signboard	10,035	14,469	5,406	6,786
Motor vehicles	1,292,062	1,485,039	-	-
Renovation	2,931,346	2,727,167	-	-
Plant and machineries	787,759	896,861	-	-
	33,103,262	33,325,532	5,406	6,786

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation periods are as follows:

Buildings	50 years
Computer equipment and software	3 - 5 years
Office equipment	10 years
Furniture and fittings	10 years
Signboard	10 years
Motor vehicles	10 years
Renovation	10 years
Plant and machineries	10 years

Freehold land has an unlimited useful life and is not depreciated.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025	2024
	RM	RM
Unquoted shares, at cost		
At 1 April	418,000,000	406,000,000
Addition	-	12,000,000
At 31 March	418,000,000	418,000,000

Details of the subsidiaries, all of which are incorporated in Malaysia and principal place of business are located in Malaysia, are as follows:

Name of Companies	Interest in equity held by				Principal activities
	Company		Subsidiary		
	2025	2024	2025	2024	
	%	%	%	%	
ELK-Desa Capital Sdn. Bhd.#	100	100	-	-	Provision of hire-purchase financing
ELK-Desa Furniture Sdn. Bhd.#	100	100	-	-	Trading of furniture
Subsidiaries of ELK-Desa Capital Sdn. Bhd.					
ELK-Desa Risk Agency Sdn. Bhd.#	-	-	100	100	Insurance agent

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Companies	Interest in equity held by				Principal activities
	Company		Subsidiary		
	2025	2024	2025	2024	
	%	%	%	%	
Subsidiaries of ELK-Desa Furniture Sdn. Bhd.					
ELK-Desa Furniture Marketing Sdn. Bhd.#	-	-	100	100	Wholesaling of furniture
ELK-Desa Furniture Industries Sdn. Bhd.#	-	-	100	100	Manufacturing of furniture

Subsidiaries audited by BDO PLT Malaysia.

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.
- (b) In the previous financial year, the Company had subscribed for additional 12,000,000 ordinary shares in ELK-Desa Furniture Sdn. Bhd. at RM1 per ordinary share, which amounted to RM12,000,000. Consequently, there was no change in the effective equity interests held by the Company in ELK-Desa Furniture Sdn. Bhd..
- (c) In the previous financial year, a dormant deemed subsidiary namely Premier Auto Assets Berhad, had commenced member's voluntary liquidation pursuant to a special resolution passed at the Extraordinary General Meeting of the Company held on 29 March 2024. On 14 April 2025, the liquidation process had been completed.

7. INVESTMENT IN AN ASSOCIATE

	Group	
	2025	2024
	RM	RM
Unquoted equity shares in Malaysia	4,030,000	4,030,000
Share of profit of an associate, net of tax	34,138	5,220
Dividend-in-specie received (Note 8)	(744,000)	-
	3,320,138	4,035,220

- (a) Investment in an associate is measured at cost less impairment losses.
- (b) Details of the associate which is incorporated in Malaysia are as follows:

Name of company	Interest in equity held by Group		Principal activity
	2025	2024	
Tat Lian Holding Sdn. Bhd. ("TLHSB") [^]	15.5%	15.5%	Investment holding

[^] Associate not audited by BDO PLT Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

- (c) During the financial year, the Group received dividend-in-specie comprised of unquoted equity shares amounting to RM744,000.
- (d) On 21 February 2025, TLHSB has commenced members' voluntary liquidation pursuant to a special resolution passed at the Extraordinary General Meeting of the TLHSB held on that date. The liquidation process is ongoing as at the date of this report.
- (e) In prior financial year, ELK-Desa Furniture Sdn. Bhd., a wholly owned subsidiary of the Company, had acquired 3,100,000 ordinary shares in TLHSB from a related party, ELK Group Sdn. Bhd., representing 15.5% of equity interest in TLHSB for a total cash consideration of RM4,030,000.
- (f) Significant influence is presumed not to exist when an entity holds less than 20% of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group holds a fifteen point five percent (15.50%) interest in TLHSB for which ELK-Desa Furniture Sdn. Bhd. has a common director in TLHSB.

Based on these, the Group considers that it has the power to exercise influence and has treated its interests in TLHSB as an associate.

- (g) Reconciliation of net assets of the associate to the carrying amount of investment in an associate is as follows:

	2025	2024
	TLHSB	TLHSB
	RM	RM
Share of net assets/Carrying amount in the statements of financial position	3,320,138	4,035,220
Share of results for the financial year		
Share of profit	28,918	5,220
Share of other comprehensive income, net of tax	-	-
Share of total comprehensive income	28,918	5,220

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

(h) Summarised financial information of the associate is as follows:

	2025	2024
	TLHSB	TLHSB
	RM	RM
Assets and liabilities		
Non-current assets	20,469,782	25,166,413
Current assets	954,805	868,314
Non-current liabilities	-	-
Current liabilities	(4,342)	(1,052)
Net assets	21,420,245	26,033,675
Results		
Revenue	-	-
Profit for the financial year	186,570	33,692
Total comprehensive income	186,570	33,692

(i) The financial year end of the associate is 31 December which is not coterminous with the financial year end of the Group. The most recent available financial statements of the associate are used by the Group in applying the equity method. The share of results of associate of the Group are based on unaudited financial statements made up to 31 March 2025.

8. OTHER INVESTMENT

	Group	
	2025	2024
	RM	RM
Fair value through other comprehensive income:		
Unquoted equity shares in Malaysia (Note 7)	744,000	-
	744,000	-

(a) The Group has irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in other comprehensive income. The Group considers this classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purpose.

(b) The fair values of unquoted securities are based on the net tangible assets of the investment and classified as Level 3 (Note 33(c)).

(c) Other investment is denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

9. HIRE-PURCHASE RECEIVABLES

	Group	
	2025	2024
	RM	RM
Gross hire-purchase receivables		
- not later than one (1) year	268,426,761	248,266,964
- later than one (1) year but not later than five (5) years	693,359,641	611,071,912
- later than five (5) years	83,148,117	71,638,848
	776,507,758	682,710,760
	1,044,934,519	930,977,724
Less: Unearned hire-purchase interest income	(312,068,325)	(272,977,990)
Net hire-purchase receivables	732,866,194	657,999,734
Less: Allowance for impairment loss	(16,440,348)	(16,250,554)
	716,425,846	641,749,180
Receivables are as follows:		
Current assets		
- not later than one (1) year	157,205,745	147,992,055
Non-current assets		
- later than one (1) year but not later than five (5) years	484,540,143	429,393,200
- later than five (5) years	74,679,958	64,363,925
	559,220,101	493,757,125
	716,425,846	641,749,180

- (a) The credit terms of hire-purchase receivables of the Group are in accordance with the repayment schedules as contained in the hire-purchase agreements.
- (b) Certain hire-purchase agreements with a gross hire-purchase receivables RM457,192,770 (2024: RM375,482,170) are assigned to licensed banks for block discounting and other borrowings facilities as disclosed in Note 19 and Note 20 to the financial statements.
- (c) The effective interest rate charged on its hire-purchase receivables ranged from 12.94% to 18.16% (2024: 13.13% to 18.16%) per annum.
- (d) All hire-purchase receivables are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

9. HIRE-PURCHASE RECEIVABLES (CONT'D)

- (e) Impairment for hire-purchase receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss (“ECL”) model. The measurement of ECL reflects an unbiased amount that is determined by reasonable as well as supportable information that is available without undue cost or effort at the end of the reporting period about past events and current conditions.

The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to twelve-month ECL or lifetime ECL at the end of each reporting period. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month ECL along with gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

When determining whether the credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience, past due information i.e. overdue period of more than 60 days (2024: 60 days).

The probability of non-payment by the hire-purchase receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime ECL for the hire-purchase receivables.

The ECL allowances for hire-purchase receivables are based on the assumptions about risk of default and expected loss rates. It requires management to exercise significant judgement in determining the probability of default by hire-purchase receivables based on the financing portfolio data including historical data and repayment patterns and historical non-performing loans delinquency rates, appropriate forward looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, including estimation of recoveries from the repossessed vehicles net of outstanding balance owing from the receivables in determination of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

9. HIRE-PURCHASE RECEIVABLES (CONT'D)

(f) The following tables provide information about the expected credit losses for hire-purchase receivables as at the end of the reporting period:

Group As at 31 March 2025	Contractually		Net receivables RM	ECL allowances		Credit impaired RM	Net receivables after impairment RM
	Undue RM	Due RM		12-month RM	Lifetime RM		
Not past due	288,893,611	-	288,893,611	(1,443,815)	-	-	287,449,796
Past due:							
- 1 to 90 days	413,254,564	17,743,297	430,997,861	(3,702,687)	(2,600,363)	-	424,694,811
- more than 90 days	11,478,873	1,495,849	12,974,722	-	-	(8,693,483)	4,281,239
	424,733,437	19,239,146	443,972,583	(3,702,687)	(2,600,363)	(8,693,483)	428,976,050
	713,627,048	19,239,146	732,866,194	(5,146,502)	(2,600,363)	(8,693,483)	716,425,846
As at 31 March 2024							
Not past due	252,980,000	-	252,980,000	(1,278,060)	-	-	251,701,940
Past due:							
- 1 to 90 days	374,763,898	17,487,380	392,251,278	(3,378,568)	(2,398,466)	-	386,474,244
- more than 90 days	10,372,362	2,396,094	12,768,456	-	-	(9,195,460)	3,572,996
	385,136,260	19,883,474	405,019,734	(3,378,568)	(2,398,466)	(9,195,460)	390,047,240
	638,116,260	19,883,474	657,999,734	(4,656,628)	(2,398,466)	(9,195,460)	641,749,180

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

9. HIRE-PURCHASE RECEIVABLES (CONT'D)

(g) The reconciliation of movements in the impairment allowance is as follows:

	12-month ECL RM	Lifetime ECL RM	Credit impaired RM	Total RM
Balance as at 1 April 2023	11,065,197	2,033,824	35,312,501	48,411,522
Net remeasurement of loss allowance	(6,408,569)	364,642	35,830,935	29,787,008
Amounts written off	-	-	(61,947,976)	(61,947,976)
Balance as at 31 March 2024/1 April 2024	4,656,628	2,398,466	9,195,460	16,250,554
Net remeasurement of loss allowance	489,874	201,897	47,710,994	48,402,765
Amounts written off	-	-	(48,212,971)	(48,212,971)
Balance as at 31 March 2025	5,146,502	2,600,363	8,693,483	16,440,348

As at 31 March 2025, RM48,212,971 (2024: RM61,947,976) of hire-purchase receivables were written off but they are still subject to credit recovery activity.

- (h) Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.
- (i) Information on financial risks of hire-purchase receivables is disclosed in Note 32 to the financial statements.

