CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	5228
COMPANY NAME	**:**	ELK-DESA RESOURCES BERHAD
FINANCIAL YEAR	**:**	March 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The main role of the Board of ELK-Desa Resources Berhad ("ELK-Desa" or the "Company") includes setting the objectives and goals for the Company and its subsidiary companies ("ELK-Desa Group" or the "Group") with a view to maximising shareholder value with corporate accountability. The Board oversees the conduct of the Group's businesses and evaluates whether the Group's businesses are being properly managed. Key matters reserved for the Board include business plans, annual budgets, dividend policy, business acquisition and restructuring, corporate proposals or policies, new issues of securities, release of financial results to the investing public after review and expenditure that exceeds pre-defined limits. The key matters reserved for the Board are specified in the Board Charter. In order to ensure the effective discharge of its functions and responsibilities, the Board has formalised in writing a Board Charter and delegates specific powers to the Board Committees and the Executive Directors. The Board Committees established include the Audit Committee, Nomination Committee and Remuneration Committee which execute their functions according to the Terms of Reference approved by the Board. The Board Charter and Board Committees' Terms of Reference are reviewed at least once a year and are updated when there are changes in legislative and regulatory requirements, in particular those which affect the corporate direction and strategies of the Group as well as the duties of Directors. The annual review and update process also enables the Board Committees to tackle change effectively when discharging their responsibilities. The Company has allocated a dedicated corporate governance section at its website of www.elk-desa.com.my to enable stakeholders access to the details of the Board Charter and Board Committees' Terms of Reference. The Board keeps itself abreast of key issues deliberated and decisions made by each Board Committee through reports by the respective Chairmen of the Board Committees and the tabling of minutes of the Board Committee meetings at the Board meetings. The Management, led by the GED/CEO, manages the day-to-day operations of the Group in accordance with the strategy and limits of authority set by the Board. The Executive Directors are primary responsibilities for implementing the Group's business plans and managing the business activities. The Board

	periodically reviews the Group's performance and activities together with the senior management to ensure that the necessary resources are available to meet the Group's objectives. Independent Non-Executive Directors provide unbiased and independent judgment in ensuring that the strategies proposed and implemented 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 non-controlling interests and can make significant contributions to the Company's decision-making by bringing in the quality of detached impartiality. In order to generate and deliver value to stakeholders, the Board recognises the importance of establishing clear roles and responsibilities in discharging its fiduciary and leadership functions. The key responsibilities of the Board include the following: **a) Reviewing and adopting the Company's strategic plans** The role of the Board is to review, challenge and approve Management's proposal on the Company's strategic plan, which supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board, consisting of six (6) Non-Executive Directors, brings objectivity and breadth of judgment to the strategic planning process. The presence of Independent Directors provides strong independent opinions and strengthens the representation of minority interests. The Board ensures that strategies are fully discussed and examined taking into account the long-term interests of various stakeholders, including shareholders, employees, customers, suppliers and the various communities in which the Company conducts its business. Board discussion is open and constructive, recognising that differences of opinion, in such circumstances, can bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. The Board has to satisfy itself that the Management had taken into account all appropriate considerations in establishing the strategic plan for the Company. The Board takes responsibility for monitoring the implementation of the strategic plan by Management. **b) Overseeing the conduct of the Company's business** The Board oversees the performance of Management to determine whether the business is being properly managed. The Board's oversight of Management's performance is supportive yet vigilant. Therefore, the Board ensures that there are measures in place against which Management's performance can be assessed. The GED/CEO is responsible for implementing the policies and decisions of the Board and the day-to-day business and operations of the Group. He is supported by a team of senior management who is responsible for the various business functions of the Group. The Management, under the leadership of the GED/CEO, is assessed by the Board through regular management reports tabled at the Board meetings on a quarterly basis. The management reports include key information on the Group's financial performance, business and operational statistics for current and previous reporting periods. On a quarterly basis, Management presents and reports to the Board the comparison between actual results against the budget approved. The

	Board is also informed of all significant corporate and operational issues from time to time. Relevant members of the senior management team are invited to attend the Board of Directors and/or Board Committee meetings, as and when necessary, to assist and support the Executive Directors in presenting the updates of relevant financials, performance indicators, progress reporting of outstanding key issues to the Board or Board Committees. Besides receiving management reports at Board meetings, the Board goes beyond the boardroom to conduct site visits at the respective business divisions. The Directors visited the hire purchase business offices and were briefed by the Management on the latest challenges and issues affecting the hire purchase industry. The Directors also visited outlets, warehouses, facilities, or premises to gain a better understanding and insight into the operations of the business. The senior management team of the respective operations provided information and clarification on issues raised by the visiting Board members. **c) Promoting good corporate governance culture within the Group** The Board sets the tone for good governance and ethical business for the Group via the establishment of a Code of Ethics and Conduct, written policies and standard operating procedures for an Anti-Bribery Management System ("ABMS"), through the Anti-Bribery and Corruption Policy ("ABC Policy"), and a Whistleblowing Programme that enables the enforcement of the Code of Ethics and Conduct and other policies and procedures of the Group. The Whistleblowing Programme allows issues of concern to be raised internally or externally, including the general public, in confidence and is overseen by the Audit Committee. Details of the ABC Policy, Code of Ethics and Conduct and the Whistleblowing Programme are available on the Company's corporate website. **d) Identifying principal risks and ensuring the implementation of appropriate systems to manage them** The Board understands the principal risks of all aspects of the Group's businesses and recognises that business decisions involve the taking of appropriate risks. This is intended to achieve a proper balance between risks incurred and potential returns to shareholders. The Board is responsible for setting the risk appetite for the Group and ensuring that there are systems in place which effectively monitor and manage these risks. The Board has entrusted the Audit Committee to oversee the risk management framework of the Group and review the risk management reports tabled by the Management half-yearly. The risk management reports provide regular updates on the risks which the Management views as having a possible negative impact on the future performance of the Group, including sustainability-related risks. Mitigation actions as well as key indicators measuring the extent of the risks are included in the reports for review. The Management is responsible for implementing processes and internal controls to manage the key risks highlighted in the risk reports. The Audit Committee ensures that appropriate internal controls are in place and effective by engaging outsourced independent auditors to conduct internal audit and external audit reviews in accordance with audit plans adopted by the Audit Committee annually. The Audit Committee assesses the duties carried out by internal and external auditors on an annual basis.

	Details of the Group's risk management and internal control systems are set out in the Statement on Risk Management and Internal Control of this Annual Report 2024. **e) Succession planning** The Board, through the Nomination Committee, is responsible for reviewing and implementing an effective and orderly succession plan in the Group. The Terms of Reference of the Nomination Committee provide it with the responsibility of reviewing the structure, size, and composition (including skills, knowledge and experience) required of the Board and making recommendations as deemed appropriate giving full consideration to succession planning for Directors and taking into account the challenges and opportunities facing the Group, and the skills and expertise that are therefore needed on the Board in the future. During the financial year ended 31 March 2024, the Nomination Committee has considered the current diverse board composition, comprising young executive members who are guided by experienced directors, as part of its consideration for succession planning. The Nomination Committee opined that the Executive Chairman, Mr. Teoh Hock Chai, age 79, is to continue to lead and provide strong stewardship to the Board for many more years. Moreover, there are rules under the Company's constitution for the election of a person to chair Board meetings in the absence of the Chairman. Hence there is no immediate succession plan for the Board's Chairman. The Nomination Committee also opined that Mr. Teoh Seng Hui, the GED/CEO is an ideal candidate to substitute the Chairman during his absence, this is based on the GED/CEO performance acting as the Chairman of meeting at all previous Annual General Meeting. There is no age concern on the GED/CEO and Executive Director/Chief Financial Officer ("ED/CFO") and they have satisfied all criteria set in the recent performance evaluation and have proven their capabilities to stay in the posts, hence there is also no succession plan priorities on the two positions. There are three Independent Directors who will complete their consecutive 12-year tenure as Independent Directors after September / October 2024. To ensure an orderly succession of Independent Directors with minimal impact on Board effectiveness and independence, the Nomination Committee will source and select candidates for the succession of Independent Directors. On 23 August 2023, based on the recommendation of the Nomination Committee, the Board approved the appointment of Ms. Tan Tai Kim as a new Independent Director. On 23 August 2023, Ms. Tan has also been appointed as a member of the Audit Committee. As for other key management staff, Nomination Committee will continue to oversee the development and management of a sustainable long-term succession plan for senior management . **f) Overseeing the development and implementation of a communication policy for the Company** The Board recognises the importance of accountability and communication to shareholders and other stakeholders on all major

