CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	5228
COMPANY NAME	**:**	ELK-DESA RESOURCES BERHAD
FINANCIAL YEAR	**:**	March 31, 2026

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 Directors ("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 distribution, corporate proposals or policies, release of financial results to the investing public after review, expenditure that exceeds pre-defined limits, etc. 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 ("AC"); Nomination Committee ("NC"); and Remuneration Committee ("RC"), which execute their functions according to the Terms of Reference ("TOR") approved by the Board. The Board Charter and Board Committees' TOR 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 on its website 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 Group Executive Director/CEO ("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 primarily responsible 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 four (4) 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 Management has 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 responsible for the various business functions of the Group. On a quarterly basis, the Management presented the management reports at the Board meetings for discussion. The management reports include key information on the Group's financial performance, business and operational statistics for current and previous reporting periods, including 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. **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. The Board adopted an Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions Policy ("AML, CFT, CPF and TFS Policy") and the Directors' and Key Senior Management's Conflict of Interest Policy ("COI Policy") to further enhance the Group's good governance and ethical business practices. The COI Policy guides the proper identification and management of conflicts. The AC reviews and reports to the Board on the conflict-of-interest disclosures made by the Group's directors and Senior Management on a quarterly basis. In addition, the Group Directors and Key Senior Management are required to submit an annual declaration of any COI that arose, persist or may arise. The AC also reviews the processes and mitigation measures as well as discussing the necessary actions during its meetings.

	The abovementioned policies documents notably Code of Ethics and Conduct, ABC Policy, Whistleblowing Programme, AML, CFT, CPF and TFS Policy and COI Policy, upon review and approval by the Board, 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 AC oversees the Group risk management framework and reviews the risk management reports tabled by the Management quarterly. 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 audits 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 2026. **e) Succession planning** The Board, through the NC, 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 2026, the NC 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 NC opined that Executive Chairman Mr. Teoh Hock Chai, age 81, is capable to continue to lead and provide strong stewardship to the Board. 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 NC also opined that Mr. Teoh Seng Hui, the GED/CEO is an ideal candidate to substitute the Chairman during his absence, considering amongst others, the GED/CEO performance acting as the Chairman of all previous shareholders' meetings. 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. The NC is mindful of the need for good corporate governance for Board effectiveness and independence. The committee is responsible for identifying suitable candidates to fill board vacancies, ensuring they possess the necessary skills, experience, and expertise. The NC evaluates the qualifications and suitability of potential and existing board members in accordance with the criteria set out in the Directors' Fit and Proper Policy, considering their experience, independence, and potential conflicts of interest before making recommendations to the Board. As for other key management staff, NC 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. 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 ("AGM") 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 the general meeting shall be published on the Company's website as soon as practicable after the conclusion of the meeting. The latest minutes of annual general meeting has been uploaded onto the Company's website at www.elk-desa.com.my. **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 for 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 2026.
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 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 applicable 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 channels 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.
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") fulfils the requirement of paragraph 15.08A(1) of the MMLR, where the NC must comprise exclusively of non-executive directors and a majority of them must be independent. The NC is currently chaired by an Independent Non-Executive Director, thus in line with Practice 5.8 of the Malaysian Code on Corporate Governance ("MCCG"). The Audit Committee ("AC") fulfils the requirements of Paragraph 15.09 of the MMLR where the AC must comprise of not fewer than three (3) members of whom all must be non-executive directors, and a majority of them are Independent Directors ("IDs"), and at least one must be a member of the Malaysian Institute of Accountants. The AC is chaired by an Independent Director. The Board Chairman is not a member of NC and AC. The Remuneration Committee ("RC") is currently comprised three members, of whom two are IDs whilst the Chairperson is the Executive Chairman In accordance with the RC's Terms of Reference, a quorum for a RC meeting shall be three (3) Committee members, ensuring greater independence and objectivity in its decision-making. 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 has a remuneration policy and procedure in place to govern the remuneration of directors and senior management; (ii) that the RC comprises a majority of IDs, (iii) the quorum for RC meetings is three (3) members, Non-Executive Directors, and (iv) the Board itself comprises a majority of Non-Executive Directors who review and approve the RC's recommendations matters, the Board considers these measures ensures sufficient independence, objectivity, and appropriate checks and balances in the deliberation and approval of remuneration matters.