10. LEASES

(I) Right-of-use assets

Buildings

	Group	
	2025 RM	2024 RM
Carrying amount		
Balance as at 1 April	4,379,086	4,776,574
Addition	273,875	801,510
Charge for the financial year	(1,219,103)	(1,198,998)
Modification	3,578	-
Termination	(37,131)	-
Balance as at 31 March	3,400,305	4,379,086

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

10. LEASES (CONT'D)

(II) Lease liability

	Group	
	2025	2024
	RM	RM
Balance as at 1 April	4,796,958	5,088,999
Additions	273,875	801,510
Lease payments	(1,419,973)	(1,375,924)
Interest expense	235,691	282,373
Modification	3,578	-
Termination	(37,938)	-
Balance as at 31 March	3,852,191	4,796,958
Represented by:		
Current liability	1,034,051	1,054,600
Non-current liability	2,818,140	3,742,358
Total lease liability	3,852,191	4,796,958
Lease liability owing to non-financial institutions	3,852,191	4,796,958

- (a) The right-of-use asset is initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use asset is stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liability.

The right-of-use asset is depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use asset or the end of the lease term. The principal depreciation period is as follow:

Buildings 1 to 9 years

- (b) The Group has certain leases of buildings with lease term of 12 months or less and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

10. LEASES (CONT'D)

(II) Lease liability (cont'd)

(c) The following are the amounts recognised in profit or loss:

	Group	
	2025	2024
	RM	RM
Represented by:		
Depreciation charge of right-of-use asset	1,219,103	1,198,998
Interest expense on lease liability (included in finance costs)	235,691	282,373
Expense relating to short-term leases (included in other expenses)	208,169	296,195
Expense relating to leases of low-value assets (included in other expenses)	579,244	567,803
Variable lease payments (included in other expenses)	75,876	-
Gain on lease termination (included in other income)	(807)	-
	2,317,276	2,345,369

(d) The following are total cash outflows for leases as a lessee:

	Group	
	2025	2024
	RM	RM
Included in net cash used in operating activities:		
Payment relating to short-term leases	208,169	296,195
Payment relating to low value assets	579,244	567,803
Payment relating to variable lease payments not included in the measurement of lease liability	75,876	-
	863,289	863,998
Included in net cash from financing activities:		
Interest paid in relation to lease liability	235,691	282,373
Payment of lease liability	1,184,282	1,093,551
	1,419,973	1,375,924
	2,283,262	2,239,922

(e) The Group has a lease contract for a building that contained variable payments based on the 3% of monthly gross turnover. Variable payment term was applied for the building that was used as showroom for furniture business. Variable lease payments were recognised in profit or loss when the condition that triggers those payments occur.

(f) Sensitivity analysis for variable payments as at end of the reporting period was not presented as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

10. LEASES (CONT'D)

(II) Lease liability (cont'd)

- (g) The following table sets out the carrying amounts, the weighted average incremental borrowing rate and the remaining maturities of the lease liability of the Group that are exposed to interest rate risk:

Group	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
31 March 2025						
Lease liability						
Fixed rate	5.40	1,034,051	946,945	1,871,195	-	3,852,191
31 March 2024						
Lease liability						
Fixed rate	5.40	1,054,600	924,367	2,457,623	360,368	4,796,958

Sensitivity analysis for lease liability as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rate.

- (h) The table below summarises the maturity profile of the lease liability of the Group at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

Group	Within one year RM	One to five years RM	Over five years RM	Total RM
2025				
Lease liability	1,215,023	3,072,651	-	4,287,674
2024				
Lease liability	1,286,323	3,808,884	367,840	5,463,047

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

10. LEASES (CONT'D)

(II) Lease liability (cont'd)

- (i) Reconciliation of liabilities arising from financing activities

The table below details changes in lease liabilities of the Group arising from financing activities, including both cash and non-cash changes. Lease liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows of the Group as cash flows from financing activities.

	Lease liabilities	
	2025	2024
	RM	RM
As at 1 April	4,796,958	5,088,999
Cash flows	(1,419,973)	(1,375,924)
Non-cash flows:		
- Unwinding of interest	235,691	282,373
- Additions of leases	273,875	801,510
- Modification	3,578	-
- Termination of lease	(37,938)	-
As at 31 March	3,852,191	4,796,958

11. DEFERRED TAX

- (a) The deferred tax assets are made up of the following:

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Balance as at 1 April		5,854,201	12,889,992	54,230	-
Impact of financial guarantee contracts		-	-	-	29,253
Recognised in profit or loss:					
- current year		66,996	(7,089,256)	29,460	24,977
- over provision in prior years		1,481	53,465	-	-
	26	68,477	(7,035,791)	29,460	24,977
Balance as at 31 March		5,922,678	5,854,201	83,690	54,230
Presented after appropriate offsetting as follows:					
Deferred tax assets, net		5,922,678	5,854,201	83,690	54,230

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

11. DEFERRED TAX (CONT'D)

- (b) The components and movements of deferred tax assets and liabilities during the financial year are as follows:

Group 2025	Hire- purchase receivables RM	Trade receivables RM	Others RM	Total RM
Deferred tax assets				
Balance as at 1 April 2024	3,900,133	235,880	1,960,131	6,096,144
Recognised in profit or loss	45,551	64,876	(19,605)	90,822
	3,945,684	300,756	1,940,526	6,186,966
Offsetting	(200,042)	(64,246)	-	(264,288)
Balance as at 31 March 2025	3,745,642	236,510	1,940,526	5,922,678
Deferred tax liabilities				
Balance as at 1 April 2024			(241,943)	(241,943)
Recognised in profit or loss			(22,345)	(22,345)
			(264,288)	(264,288)
Offsetting			264,288	264,288
Balance as at 31 March 2025			-	-
Group 2024				
	Hire- purchase receivables RM	Trade receivables RM	Others RM	Total RM
Deferred tax assets				
Balance as at 1 April 2023	11,618,765	174,501	1,356,600	13,149,866
Recognised in profit or loss	(7,718,632)	61,379	603,531	(7,053,722)
	3,900,133	235,880	1,960,131	6,096,144
Offsetting	(175,964)	(65,979)	-	(241,943)
Balance as at 31 March 2024	3,724,169	169,901	1,960,131	5,854,201

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

11. DEFERRED TAX (CONT'D)

- (b) The components and movements of deferred tax assets and liabilities during the financial year are as follows (cont'd):

	Property, plant and equipment RM	Total RM
Deferred tax liabilities		
Balance as at 1 April 2023	(259,874)	(259,874)
Recognised in profit or loss	17,931	17,931
	(241,943)	(241,943)
Offsetting	241,943	241,943
Balance as at 31 March 2024	-	-
Company		
2025	Others RM	Total RM
Deferred tax assets		
Balance as at 1 April 2024	54,230	54,230
Recognised in profit or loss	29,460	29,460
Balance as at 31 March 2025	83,690	83,690
Balance as at 1 April 2023	-	-
Impact of financial guarantee contracts	29,253	29,253
Recognised in profit or loss	24,977	24,977
Balance as at 31 March 2024	54,230	54,230

12. INVENTORIES

	Group	
	2025 RM	2024 RM
At cost		
Raw materials	462,689	680,830
Work-in-progress	39,835	41,881
Finished goods	12,891,085	13,767,093
At net realisable value		
Raw materials	21,433	27,199
Finished goods	823,112	1,140,345
	14,238,154	15,657,348

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

12. INVENTORIES (CONT'D)

- (a) Inventories are stated at the lower of cost and net realisable value. Inventories represent raw materials, work-in-progress and finished goods of the furniture division of the Group.
- (b) Cost is determined using the weighted average cost method.
- (c) The Group has written down slow-moving inventories to their net realisable value amounting to RM14,061 (2024: RM562,989) which are included in cost of sales.
- (d) Cost of inventories recognised as cost of sales during the financial year amounted to RM44,628,160 (2024: RM35,733,165).

13. OTHER ASSETS

	Group	
	2025	2024
	RM	RM
Repossessed motor vehicles		
- Cost	258,640	202,756
- Net realisable value	4,217,200	2,286,591
	4,475,840	2,489,347

- (a) Other assets represent other inventories of the Group which are stated at lower of cost and realisable value. Other assets comprised of repossessed motor vehicles of the Group as a result of payments defaulted by the hire-purchase receivables. The other assets are held for subsequent disposals.
- (b) Costs of repossessed motor vehicles represent the principal amounts of the outstanding hire-purchase financing receivables less impairment losses.
- (c) Realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

14. TRADE RECEIVABLES

	Group	
	2025	2024
	RM	RM
Trade receivables	26,663,757	20,308,313
Less: Impairment losses	(1,253,151)	(982,832)
Total trade receivables	25,410,606	19,325,481

- (a) Trade receivables arose from trading of furniture.
- (b) The average credit terms offered by the Group in respect of trade receivables are cash on delivery to 150 days (2024: 120 days) from dates of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

14. TRADE RECEIVABLES (CONT'D)

(c) The currency exposure profile of trade receivables is as follows:

	Group	
	2025	2024
	RM	RM
Ringgit Malaysia	24,512,638	18,132,534
United States Dollar	879,980	1,192,947
Singapore Dollar	17,988	-
	25,410,606	19,325,481

(d) The following tables provide information about the expected credit losses for trade receivables as at the end of the reporting period:

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
As at 31 March 2025			
Not past due	21,859,975	(490,146)	21,369,829
Past due:			
- 1 to 30 days	3,206,944	(40,269)	3,166,675
- 31 to 60 days	752,170	(12,692)	739,478
- 61 to 90 days	134,156	(5,800)	128,356
- more than 90 days	31,687	(25,419)	6,268
	4,124,957	(84,180)	4,040,777
Credit impaired			
Individually impaired	678,825	(678,825)	-
	26,663,757	(1,253,151)	25,410,606
As at 31 March 2024			
Not past due	15,345,964	(32,492)	15,313,472
Past due:			
- 1 to 30 days	2,764,774	(37,400)	2,727,374
- 31 to 60 days	1,025,193	(28,941)	996,252
- 61 to 90 days	199,616	(14,407)	185,209
- more than 90 days	445,897	(342,723)	103,174
	4,435,480	(423,471)	4,012,009
Credit impaired			
Individually impaired	526,869	(526,869)	-
	20,308,313	(982,832)	19,325,481

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

14. TRADE RECEIVABLES (CONT'D)

- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of customers sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the common credit risk characteristic.

When determining whether the credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and past due information.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within impairment allowance on receivables in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward looking information.