	developments affecting the Company. Therefore, the Board adheres to the Corporate Disclosure Policy prescribed under Paragraph 9.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") and will take reasonable steps to ensure that there is equal access to such information. Material information is disseminated to shareholders and investors through various channels which include disclosures and announcements made to Bursa, annual reports as well as, where appropriate, circulars and press releases. The Company's website at www.elk-desa.com.my facilitates quick access to corporate and financial information pertaining to the Group and its business activities. The updates and information on financial results featuring the business and performance of the Group are uploaded on the website immediately after the announcements of the same are made to Bursa. Whilst the Company endeavours to provide as much information as possible, it is aware of and remains compliant with legal and regulatory frameworks governing the release of material and price-sensitive information. The Company's Annual General Meeting serves as a principal forum for dialogue with shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, corporate developments in the Group and the resolutions proposed. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board and senior management are normally present to answer questions raised at the meeting. Constructive feedback received at the Annual General Meetings as well as via the Investor Relations Contact through our corporate website is channelled to the relevant senior management team for evaluation and consideration. In accordance with the MMLR, a summary of the key matters discussed at our annual general meeting is published on our Company's website at www.elk-desa.com.my within two (2) weeks as soon as practicable after the conclusion of the Annual General Meeting. **g) Reviewing the adequacy and integrity of the management information and internal control system of the Company** The Board ensures that there is a sound framework on corporate reporting, including financial and non-financial reporting across the Group. Due cognisance is given to the disclosures on corporate governance, sustainability and other non-financial aspects drawing guidance from relevant guidelines issued by Bursa. The Board is responsible for the adequacy and integrity of the Group's management information and internal control system. Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report 2024.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman is responsible for the orderly conduct and working of the Board and for ensuring that members have access to relevant information in a timely manner. The roles and responsibilities of the Chairman of the Board are specified in the Board Charter. The Company Secretary assists the Chairman to set the board agenda for each meeting based on the Board's annual meeting calendar, and the same is circulated to the Board members accordingly. Prior to each Board meeting, the Chairman and Executive Directors have a session where the Executive Directors brief the Chairman on the papers to be presented by the Management. The Chairman leads the meeting pace and discussions in an effective manner. The good stewardship of the Chairman is acknowledged by his peers via the Self and Peer Assessment of Board members in the annual evaluation. At each of the Board meetings, the Chairman promotes a boardroom environment that allows for the expression of views, effective debates and discussion. The Chairman plays an important role in a situation where there are differences in opinion among the Directors during deliberations at Board meetings by providing his unbiased views and decisions to resolve the issues concerned. The Chairman sets the right tone from the top, leads the Board and the Company to adhere to all the relevant laws and regulations and implements its good corporate governance practices. The Chairman also leads the Board in ensuring appropriate steps are taken to provide effective communication with stakeholders via the Group's established communication channel and platforms.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	The positions of the Chairman and the GED/CEO are held by different individuals. There is a clear division of responsibilities between the Chairman and the GED/CEO to ensure that there is a balance of power and authority, such that no one individual has unfettered decision-making powers. The Chairman is responsible for the orderly conduct and working of the Board in accordance with its responsibilities specified in the Board Charter and for ensuring that members have access to relevant information in a timely manner, whilst the GED/CEO is responsible for overseeing the day-to-day management of the Company's business operations and implementation of Board decisions. The responsibilities of the Chairman and GED/CEO are disclosed in the Board Charter, which is available on the corporate website. In addition to the above, the Board has identified Mr. Loong Foo Ching as the Senior Independent Non-Executive Director of the Board to foster greater objectivity at Board meetings. Mr. Loong also serves as a designated contact to whom concerns pertaining to ELK-Desa Group may be conveyed by shareholders and other stakeholders.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The current composition of the Nomination Committee ("NC") had fulfilled the requirement of paragraph 15.08A(1) of the MMLR where the NC must comprise exclusively of non-executive directors and majority of them must be independent. The NC is currently chaired by a Senior Independent Non-Executive Director, thus in compliance with Practice 5.8 of the Malaysian Code on Corporate Governance ("MCCG"). The Audit Committee ("AC") had fulfilled the requirements of Paragraph 15.09 of the MMLR where AC must comprise of not fewer than three (3) members of whom all must be non-executive directors, and majority of them are Independent Directors and at least one must be a member of the Malaysian Institute of Accountants. The AC is chaired by an Independent Director. The Terms of Reference of the NC and the AC have been updated to state the Board Chairman cannot be a member of the respective committee. The Remuneration Committee ("RC") is currently comprised of four members of whom three are Independent Directors ("IDs") whilst the Chairperson is the Executive Chairman.
		While Practice 1.4 in the MCCG provides that the Board Chairman should not be a member of the RC, after considering the fact that (i) the company currently has instituted a remuneration policy and procedure to determine the remuneration of directors and senior management, (ii) that the existing structure of the RC has a majority of IDs, and (iii) the Board has a majority of non-executive directors to consider and approve recommendations pertaining to remuneration matters by the RC, the Board concurred with the NC's recommendation that the RC is able to yield objectivity in the deliberations and decision-making pertaining matters relating to the remuneration and rewards of the Board and senior management and that the Board has the relevant checks and balances to objectively deliberate RC's recommendations. The Board has the intention to retain the composition of the RC for the time being and will continue to assess and ensure the objectivity of the functions of the RC and the Board, in addition to considering the application of Practice 1.4 balancing between resource efficiency, conformance, and overall Board effectiveness.