	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 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 and Ms. Chong Pei Jin are the Company Secretaries of the Company. Mr. Loke 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). Ms. Chong who was appointed as the Joint Secretary of ELK-Desa on 26 February 2026, is an associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). Both Mr. Loke and Ms. Chong are qualified Company Secretary under the Companies Act 2016. The Company ensures the Company Secretaries undertakes continuous professional training and development. During the financial year under review, the Company Secretaries have attended various training programmes to maintain and upgrade their skills and knowledge. The Board, from time to time, evaluates the Company Secretaries, via formal and informal reviews. The Company also engages 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' planning of their schedules. 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 the 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 from voting or deliberation by any Directors. The draft minutes prepared by the Company 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 following meeting, 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 and the Non-Executive Directors in their leadership and oversight of the Company's governance and businesses. As mentioned under Practice 1.1 above, the Board has a formal schedule of matters reserved for the Board's 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 2026.
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 including 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 COI Policy has been adopted to provide guidance on how to avoid and mitigate conflict of interest or potential conflict of interest situations, further safeguarding the integrity of decisions made by the Group and interests of stakeholders. In addition, the Board has also established an AML, CFT, CPF, and TSF Policy to ensure adequate controls and procedures are in place to manage and mitigate ML, CFT, CPF and TFS risks arising from money lending activities. The Board has, via the Audit Committee who assists in overseeing anti-bribery and corruption, conflict of interest and potential conflict of interest, and whistleblowing matters, enhancing the internal control system within the Company and its subsidiary companies, and ensuring policies and standard operating procedures on anti-bribery and corruption and conflict of interest are, at a minimum, guided by the Guidelines on Adequate Procedures, the Code of Ethics and Conduct, and the COI Policy .

	The Code of Ethics and Conduct, COI Policy, and AML, CFT, CPF, and TSF Policy are 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 2026.	
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 to ensure its independence. The outsourced service provider furnishes quarterly reports of the Whistleblowing Programme to the AC. During the financial year ended 31 March 2026, 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 2026. 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 SSC 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 the Sustainability Working Group for Furniture Division ("Working Group") and a Management Platform for Hire-Purchase Division ("HP Management Team"). The Working Group and the HP Management Team 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, the Sustainability Working Groups and the HP Management Team met periodically 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 FY2026 which is included in the Company's Annual Report 2026.	
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 Working Group and the HP Management Team, 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. The SSC, via the heads/ senior managers, also ensures 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 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 Directors receive sustainability training or briefing from time to time. All members of the Board have attended the Mandatory Accreditation Part II onboarding programme on sustainability for directors of Public Listed Companies provided by the Institute of Corporate Directors Malaysia ("ICDM"). From time to time, Board members also attend briefings and training relating to other sustainability-related developments to enable them to effectively manage sustainability risks while capitalising on new opportunities. 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 NC 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 meetings

	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	:	For the financial year under review, the Nomination Committee 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 ("BPE Framework"). In determining the appropriate level of remuneration for Directors and senior management, the Board has also taken into consideration the Company's performance in managing these material sustainability risks and opportunities. As a result of the evaluation, NC is satisfied that the Board as a whole, has performed well against the criteria set for the Board's role in managing sustainability risks and opportunities, in addition to other criteria set out in the BPE Framework. NC is also satisfied that the Senior Management has delivered their responsibilities in sustainability management, especially in taking responsibility for governance of sustainability in the company including: (a) setting the company's sustainability strategies, priorities, and targets. (b) addressing sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success; and (c) driving strategic management of material sustainability matters and integrating these into corporate strategy.
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 evaluated the performance of the Board and its' composition during the last quarter of the financial year. The results of the evaluation were deliberated in the month of February 2026 through the Board Performance Evaluation Framework process. In the review, NC also considered various factors such as the Company's current Board size, the mix of experience, qualification, background, independence of the Independent Directors, skills, 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. Mr. Teoh Seng Kar, the Non-Independent Non-Executive Director and Datin Gan Kok Ling, the Independent Non-Executive Director will retire by rotation pursuant to the Company's Constitution at the upcoming AGM. Based on the recent assessment of the skills, experience, competence, and time commitments of the above retiring directors and the outcome of the evaluation, NC concludes that both directors have the character, experience, integrity, competence and time to effectively discharge their roles as Directors of the Company, are effective and have made positive contributions to the Group. The NC has recommended their re-election to 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 5.2