- (f) Trade receivables are not secured by any collateral or credit enhancement.
- (g) The reconciliation of movements in impairment allowance on trade receivables is as follows:

Group	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total allowance
2025	RM	RM	RM
At 1 April	455,963	526,869	982,832
Charge for the financial year	118,363	335,296	453,659
Write-offs for the financial year	-	(183,340)	(183,340)
At 31 March	574,326	678,825	1,253,151
2024			
At 1 April	380,120	346,966	727,086
Charge for the financial year	75,843	290,354	366,197
Write-offs for the financial year	-	(110,451)	(110,451)
At 31 March	455,963	526,869	982,832

- (h) Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.
- (i) Information on financial risks of trade receivables is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025
cont'd

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other receivables	1,060,133	841,569	-	-
Deposits	512,544	519,498	4,500	4,500
	1,572,677	1,361,067	4,500	4,500
Prepayments	139,412	91,447	-	-
	1,712,089	1,452,514	4,500	4,500

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) The currency exposure profile of other receivables is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	1,135,933	991,245	4,500	4,500
United States Dollar	576,156	461,269	-	-
	1,712,089	1,452,514	4,500	4,500

- (c) Impairment for total other receivables (excluding prepayments) are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by total other receivables (excluding prepayments) are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit losses for total other receivables (excluding prepayments). The Group determined significant increase in credit risk based on past due information.

It requires management to exercise significant judgement in determining the probability of default by total other receivables (excluding prepayments), appropriate forward looking information and significant increase in credit risk.

No expected credit loss is recognised arising from total other receivables (excluding prepayments) as it is negligible.

- (d) Information on financial risks of total other receivables (excluding prepayments) is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

16. SHORT TERM FUNDS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Financial assets at fair value through profit or loss				
- Fixed income trust funds	65,501,253	63,984,908	21,160,035	14,961,764

- (a) Short term funds of the Group and of the Company represent investments in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.
- (b) Short term funds are denominated in RM.
- (c) Short term funds are categorised as Level 1 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) Information on financial risks of short term funds is disclosed in Note 32 to the financial statements.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	10,162,774	7,877,151	543,496	84,525
Fixed deposits with licensed banks	8,353,431	6,001,808	100,026	150,185
	18,516,205	13,878,959	643,522	234,710

- (a) The effective interest rate of deposits with both licensed banks of the Group and of the Company ranged from 2.30% to 2.35% (2024: 2.30% to 2.50%) and 2.35% (2024: 2.50%) per annum respectively.
- (b) Cash and bank balances are denominated in RM.
- (c) Cash and cash equivalents included in the statements of cash flows comprise the following as at the end of the reporting period:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	10,162,774	7,877,151	543,496	84,525
Fixed deposits with licensed banks	8,353,431	6,001,808	100,026	150,185
Short term funds (Note 16)	65,501,253	63,984,908	21,160,035	14,961,764
Bank overdraft (Note 20)	(21,695,916)	-	-	-
As stated in statements of cash flows	62,321,542	77,863,867	21,803,557	15,196,474

- (d) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

18. SHARE CAPITAL

	Group and Company			
	2025		2024	
	Number of shares	RM	Number of shares	RM
Issued and fully paid ordinary shares with no par value				
At beginning/end of financial year	454,808,456	351,493,098	454,808,456	351,493,098

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

19. BLOCK DISCOUNTING BORROWINGS

	Group	
	2025 RM	2024 RM
Gross block discounting borrowings:		
- not later than one (1) year	115,801,208	95,632,767
- later than one (1) year but not later than five (5) years	247,485,860	208,734,365
	363,287,068	304,367,132
Less: Undue block discounting interest expenses	(31,020,296)	(25,495,533)
Net block discounting borrowings	332,266,772	278,871,599
Repayable as follows:		
Current liabilities		
- not later than one (1) year	101,623,354	83,912,739
Non-current liabilities		
- later than one (1) year but not later than five (5) years	230,643,418	194,958,860
	332,266,772	278,871,599

- (a) Block discounting borrowings of the Group are secured by:
- (i) the assignments of certain hire-purchase agreements as disclosed in Note 9(b) to the financial statements; and
 - (ii) corporate guarantee by the Company.
- (b) Block discounting borrowings of the Group bear interest at rates ranging from 4.72% to 5.46% (2024: 4.72% to 5.48%) per annum.
- (c) The tenure of the block discounting borrowings of the Group are repayable by equal monthly instalments of 36 to 60 months (2024: 36 to 60 months).
- (d) All block discounting borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

19. BLOCK DISCOUNTING BORROWINGS (CONT'D)

- (e) Information on financial risks of block discounting borrowings is disclosed in Note 32 to the financial statements.
- (f) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

Group	1.4.2024	Cash flows	Non-cash changes	31.3.2025
	RM	RM	RM	RM
Block discounting borrowings	278,871,599	53,706,095	(310,922)	332,266,772

Group	1.4.2023	Cash flows	Non-cash changes	31.3.2024
	RM	RM	RM	RM
Block discounting borrowings	191,702,674	87,616,881	(447,956)	278,871,599

20. OTHER BORROWINGS

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Current liabilities/Total borrowings				
- Term loan	-	2,298,000	-	-
- Bank overdraft	21,695,916	-	-	-
- Revolving credit	22,000,000	20,000,000	-	-
- Financial guarantee contracts	-	-	348,708	225,958
	43,695,916	22,298,000	348,708	225,958

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at higher of:
- the amount of the loss allowance; and
 - the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

20. OTHER BORROWINGS (CONT'D)

- (d) The bank borrowings of the Group are secured by:
- (i) the assignments of certain hire-purchase agreements as disclosed in Note 9(b) to the financial statements; and
 - (ii) corporate guarantee by the Company.
- (e) The interest rates per annum of borrowings as at the end of reporting period were as follows:

	Group	
	2025	2024
	%	%
Floating rates		
- Term loan	-	5.50
- Bank overdraft	5.19 - 6.22	-
- Revolving credit	4.80	4.80

- (f) Information on financial risks of other borrowings is disclosed in Note 32 to the financial statements.
- (g) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

Group	1.4.2024	Cash flows	31.3.2025
	RM	RM	RM
Term loan	2,298,000	(2,298,000)	-
Revolving credit	20,000,000	2,000,000	22,000,000
	22,298,000	(298,000)	22,000,000
Group	1.4.2023	Cash flows	31.3.2024
	RM	RM	RM
Term loan	6,306,000	(4,008,000)	2,298,000
Revolving credit	-	20,000,000	20,000,000
	6,306,000	15,992,000	22,298,000

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

21. TRADE PAYABLES

	Group	
	2025 RM	2024 RM
Dealers' retentions	3,946,270	3,544,770
Hire-purchase disbursement creditors	1,975,257	2,725,608
Other temporary clearing accounts	23,288	6,258
Furniture trade creditors	1,217,602	1,023,630
	7,162,417	7,300,266

- (a) The credit terms available to the Group in respect of trade payables are based on the terms of the agreements.
- (b) Dealers' retentions represent amounts retained from cars dealers for hire-purchase applications referred. The dealers' retention will be refunded to the car dealers once the terms for the retention refund in accordance with the retention note have been fulfilled.
- (c) Hire-purchase disbursement creditors represent hire-purchase disbursements that have not been disbursed to the car dealers. The hire-purchase disbursements will be disbursed to the car dealers upon the completion of all ownership transfer documents for the motor vehicles financed.
- (d) Trade payables in respect of furniture trade creditors are non-interest bearing and normal credit terms granted to the Group ranging from cash on delivery to 60 days (2024: 30 to 60 days) from the dates of invoices.
- (e) All trade payables are denominated in RM.
- (f) Information on financial risks of trade payables is disclosed in Note 32 to the financial statements.

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other payables	1,390,272	1,666,427	-	-
Accruals	7,805,631	7,874,357	599,150	913,400
	9,195,903	9,540,784	599,150	913,400

- (a) Other payables and accruals are denominated in RM.
- (b) Information on financial risks of other payables and accruals is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

23. REVENUE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contracts with customers				
- Sales of furniture	68,644,788	54,549,144	-	-
- Insurance commission	3,409,834	2,319,816	-	-
- Handling and processing fees	8,040,000	7,264,500	-	-
	80,094,622	64,133,460	-	-
Other revenue				
- Dividend income	-	-	29,970,000	34,965,000
- Hire-purchase interest income	114,779,137	101,599,093	-	-
- Overdue and service charges	1,807,184	2,041,227	-	-
- Financial interest income	3,328	2,402	-	-
	116,589,649	103,642,722	29,970,000	34,965,000
	196,684,271	167,776,182	29,970,000	34,965,000

The revenue of the Group and of the Company are derived entirely in Malaysia, except for an amount of RM4,664,679 (2024: RM2,696,071) of the Group, which is derived from the export sales of furniture to other countries.

(i) Sales of furniture

Revenue from sales of furniture is recognised at a point in time when the goods have been transferred to the customers and coincide with the delivery of products and acceptance by customers.

There is no right of return and warranty provided to the customers on the sales of furniture.

There is no significant financing component in the revenue arising from sales of furniture as the sales are made on the normal credit terms not exceeding twelve (12) months.

(ii) Insurance commission and handling and processing fees

Revenue from services rendered is recognised at a point in time when the services have been rendered to the customers and coincide with the delivery of services acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve (12) months.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Hire-purchase interest income

Hire-purchase interest income is recognised upon commencement of the hire-purchase agreement using a constant periodic rate of return over the period of the agreement.

(v) Overdue and service charges

Overdue and service charges are recognised on a receipt basis.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

24. FINANCE COSTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest expenses on:				
- block discounting borrowings	14,523,841	11,604,462	-	-
- term loan	31,272	223,094	-	-
- bank overdrafts	617,012	21,846	-	-
- lease liability	235,691	282,373	-	-
- revolving credit	959,355	124,931	-	-
- fair value loss on financial guarantee contracts	-	-	122,750	104,070
	16,367,171	12,256,706	122,750	104,070

25. PROFIT BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, the profit before taxation is arrived at:

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
After charging:					
Auditors' remuneration					
Statutory audit					
- current year		130,300	120,800	36,000	33,500
- under provision in prior years		12,000	7,900	2,500	3,700
Non-statutory audit		4,000	7,500	4,000	4,000
Impairment allowance on hire-purchase receivables	9(g)	48,402,765	29,787,008	-	-
Recovery of bad debts		(4,338,658)	(3,401,115)	-	-
		44,064,107	26,385,893	-	-
Impairment allowance on trade receivables	14(g)	453,659	366,197	-	-
Recovery of bad debts		(16,329)	(7,794)	-	-
		437,330	358,403	-	-
Impairment allowance on receivables, net of reversals		44,501,437	26,744,296	-	-
Realised fair value loss on short term fund		-	20,284	-	20,284
Realised loss on foreign exchange		297,426	97,676	-	-

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

25. PROFIT BEFORE TAXATION (CONT'D)

Other than those disclosed elsewhere in the financial statements, the profit before taxation is arrived at: (cont'd)

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
And crediting:				
Interest income on:				
- advances to a subsidiary	-	-	-	(128,479)
- fixed deposits	(367,725)	(347,535)	(26,631)	(77,798)
- short term funds	(967,209)	(462,520)	(698,271)	(294,868)
- others	(94,988)	(73,532)	(1,169)	(1,736)
- Realised fair value gain on short term funds	(568,708)	(637,307)	-	-

26. TAXATION

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Current tax expense based on profit for the financial year	11,175,310	5,352,801	7,210	47,300
(Over)/Under provision in prior years	(33,650)	(7,596)	409	(4,973)
	11,141,660	5,345,205	7,619	42,327
Deferred tax (Note 11)				
- Current year	(66,996)	7,089,256	(29,460)	(24,977)
- Over provision in prior years	(1,481)	(53,465)	-	-
	(68,477)	7,035,791	(29,460)	(24,977)
	11,073,183	12,380,996	(21,841)	17,350

- (a) Income taxes include all taxes on taxable profit. Income taxes also include other taxes such as withholding taxes and real property gains taxes payable on the disposal of properties, if any.