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The principal roles of the Company Secretary are to ensure compliance with regulatory requirements, provide updates on new MMLR and corporate governance practices to the Board as well as ensure that minutes of the Board and Board Committee meetings are well documented. The Company Secretary also provides support to the Board in fulfilling its fiduciary duties. The Board can always consult the Company Secretary on statutory, procedural and regulatory requirements. The roles and responsibilities of the Company Secretary also include the following: ➢ advising and providing updates to the Board on corporate governance developments and assisting in applying the relevant corporate governance practices to meet the board's needs and stakeholders' expectations; ➢ advise the Board on corporate disclosure and compliance with MMLR of Bursa, company and securities regulations and other relevant guidelines; ➢ managing the logistics of Board, Board Committee and general meetings, attending the meetings, and ensuring proper recording of meetings minutes; ➢ ensuring proper upkeep of statutory registers and records of the Company; ➢ assisting the Chairman in the preparation for, and conduct of, meetings and facilitating board communication; ➢ facilitating the orientation of new Directors and assisting in Directors' training and development; ➢ interacting with shareholders and regulators, investor and stakeholder communication; ➢ managing processes pertaining to annual shareholders' general meeting; and ➢ ensuring Board policies and procedures are adhered to. Currently, Mr. Loke Weng Fook is the Company Secretary of the Company. He is a member of the Malaysian Institute of Accountants, an associate member of the Chartered Institute of Management Accountants (United Kingdom), and a Chartered Global Management Accountant (CGMA) designee. Mr. Loke has the experience and qualification to act as Company Secretary under the Companies Act 2016. The Company ensures the Company Secretary undertakes continuous professional development. During the financial year

	under review, the Company Secretary has attended various training programmes to maintain and upgrade his skills and knowledge. The Company has engaged an established professional firm for advisory and consultancy services in respect of the Companies Act 2016, the MMLR and other statutory and regulatory compliances.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	At the beginning of each new calendar year, the annual meeting calendar of the Board and Board Committees and the Annual General Meeting is prepared and circulated to facilitate the Directors' time planning. The Company Secretary notifies the Directors about the closed periods for dealings in securities by Directors via email or other electronic channels one month before the targeted dates of announcement of the quarterly results. Agendas and pre-read meeting papers are circulated to the Directors at least seven (7) days prior to the Board and Board Committee meetings so as to give the Directors sufficient time to consider and deliberate on the issues to be raised at meetings. The Board papers contain relevant information and justifications for each proposal for which Board's approval is sought. Where necessary, members of senior management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the agenda. Minutes of the Board and Board Committee meetings are recorded to reflect the deliberation and decision-making process, including dissenting views or abstention to vote or deliberate by any Directors. The draft minutes prepared by the Secretary will be sent to the respective Chairman of the Board or Board Committee for review and comments within 30 business days. Thereafter, the minutes will be circulated to the Directors and Board Committee for their perusal and confirmation seven (7) days prior to the next Board and Board Committee meetings. At the meetings, the Directors may request further clarification or raise comments on the minutes. The Chairman will sign and confirm the minutes as accurate records of the proceedings.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	The Board Charter sets out the duties, responsibilities, functions and code of ethics of the Board in accordance with the principles of good corporate governance set out in the MCCG and relevant sections of the MMLR on corporate governance, as well as applicable laws and regulations. The Board Charter also refers to Board Committees, which assist the Board in carrying out its duties in accordance with their respective terms of reference, and the specific roles and responsibilities of the Chairman, Non-Executive Directors, and the Senior Independent Directors in their leadership and oversight of the Company's governance and businesses. The Board reviews the Board Charter at least once a year to ensure that it remains relevant to enable the Board to discharge its fiduciary responsibilities. As mentioned under Practice 1.1 above, the Board has a formal schedule of matters reserved to it for deliberation and decision to ensure that the control and direction of the Company are within its ambit. The Board Charter and the Terms of Reference of the Board Committees are reviewed annually, and can be accessed through the Company's website at www.elk-desa.com.my. The Board Charter was last reviewed and approved in February 2024.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has established a Code of Ethics and Conduct that sets out the principles and standards for managing any conflicts of interest, preventing corruption practices and insider trading besides compliance with laws, rules and regulations which include anti-money laundering and personal data protection amongst others. Anti-corruption provisions in the Code of Ethics and Conduct also resonate with the Group's ABMS which was developed guided by the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 ("Guidelines on Adequate Procedures"). The reporting of unlawful or unethical behaviour is encouraged, particularly through the Whistleblowing Programme. The Board has, via the Audit Committee who assists in overseeing anti-bribery and corruption and whistleblowing matters, enhancing the internal control system within the Company and its subsidiary companies, ensuring policies and standard operating procedures on anti-bribery and corruption are, at a minimum, guided by the Guidelines on Adequate Procedures and the Code of Ethics and Conduct to combat corruption practices. The Code of Ethics and Conduct is accessible through the Company's website at www.elk-desa.com.my. The Code of Ethics and Conduct of the Group was last reviewed and approved by the Board in February 2024.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	The Group has in place a Whistleblowing Programme which offers stakeholders such as employees, suppliers, vendors, dealers, partners and the general public the ability to raise issues of concern about the Group in confidence, with assurance of protection from any reprisal within the Group for reporting in good faith through the whistleblowing channels. This programme is governed by the Group's Whistleblowing Policy and is overseen by the Audit Committee. Information on the policy and procedures relating to the Whistleblowing Programme is available on our corporate website. The Group believes that this programme helps to enhance governance and is very much in line with the Group's long-standing commitment to the highest professional standards of integrity as well as to combat any potential bribery and corruption practices. Currently, the Whistleblowing Programme is outsourced to an external professional firm in order to ensure its independence. The outsourced service provider furnishes quarterly reports of the Whistleblowing Programme to the Audit Committee. During the financial year ended 31 March 2024, there was no incident of violation or improper conduct or wrongdoing reported.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1
The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	ELK-Desa is committed to delivering sustainable values to our stakeholders through the businesses and operations of the Group. The Board of ELK-Desa, in its stewardship of the Group, embraces the philosophy of holistic business sustainability by incorporating economic, environmental, social, and governance ("EESG") considerations in the Group's corporate strategies. The Board of ELK-Desa holds ultimate responsibility for the governance of sustainability management and sustainability performance of the Group. The Board provides leadership for business sustainability and ensures that the strategic plan of the Company supports long-term value creation and includes strategies on EESG considerations underpinning sustainability. The governance structure of the Group's management of sustainability matters, is published in the Sustainability Statement of the Annual Report 2024. The Board has tasked the GED/CEO, who is supported by the Sustainability Steering Committee ("SSC") set up in September 2020 to review, deliberate and approve the Group's sustainability strategy and initiatives. The SSC's members include the heads/senior managers of key operations and functions of business divisions. Sustainability strategies and initiatives developed by the GED/CEO are endorsed by the Board. The SSC also oversees the incorporation of sustainability in the organisation, workplace, and operations. The Sustainability Steering Committee has access to the advice and services of external consultants in managing sustainability matters. The Group has established a set of short and long-term targets pertaining to the management of material sustainability matters which are aligned with the Group's overall business objectives. Performance against these targets will be reviewed by the SSC and reported to the Board. The SSC is supported by two (2) Sustainability Working Groups, i.e. each for the Hire-Purchase ("HP") Division and Furniture Division, respectively. The Working Groups are tasked to be the Champions of Sustainability in every department across the organization, formulate Sustainability strategies, direction and propose targets / indicators, report on progress, provide updates