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

Application	:	Departure
Explanation on application of the practice	:	-
Explanation for departure	:	Currently, more than one-third (1/3) of the Board comprises Independent Directors ("IDs"). The Board has a total of seven (7) members comprising one (1) Executive Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors ("INED"). Although less than half of the Board members are IDs, the NC and the Board believes that the current composition remains effective from the perspective of balance of independence, varied skills and expertise as well as vast experience among the Board members, for the following reasons: - Key board committees are chaired by independent directors. This ensures strong independent oversight over financial reporting, risk management, and board nomination processes. - Balanced decision making. The Executive Chairman leads the Board strategically together with the Executive Directors, who contributes significant operational expertise to the Group. - Independent and Non-Independent Non-Executive Director continue to provide objective challenges, particularly regarding strategy, performance, risk management, related parties and conflicts of interest matters. The Board is able to discharge its duties objectively and in the best interests of stakeholders, thereby fulfilling the Board's overall responsibility for the governance of the Company. While the Board currently does not fully meet the 50% Independent Directors' recommendation, the structure and governance practices in place provide effective oversight and align with the spirit of MCCG 2021. NC was of the view that the current board size is sufficient and will continue to review the Board's composition periodically to ensure compliance and maintain strong corporate governance.
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 IDs 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. Currently, none of the IDs of the Company have served more than nine (9) years. Based on the evaluation of Directors guided by the BPE Framework which includes an assessment of Director's independence, the Board has concurred with the NC'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 judgment for the 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. The Board and the 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 (C-Suite category executives), 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 a high 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 being well prepared for the meeting and participating in 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 ABMS. In addition, all candidates to be appointed as new directors will also be subjected to due diligence checks 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	:	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. The NC is also empowered to utilise independent sources to identify and assessing suitable and qualified candidates before recommending to the Board for appointment. In making recommendations to the Board for any new appointment or reappointment to the Board or Board Committees, the NC 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. During the financial year under review, there was no appointment of new Director to the Board.
		In considering candidates for the appointment of Directors, the Board and the NC believe in the importance of enabling positive dynamics with the existing Board and have positive testimony within the industry. The assessment of candidates is guided by regulatory requirements and Board-level policies such as the Directors' Fit and Proper Policy. The Board and the NC believe that the regulations and Board-level policies governing Board composition are adequate in ensuring the quality and objectivity of Directors.

	In addition, the NC retains the authority to utilise independent sources to identify suitably qualified candidates.	
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 2026, collated and reviewed the results of the assessment and recommended to the Board for the re-election of Mr. Teoh Seng Kar and Datin Gan Kok Ling who are the Directors retiring pursuant to the Constitution of the Company at the forthcoming AGM. The NC of the Company has assessed the criteria and contribution of Mr. Teoh Seng Kar and concluded that he has the character, experience, integrity, competence and time to effectively discharge his role as a Director of the Company. The Board is satisfied that Mr. Teoh has fulfilled the criteria set out in the Directors' Fit and Proper Policy. The Board further recognizes Mr. Teoh's analytical capabilities, practical judgement in evaluating key matters, which have contributed constructively to Board's deliberations. His insights have supported effective oversight and strategic decisions making. Taking into account of his performance, experience and contribution to the Board, the Board supports the NC's recommendation for his re-election at the 37th AGM. The NC of the Company has also assessed the criteria and contribution of Datin Gan Kok Ling and concluded that she has the character, experience, integrity, competence and time to effectively discharge her role as an Independent Director of the Company. The Board is satisfied that Datin Gan has fulfilled the criteria set out in the Company's Fit and Proper Policy. In addition, the Board recognizes Datin Gan's professional background as a corporate lawyer and her expertise has strengthened the Board's oversight function. Taking into account of her performance, independence and contribution to the Board and its' committees, the Board fully support NC's recommendation for her re-election at the 37th 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 on which they have concerns. There are no individuals seeking election as a director at the 37th 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 2026 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.

