MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M)

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MSWG AGM/EGM WEEKLY WATCH

5 -9 AUGUST 2024

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 5 - 9 August 2024.

The extraction of the question raised in the letter is highlighted here. For the details of other questions, please login to MSWG website at **www.mswg.org.my.**

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
ELK-Desa Resources Berhad (AGM)	1. In FY2024, ELK-Desa recorded a significantly higher impairment allowance at RM29.79 million compared to RM8.045 million previously (page 139 of AR2024). At the same time, a higher credit loss charge of 4.1% was recorded against 1.2% in FY2023. The higher impairment allowance and credit loss charge were mainly due to the higher losses incurred from sales of repossessed vehicles in contrast to exceptionally good collections in the first half of FY2023 (page 13 of AR2024). a) The impairment for HP receivables is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss (ECL) model (page 117, Note 8(e), AR2024). The ECL approach results in the early recognition of credit losses because it includes both incurred losses and expected future credit losses. How did the Group incur higher losses from the sale of repossessed vehicles when the ECL from high-risk customers should have been "frontloaded" in the provisioning of impairment allowances upon observing signs of delinquency in payments among borrowers? b) How different was their actual recovery value vis-à-vis management's estimation for repossessed vehicles? 2. The Furniture segment experienced a significant margin squeeze in FY2024, with the PBT margin almost halving to 5.5% from 10.08% earlier, because of higher imported goods purchases due to a weaker ringgit and stiffer competition. Segmental PBT declined by 46% to RM3 million from RM5.49 million earlier, though segmental revenue remained stable at RM54.55 million compared to RM54.48 million in FY2023. a) Why was the Furniture division unable to achieve a notable growth in revenue during FY2024? b) How different was the input cost structure in FY2024 compared to FY2023? Which input materials cost more to import than before? c) Has the Group been able to pass on the impact of higher input costs stemming from weaker forex to customers? If yes, what is the average quantum of price increase? d) Does the Group expect the elevated cost structure to persist in FY2025? Could shareholders expect a recovery in profit margin in FY2025? e) What measures will be taken to preserve the profit margin? Are proactive cost control initiatives required to improve profitability?

INFOGRAPHIC **NST**