	and highlight any challenges for resolution or escalation, represent respective departments and business, ensuring comprehensive sustainability engagement throughout the business segments, manage stakeholder engagement efforts, deliver on implementation actions required of each department, and ensuring that all pre-defined initiatives and tasks are delivered within the agreed time frame. During the financial year under review, the SSC and the Sustainability Working Groups met twenty-two (22) times to discuss matters relating to sustainability strategies and implementation, identify priorities, review performance, align the sustainability goal and objective to GRI standards, stakeholders' and business owner engagement, data gathering in relation to sustainability material matters pursuant to the GRI standards, and monitor sustainability performances. Progress and performance pertaining to the implementation of the Group's sustainability strategies and priorities, together with a summary of how sustainability risks and opportunities have been managed, are tabled to the Board for its review on an annual basis. The Board also reviewed the Sustainability Statement for FY2024 which is included in the Company's Annual Report 2024.
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	The Board, through the governance structure for managing business sustainability matters, ensures that the Company's sustainability strategies and priorities as well as performance are communicated to internal and external stakeholders. The SSC, supported by the Sustainability Working Groups, is tasked to drive stakeholder engagement, including ensuring relevant sustainability matters and topics are addressed via the Group's engagement channels with its various stakeholders. Heads/ senior managers of the relevant functions or operations, which report to the SSC, ensure the implementation of effective stakeholder communications. During the financial year under review, the Board, via the GED/CEO who is supported by the SSC, reviewed the Group's overall stakeholder engagement, including channels used and key matters relevant to each stakeholder group. SSC via the heads/ senior managers also ensure stakeholders are communicated on the Group's sustainability focus and priorities, as relevant. In addition, the Group communicates and reports on the sustainability strategies and priorities, as well as their performance for each financial year in the respective year's Sustainability Statement included in the Annual Report which is publicly available on the company's corporate website for all stakeholders. Sustainability Statements are reviewed by the Board before they are published.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	In line with the application of Practice 4.1 of MCCG, the Board's commitment to strengthen its oversight of sustainability issues, and in order for the Board to stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities, the company has provided training on the topic of Climate Change and Emissions Reporting to the Directors in November 2023. Through the reports of the GED/CEO, who is responsible for assessing the economic, environmental, and social risks and opportunities of the Group to identify those which are material to the Group, the Board is apprised of the sustainability issues, including risks and opportunities, related to the Group. The Board reviews the Group's update on material sustainability matters, progress and performance of strategy implementation through the reports of the GED/CEO as well as via the Group's risk management reporting, where applicable. Any significant emerging sustainability issues will also be reported to the Board as they arise. In the Nomination Committee's assessment of Board effectiveness, including the mix of skills, knowledge, and experience of the Board and the Board Committees, the Nomination Committee considers if the overall Board is equipped to be informed and updated on sustainability issues relevant to the Company and its business, as well as having an adequate understanding to deliberate strategies and targets in managing such sustainability issues. Sustainability considerations are incorporated in the Nomination Committee and the Board's assessment of the Director's training needs and are included in the training topics to be provided to the Directors, as necessary. The GED/CEO and his subordinates from the SSC are responsible for assessing the economic, environmental, and social risks and opportunities of the Group to identify those which are material to the Group, including the management and performance thereof. The Board will be informed and updated on significant sustainability issues relevant to the company and its business, if any, during Board meeting while reviewing the sustainability reporting from the GED/CEO and his team.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	During the financial year, Nomination Committee ("NC") has considered the performance of the Board and senior management in addressing the company's material sustainability risks and opportunities as part of the evaluation consideration. Such considerations have also been incorporated as part of the evaluation criteria of the Board Performance Evaluation Framework. For the financial year under review, the NC is satisfied with the performance of the Board and senior management which is deemed to be competent including with respect to their roles in the management of business sustainability. The Board, through the recommendation of the Remuneration Committee, has instituted an additional clause in the Directors and senior management's Remuneration Policy to consider the appropriate level of remuneration for directors and senior management in relation to the Company's performance in managing material sustainability risks and opportunities.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up
The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.		
Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee has a schedule to evaluate the performance of the Board and its' composition during the last quarter of each financial year. For the financial year under review, the evaluation was carried out in the month of February 2024 through the Board Performance Evaluation Framework process. In the process of reviewing, NC also considered various factors such as the Company's current Board size, the matrix of experience qualification background of the IDs, skill, knowledge, tenure, age demographic and gender. After evaluating and considering factors including, amongst others, (i) the separation of the roles of the Chairman of the Board and the GED/CEO, both of whom performed their respective clearly-defined responsibilities according to the Board Charter, (ii) the fact that to the Board composition supports a balance of power and authority such that there is also no practical barriers such as personal and positional authority, conservative cultural environment or restrictive information asymmetry which may influence or affect the ability of the IDs in the decision-making, (iii) the calibre and personal traits of IDs of the Board in ensuring effective checks and balances in the Board's deliberations, (iv) the corporate governance structure with respect to the roles and responsibilities of the Board Committees, including the suitability and performance of the committee members, the NC upheld their previous conclusion that the current Board line up is effective and would not render any boardroom dominance, stereotype discussions and complacency. Given that three IDs will have served the Company for a cumulative tenure of 12 years after September / October 2024, the NC endeavours to identify suitable candidates to enable the orderly succession of the retiring IDs. During the financial year under review, Ms. Tan Tai Kim has been appointed as a new ID and a member of the Audit Committee. Saved as the above-mentioned, NC did not recommend other changes to the composition of the Board and Board Committee for the period under review.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	Currently, there were more than half of the Board comprises Independent Directors. The nine (9) board members are made up of one (1) Executive Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors. The composition of the Board is balanced by the presence of Independent Non-Executive Directors who are professional in their approach and who exercise independent judgement in the best interest of the Company without being beholden to the Executive Directors or Management. The Board has also appointed a Senior Independent Non-Executive Director ("SID"), Mr. Loong Foo Ching, whose role is to: 1. act as a sounding board to the Board Chairman (offer counsel on matters such as Board dynamics and concerns of stakeholders); 2. serve as an intermediary for other directors (especially for matters that may not be appropriately raised in open forum or with the Chairman directly); 3. act as point of contact for shareholders and other stakeholders; 4. provide leadership support and advice to Board in the event Board is undergoing period of stress, e.g., the Chairman and GED/CEO are having conflicts; 5. lead in succession planning; and 6. lead in annual review of the Board, Board Committees and individual directors.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application :	Applied	
Explanation on application of the practice :	The Company has instituted a clause in the Board Charter in respect of Directors continuing to serve as Independent Directors of the Board beyond nine (9) years, if the Nomination Committee concludes and the Board concurred that the Director is able to continue to exercise independent judgement after nine (9) years of service but subject to the two tiers shareholders' approval. Any Independent Director who has served more than a cumulative period of twelve (12) years must resign from office or be re-designated as a non-independent director. Mr. Loong Foo Ching, Mr. Ng Soon Lai @ Ng Siek Chuan (both appointed on 20 September 2012) and Ms. Toh Jyh Wei (appointed on 12 October 2012), who are Independent Directors who will be retiring at the upcoming Annual General Meeting ("AGM") and they do not intend to seek re-election. Based on the evaluation of Directors guided by the Board Performance Evaluation Framework which includes an assessment of Director's independence, the Board has concurred with the Nomination Committee's conclusion that all the Independent Directors are independent in appearance, thoughts and actions, based on various criteria established.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.		
Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	The appointment of Board members and senior management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board members, who are from varied backgrounds in banking, finance, legal, accounting, auditing and general management, are able to provide views and judgement for all Board deliberations. The Board has also specified its policy of having at least one (1) female Director in its Board Charter, to ensure that gender diversity, amongst others, is considered in its pursuit of board diversity. The Board Charter and Code of Ethics and Conduct also serve as a framework for the conduct of all members of the Board. All Directors, together with the senior management, bring wide business, regulatory, industry and financial experience to complement each other and lead the Company. In the annual Directors' peer and self-assessment, all Directors have to evaluate the effectiveness of the roles and responsibilities of the Board, Board Committees, the Chairman and individual Directors in terms of their skill matrix vis-à-vis the needs of the Company, the character, experience, competence, integrity and time commitment of Directors as well as senior management, including the ability of Independent Directors to discharge their roles independently and objectively. The Board is satisfied with the healthy boardroom dynamics and tone at the top set by the Board Chairman. NC has observed an excellent level of time commitment of members as reflected in: (a) the full attendance and punctuality of the members at all the meetings of the Board and Board Committees held during the financial year; and (b) members are well prepared for the meeting and have participated actively in constructive discussion and have provided useful insights to the deliberations. To avoid any appointment or re-appointment of directors that may cast doubts on the integrity and governance of the company, the Directors are required to complete a declaration of interests annually through the Company's Anti-Bribery Management System. In addition, all candidates to be appointed as new directors will also be subjected to due diligence check prior to formal appointment.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	During the financial year under review, the Board has appointed Ms. Tan Tai Kim as part of the Board's orderly succession of IDs. In the sourcing and selection process, the NC through various channels including industry networking and recommendations from independent Directors, sought and identified candidates to enable the succession of IDs. The NC did not utilise public sources such as directors' registry, open advertisements, or independent search firms as suggested by the Guidance for Practice 5.6.
		The Nomination Committee is responsible for assessing and recommending new candidates for appointment and re-appointment of Directors to the Board. When there is a need for new appointment of Directors, selection of candidates to be considered is obtained through recommendations from the Directors and Management or their contacts in related industries, such as finance, accounting or legal professions. In addition, the Nomination Committee is empowered to utilise independent sources to identify suitably qualified candidates. The Nomination Committee will conduct a review of the candidates to identify suitable candidates before it makes any recommendations to the Board for appointment. In making recommendations to the Board for any new appointment or reappointment to the Board or Board Committees, the Nomination Committee considers the criteria set out in the Directors' Fit and Proper Policy (adopted on 16 June 2022), which include the relevant Director's time availability, integrity, professionalism, academic qualification, character, age, gender, required mix of skills, knowledge, expertise and experience, which the Director can bring to the Board. In the sourcing and selection process carried out during the year, the NC did not utilise public sources such as directors' registry, open advertisements, or independent search firms as suggested by the Guidance for Practice 5.6 as the Board and the NC believe priority shall be placed on sourcing for candidates who are able to have positive dynamics with the existing Board and have positive testimony within the industry or within the broader network of the existing Directors.

