

NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES

The provisional allotment of Rights Shares (as defined herein) as contained in this Notice of Provisional Allotment are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 ("SICDA 1991") and therefore, SICDA 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 ("SICDA 1998") and any amendments thereof and the Rules of Bursa Malaysia Depository Sdn Bhd (165570-W) ("Bursa Depository") shall apply in respect of dealings in the provisional allotment of Rights Shares.

永聯資源有限公司
ELK-DESA RESOURCES BERHAD

(Company No: 180164-X)
 (Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 62,500,000 NEW ORDINARY SHARES OF RM1.00 EACH IN ELK-DESA RESOURCES BERHAD ("ELK-DESA SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ELK-DESA SHARES HELD AS AT 5.00 P.M. ON 25 SEPTEMBER 2015 AT AN ISSUE PRICE OF RM1.20 PER RIGHTS SHARE ("RIGHTS ISSUE")

Principal Adviser, Managing Underwriter and Underwriter

Underwriter



JF APEX SECURITIES BERHAD (47680-X)
 A Participating Organisation of Bursa Malaysia Securities Berhad

To: Shareholders of ELK-Desa

Dear Sir/Madam,

Our Board of Directors ("**Board**") has provisionally allotted to you the number of Rights Shares as indicated below, in accordance with the Ordinary Resolution passed by our shareholders at the Extraordinary General Meeting convened on 21 August 2015 and the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 8 July 2015 in relation to the Rights Issue ("**Provisional Allotment**").

We wish to advise that the following number of Rights Shares provisionally allotted to you in respect of the Rights Issue have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions as stated in the Rights Subscription Form ("**RSF**") and the Abridged Prospectus dated 25 September 2015 issued by ELK-Desa.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus dated 25 September 2015 issued by ELK-Desa. Bursa Securities has already prescribed the securities of ELK-Desa, listed on the Main Market of Bursa Securities, to be deposited with Bursa Depository. Accordingly, the Provisional Allotment arising from the Rights Issue are prescribed securities, as such, all dealings in the Provisional Allotment will be by way of book entries through CDS account(s) and will be governed by the SICDA 1991, the SICDA 1998 and the Rules of Bursa Depository.

ALL THE RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE SHAREHOLDER(S) WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS AS AT 5.00 P.M. ON 25 SEPTEMBER 2015 ("ENTITLEMENT DATE") ("ENTITLED SHAREHOLDERS") AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

The Excess Rights Shares shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) (if applicable). It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:

- (i) to minimise the incidence of odd lots;
- (ii) on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration their respective shareholdings in our Company as at the Entitlement Date on a board lot basis;
- (iii) on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application; and
- (iv) on a pro-rata basis to the renounee(s) who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I (B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out above are achieved. Our Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER		

NUMBER OF ELK-DESA SHARES HELD AT 5.00 P.M. ON 25 SEPTEMBER 2015	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM1.20 PER RIGHTS SHARE (RM)

IMPORTANT RELEVANT DATES AND TIME	
Entitlement date	Friday, 25 September 2015 at 5.00 p.m.
Last Date and Time for:	
Sale of provisional allotment of rights	Tuesday, 6 October 2015 at 5.00 p.m.
Transfer of provisional allotment of rights	Friday, 9 October 2015 at 4.00 p.m.
Acceptance and payment	Thursday, 15 October 2015 at 5.00 p.m.*
Excess application and payment	Thursday, 15 October 2015 at 5.00 p.m.*
* or such later date and time as our Board may decide and announce no less than two (2) market days before the stipulated date and time.	

By order of the Board
Loke Weng Fook (MIA 6573)
 Company Secretary

Share Registrar
Tricor Investor Services Sdn Bhd (118401-V)
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite, Avenue 3
 Bangsar South, No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel. No.: 603-2783 9299
 Fax No.: 603-2783 9222

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 25 SEPTEMBER 2015

NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF**THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.**

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares in ELK-Desa Resources Berhad (Company No. 180164-X) ("ELK-Desa" or the "Company"), you should at once hand this AP together with the Notice of Provisional Allotment ("NPA") and the Rights Subscription Form ("RSF") to the agent or broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue (as defined herein) should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd (118401-V), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. **YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS ("AP") TO WHICH THIS RSF RELATES BEFORE COMPLETING AND SIGNING THIS RSF. IN ACCORDANCE WITH THE CAPITAL MARKETS & SERVICES ACT, 2007 ("CMSA"), THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE AP DATED 25 SEPTEMBER 2015.**