Application	:	Applied
Explanation on application of the practice	:	The membership of the Nomination Committee is exclusively Non-Executive Directors and majority of them are independent. The composition of the committee is as follows: **Name of Committee Members** — **Designation** Datin Gan Kok Ling (Chairman) — Independent Non-Executive Director Mr. Teoh Seng Kar — Non-Independent Non-Executive Director Mr. Ong Wah Tong — Independent Non-Executive Director The NC is chaired by the 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.
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 5.9

The board comprises at least 30% women directors.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	Currently, the Board consists of two (2) female directors out of seven (7) directors of the Board. The Company has a gender diversity policy in the Board Charter to have at least one female director in the composition of the Board. Considering the size and nature of the Group's business as well as diverse professional background, knowledge, experience, time commitment and other qualities in meeting the needs of the Group, the NC and Board viewed that its current size and composition, including age and diversity, is optimum for it to discharge its duties and responsibilities in fulfilling the objectives of the Company. The Board views that its composition in terms of size, diversity in skills, experience, age, background and gender are well balanced to facilitate effective decision making. The Board and the NC apply a merit-based approach in assessing Directors and prospective candidates, evaluating their suitability based on competence, character, availability and commitment of time, as well as their knowledge, experience, and other attributes required to meet the needs of the Group. Nonetheless, female candidates who meet the Company's Directors' Fit and Proper Policy and criteria will be considered for Board appointments as opportunities arise, including in the event of changes to or expansion of the Board's composition.	
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 judgment for 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, comprising three (3) 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 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 (C-Suite category executives), 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. Based on the annual board performance evaluation, NC has recommended to the Board for the re-election of the retiring Directors, Mr. Teoh Seng Kar and Datin Gan Kok Ling 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. 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's remuneration policies and procedures are available on the company's website at www.elk-desa.com.my. The RC 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 (C-Suite category executives) is 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 RC 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.

Application	:	Applied
Explanation on application of the practice	:	The Remuneration Committee currently comprises the following: **Name of Committee Members** — **Designation** Mr. Teoh Hock Chai @ Tew Hock Chai (Chairman) — Executive Chairman Datin Gan Kok Ling — Independent Non-Executive Director Ms. Tan Tai Kim — Independent Non-Executive Director The RC's Terms of Reference ("TOR') include formulating and reviewing the remuneration policies and remuneration for members of the Board, Board Committees, and Senior Management (C-Suite category executives) and recommending the same to the Board for approval. The RC's TOR were last reviewed in April 2026. and can be found on the Company's website at www.elk-desa.com.my. The RC reviews the Board remuneration policy and terms of conditions of service of each Director and Senior Management (C-Suite category executives) annually. Their remuneration is generally based on market conditions and comparisons, responsibilities held, business strategy, long-term objectives, and the overall financial performance of the Group. The RC 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 individuals with experience and expertise talent.
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 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	-	720,000	240,000	17,400	892	1,108,292
2	TEOH SENG HUI	Executive Director	75,000	-	-	-	-	-	75,000	75,000	99,456	621,600	207,200	12,600	1,393	1,017,249
3	TEOH SENG HEE	Executive Director	75,000	-	-	-	-	-	75,000	75,000	86,016	537,600	179,200	14,331	1,393	893,540
4	TEOH SENG KAR	Non-Executive Non-Independent Director	75,000	-	-	-	-	9,000	84,000	75,000	-	-	-	-	9,000	84,000
5	DATIN GAN KOK LING	Independent Director	75,000	-	-	-	-	9,750	84,750	75,000	-	-	-	-	9,750	84,750
6	TAN TAI KIM	Independent Director	70,000	-	-	-	-	8,250	78,250	70,000	-	-	-	-	8,250	78,250
7	ONG WAH TONG	Independent Director	60,000	-	-	-	-	9,000	69,000	60,000	-	-	-	-	9,000	69,000

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 ("AC")

The AC comprises four (4) members, all of whom are Non-Executive Directors ("NEDs") where three (3) are Independent NEDs as at the financial year ended 31 March 2026. Details of the members are:

<table>
<tr><th><u>Name of Committee Members</u></th><th><u>Designation</u></th></tr>
<tr><td>Ms. Tan Tai Kim (Chairman)</td><td>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>Mr. Ong Wah Tong</td><td>Independent Non-Executive Director</td></tr>
</table>

The AC Chairman, Ms. Tan Tai Kim ("Ms. Tan") is a member of the Malaysian Institute of Accountants ("MIA"). Accordingly, the Company complies with Paragraphs 15.09 and 15.10 of the MMLR of Bursa.