Malaysian income tax is calculated at the statutory tax rate of 24% (2024: 24%) of the estimated taxable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

26. TAXATION (CONT'D)

- (b) The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit before taxation	43,719,691	49,039,141	29,565,084	33,984,197
Tax at Malaysian statutory tax rate of 24% (2024: 24%)	10,492,726	11,769,394	7,095,620	8,156,207
Tax effects in respect of:				
Non-taxable income	(249,652)	(142,864)	(7,360,731)	(8,462,368)
Deferred tax assets not recognised	67,931	-	-	-
Utilisation of previously unrecognised deferred tax assets	-	(19,856)	-	-
Expenses not deductible for tax purpose	797,309	835,383	242,861	328,484
	11,108,314	12,442,057	(22,250)	22,323
(Over)/Under provision of income tax expense in prior years	(33,650)	(7,596)	409	(4,973)
Over provision of deferred tax in prior years	(1,481)	(53,465)	-	-
	11,073,183	12,380,996	(21,841)	17,350

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2025 RM	2024 RM
Unabsorbed capital allowances	-	137,243
Unused tax losses		
- Expires by 31 March 2032 - 31 March 2035	457,688	37,398
	457,688	174,641

Deferred tax assets of the Group have not been recognised in respect of these items as it is not probable that future taxable profit of certain subsidiaries of the Company would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the local tax authority.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

27. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2025	2024
Profit attributable to equity holders of the parent (RM)	32,646,508	36,658,145
Weighted average number of ordinary shares applicable to basic earnings per ordinary share	454,808,456	454,808,456
Basic earnings per ordinary share (sen)	7.18	8.06

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share for the current and previous financial years is equal to the basic earnings per ordinary share for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

28. DIVIDENDS

	Group and Company			
	2025		2024	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of financial year ended 31 March:				
2023				
Second interim single tier dividend paid	-	-	3.50	15,918,329
2024				
Interim single tier dividend paid	-	-	2.00	9,096,169
Second interim single tier dividend paid	3.00	13,644,254	-	-
2025				
Interim single tier dividend paid	2.00	9,096,169	-	-
	5.00	22,740,423	5.50	25,014,498

On 22 May 2025, the Directors declared a second interim single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 March 2025 and is payable to the shareholders on 26 June 2025, whose names appeared on the Record of Depositors of the Company at the close of business on 16 June 2025. The financial statements for the current financial year do not reflect this declared dividend. This dividend will be accounted for as an appropriation of retained earnings in the next financial year.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

29. EMPLOYEE BENEFITS

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Salaries, wages and bonus	22,548,221	22,255,633	-	-
Defined contribution plan	2,523,212	2,338,417	-	-
Other employee benefits	769,540	510,534	280,000	270,000
	25,840,973	25,104,584	280,000	270,000

Included in employee benefits is the remuneration of Executive Directors of the Group and of the Company amounting to RM2,964,429 (2024: RM3,014,820) and RM280,000 (2024: RM270,000) respectively.

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationships with its direct and indirect subsidiaries.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 6 to the financial statements;
- (ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling activities of the Group directly or indirectly; and
- (iii) Affiliates, companies in which certain Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

30. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Dividend received from a subsidiary				
- ELK-Desa Capital Sdn. Bhd.	-	-	29,970,000	34,965,000
Interest received from a subsidiary				
- ELK-Desa Furniture Marketing Sdn. Bhd.	-	-	-	128,479
Rental paid to a substantial shareholder				
- Eng Lee Kredit Sdn. Bhd.	501,600	471,200	-	-

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of the Directors of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-Executive Directors				
- Directors' fees	265,000	503,000	265,000	503,000
- Other emoluments	45,000	150,250	45,000	150,250
	310,000	653,250	310,000	653,250
Executive Directors				
- Directors' fees	280,000	270,000	280,000	270,000
- Short term employee benefits	2,499,000	2,538,000	-	-
- Defined contribution plan	181,560	203,760	-	-
- Other employee benefits	3,869	3,060	-	-
	2,964,429	3,014,820	280,000	270,000

(i) Other than the remuneration of the Directors of the Company as disclosed above, the remuneration paid/payable to the Directors of the subsidiaries amounted to RM1,164,988 (2024: RM1,148,660).

(ii) The estimated monetary value of benefits-in-kind received by the Directors of the Company otherwise than in cash from the Group amounted to RM43,757 (2024: RM44,063).

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

31. CAPITAL MANAGEMENT

The Group will manage its capital which comprises debts and equity with an objective to ensure that the Group would be able to continue as a going concern while maximising the return to shareholders.

The debts and equity balance will be adjusted accordingly in response to the changes in business and economic environment.

No changes were made in the objectives, policies or processes during the financial years ended 31 March 2025 and 31 March 2024.

The Group monitors capital using a gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings (including block discounting borrowings, term loan, revolving credit and bank overdraft). Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Total debts	375,962,688	301,169,599	348,708	225,958
Total equity	493,322,566	483,416,481	439,016,671	432,170,169
Gearing ratio	0.76	0.62	0.00	0.00

Other than maintaining a net worth of RM80,000,000, the Group is required to maintain a maximum gearing ratio of 1.50 to ensure compliance with the bank covenants of its borrowings and all other externally imposed capital requirements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management policy of the Group seeks to ensure that adequate financial resources are available for the development of the businesses of the Group whilst managing its risks.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. The management reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Credit risk

Cash deposits, short term funds, hire-purchase receivables, trade receivables and other receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the policy of the Group to monitor the financial standing of these counter parties and perform credit evaluation on customers requiring credit.

The primary exposure of the Group to credit risk arises mainly through its hire-purchase receivables. The credit terms are in accordance with the repayment schedules as contained in the hire-purchase agreements. The Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Deposits with licensed financial institutions that are neither past due nor impaired are placed with or entered into with licensed financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025
cont'd

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk for the Group is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancement to a subsidiary amounted to RM467,000,000 represents the approved limit of banking facilities of the subsidiary as at the end of the reporting period.

Credit risk concentration profile

As at the end of the reporting period, the Group does not subject to any significant concentration of credit risk.

(b) Liquidity and cash flow risk

The Group adopts a prudent liquidity risk management in maintaining sufficient levels of cash and cash equivalents to meet its working capital requirements. In addition, the Group also manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

Analysis of financial instruments by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and of the Company's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations.

Group 2025	Within one year RM	One to five years RM	Total RM
Financial liabilities			
Block discounting borrowings	115,801,208	247,485,860	363,287,068
Bank overdrafts	21,695,916	-	21,695,916
Revolving credit	22,069,435	-	22,069,435
Trade payables	7,162,417	-	7,162,417
Other payables and accruals	9,195,903	-	9,195,903
Total undiscounted financial liabilities	175,924,879	247,485,860	423,410,739

Group 2024	Within one year RM	One to five years RM	Total RM
Financial liabilities			
Block discounting borrowings	95,632,767	208,734,365	304,367,132
Term loan	2,339,842	-	2,339,842
Revolving credit	20,084,164	-	20,084,164
Trade payables	7,300,266	-	7,300,266
Other payables and accruals	9,540,784	-	9,540,784
Total undiscounted financial liabilities	134,897,823	208,734,365	343,632,188

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The tables below summarise the maturity profile of the Group's and of the Company's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations. (cont'd)

Company 2025	Within one year RM	Total RM
Financial liabilities		
Other payables and accruals	599,150	599,150
Financial guarantee contracts *	467,000,000	467,000,000
Total undiscounted financial liabilities	467,599,150	467,599,150

* *This disclosure represents the maximum limit of guarantee given to the banks for credit facilities granted to subsidiaries.*

Company 2024	Within one year RM	Total RM
Financial liabilities		
Other payables and accruals	913,400	913,400
Financial guarantee contracts *	437,000,000	437,000,000
Total undiscounted financial liabilities	437,913,400	437,913,400

* *This disclosure represents the maximum limit of guarantee given to the banks for credit facilities granted to subsidiaries.*

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates. The interest rate risk of the Group is related to the bank borrowings, fixed deposits with licensed banks and hire-purchase receivables of the Group while the interest rate risk of the Company is related to fixed deposits with licensed banks. Interest rates exposure which arises from the borrowings of the Group is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rates at the end of the reporting period would not affect profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

Sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity of the profit after taxation and equity of the Group to a reasonably possible change in 100 basis points against interest rates of floating rate instruments, with all other variables held constant:

		Group	
		2025	2024
		RM	RM
Profit after taxation and Equity			
Term loan	- increased by 1%	-	(17,465)
	- decreased by 1%	-	17,465
Revolving credit	- increased by 1%	(167,200)	(152,000)
	- decreased by 1%	167,200	152,000
Bank overdraft	- increased by 1%	(164,889)	-
	- decreased by 1%	164,889	-

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group 2025	Note	Effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Fixed rates									
Hire-purchase receivables	9	12.94 - 18.16	157,205,745	136,024,023	132,187,979	122,303,636	94,024,505	74,679,958	716,425,846
Fixed deposits with licensed banks	17	2.30 - 2.35	8,353,431	-	-	-	-	-	8,353,431
Block discounting borrowings	19	4.72 - 5.46	(101,623,354)	(88,312,033)	(76,252,357)	(46,019,274)	(20,059,754)	-	(332,266,772)
Floating rates									
Bank overdraft	20	5.19 - 6.22	(21,695,916)	-	-	-	-	-	(21,695,916)
Revolving credit	20	4.80	(22,000,000)	-	-	-	-	-	(22,000,000)
2024									
Fixed rates									
Hire-purchase receivables	9	13.13 - 18.16	147,992,055	128,573,727	113,545,804	102,705,741	84,567,928	64,363,925	641,749,180
Fixed deposits with licensed banks	17	2.30 - 2.50	6,001,808	-	-	-	-	-	6,001,808
Block discounting borrowings	19	4.72 - 5.48	(83,912,739)	(76,811,460)	(60,410,786)	(45,464,221)	(12,272,393)	-	(278,871,599)
Floating rates									
Term loan	20	5.50	(2,298,000)	-	-	-	-	-	(2,298,000)
Revolving credit	20	4.80	(20,000,000)	-	-	-	-	-	(20,000,000)

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

Company 2025	Note	Effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	Total RM
Fixed rates					
Fixed deposits with licensed banks	17	2.35	100,026	-	100,026
			100,026	-	100,026
2024					
Fixed rates					
Fixed deposits with licensed banks	17	2.50	150,185	-	150,185
			150,185	-	150,185

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency exchange risk as a result of foreign transactions entered into in currencies other than Ringgit Malaysia. The Group monitors the movement in foreign currency exchange rates closely to ensure that the net exposure of each foreign currency is minimised. The Group does not use derivative financial instruments to hedge its foreign currency risk.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD") and Singapore Dollar ("SGD") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group	
		2025 RM	2024 RM
Profit after taxation and Equity			
USD/RM	- strengthen by 10%	110,666	125,720
	- weaken by 10%	(110,666)	(125,720)
SGD/RM	- strengthen by 10%	1,367	-
	- weaken by 10%	(1,367)	-

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risks arising from short term funds quoted in Malaysia. This instrument is classified as financial asset designated at fair value through profit or loss.