This AP, together with the NPA and the RSF (collectively, the "Documents") are only despatched to our shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on Friday, 25 September 2015 ("Entitlement Date") at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia no later than 5.00 p.m. on Thursday, 15 October 2015. The Documents, are not intended to be and will not be issued, circulated or distributed, and the Rights Issue is not intended to be and will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. No action has been or will be taken under the requirements of the laws or regulations or of the legal or regulatory authorities of any jurisdiction other than Malaysia for the filing and/or registration of the AP. The Rights Issue to which this AP relates to is only available to persons receiving this AP and the RSF within Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdictions other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, the Documents have not been and will not be despatched to shareholders with a registered address outside Malaysia unless they have provided an address in Malaysia for the service of the Documents by the Entitlement Date as set out below. However, nothing shall preclude Foreign Addressed Shareholders from collecting the Documents, in person, at the office of our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Rights Issue. It shall be the sole responsibility of the Entitled Shareholders and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional advisers as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Neither the Company nor MIDF Amanah Investment Bank Berhad ("MIDF Investment") nor any other advisers to the Rights Issue shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation of the provisional allotment of the Rights Shares made by Shareholder(s) of ELK-Desa whose names appear in the Record of Depositors of ELK-Desa on the Entitlement Date ("Entitled Shareholders") and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction in which the Entitled Shareholders and/or their renounee(s) (if applicable) is a resident.

A copy of the AP has been registered with the Securities Commission Malaysia ("SC"). The registration of the AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Documents. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

Approval for this Rights Issue has been obtained from our shareholders at the Extraordinary General Meeting held on 21 August 2015. Approval has also been obtained from Bursa Securities vide its letter dated 8 July 2015 for the listing of and quotation for the Rights Shares to be issued pursuant to the Rights Issue on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares will commence after, among others, the receipt of confirmation from Bursa Depository that all the Rights Shares have been duly credited into the CDS Accounts of the successful Entitled Shareholders and/or their renounees (if applicable) and notices of allotment have been despatched to them. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed herein.

Our Board of Directors ("Board") has seen and approved all the documentation relating to the Rights Issue in the Documents. They individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

MIDF Investment, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

Unless otherwise stated, the unit of currency used in this RSF is RM and sen. Terms defined in the AP dated 25 September 2015 shall have the same meaning when used in this RSF, unless stated otherwise or the context otherwise requires.

INSTRUCTIONS:**(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT**

This RSF is valid for acceptance until 5.00 p.m. on Thursday, 15 October 2015 or such later date and time as our Board may decide in its absolute discretion and announce no less than two (2) market days before the stipulated date and time.

(ii) FULL OR PART ACCEPTANCE OF THE RIGHTS SHARES

The Rights Issue is renounceable in full or in part. If you wish to accept all or part of your entitlement to the Rights Shares, you may do so by completing Parts I (A) and II of this RSF and forwarding this RSF, together with the appropriate remittance(s) in RM in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia made payable to "ELK-DESA RIGHTS SHARES ACCOUNT" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and your CDS account number for the full amount payable for the Rights Shares accepted, to be received by the Share Registrar at the address above not later than 5.00 p.m. on Thursday, 15 October 2015 (or such later date and time as our Board may decide in its absolute discretion and announce no less than two (2) market days before the stipulated date and time). Any excess or insufficient payment and other than in the manner stated in this RSF may be rejected at the absolute discretion of your Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable.

No acknowledgement will be issued by our Company or the Share Registrar for the receipt of this RSF or the application monies in respect of the Rights Shares. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. However, if your application is successful, the Rights Shares will be allotted and a notice of allotment will be despatched to you by ordinary post to the address as stated in the Record of Depositors at your own risk within eight (8) market days from the last date and time for acceptance and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

You should note that all RSF and remittances lodged with the Share Registrar will be irrevocable and cannot be subsequently withdrawn. In respect of unsuccessful or partially accepted applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest and shall be despatched to you by ordinary post to the address as stated in the Record of Depositors at your own risk within fifteen (15) market days from the last date and time for acceptance and payment for the Rights Shares.