	The candidate sourcing process was largely overseen by the NC, through the industry and professional network of the NC members, amongst others. The NC members are exclusively Non-Executive Directors with a majority of Independent Directors. The candidates were put through a rigorous assessment by the NC, considering the Directors' Fit and Proper Policy. The NC and the Board believe such process remain objective as the sourcing process was not limited to candidates who are within the immediate, close network of existing Director, Management, or major shareholders. The NC retains its authority to source from public sources.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7
The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee had in February 2024 collated and reviewed the results of the assessment and recommended to the Board for the re-election of Mr. Teoh Seng Hui and Ms. Tan Tai Kim who are Directors retiring pursuant to the Constitution of the Company at the forthcoming AGM. The Board was satisfied with the results of the annual assessment, that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills, and that the Independent Directors had been impartial in discharging their functions and are rigorous in challenging Management on any issues which they have concerns on. There are no individuals seeking election as a Director at the 35th AGM of the Company. Details of the Directors standing for re-election, including their background, any family relationships or conflict of interest they have with the Company amongst others, are set out in the Profile of Directors of the Annual Report 2024 and references were also made in the notice for the forthcoming AGM.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The membership of the Nomination Committee is exclusively Non-Executive Directors and majority of them are independent. The composition of the Nomination Committee is as follows:

<u>Name of Committee Members</u> — <u>Designation</u>
Mr. Loong Foo Ching (Chairman) — Senior Independent Non-Executive Director
Mr. Ng Soon Lai @ Ng Siek Chuan — Independent Non-Executive Director
Mr. Teoh Seng Kar — Non-Independent Non-Executive Director
Datin Gan Kok Ling (appointed to the Nomination Committee on 23 August 2023) — Independent Non-Executive Director

The Nomination Committee is chaired by the Senior Independent Non-Executive Director whose roles include leading the succession planning, appointment of Board members and leading the annual assessment on the Board, Board Committees and individual Directors.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9
The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	As at the date of this Report, out of nine (9) directors of the Board, there are three (3) women directors, which is more than 30% women representation at the Board.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10
The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	The current compositions of the Board and senior management have a good mix of members with age, experience, and perspectives of different age groups. The diverse Board indeed benefits the Company in providing a range of viewpoints and experiences and grooming of young executive members to fulfil the objective of succession plan of the Company. Moreover, the Board constantly advocates fair and equal participation and opportunity for all individuals of the right aptitude. The appointment of Board members and senior management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board members, who are from varied backgrounds in banking, finance, legal, accounting, auditing and general management, are able to provide views and judgement for all Board deliberations. The Board has also specified its policy of having at least one (1) female Director in its Board Charter, to ensure that gender diversity, amongst others, is considered in its pursuit of board diversity. The Board Charter and Code of Ethics and Conduct also serve as a framework for the conduct of all members of the Board. Although the Company does not set a specific target on gender diversity for senior management, the Group is mindful to uphold equal opportunity for all candidates for senior management while consciously being aware of the benefits of having a diverse (including gender diversity) composition of senior management.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.		
Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee ("NC"), comprising four (4) members, all of whom are Non-Executive Directors, with the majority of them being Independent Directors, is entrusted to assess the structure, size and composition (including 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 Senior 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. The NC had established an enhanced Board Performance Evaluation Framework which takes into consideration the Directors' Fit and Proper Policy. The framework is a conceptual structure intended to support and guide NC in carrying out the annual evaluation on the performance of the Board, Board Committees, individual directors, and senior management. Based on the criteria approved for the annual assessment of the Board, Board Committee and senior management, the NC was satisfied with the existing Board performance and has concluded that each Director possesses the requisite 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, the Independent Directors ("IDs") are independent of Management and free from any relationship which could materially interfere with the exercise of their independent and objective judgement or the ability to act in the best interests of the Company. Hence, NC has recommended to the Board for the re-election of the retiring Directors, Mr. Teoh Seng Hui and Ms. Tan Tai Kim at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried out by the NC in the discharge of its functions were duly documented.

	Based on the outcome of the annual evaluation, the NC also formed a view that the Board remained to be effective in its composition and structure, to which the Board concurred.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	On an annual basis, the Remuneration Committee reviews and provides the Board with annual updates and recommendations to ensure there are transparent remuneration policies and procedures for the Board, Board Committees, Executive Directors and senior management. The Directors and senior management remuneration policies and procedures are available on the company's website at www.elk-desa.com.my. The Remuneration Committee reviews the Board remuneration policy and terms and conditions of service of each Director and relevant senior management annually. The remuneration of Directors and senior management are generally based on market conditions and comparisons, annual performance assessment, responsibilities held, time commitment, skills, experience, business strategy, long-term objectives and the overall financial performance of the Group. The Remuneration Committee also takes into consideration the remuneration of Directors and senior management of other public listed companies, particularly those in the financial sector that are of comparable size and nature, to ensure that the Board's remuneration policy is justified to attract, motivate and retain the Directors of the Company and senior management of the Group. Relevant Directors are required to abstain from deliberation and voting decisions in respect of their own remuneration. Decisions and recommendations of the Remuneration Committee are tabled at the Board meeting for approval and, where required by rules and regulations governing the Company, for approval of shareholders at the Annual General Meeting.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>The Remuneration Committee currently comprises the following:

<table><tr><th><u>Name of Committee Members</u></th><th><u>Designation</u></th></tr><tr><td>Mr. Teoh Hock Chai @ Tew Hock Chai (Chairman)</td><td>Executive Chairman</td></tr><tr><td>Mr. Loong Foo Ching</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>Mr. Ng Soon Lai @ Ng Siek Chuan</td><td>Independent Non-Executive Director</td></tr><tr><td>Ms. Toh Jyh Wei</td><td>Independent Non-Executive Director</td></tr></table>
The Terms of Reference of Remuneration Committee include formulating and reviewing the remuneration policies and remuneration for members of the Board, Board Committees, and senior management and recommending the same to the Board for approval. The Terms of Reference of the Remuneration Committee were last reviewed in March 2024 and can be found on the Company's website at www.elk-desa.com.my.