At the end of each reporting period, the maximum exposure of the Group and of the Company to market risk is represented by the total carrying amount of this financial asset recognised in the statements of financial position, which amounted to RM65,501,253 (2024: RM63,984,908) and RM21,160,035 (2024: RM14,961,764) respectively. There has been no change to the exposure of the Company to market risk or the manner in which the risk is managed and measured.

Sensitivity analysis for market risk

The following table demonstrates the sensitivity of the Group and of the Company to the changes of 100 basis points in market quoted prices for unit trust funds at the end of the reporting period, with all other variables held constant:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Profit after tax and equity				
- Short term funds	497,810	486,286	160,816	113,710

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Group	2025	2024
	RM	RM
Financial assets		
Fair value through profit or loss		
- Short term funds	65,501,253	63,984,908
Fair value through other comprehensive income		
- Other investment	744,000	-
Amortised cost		
- Hire-purchase receivables	716,425,846	641,749,180
- Trade receivables	25,410,606	19,325,481
- Other receivables and deposits excluding prepayments	1,572,677	1,361,067
- Cash and bank balances	18,516,205	13,878,959
	828,170,587	740,299,595

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

Group	2025 RM	2024 RM
Financial liabilities		
Amortised cost		
- Block discounting borrowings	332,266,772	278,871,599
- Term loan	-	2,298,000
- Revolving credit	22,000,000	20,000,000
- Bank overdraft	21,695,916	-
- Trade payables	7,162,417	7,300,266
- Other payables and accruals	9,195,903	9,540,784
	392,321,008	318,010,649
Company		
Financial assets		
Fair value through profit or loss		
- Short term funds	21,160,035	14,961,764
Amortised cost		
- Other receivables and deposits	4,500	4,500
- Cash and bank balances	643,522	234,710
	21,808,057	15,200,974
Financial liabilities		
Amortised cost		
- Other payables and accruals	599,150	913,400
- Other borrowings	348,708	225,958
	947,858	1,139,358

(b) Method and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair values and whose carrying amounts are at reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables, other borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of other borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Method and assumptions used to estimate fair values (cont'd)

(ii) Non-current amount owing by a subsidiary

The carrying amount of the non-current amount owing by a subsidiary is reasonable approximation of its fair value due to the insignificant impact of discounting.

(iii) Short term funds

The fair values of short term funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

(iv) Hire-purchase receivables

The estimated market interest rate used for discounting contracted cash flows to determine the fair value of hire-purchase receivables are approximately equal to the effective interest rate used for computing the carrying amount of hire-purchase receivables.

(v) Block discounting borrowings

The fair values of block discounting borrowings are estimated by discounting the future contractual cash flows using the estimated borrowings rate applicable to the Group at the end of the reporting period for similar borrowings with similar duration and terms.

(c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of hire-purchase receivables and block discounting borrowings have been generally derived using discounted cash flow approach.

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy (cont'd)

The following tables set out the financial instruments not carried at fair value for which fair values are disclosed, together with their fair values and carrying amounts shown in the statements of financial position:

Group 2025	Fair values of financial instruments not carried at fair value				Total values RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Financial asset						
Amortised cost						
- Hire-purchase receivables	-	-	716,425,846	716,425,846	716,425,846	716,425,846
Fair value through other comprehensive income						
- Other investment	-	-	744,000	744,000	744,000	744,000
Financial liability						
Amortised cost						
- Block discounting borrowings	-	-	332,494,899	332,494,899	332,494,899	332,266,772
2024						
Financial asset						
Amortised cost						
- Hire-purchase receivables	-	-	641,749,180	641,749,180	641,749,180	641,749,180
Financial liabilities						
Amortised cost						
- Block discounting borrowings	-	-	279,001,774	279,001,774	279,001,774	278,871,599

NOTES TO THE FINANCIAL STATEMENTS

As At 31 March 2025

cont'd

34. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

34.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments to the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

The adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

34.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

The following are Standards and Amendments to the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature- dependent Electricity</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2025

Issued Shares	:	454,808,456 ordinary shares (including treasury shares)
Class of Shares	:	Ordinary shares
Number of Shareholders	:	15,156 (excluding treasury shares)
Voting Right	:	One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2025

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	1,844	12.17	39,408	0.01
100 - 1,000	3,962	26.14	2,306,008	0.51
1,001 - 10,000	7,682	50.69	24,395,129	5.40
10,001 - 100,000	1,458	9.62	38,085,864	8.43
100,001 - 22,740,421*	208	1.37	226,602,047	50.16
22,740,422 and above**	2	0.01	160,300,000	35.49
Total	15,156	100.00	451,728,456	100.00

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

Note:

Excluding a total of 3,080,000 shares bought back by the Company and retained as treasury shares based on the Record of Depository ("ROD") dated 30 June 2025.

30 LARGEST HOLDERS AS AT 30 JUNE 2025

Name	No. of Shares Held	% of Shares
1 Eng Lee Kredit Sdn Bhd	135,000,000	29.89
2 Zhongxin Resources Sdn Bhd	25,300,000	5.60
3 Amity Corporation Sdn Bhd	22,300,000	4.94
4 ELK Group Sdn Bhd	16,600,000	3.67
5 Teo Siew Lai	14,555,824	3.22
6 Teoh Hock Chai Family (L) Foundation	10,000,000	2.21
7 Teoh Hock Keng	9,300,000	2.06
8 Zhongxin Capital Sdn Bhd	9,600,000	2.13
9 Akauntan Negara Malaysia	7,570,603	1.68
10 Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Yap Heng Sang (PB)	6,481,483	1.44
11 Teoh Seng Hui	5,660,000	1.25
12 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phua Kiap Wite (E-KTN)	5,400,072	1.20
13 Lim Keng Chin	5,000,000	1.11

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2025

cont'd

30 LARGEST HOLDERS AS AT 30 JUNE 2025 (CONT'D)

Name	No. of Shares Held	% of Shares
14 Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock	4,573,850	1.01
15 Teoh Seng Lee	4,350,000	0.96
16 Teoh Seng Hee	4,220,000	0.93
17 Teoh Hong Kei	4,128,000	0.91
18 Teoh Seng Giap	3,768,000	0.83
19 Teoh Seng Kar	3,500,000	0.77
20 Teoh Hong Kin	3,480,000	0.77
21 Yeoh Sheau long	3,408,000	0.76
22 Ooi Bee Kim	3,380,000	0.75
23 Teang Chek Moi @ Chong Moi Moi	3,300,000	0.73
24 Teoh Yu-Feng	3,300,000	0.73
25 Gan Mingyao	3,250,000	0.72
26 Koay How Seang	3,061,830	0.68
27 Gan Chee Kiong	2,695,000	0.60
28 Ng Swat Lan	2,250,000	0.50
29 Beh Tong Sdn Bhd	2,219,544	0.49
30 Tiong See Chui	1,953,008	0.43
Total	329,605,214	72.97

Note:

Excluding a total of 3,080,000 shares bought back by the Company and retained as treasury shares based on the ROD dated 30 June 2025.

ANALYSIS OF SHAREHOLDINGSAs at 30 June 2025
cont'd**SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2025**

Name	Direct	% of Shares [#]	Indirect	% of Shares [#]	Total	% of Shares [#]
Teoh Hock Chai @ Tew Hock Chai	1,600,000	0.35	196,500,000 ⁽¹⁾	43.50	198,100,000	43.85
Teoh Hock Chai Family (L) Foundation	10,000,000	2.21	176,900,000 ⁽²⁾	39.16	186,900,000	41.37
Zhongxin Resources Sdn Bhd	25,300,000	5.60	151,600,000 ⁽³⁾	33.56	176,900,000	39.16
Eng Lee Kredit Sdn Bhd	135,000,000	29.89	0	0	135,000,000	29.89

Note:-

⁽¹⁾ Indirect interest by virtue of his deemed interests in Eng Lee Kredit Sdn Bhd, ELK Group Sdn Bhd, Zhongxin Resources Sdn Bhd, Zhongxin Capital Sdn Bhd and Teoh Hock Chai Family (L) Foundation pursuant to Section 8 of the Companies Act, 2016.

⁽²⁾ Indirect interest by virtue of its deemed interests in Eng Lee Kredit Sdn Bhd, ELK Group Sdn Bhd and Zhongxin Resources Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

⁽³⁾ Indirect interest by virtue of its deemed interest in Eng Lee Kredit Sdn Bhd and ELK Group Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

[#] Excluding a total of 3,080,000 shares bought back by the Company and retained as treasury shares based on the ROD dated 30 June 2025.

DIRECTORS' INTEREST AS AT 30 JUNE 2025

Other than as disclosed below, none of the other Directors of the Company has any interest in the ordinary shares of the Company

Name	Direct	% of Shares [#]	Indirect	% of Shares [#]	Total	% of Shares [#]
Teoh Hock Chai @ Tew Hock Chai	1,600,000	0.35	196,500,000 ⁽¹⁾	43.50	198,100,000	43.85
Teoh Seng Hui	5,660,000	1.25	0	0	5,660,000	1.25
Teoh Seng Hee	4,220,000	0.93	0	0	4,220,000	0.93
Teoh Seng Kar	3,500,000	0.77	0	0	3,500,000	0.77

Note:-

⁽¹⁾ Indirect interest by virtue of his interests in Eng Lee Kredit Sdn Bhd, ELK Group Sdn Bhd, Zhongxin Resources Sdn Bhd, Zhongxin Capital Sdn Bhd and Teoh Hock Chai Family (L) Foundation pursuant to Section 8 of the Companies Act, 2016.

[#] Excluding a total of 3,080,000 shares bought back by the Company and retained as treasury shares based on the ROD dated 30 June 2025.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting (“36th AGM”) of the Company will be held at Berjaya Times Square Hotel Kuala Lumpur, Manhattan V Ballroom, Level 14 West, No. 1 Jalan Imbi, 55100 Kuala Lumpur on 18 August 2025, Monday at 10.00 a.m. to transact the following businesses.