(iii) APPLICATION FOR EXCESS RIGHTS SHARES

If you wish to apply for additional Rights Shares in excess of those provisionally allotted to you, you may do so by completing Part I (B) of this RSF (in addition to Parts I (A) and II of this RSF) and forwarding this RSF, together with a SEPARATE remittance in RM in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia made payable to "ELK-DESA EXCESS RIGHTS SHARES ACCOUNT" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and your CDS Account number for the full amount payable for the Excess Rights Shares applied for, to be received by the Share Registrar at the address above not later than 5.00 p.m. on Thursday, 15 October 2015 (or such later date and time as our Board may decide in its absolute discretion and announce no less than two (2) market days before the stipulated date and time). Any excess or insufficient payment and other than in the manner stated in this RSF may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable.

No acknowledgement will be issued by our Company or the Share Registrar for the receipt of the Excess Rights Shares application or the application monies in respect thereof. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. However, if your application is successful, the Excess Rights Shares will be allotted and a notice of allotment will be despatched to you by ordinary post to the address as stated in the Record of Depositors at your own risk within eight (8) market days from the last date and time for application and payment for the Excess Rights Shares or such other period as may be prescribed by Bursa Securities. You should note that all RSF and remittances lodged with the Share Registrar will be irrevocable and cannot be subsequently withdrawn. In respect of unsuccessful or partially successful Excess Rights Shares applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest and shall be despatched to you by ordinary post to the address as stated in the Record of Depositors at your own risk within fifteen (15) market days from the last date and time for application and payment for the Excess Rights Shares. Our Board will allot any Excess Rights Shares applied for under the RSF in such manner as it deems fit and expedient and in the best interest of our Company. The allocation of the Excess Rights Shares will be made in a fair and equitable manner. It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:

- (i) to minimise the incidence of odd lots;
- (ii) on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration their respective shareholdings in our Company as at the Entitlement Date on a board lot basis;
- (iii) on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application; and
- (iv) on a pro-rata basis to the renounee(s) who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I (B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out above are achieved. Our Board also reserves the right to accept any Excess Rights Shares application, in full or in part, without assigning any reason.

(iv) SALE/TRANSFER OF PROVISIONAL RIGHTS SHARES

As an Entitled Shareholder, you may wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more than one (1) person immediately through your stockbroker(s) without first having to request for a split of the Provisional Rights Shares standing to the credit of your CDS Account(s). To sell/transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Shares.

In selling/transferring all or part of your entitlement to the Provisional Rights Shares, you need not deliver any document, including this RSF, to your stockbroker(s). You are however, advised to ensure that there is sufficient Provisional Rights Shares standing to the credit of your CDS Account(s) for settlement of the sale/transfer. Purchaser(s) of the Provisional Rights Shares may obtain a copy of the AP and this RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), the Registered Office or the Share Registrar.

If you have sold/transferred only part of your entitlement to the Provisional Rights Shares, you may still accept the balance of your entitlement to the Provisional Rights Shares by completing Parts I (A) and II of this RSF and forwarding this RSF together with the appropriate remittance for the full amount payable for the balance of the Rights Shares accepted to the Share Registrar in accordance with the instructions as set out in Section (ii) of this RSF.

(v) GENERAL INSTRUCTIONS

- (a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
- (b) Rights Shares subscribed by the Entitled Shareholders and/or their renounee(s) (if applicable) will be credited into their respective CDS accounts as shown in the Record of Depositors.
- (c) Any interest or other benefit accruing on or arising from or in connection with any remittance shall be for the benefit of our Company and our Company shall not be under any obligation to account for such interest or other benefit to you.
- (d) The contract arising from the acceptance of the provisionally allotted Rights Shares by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the Courts of Malaysia in respect of any matter in connection with this RSF and the contract.
- (e) Our Company reserves the right to accept or reject any acceptance and/or application (if applicable) if the instructions stated hereinabove are not strictly adhered to.
- (f) The Entitled Shareholders and/or their renounee(s) (if applicable) should note that the RSF and remittances so lodged with the Share Registrar shall be irrevocable and may not subsequently be withdrawn.
- (g) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on this RSF.