The Remuneration Committee reviews the Board remuneration policy and terms of conditions of service of each Director and senior management annually. The remuneration of Directors and senior management is generally based on market conditions and comparisons, responsibilities held, business strategy, long-term objectives and the overall financial performance of the Group. The Remuneration Committee also takes into consideration the remuneration of Directors and senior management of other public listed companies, particularly those in the financial sector that are of comparable size and nature, to ensure that the Board's remuneration policy is justified to attract, motivate and retain the Directors of the Company and senior management of the Group.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td></td></tr>
<tr><td></td></tr>
</table>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	

No	Name	Directorate	Company (RM)							Group (RM)						
			Fee	EPF	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	EPF	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	TEOH HOCK CHAI @ TEW HOCK CHAI	Executive Director	130,000	-	-	-	-	-	130,000	130,000	20,160	672,000	336,000	17,400	742	1,176,302
2	TEOH SENG HUI	Executive Director	70,000	-	-	-	-	-	70,000	70,000	99,360	552,000	276,000	12,450	1,159	1,010,969
3	TEOH SENG HEE	Executive Director	70,000	-	-	-	-	-	70,000	70,000	84,240	468,000	234,000	14,213	1,159	871,612
4	TEOH SENG KAR	Non-Executive Non-Independent Director	70,000	-	-	-	-	9,750	79,750	70,000	-	-	-	-	9,750	79,750
5	LOONG FOO CHING	Senior Independent Director	110,000	-	-	-	-	45,500	155,500	110,000	-	-	-	-	45,500	155,500
6	NG SOON LAI @ NG SIEK CHUAN	Independent Director	128,000	-	-	-	-	45,500	173,500	128,000	-	-	-	-	45,500	173,500
7	TOH JYH WEI	Independent Director	80,000	-	-	-	-	34,500	114,500	80,000	-	-	-	-	34,500	114,500
8	DATIN GAN KOK LING	Independent Director	60,000	-	-	-	-	9,000	69,000	60,000	-	-	-	-	9,000	69,000
9	YEE KIN LAN (Retired on 18 August 2023)	Independent Director	-	-	-	-	-	3,000	3,000	-	-	-	-	-	3,000	3,000

10	TAN TAI KIM (Appointed to the Board on 23 August 2023)	Independent Director	55,000	-	-	-	-	3,000	58,000	55,000	-	-	-	-	3,000	58,000

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that disclosure of senior management's 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. In addition, the Group is operating in the highly competitive finance industry where poaching of executives is common. 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.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.1
The Chairman of the Audit Committee is not the Chairman of the board.

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>
COMPOSITION OF AUDIT COMMITTEE

ELK-Desa Resources Berhad's Audit Committee ("AC") comprises five (5) members, all of whom are Non-Executive Directors ("NEDs") where four (4) are Independent NEDs as at the financial year ended 31 March 2024 . Details of the members are:

<table>
<tr><th><u>Name of Committee Members</u></th><th><u>Designation</u></th></tr>
<tr><td>Mr. Ng Soon Lai @ Ng Siek Chuan (Chairman)</td><td>Independent Non-Executive Director</td></tr>
<tr><td>Mr. Loong Foo Ching</td><td>Senior Independent Non-Executive Director</td></tr>
<tr><td>Mr. Teoh Seng Kar</td><td>Non-Independent Non-Executive Director</td></tr>
<tr><td>Datin Gan Kok Ling</td><td>Independent Non-Executive Director</td></tr>
<tr><td>Ms. Tan Tai Kim (appointed to the AC on 23 August 2023)</td><td>Independent Non-Executive Director</td></tr>
</table>

The AC Chairman, Mr. Ng Soon Lai @ Ng Siek Chuan ("Mr. Ng"), is a fellow member of the Institute of Chartered Accountants in England and Wales ("ICAEW"). Mr. Ng and Ms. Tan Tai Kim are and members of the Malaysian Institute of Accountants ("MIA"). Accordingly, the Company complies with Paragraphs 15.09 and 15.10 of the MMLR of Bursa.

During the financial year under review, the chairmanship of the AC and the Board are helmed by two (2) different Directors.

The AC Chairman leads the AC in carrying out its duties and responsibilities in accordance with its Terms of Reference, including pertaining to the Company's financials and audit matters. The AC Chairman leads the AC in ensuring the AC has direct engagement and communication with Management and the internal and external auditors. Internal and external auditors are also provided with the opportunity to conduct discussions with the AC, without the presence of Management personnel. Having such direct engagement and communication with the Management and auditors, the AC ensures channels are open for:
● the AC to be fully informed about significant matters related to the Company's audit and financial statements to address these matters;
● the AC to communicate its insights, views, and concerns about relevant transactions and events or matters that may have an effect on the financial or audit of the Company to internal and external auditors; and
</td></tr>
</table>

	• effective co-ordination between the internal and external stakeholders.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.2
The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	In line with the MCCG practice, the Company has a policy requiring a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. The provision is in the Terms of Reference of the AC, which can be found on the Company's website at www.elk-desa.com.my. Ms. Tan Tai Kim, the new AC member appointed during the financial year is not a former partner of the external audit firm of ELK-Desa Resources Berhad.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	In November 2023, AC reviewed External Auditor's competence, audit quality and resources capacity in relation to the audit for assessing suitability, objectivity and independence based on the information disclosed in the External Auditor's Annual Transparency Report 31 December 2022 ("ATR"). The external auditor is guided by its audit independence policy, which has been acknowledged by the Audit Committee, requiring the rotation of the lead engagement partner of the EA every seven (7) years. In June 2024, the Audit Committee conducted an annual assessment on the suitability and independence of the External Auditor, Messrs. BDO PLT. Factors considered by the Audit Committee include the calibre of the audit firm, quality of the auditors' performance, experience and competencies of the engagement partner and staff assigned. Feedback was obtained via written questionnaire from the senior management who had substantial contact with the external audit team throughout the year. The non-audit fees paid to the Messrs. BDO PLT were also monitored closely and reviewed by the Audit Committee to ensure that they did not jeopardise the auditors' independence and objectivity. The fee comparison between audit and non-audit services provided by the External Auditor are available in the Additional Compliance Information Disclosure in the Annual Report 2024. Moreover, in considering the non-audit services, the nature of service is also assessed. For example, internal audit is a prohibited service by the external auditors. The Audit Committee was satisfied with the suitability of Messrs. BDO PLT based on the quality of services, sufficiency of resources, remuneration and performance, independence and professionalism, and their ability to conduct the external audit within an agreeable timeline fixed by the Management. Messrs. BDO PLT has also provided assurance regarding its independence in conducting audit to the Audit Committee in November 2023. The Board concurred with the Audit Committee's recommendation for the re-appointment of Messrs. BDO PLT as the Company's External Auditor in June 2024 and the same will be tabled to the shareholders for approval at the forthcoming Annual General Meeting.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	The Board firmly believes in the importance of ensuring that the Company's financial statements are in compliance with applicable financial reporting standards and are a reliable source of financial information for all shareholders and other stakeholders. In this regard, the Audit Committee assists the Board to oversee the Group's financial reporting function. The Audit Committee met five (5) times during the financial year ended 31 March 2024. The Nomination Committee has assessed and concluded that the Audit Committee has carried out their duties in accordance with the Terms of Reference of the Audit Committee. Details of the composition and activities of the Audit Committee can be found in the Audit Committee Report of the Annual Report 2024. The Audit Committee Chairman, Mr. Ng Soon Lai @ Ng Siek Chuan who is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants ("MIA"), together with other Audit Committee members with diverse background in law, banking and finance, reviewed the Company's quarterly and annual financial statements, presented by the Group Accountant, prior to recommending them for approval by the Board and issuance to all stakeholders. Detailed analysis of key components of the financial statements of individual business segments was presented to the Audit Committee for the current and previous financial periods. As part of the review process, the Audit Committee has ensured that the quarterly and annual financial statements had adopted and applied appropriate and consistent accounting policies, and prudent judgements and reasonable estimates had been made in accordance with the relevant financial reporting standards. The annual financial statements were reviewed by the External Auditor who provided assurance, in the form of annual statutory audit, that the financial statements give a true and fair view of the financial position of the Group and Company and are prepared in accordance with the relevant financial reporting standards and the Companies Act 2016.