Agenda

1. To lay the Statutory Audited Financial Statements for the financial year ended 31 March 2025 together with the Reports of the Directors and Auditors. *Refer to Explanatory Note 1*

Ordinary Business

2. To approve the payment of Directors’ fees of RM545,000 for the financial year ended 31 March 2025. *Resolution 1*
3. 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 36th AGM up to the date of the next AGM of the Company to be held in 2026. *Resolution 2*
4. To re-elect the following Directors who are retiring pursuant to Clause 112 of the Company’s Constitution:
- (i) Mr. Teoh Hock Chai @ Tew Hock Chai *Resolution 3*
(ii) Mr. Teoh Seng Hee *Resolution 4*
5. To re-elect Mr. Ong Wah Tong, the Director who is retiring pursuant to Clause 116 of the Company’s Constitution. *Resolution 5*
6. To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 6*

As Special Business

To consider and if thought fit, to pass, with or without modifications, the Ordinary Resolution as follows:

7. **ORDINARY RESOLUTION** *Resolution 7*
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”)

“THAT subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of issued shares in the Company (“**Shares**”) purchased (“**Purchased Shares**”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time the authority will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (viii) To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient and enter into any instrument, agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By order of the Board

LOKE WENG FOOK (SSM PC No. 201908002829) (MIA 6573)
Company Secretary

Kuala Lumpur
18 July 2025

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at **8 August 2025, Friday** (“General Meeting Record of Depositors”) shall be eligible to attend the meeting.*
2. *A member who is entitled to participate in this 36th AGM may appoint more than one (1) proxy to participate instead of the member at the meeting provided that the member specifies the proportions of his/her shareholdings to be represented by each proxy.*
3. *A proxy need not be a member. There shall be no restriction as to the qualification of the proxy.*
4. *A proxy appointed to participate at a meeting of the Company shall have the same rights as the member to participate at the meeting.*
5. *Where a member is an authorised nominee as defined under the Securities Industries (Central Depositories) Act 1991 (“Central Depositories Act”), he may appoint more than one (1) proxy in respect of each Securities Account he holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
6. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee shall mean an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.*
7. *Where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named as proxy in such instrument proposes to vote:*
 - (i) *In hard copy form*
*In the case of an appointment made in hard copy form, the duly completed Form of Proxy, signed and dated, must be deposited at the Company’s Share Registrar Office at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the proxy form can be deposited at the designated drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than **Saturday, 16 August 2025 at 10.00 a.m.***
 - (ii) *By electronic means*
*The Form of Proxy can be electronically lodged with the Company’s Share Registrar via TIIH Online at <https://tiih.online> no later than **Saturday, 16 August 2025 at 10.00 a.m.** Kindly refer to the Administrative Guide for the 36th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.*
9. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 36th AGM will be put to vote on a poll.*
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company’s Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, , at the designated drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

NOTICE OF ANNUAL GENERAL MEETING

cont'd

11. For a corporate member who has appointed an authorised representative, please deposit the **original or duly certified** certificate of appointment of authorised representative with the Company's Share Registrar Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the designated drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not has a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Explanatory Notes on Ordinary Business:

1. Statutory Audited Financial Statements for the financial year ended 31 March 2025

This Agenda item is meant for discussion only as the provisions of Section 248(2) and Section 340(1)(a) of the Act do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward to shareholders for voting.

2. Ordinary Resolution 1 – Payment of Directors' Fees

The Remuneration Committee and the Board have reviewed the Directors' fees based on Board duties, time commitment and responsibilities, Board members' participation relating to the affairs of the Company, and the current financial performance of the Group. Remuneration Committee and the Board have also reviewed the remuneration packages and compensation payable to Executive Directors to ensure they are consistent with comparable companies and is otherwise fair and not excessive. The Directors' fees for the financial year ended 31 March 2025 shall be payable in full after the shareholders have approved the payment.

3. Ordinary Resolution 2 – Directors' Benefits Payable

The proposed Directors' benefits payable comprises allowances and other benefits to be approved by shareholders is pursuant to Section 230(1)(b) of the Companies Act, 2016.

The total estimated amount of Directors' allowances is calculated based on the number of scheduled Board's and Board Committees' meetings for the period commencing from the date immediately after the 36th AGM up to the date of the next AGM of the Company to be held in 2026. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

4. Ordinary Resolution 3 – Re-election of Directors – Mr. Teoh Hock Chai @ Tew Hock Chai

Mr. Teoh Hock Chai @ Tew Hock Chai, who shall retire from office pursuant to Clause 112 of the Company's Constitution, is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 36th AGM. Mr. Teoh's profile is set out in the Directors' profile of the Annual Report 2025.

The Nomination Committee ("NC") of the Company has assessed the criteria and contribution of Mr. Teoh Hock Chai @ Tew hock Chai and concluded that he has the character, experience, integrity, competence and time to effectively discharge his role as the Executive Chairman of the Company. NC has recommended for his re-election at the forthcoming AGM.

The Board collectively agreed with NC's view that Mr. Teoh Hock Chai @ Tew Hock Chai, the Executive Chairman of the Company, is highly capable, especially in instilling good leadership and effectiveness of the Board. Mr. Teoh has performed well in all the criteria assessed, maintaining high standards of corporate behavior while safeguarding the interests of shareholders and other stakeholders, and the Board will therefore recommend Mr. Teoh Hock Chai @ Tew Hock Chai for re-election as a Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

5. **Ordinary Resolution 4 – Re-election of Directors – Mr. Teoh Seng Hee**

Mr. Teoh Seng Hee, who shall retire from office pursuant to Clause 112 of the Company's Constitution, is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 36th AGM. Mr. Teoh's profile is set out in the Directors' profile of the Annual Report 2025.

The Nomination Committee ("NC") of the Company has assessed the criteria and contribution of Mr. Teoh Seng Hee and concluded that he has the character, experience, integrity, competence and time to effectively discharge his role as the Executive Director and Chief Financial Officer ("ED/CFO") of the Company. NC has recommended for his re-election at the forthcoming AGM.

Mr. Teoh Seng Hee, the ED/CFO of the Company. His primary responsibilities are to assist the Group Executive Director/Chief Executive Officer in designing and implementing the corporate strategic plans and controls, manage and operate all the financial activities of the Company, including treasury, budgeting, forecasting, risk and governance, managing sustainable development goals, as well as cooperate and communicate with the Board in a timely manner. The Board collectively agreed with NC's view that Mr. Teoh Seng Hee is very capable and diligent in discharging his roles as ED/CFO, and therefore the Board will recommend Mr. Teoh Seng Hee for re-election as a Director of the Company.

6. **Ordinary Resolution 5 – Re-election of Directors – Mr. Ong Wah Tong**

Mr. Ong Wah Tong was appointed to the Board on 15 August 2025. He will retire pursuant to Clause 116 of the Company's Constitution and stand for re-election as a Director of the Company and, being eligible, has offered himself for re-election at the 36th AGM. Mr. Ong's profile is set out in the Directors' profile of the Annual Report 2025.

The Board considered that Mr. Ong has fulfilled the criteria set out in the Company's Fit and Proper Policy, and therefore will recommend Mr. Ong Wah Tong for re-election as a Director of the Company.

7. **Ordinary Resolution 6 – Re-appointment of Auditors**

The Audit Committee ("AC") reviewed the performance of the external auditors, BDO PLT, based on selected criterion and feedback gathered from the Management. In the evaluation process, AC had considered various aspect of audit including auditors' objectivity and professional skepticism, relevance of audit findings; quality of services rendered and adequacy of resources; candor of communication with AC, quality of deliverables and value for money. The AC recommended to the Board that the overall performance of BDO PLT is satisfactory. The Board recommends BDO PLT's re-appointment for shareholders' approval at the 36thAGM.

Explanatory Note on Special Business

8. **Ordinary Resolution 7 – Resolution on the proposed renewal of authority for the Company to purchase its own shares ("Proposed Share Buy-Back")**

The proposed Ordinary Resolution 7, if passed, will empower the Company to renew the mandate obtained at the 35th AGM to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM. For further information, please refer to the Share Buy-Back Statement contained in the Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

There is no individual seeking election as a Director at the Thirty-Sixth Annual General Meeting of the Company.

Details of the Directors standing for re-election are set out in the Profile of Directors of this annual report.

SHARE BUY-BACK STATEMENT

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Statement as this is an exempted document pursuant to Paragraph 2.1(d) of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

STATEMENT TO SHAREHOLDERS IN RELATION TO

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES

DEFINITIONS

Unless otherwise stated, the following definitions shall have the following meanings:

“36 th AGM”	: Thirty-Sixth Annual General Meeting to be held on 18 August 2025
“Act”	: Companies Act 2016 as amended from time to time and any re-enactment thereof (including the corresponding previous written law)
“AGM”	: Annual General Meeting
“Board”	: Board of Directors of ELK-Desa
“Bursa Securities”	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Code”	: Malaysian Code on Take-Overs and Mergers 2016, including any amendments that may be made from time to time
“ELK-Desa” or “the Company”	: ELK-Desa Resources Berhad [Registration No. 198901002858 (180164-X)]
“ELK-Desa Group”	: ELK-Desa and its subsidiaries
“EPS”	: Earnings per share
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities including any amendments that may be made from time to time.
“LPD”	: 30 June 2025 being the latest practicable date prior to the printing of this Statement.
“NA”	: Net assets

SHARE BUY-BACK STATEMENT cont'd

“Proposed Renewal of Share Buy-Back Mandate”	: Proposed renewal of authority for the Company to purchase its own shares up to ten per centum (10%) of its total number of issued shares
“Proposed Share Buy-Back”	: Proposed purchase of up to 10% of ELK-Desa’s total number of issued shares
“Purchased Shares”	: ELK-Desa shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Mandate
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“SC”	: Securities Commission Malaysia
“Share(s)”	: Ordinary shares in ELK-Desa
“Statement”	: This statement of Proposed Renewal of Share Buy-Back Mandate to shareholders of ELK-Desa dated 18 July 2025
“Treasury Shares”	: ELK-Desa Shares so purchased and retained in treasury

All references to “you” in this Statement are to our shareholders. All references to “we”, “us” and “our” are to our Company and our subsidiaries.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Statement is a reference to that enactment as amended or re-enacted from time to time.

Any reference to a time of day in this Statement is a reference to Malaysia time, unless otherwise stated.

Any discrepancy in the figures included in this Statement between the amounts stated and the totals thereof are due to rounding.

1. INTRODUCTION

At the 35th AGM of ELK-Desa held on 8 August 2024, the shareholders, had inter-alia, given a mandate for ELK-Desa to purchase up to ten percent (10%) of the total issued and paid-up share capital of the Company as at the time of purchase. The authority obtained by the Board for the purchase of ELK-Desa Shares will lapse at the conclusion of the forthcoming 36th AGM of the Company, unless a renewal of the share buy-back mandate is obtained from the shareholders at the forthcoming 36th AGM.