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 also 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
</td></tr>
</table>

	on the financial or audit of the Company to internal and external auditors; and ● 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. This provision is in the Terms of Reference of the AC. The Terms of Reference of the Audit Committee can be found 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
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	:	The AC reviewed the External Auditor's competence, audit quality and resources capacity in relation to the audit for assessing suitability, objectivity and independence, taking into consideration the External Auditor's Annual Transparency Report 31 December 2024. The rotation of the lead engagement partner of the External Auditor is required for every seven (7) years. In June 2026, 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 is available in the Additional Compliance Information Disclosure in the Annual Report 2026. 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 AC 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 2025. The Board concurred with the AC's recommendation for the re-appointment of Messrs. BDO PLT as the Company's External Auditor in June 2026 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 in overseeing the Group's financial reporting function. The AC met five (5) times during the financial year ended 31 March 2026. The Nomination Committee ("NC") has assessed and concluded that the AC has carried out their duties in accordance with the Terms of Reference of the AC. Details of the composition and activities of the AC can be found in the Audit Committee Report of the Annual Report 2026. The AC Chairman, Ms. Tan Tai Kim is 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, 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 AC has ensured that the quarterly and annual financial statements have adopted and applied appropriate and consistent accounting policies, and prudent judgments and reasonable estimates have 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 AC places high emphasis on the internal audit function, where the outsourced Internal Auditor conducted an independent assessment of the Group's internal control system and provided assurance to the AC 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 AC members. Training attended by directors, including Audit Committee members, is discussed in the Corporate Governance Overview Statement of the Annual Report 2026.	
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 customised 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 2026. 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, 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 risk 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. <u>Internal control</u> 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 2026.	
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 2026, the Audit Committee reviewed and discussed the nature and scope of the internal audit plan. The outsourced Internal Auditor, who reports directly to the AC, 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 AC 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 RM135,000.
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 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 2026, 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 its Managing 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 2026, 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, stock information, and AGM minutes. The Company's website provides a dedicated corporate governance section where the Board Charter, Terms of Reference of the Board Committees, relevant governance policies are made available. 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 36th Annual General Meeting ("AGM") held on 18 August 2025, all Directors and Senior Management were present at the meeting to engage directly with shareholders. During the proceeding of the

	meeting, the Chairman of the meeting 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 notice AGM held on 18 August 2025 was issued on 18 July 2025, which was more than 28 days prior to the general meeting date. The notice for the 37th AGM is issued on 20 July 2026 together with the issuance of the Company's Annual Report 2026 whilst the 37th AGM will be held on 18 August 2026. Hence, the notice period is no less than 28 days, in line with 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 Secretaries are required to be present at the General Meetings to engage directly with shareholders. During the proceeding of the meeting, the Chairman of meetings 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 physical 36th AGM held on 18 August 2025, all Directors, including the chairpersons of the Board Committees, Senior Management and the Company Secretary were present in person 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The 36th AGM of the Company was conducted physically, in accordance with Paragraph 8.27A of the MMLR and following the announcement made by the Securities Commission of Malaysia, which requires all public listed companies hold their general meetings in either physical or hybrid format with effect from 1 March 2025. The Board is of the view that a physical AGM adequately facilitates meaningful engagement, enabling real-time and interactive engagement between shareholders, the Board, and Senior Management, allowing queries to be clarified on the spot and enhancing communication as well as shareholders' understanding of and confidence in the Company. While remote participation offers convenience to shareholders, the Board is of the view that the adoption of technology to facilitate remote participation would involve additional costs and is not being considered at this juncture. The Company's upcoming 37th AGM will be entirely physical.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.tirely		
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 36th AGM held on 18 August 2025, all the Directors and the Company Secretary attended the general meeting in person to provide responses to the questions posed by shareholders during the AGM or pre-meeting questions posed by shareholders via TIIH Online website at https://tiih.online in relation to the agenda items for the general meeting. Shareholders, corporate representatives (including a representative from the Minority Shareholders Watch Group or MSWG attended the 36th AGM) 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 meeting. Pre-meeting questions were displayed in the presentation slides at the general meeting for the shareholders' reference. The Chairman of the AGM invited the ED/CFO to read out the questions submitted by the shareholders together with the Management's responses to those questions. All questions posed in the 36th AGM were duly answered during the general meeting. The responses to all the questions asked during the 36th 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	:	Not applicable – only physical general meeting was conducted in the financial year.	
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 13.6

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 36th AGM on 18 August 2025. The Minutes of the 36th AGM duly confirmed and signed together with the performance review of the company, were uploaded on 12th September 2025 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.