	In addition, the Audit Committee places high emphasis on the internal audit function, where the outsourced Internal Auditor conducted independent assessment of the Group's internal control system and provided assurance to the Audit Committee on the adequacy and operating effectiveness of the system of risk management and internal control during the financial year under review. The Audit Committee has received briefings from the External Auditor on new, and/or development of, financial reporting standards that may be applicable to the Group. Audit Committee members have also attended training as continuous professional development in furtherance of their duties as Audit Committee members. Training attended by directors, including Audit Committee members, is discussed in the Corporate Governance Overview Statement of the Annual Report 2024 .	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges its responsibility for establishing a sound framework to monitor key risks that significantly impact the Group and maintaining a sound system of internal control and risk management within the Group. In view of its inherent limitations, the system of internal control provides reasonable, but not absolute assurance, against material misstatement, loss or fraud. The Company has a Risk Management Policy to support the established Enterprise Risk Management ("ERM") Framework, in terms of its governance and implementation. The adopted policy and the ERM Framework have been customized to meet the specific conditions of the Group's business and the organizational context, while preserving the gist and key principles of international ERM standards to uphold the spirit of good governance while ensuring its relevance. An overview of the ERM Framework and state of internal control within the Group is set out in the Statement on Risk Management and Internal Control of this Annual Report 2024. The Audit Committee oversees the ERM Framework of the Group. The Audit Committee reviews the risk management processes to ensure that they remain relevant to meet the objectives of the Group and monitors the adequacy and effectiveness of risk treatment/ mitigation action plans deployed by Management to address the key risks. The Board has not formed a Risk Management Committee as the role has been delegated to the Audit Committee. The Board continues to maintain and, through the internal audit function, review its risk management process and internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The Board has also received written assurance form the GED/CEO and ED/CFO, 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.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	The Board through the Audit Committee ("AC") oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risk across the Group. The AC also assists the Board in fulfilling its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The AC's duties pertaining to risk management, amongst others, include: ● providing direction, oversight and advice to the risk management processes; ● monitoring significant risks exposure with significant business impact that needs special attention by each operations head; ● reviewing the ERM Framework, the Risk Management Policy and relevant processes, including changes or additions; and ● advising the Board on risk-related issues and recommend strategies, policies and risk tolerance for the Board's information and approval as appropriate. The Group has established a structured process for the identification, assessment, communication, monitoring as well as continuous review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of risks are guided by approved risk criteria. The Group adopts a decentralised approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibility of the Heads of Department. <u>Risk management</u> The risk management methodology and approach applied are described as below: ● The Risk Register is compiled and reviewed on a regular basis. Any emerging new risks are identified and followed up with the implementation of the control action plans; and ● The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of the Group's business objectives. It also sets out the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities.

	Internal control The internal control and monitoring procedures include: ● clearly defined systems and procedures, for key operational and financial departments, include maintaining of good operational and financial records and controls and producing accurate and timely management information; ● detailed reporting of financial results, balance sheets and cash flows, with regular review by the Management; ● regular independent internal audit activities to monitor compliance with procedures and assess the integrity of operational and financial information provided; and ● regular information provided to the Management, covering financial performance and key indicators and cash flow performance. The key elements of the Group's internal control system that are considered as an integral part of the assurance framework are as follows: ● governance structure and organisational structure; ● Audit Committee; ● internal audit; ● policies and procedures; ● business plan and budgeting process; ● reporting system; ● appraisal system; and ● management assurance. Further details on the management and reporting of the risks and the controls in place to mitigate and manage those risks are provided in the Statement on Risk Management and Internal Control of the Annual Report 2024 .	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	The Company has outsourced the internal audit function to an external party to provide independent evaluation of its internal control system. The Audit Committee is responsible for the appointment of a suitably qualified, well-resourced and competent internal audit function. In February 2024 , the Audit Committee reviewed and discussed the nature and scope of the internal audit plan. The outsourced Internal Auditor, who reports directly to the Audit Committee, is independent of management functions. The internal auditor function reviews the Group's internal control system based on a risk-based internal audit strategy and approach according to an annual internal audit plan adopted by the Audit Committee. The internal audit function is responsible for conducting periodic reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the Group. Reports highlighting actual and potential weaknesses in the Group's risk management and internal control system identified together with Management's response to the internal audit findings, and progress reports on the follow-up of gaps identified are presented to the Audit Committee on a quarterly basis. The Audit Committee assesses the performance of the outsourced internal audit function on an annual basis to ensure it is effective. For the financial year under review, the cost of internal audit services incurred for the Group was approximately RM109,500.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2
The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	All internal audit personnel assigned by Tricor Axcelasia Sdn Bhd, the outsourced internal audit service provider ("Outsourced IA"), for each internal audit assignment do not have any relationships or conflict of interest with the Group which could impair their objectivity and independence for those internal audit assignments performed during the financial year. As at March 2024, the Outsourced IA assigned at least four (4) personnel to the Group for each internal audit assignment. Most of the Outsourced IA's staff have tertiary and/or professional qualifications and are members of the Institute of Internal Auditors Malaysia. The Outsourced IA is headed by an executive director, Mr. Chang Ming Chew, who holds the Certified Information Systems Auditor, Certified Internal Auditor, and Certification in Risk Management Assurance; and is a professional member of the Institute of Internal Auditors Malaysia, the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants (UK). The Outsourced IA's work is guided by, in all material respect, the International Professional Practices Framework for Internal Auditing by the Institute of Internal Auditors. In June 2024, the Audit Committee reviewed and is satisfied with the adequacy of scope, functions, resources, effectiveness, competency and independence of the internal audit function.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	Corporate disclosure and information are vital for the stakeholders. All information are disclosed to the public, in relation to financial results, significant events or any material transactions, is reviewed and approved by the Board, prior to the announcement made to Bursa via Bursa LINK. The senior management who is responsible for disclosure of material information, performs verification and coordinates the timely disclosure of material information to the investing public via Bursa LINK. The Company leverages its corporate website (www.elk-desa.com.my) to disseminate information to all stakeholders. All announcements made to Bursa are automatically linked and uploaded to the Company's website. The investor relations section also contains important information such as financial reports and stock information. Moreover, the website has a dedicated section for corporate governance. This section provides the latest information such as the Board Charter, Term of Reference of the relevant Board Committees, Whistleblowing Programme, Dividend Policy, Remuneration Policy, Code of Ethics and Conduct, Anti-Bribery and Corruption Policy, and summary of key matters discussed at Annual General Meeting. General meetings are an important platform at which shareholders can exercise their rights and voice their opinions. All shareholders receive an Administrative Guide on the matters relating to the attendance of the general meeting. Moreover, the Board endeavours to serve notices for meetings earlier than the minimum notice period required by the Companies Act 2016 in order to provide sufficient time and opportunities to the shareholders to attend and seek clarification during general meetings on any matters pertaining to the business activities and financial performance of the Company. Each item of special business included in the Notice of the meeting is accompanied by an explanation on the significance and impact of a proposed resolution. At the 34th Annual General Meeting ("AGM") held on 18 August 2023, all Directors and senior management were present at the Annual General Meeting to engage directly with shareholders. During the proceeding of the meeting, the Chairman allowed ample time for shareholders to raise questions pertaining to the financial statements of the Company and Group and other items for adoption, before putting the resolutions to vote by poll.