On 19 June 2025, the Board announced the Company’s intention to seek its shareholders’ approval for the Proposed Renewal of Share Buy-Back Mandate at the forthcoming 36th AGM.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Share Buy-Back Mandate, the Board’s recommendation and to seek your approval for the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the forthcoming 36th AGM of the Company. The Notice of the 36th AGM together with the Proxy Form are enclosed in the Company’s Annual Report 2025.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE AT THE FORTHCOMING 36TH AGM.

SHARE BUY-BACK STATEMENT

cont'd

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

2.1 Authorisation

The Proposed Renewal of Share Buy-Back Mandate, if granted by you at the forthcoming 36th AGM:

- (i) will provide the Company with the authority to purchase up to 10% of the total number of issued Shares at the point of purchase through stockbroker appointed by the Company; and
- (ii) will be effective immediately and shall continue to be in force until:
 - (a) the conclusion of the next AGM of the Company following the general meeting at which such resolutions is passed, at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;whichever occurs first.

2.2 Treatment

In accordance with Section 127 of the Act, the Directors may, at their discretion, deal with the Purchased Shares until all the Purchased Shares have been dealt with in the following manner:

- (i) to cancel all or part of the Purchased Shares; or
- (ii) to retain all or part of the Purchased Shares as Treasury Shares as defined in Section 127 of the Act.

Based on Section 127(7) of the Act, where such Purchased Shares are held Treasury Shares, our Directors may at their discretion:

- (a) distribute all or part of the Treasury Shares as dividends to our shareholders, such dividends to be known as "shares dividends";
- (b) resell all or part of the Treasury Shares in accordance with the Listing Requirements;
- (c) transfer all or part of the Treasury Shares for the purposes of or under an employees' share scheme established by the Company and/or its' subsidiaries;
- (d) transfer all or part of the Treasury Shares as purchase consideration;
- (e) cancel all or part the Treasury Shares;
- (f) sell, transfer or otherwise use the Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (g) deal with the Treasury Shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

While the Purchased Shares are held as Treasury Shares, the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the provision of Section 127 of the Act, the provision of any law or the requirements of the Constitution of the Company or the Listing Requirements on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

As at the date of this Statement, the Board has yet to make any decision with regards to the treatment of the Shares so purchased in the future.

Where the Directors resolve to cancel the Purchased Shares or cancel any Treasury Shares, the total number of the issued Shares shall be diminished by the cancellation of the Shares so cancelled. It is pertinent to note that the cancellation of Shares made pursuant to Section 127(15) of the Act shall not be deemed to be a reduction of share capital within the meaning of the Act.

SHARE BUY-BACK STATEMENT

cont'd

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The Proposed Renewal of Share Buy-Back Mandate, if implemented, may provide the following potential benefits to the Company and its shareholders:

- (a) The Company may be able to reduce any unwarranted volatility of its Shares and assist in stabilising the supply, demand and market price of the Shares traded on Bursa Securities, thereby supporting the fundamental value of the Shares.
- (b) The Purchased Shares, whether to be held as Treasury Shares or subsequently cancelled, will effectively reduce the number of Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in the Company due to improvement to the consolidated EPS and/or NA per Share, as a result of the decreased share capital base used for the computation of the EPS and NA.
- (c) The Purchased Shares can be held as Treasury Shares and resold on the stock market of Bursa Securities at a higher price with the intention of realising capital gain without affecting the total number of issued Shares of the Company. Should any Treasury Shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. RETAINED PROFITS

Based on the Audited Financial Statements for the financial year ended 31 March 2025, the retained profits of the Company is RM87.52 million.

5. FUNDING

The Proposed Share Buy-Back will be funded from internally generated funds or external borrowings or a combination of both. The maximum amount of funds to be used for the purchase of ELK-Desa Shares pursuant to the Proposed Share Buy-Back shall not exceed the amount of the retained profits of the Company.

The Proposed Share Buy-Back, if funded through internally-generated funds, is not expected to have a material impact on the cash flow position of the Company. In the event the Company purchases and holds its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and the repayment is not expected to have a material effect on the cash flow of the Company.

The actual number of ELK-Desa Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Mandate, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments as well as the availability of financial resources and the availability of the retained profits of the Company at the time of purchase(s).

In addition, the Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Share Buy-Back.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The potential advantages of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholders, if implemented, are as follows:-

- (i) Allow the Company to utilise its surplus financial resources not immediately required for use to purchase ELK-Desa Shares. If the ELK-Desa Shares purchased are held as Treasury Shares or cancelled immediately, this may improve the consolidated EPS and NA per share;
- (ii) Stabilise the supply and demand of ELK-Desa Shares traded on the stock market of Bursa Securities and reduce the volatility of ELK-Desa Share prices. The stability of ELK-Desa Share prices is important to maintain investors' confidence in order to facilitate future fund-raising exercises of the Company via the equity market;

SHARE BUY-BACK STATEMENT

cont'd

- (iii) Provide the Company the opportunities for potential capital gains if the purchased ELK-Desa Shares which are retained as Treasury Shares are resold at prices higher than the purchase prices and such proceeds may be subsequently used for investment opportunities arising in the future, working capital and/or to be distributed as dividends to shareholders; and
- (iv) In the event that the treasury shares are distributed as share dividends by the Company, it may then serve to reward the shareholders of ELK-Desa.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholders, if implemented, are as follows:-

- (i) The Purchased Shares will reduce the amount of retained profits available for distribution as dividend to the shareholders of the Company;
- (ii) If the Company decides to utilise bank borrowings to finance the Purchased Shares, the cash flow of the Company may be affected to the extent of the interest costs associated with such borrowings; and
- (iii) The funds allocated for the Proposed Share Buy-Back could be used for other investment opportunities which may emerge in the future; and

The Proposed Renewal of Share Buy-Back Mandate, however, is not expected to have any potential material disadvantages to the Company and our shareholders, as it will be implemented only after in-depth consideration of the financial resources of the Company which need to be balanced against investment opportunities and other proposals that can enhance the value to our shareholders. The Board is mindful of the interests of the Company and our shareholders with respect to the above exercise.

7. FINANCIAL EFFECTS TO THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The financial effects of the Proposed Renewal of Share Buy-Back Mandate on the share capital, earnings, working capital, NA, dividends and shareholdings of the Directors and Substantial Shareholders of the Company or Group are set out below:

7.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares. The Proposed Share Buy-Back will result in a reduction of the issued Shares of the Company if the Purchased Shares are cancelled.

In the event the Proposed Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the present issued Shares of the Company will be reduced by the number of Shares so cancelled as follows:-

	No. of Shares
Existing issued Shares as at LPD	454,808,456
Assuming 10 % of the Purchased Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate are cancelled	(45,480,845)
Resultant issued Shares	409,327,611

If all the ELK-Desa Shares purchased are retained as Treasury Shares, the Proposed Share Buy-Back will not have any effect on the issued share capital of ELK-Desa. Nevertheless, certain rights attached to the Purchased Shares are suspended while they are held as Treasury Shares.

As at LPD date, the Company has purchased 3,080,000 units of its own shares and retained these as treasury shares.

SHARE BUY-BACK STATEMENT

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7.2 Earnings

The effect of the Proposed Share Buy-Back on the EPS of the ELK-Desa Group is dependent on the number and the purchase price of the Purchased Shares, the effective funding cost and/or loss in interest income foregone in connection with the funding of such Purchased Shares.

If the Purchased Shares are retained as Treasury Shares or cancelled subsequently, the number of shares applied in the computation of the EPS will be reduced and this may improve the consolidated EPS of ELK-Desa Group.

7.3 NA

The effect of the Proposed Share Buy-Back on the NA of the ELK-Desa Group is dependent on the number of Purchased Shares, the purchase price of the ELK-Desa Shares, the effective cost of funding and the treatment of the shares purchased.

The Proposed Share Buy-Back will reduce the NA per Share if the purchase price is higher than the NA per Share at the time of purchase. On the contrary, the NA per Share will increase if the purchase price is lower than the NA per Share at the time of purchase.

7.4 Working Capital

The Proposed Share Buy-Back, as and when implemented, will result in an outflow of cash and thereby reduce the working capital of ELK-Desa. The quantum of the reduction in working capital is dependent on the purchase prices and the number of ELK-Desa Shares purchased.

However, for the ELK-Desa Shares so purchased and kept as Treasury Shares, upon resale at a higher selling price than the initial purchase price, the working capital and cash flow of the Company will increase. The quantum of the increase in the working capital and cash flow will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold.

7.5 Dividends

The Proposed Share Buy-Back is not expected to have any significant impact on the dividend payment as the Board will take into consideration the profit, cash flow and the capital commitments of the Company before proposing any dividend payment.

SHARE BUY-BACK STATEMENT

cont'd

7.6 Directors' and Substantial Shareholders' Shareholdings

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders of the Company as at LPD and assuming that the Proposed Renewal of Share Buy-Back Mandate is implemented up to 10% of the total number of issued Shares and that the Shares are purchased from the shareholders other than the Directors and Substantial Shareholders of ELK-Desa, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of ELK-Desa is set out below:-

	Number of Shares held as at LPD				After Proposed Share Buy-Back [®]			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors								
Teoh Hock Chai @ Tew Hock Chai	1,600,000	0.35	196,500,000 [^]	43.50	1,600,000	0.39	196,500,000 [^]	48.01
Teoh Seng Hui	5,660,000	1.25	-	-	5,660,000	1.38	-	-
Teoh Seng Kar	3,500,000	0.77	-	-	3,500,000	0.86	-	-
Teoh Seng Hee	4,220,000	0.93	-	-	4,220,000	1.03	-	-
Datin Gan Kok Ling	-	-	-	-	-	-	-	-
Tan Tai Kim	-	-	-	-	-	-	-	-
Ong Wah Tong	-	-	-	-	-	-	-	-
Substantial Shareholders								
Teoh Hock Chai @ Tew Hock Chai	1,600,000	0.35	196,500,000 [^]	43.50	1,600,000	0.39	196,500,000 [^]	48.01
Zhongxin Resources Sdn Bhd	25,300,000	5.60	151,600,000 [#]	33.56	25,300,000	6.18	151,600,000 [#]	37.04
Eng Lee Kredit Sdn Bhd	135,000,000	29.89	-	-	135,000,000	32.98	-	-
Teoh Hock Chai Family (L) Foundation	10,000,000	2.21	176,900,000 ^Ω	39.16	10,000,000	2.44	176,900,000 ^Ω	43.22

Notes:-

@ Assuming the Proposed Renewal of Share Buy-Back Mandate is implemented in full i.e. up to 10% of the total number of issued shares of the Company (i.e. 45,480,845 shares), are held as treasury shares and that the Directors and the substantial shareholders' shareholdings in ELK-Desa remain unchanged.