	The Board ensures there is effective communication with its stakeholders via investor relations programme, such as email or telephone contacts which are available on our Company's website. Through the Management team, the Company also communicates and engages with relevant stakeholders of the Group, via the various engagement channels established, on matters of interest pertaining to the respective stakeholders, including sustainability strategies, priorities, and targets and performance.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The notices of the 34th AGM held on 18 August 2023 was issued on 20 July 2023, which were more than 28 days prior to the general meeting date. The notice for the 35th Annual General Meeting ("35th AGM") is issued on 10 July 2024 together with the issuance of the Company's Annual Report 2024 whilst the 35th AGM will be held on 8 August 2024. Hence, the notice period is not less than 28 days as recommended by the MCCG.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors and the Company Secretary are required to be present at the General Meetings to engage directly with shareholders. During the proceeding of the meeting, the Chairman allows ample time for shareholders to raise questions pertaining to the financial statements of the Company and Group and other items for adoption, before putting the resolutions to vote by poll. At the fully virtual 34th AGM held on 18 August 2023, all Directors, including the chairpersons of the Board Committees and senior management were present at the virtual platform to engage with shareholders and to provide responses to questions raised, as appropriate.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3
Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	The Board leverages technology to facilitate remote shareholders' participation at general meetings and voting in absentia. The Company endeavours to conduct general meetings vide the online platform facilitated by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at its website at https://tiih.online ("TIIH Online"). The TIIH Online is a securitized platform which enables shareholders to participate without physically present at the meeting venue and perform e-voting or voting in absentia, engage the board and senior management effectively and make informed voting decisions at the general meeting. Data Privacy and Security. In compliance with the Personal Data Protection Act 2010 ("PDP Act"), the Company has taken steps to ensure the service provider, Tricor, has put in place data privacy and security policy and measures to prevent cyber threats of all users of TIIH Online and is committed to protecting all personal data it comes into possession with whom it has established contractual relationship through TIIH Online. All data that has been uploaded will be stored with a high level of security to protect user's privacy. Tricor does not engage in any illegal selling of emails or any information. No email or other database will be disclosed to any third party. The upcoming 35th AGM of the Company will be conducted fully virtually through live streaming and online meeting platform using Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at https://tiih.online. An online meeting platform used to conduct the meeting can be recognised as the meeting venue or place required under Section 327(2) of the Companies Act 2016, provided that the online meeting platform is located in Malaysia and all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are to participate in the meeting online. All shareholders have the option to submit Form of Proxy electronically for the 35th AGM via TIIH Online.

	Shareholders are invited and encouraged to attend the upcoming virtual 35th AGM, speak (including posing questions to the Board of the Company via real-time submission of typed texts) and vote (collectively, "participate") remotely at the 35th AGM using RPV provided by Tricor via its TIIH Online website at https://tiih.online. Moreover, shareholders may submit pre-meeting questions for the Board prior to the 35th AGM electronically via TIIH Online website.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.		
Application	:	Applied
Explanation on application of the practice	:	At the 34th AGM held on 18 August 2023, all the Directors and the Company Secretary attended the general meetings remotely vide virtual participation to provide responses to the questions posed by shareholders via TIIH Online website at https://tiih.online in relation to the agenda items for the general meetings, both prior to and during the general meetings. Shareholders, corporate representatives (including a representative from the Minority Shareholders Watch Group or MSWG attended the 34th AGM only) and proxies submitted pre-meeting questions in respect of the financial and non-financial performance of the Company via TIIH Online 48 hours before the general meetings. Pre-meeting questions were displayed in the presentation slides at the general meetings for the shareholders' reference. The Chairman invited the ED/CFO to read out the questions submitted by the shareholders together with the Management's responses to those questions. Thereafter, the Company continued to receive more questions as shareholders started to login to TIIH Online one (1) hour before the commencement of the general meetings and throughout the general meetings. Sufficient time and opportunity were made available for shareholders, corporate representatives and proxies to raise questions. The ED/CFO then read out the said submitted questions and provided the Management's responses for the same. All questions posed in the 34th AGM were duly answered during the general meetings. The responses to all the questions asked during the 34th AGM were published on the Company's website at www.elk-desa.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.		
Application	:	Applied
Explanation on application of the practice	:	The Company has via the share registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") to engage a vendor to provide the audio and visual support services to broadcast the proceedings of the 34th Annual General Meeting ("AGM") held virtually during the period under review. It was live-streamed for access via TIIH Online website at https://tiih.online. (1) The Poll Administrator, Tricor had verified the eligibility of shareholders/corporate representatives/proxies to attend the general meetings based on the General Meeting Record of Depositors as at the specified dates and upon the cut-off date and time for proxy form submission. This online platform was secured exclusively for the members with approved registration for the Remote Participation and Voting ("RPV") at the general meetings. During the AGM, the Company's ED/CFO had via the broadcast platform presented the slides of performance review of the Company for the financial year ended 31 March, 2023 to the shareholders prior to the Q&A session. (2) Tricor had introduced an application called the Moderator Link, as part of its new services to assist the user in tracking the questions posed by the shareholders during the general meetings, to facilitate the listed issuer's compliance with the Securities Commission's ("SC") Guidance. Questions posed by shareholders via TIIH Online website had been captured and transmitted to the Company for action and response, prior to and during the general meetings. Similarly, the same application/tool had been used by the Company for the same questions to be made visible to all meeting participants.

	With the use of Moderator Link, the Meeting Chairman and the ED/CFO who have a good understanding of the Company's business, had managed the Question & Answer ("Q&A") session smoothly and efficiently. Each question had been displayed on the screen as and when the Chairman and the ED/CFO provided their responses to the respective questions accordingly in an orderly manner. (3) The extensive Q&A session served as an interaction between the Directors, Management and shareholders during the fully virtual meeting. Whilst the members were in attendance in the proceedings of the general meetings, he/she could select "GO TO REMOTE VOTING PAGE" button below the Query Box to cast his/her votes. This is in line with the SC's Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting. After voting, the voting results were collated and verified by the Scrutineers, Coopers Professional Scrutineers Sdn Bhd. The Scrutineers announced the poll results of each Resolution and each of them was displayed to members, corporate representatives and proxies present as the Chairman declared that the resolutions were duly passed.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6
Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.			
Application	:	Applied	
Explanation on application of the practice	:	The Company held its 34th AGM on 18 August 2023. The Minutes of the 34th AGM duly confirmed and signed together with the performance review of the company were uploaded on 6th September 2023 at the Company's website: https://www.elkdesa.com.my, which is within 30 days from the date of the AGM.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.