[^] Deemed interested by virtue of his interests in Eng Lee Kredit Sdn Bhd, ELK Group Sdn Bhd, Zhongxin Capital Sdn Bhd, Zhongxin Resources Sdn Bhd and Teoh Hock Chai Family (L) Foundation pursuant to Section 8 of the Companies Act, 2016.

[#] Deemed interested by virtue of its interests in Eng Lee Kredit Sdn Bhd and ELK Group Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

^Ω Deemed interested by virtue of its interests in Eng Lee Kredit Sdn Bhd, ELK Group Sdn Bhd and Zhongxin Resources Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

8. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company was 43.50%. The Proposed Renewal of Share Buy-Back Mandate will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with 25% of the public shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's Shares if the purchase would result in the public shareholding spread requirements not being met.

SHARE BUY-BACK STATEMENT

cont'd

9. IMPLICATION OF THE CODE

The purchase of the Shares by the Company pursuant to the Proposed Renewal of Share Buy-Back Mandate will cause our shareholders' respective percentage shareholding in our Company to increase without any corresponding increase in the actual number of Shares held, assuming all other things being equal.

If any one of the Directors, Substantial Shareholders and/or their respective parties acting in concert with them, as a result of the Proposed Share Buy-Back:

- (a) obtains control in the Company (which is the holding of, or entitlement to exercise or control the exercise of, more than 33% of the voting shares or voting rights of the Company); or
- (b) increases his/their existing shareholdings of the Company (which is more than 33% but not more than 50% of the voting shares or voting rights of the Company) by more than 2% in any six (6) months period,

the affected Director, Substantial Shareholder and/or parties acting in concert with them ("Affected Person(s)") will be obliged to undertake a mandatory take-over offer for the remainder ELK-Desa Shares not already owned by them pursuant to the Code. However, a waiver to undertake a mandatory take-over offer may be granted by the SC under the Code upon application by the Affected Person(s) before triggering the mandatory offer and subject to the affected Director, Substantial Shareholder and/or parties acting in concert with them complying with certain conditions.

The Board is aware of the implications of the Code and will be mindful of such implications when making any purchase of ELK-Desa Shares pursuant to the Proposed Renewal of Share Buy-Back.

However, in the event an obligation to undertake a mandatory take-over offer is expected to arise with respect to any party or parties resulting from the Proposed Renewal of Share Buy-Back, which is an action outside its direct participation, the relevant parties will make necessary application to the SC for an exemption from undertaking a mandatory offer pursuant to the Code prior to any buy-back of the Shares.

10. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the Directors and/or Substantial Shareholders and/or persons connected to them, has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate or the subsequent resale of the Treasury Shares (if any).

11. PURCHASE OF ELK-DESA SHARES, RESALE OR TRANSFER AND CANCELLATION OF TREASURY SHARES IN THE PRECEDING TWELVE (12) MONTHS

Details of the shares purchased and retained as treasury shares for the past twelve (12) months were as listed in the attached Appendix I.

There was no resale, transferred or cancellation of any Treasury Shares during the preceding twelve (12) months and up to the LPD.

SHARE BUY-BACK STATEMENT

cont'd

12. MARKET PRICE OF THE COMPANY'S SHARES

The following table sets out the monthly highest and lowest prices of ELK-Desa Shares traded on Bursa Securities for the preceding twelve (12) months up to 30 June 2025:-

	Highest (RM)	Lowest (RM)
2024:		
June	1.30	1.25
July	1.28	1.18
August	1.25	1.16
September	1.23	1.19
October	1.23	1.20
November	1.24	1.20
December	1.25	1.13
2025:		
January	1.19	1.13
February	1.17	1.12
March	1.16	1.11
April	1.17	1.09
May	1.17	1.12
June	1.17	1.10

The last transacted market price of ELK-Desa Shares as at the LPD was RM1.13.

(Source: Share Investor and the Company's website https://www.elk-desa.com.my/historical_price.html)

13. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Mandate is solely subject to the approval of the shareholders of the Company at the forthcoming 36th AGM to be convened.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

The Directors having taken into consideration the Proposed Renewal of Share Buy-Back Mandate stated above, are of the opinion that the Proposed Renewal of Share Buy-Back Mandate is in the best interest of the Company. Accordingly, the Directors recommend that the shareholders vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the forthcoming 36th AGM.

SHARE BUY-BACK STATEMENT

cont'd

15. 36th AGM

The Ordinary Resolution in respect of the Proposed Renewal of Share Buy-Back Mandate will be tabled as Special Business in the Notice of the 36th AGM contained in the Company's Annual Report 2025. The 36th AGM will be held at the below meeting venue, date and time.

Date	: 18 August 2025, Monday
Time	: 10.00 a.m.
Meeting venue	: Berjaya Times Square Hotel Kuala Lumpur, Manhattan V Ballroom, Level 14 West, No. 1 Jalan Imbi, 55100 Kuala Lumpur

If you are unable to attend or vote in person at the 36th AGM, you may appoint proxy(ies) by completing, sign and deposit the Proxy Form in accordance with the instructions therein, to the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the date and time set for holding the 36th AGM or any adjournment thereof. You may also submit the Proxy Form electronically via TIIH Online at <https://tiih.online> before the proxy appointment cut off time as mentioned above. For further information on electronic lodgement of Proxy Form, please refer to Administrative Guide to the 36th AGM.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the 36th AGM should you subsequently wish to do so.

16. FURTHER INFORMATION

16.1 DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of the Company who collectively and individually, accepts full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries to the best of our knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

16.2 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 15-17, Jalan Brunei Utara Off Jalan Pudu, 55100 Kuala Lumpur, Malaysia during normal business hours (except public holiday) for a period from the date of this Circular and Statement up to and including the date of the forthcoming 36th AGM:

- (a) Constitution of ELK-Desa; and
- (b) The audited consolidated financial statements of ELK-Desa for the past two (2) financial years ended 31 March 2024 and 31 March 2025.

SHARE BUY-BACK STATEMENT

cont'd

APPENDIX I

INFORMATION OF SHARES PURCHASED AND RETAINED AS TREASURY SHARES FOR THE PAST TWELVE (12) MONTHS

Date of purchase	No. of shares purchased	Purchased price (RM)		Average price (RM)	Total consideration* (RM)
		Lowest	Highest		
9 April 2025	300,000	1.10	1.11	1.11	333,255.24
10 April 2025	79,500	1.11	1.12	1.12	88,878.58
11 April 2025	85,500	1.11	1.13	1.13	96,606.45
22 April 2025	535,000	1.13	1.13	1.13	605,940.92
24 April 2025	50,000	1.13	1.15	1.14	57,081.04
25 April 2025	80,000	1.14	1.15	1.15	92,139.51
29 April 2025	200,000	1.14	1.15	1.15	230,328.74
30 April 2025	270,000	1.14	1.15	1.15	309,861.90
2 May 2025	130,000	1.15	1.15	1.15	149,844.35
5 May 2025	90,000	1.14	1.15	1.15	103,630.41
6 May 2025	60,000	1.15	1.15	1.15	69,158.70
7 May 2025	70,000	1.14	1.15	1.15	80,580.52
8 May 2025	100,000	1.14	1.15	1.15	115,084.27
13 May 2025	100,000	1.15	1.15	1.15	115,264.50
14 May 2025	70,000	1.15	1.15	1.15	80,685.65
15 May 2025	80,000	1.15	1.15	1.15	92,211.60
16 May 2025	150,000	1.15	1.15	1.15	172,897.25
19 May 2025	80,000	1.14	1.15	1.15	92,019.36
21 May 2025	100,000	1.15	1.15	1.15	115,264.50
22 May 2025	300,000	1.14	1.15	1.15	344,260.52
23 May 2025	150,000	1.15	1.15	1.15	172,897.25

* Inclusive of transaction costs

ELK-DESA RESOURCES BERHAD

198901002858 (180164-X)

(Incorporated in Malaysia)

CDS Account No. (Nominees Account Only)	No. of Shares held

Form of Proxy

I/We _____
(full name as per NRIC / Certificate of Incorporation in capital letters)

NRIC No./Co No. _____ of _____

(full address)

being a member of ELK-DESA RESOURCES BERHAD hereby appoint

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her * the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Thirty-Sixth Annual General Meeting ("36th AGM") of the Company which will be held at Berjaya Times Square Hotel Kuala Lumpur, Manhattan V Ballroom, Level 14 West, No. 1 Jalan Imbi, 55100 Kuala Lumpur on 18 August 2025, Monday at 10.00 a.m:

Please indicate with an "X" in the space provided below whether you wish your votes to be cast for or against the resolutions. In the absence of specified direction, your proxy will vote or abstain from voting at his/her discretion.

RESOLUTION		FOR	AGAINST
Approval of Directors' fees	(Resolution 1)		
Approval of the payment of Directors' benefits payable to the Non-Executive Directors	(Resolution 2)		
Re-election of Mr. Teoh Hock Chai @ Tew Hock Chai as Director	(Resolution 3)		
Re-election of Mr. Teoh Seng Hee as Director	(Resolution 4)		
Re-election of Mr. Ong Wah Tong as Director	(Resolution 5)		
Re-appointment of Auditors	(Resolution 6)		
Approval of Renewal of Authority for the Company to purchase its own shares	(Resolution 7)		

* Delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

Signature of Shareholder /Common Seal

Contact Number

Date

Fold This Flap For Sealing

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at **8 August 2025, Friday** ("General Meeting Record of Depositors") shall be eligible to attend the meeting.
2. A member who is entitled to participate in this 36th AGM may appoint more than one (1) proxy to participate instead of the member at the meeting provided that the member specifies the proportions of his/her shareholdings to be represented by each proxy.
3. A proxy need not be a member. There shall be no restriction as to the qualification of the proxy.
4. A proxy appointed to participate at a meeting of the Company shall have the same rights as the member to participate at the meeting.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), he may appoint more than one (1) proxy in respect of each Securities Account he holds in ordinary shares of the Company standing to the credit of the said Securities Account.
6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee shall mean an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
7. Where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named as proxy in such instrument proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the duly completed Form of Proxy, signed and dated, must be deposited at the Company's Share Registrar Office at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the proxy form can be deposited at the designated drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than **Saturday, 16 August 2025 at 10.00 a.m.**
 - (ii) By electronic means
The Form of Proxy can be electronically lodged with the Company's Share Registrar of the Company via TIH Online at <https://tjih.online> no later than **Saturday, 16 August 2025 at 10.00 a.m.** Kindly refer to the Administrative Guide for the 36th AGM on the procedures for electronic lodgement of proxy form via TIH Online.

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AFFIX
STAMP

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3 Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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9. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 36th AGM will be put to vote on a poll.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the designated drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed an authorised representative, please deposit the **original or duly certified** certificate of appointment of authorised representative with the Company's Share Registrar Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the designated drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

ELK-DESA[®]

www.elk-desa.com.my