PECCA
GROUP BERHAD

17 November 2026

Minority Shareholders Watch Group ("MSWG")
(Badan Pengawas Pemegang Saham Minoriti Berhad)
Level 23, Unit 23-2, Menara AIA Sentral
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

Attention: Gan Thian Han (Corporate Monitoring II)

Dear Sir,

Re: 16th Annual General Meeting ("AGM") of Pecca Group Berhad (the "Group" or the "Company") to be held on Wednesday, 18 November 2026

With reference to your letter dated 29 October 2026, which was received by the Group on the same date, please find below our responses to your questions:

A. Operational & Financial Matters

1. Subsidiary directors' pay rose 61% to RM720,000 while other key management pay fell 58%. Who received the increase? How much was paid in FY2026 to family members of directors employed in the Group? (Source: Annual Report 2026 – Note 28 – Key Management Personnel Compensation, Page 220)

   The increase in subsidiary directors' remuneration and the decrease in other key management personnel remuneration should be viewed together, as both movements were primarily driven by changes in personnel and the standardisation of reporting practices during the financial year.

   The increase mainly reflects standardised reporting practices for remuneration paid to directors serving in its foreign subsidiaries who are not family members of directors employed in the Group.

   During the year, the Group reviewed its reporting approach to improve transparency and consistency. Certain remuneration components of the foreign subsidiary's directors, which were previously managed or disclosed differently at the subsidiary level, are now fully reflected in the Group's disclosure. The movement therefore mainly relates to reporting presentation, not a significant change in the remuneration framework.

   The reduction in key management personnel remuneration was mainly attributable to the resignation of the former Chief Executive Officer, Chief Financial Officer and Operations General Manager during the year, resulting in lower remuneration recognised under the key management personnel category.

   The Board remains committed to ensuring that remuneration is appropriately governed and aligned with the long-term interests of all shareholders.

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A. Operational & Financial Matters (cont'd)

2. The Chairman & Group Managing Director statement mentioned that the profit decline was due to higher initial depreciation associated with commercialising Tier 1 seat assembly, but depreciation rose only RM1.1 million against a RM7.1 million PBT decline. Please give a full detail of the drop. (Source: Annual Report 2026 – Chairman & Group Managing Director Statement, Page 26; Financial Review, Page 49 and Statements of Cash Flows (depreciation), Page 165)

   Depreciation from the commercialisation of the Tier 1 seat assembly programme was one of the factors behind the decline in profit before tax, but not the sole or primary factor.

   During FY2026, the decline in profit before tax was mainly due to lower gross profit, which declined by RM6.7 million from RM96.5 million to RM89.8 million. This reflected a combination of factors, including changes in product mix, higher operating and manpower related costs, increased depreciation associated with investments in machinery and automation, as well as upfront operational costs for new business segments. Collectively, these factors contributed to a reduction in the Group's gross profit margin from 43.0% in FY2025 to 40.5% in FY2026, representing a contraction of 2.5 percentage points, which subsequently impacted the Group's profitability.

3. Why did the Group take a RM5 million revolving credit at 5.32% and a RM9.5 million term loan while holding RM110 million in money market funds earning about 3.1%? What is the policy on the minimum cash buffer versus debt? (Source: Annual Report 2026 – Note 11 – Short-Term Investments, Page 185; Note 15 – Borrowings, Pages 189–190; Note 18 – Finance Income, Page 193 and Note 24.5 – Liquidity Risk (contractual interest rates), Page 207)

   The Group adopts a prudent liquidity management policy to ensure adequate funding capacity and financial flexibility while maintaining strong banking relationships.

   The RM5.0 million revolving credit facility was drawn principally to keep committed credit lines active and preserve funding flexibility and immediate access to liquidity when required. The facility remains available as part of the Group's overall liquidity management framework. Subsequent to year-end, this RM5 million revolving credit was fully repaid in 1Q FY2027.

   The RM9.5 million term loan was taken to finance the Serendah land acquisition. The Board considered that matching a long-term asset with long-term financing was prudent, as it preserves liquidity for operational and strategic requirements.

   With respect to cash buffer policy, the Group does not maintain a fixed minimum cash threshold. Instead, Management and the Board review liquidity regularly, considering operating cash flow needs, capital commitments, debt obligations, business risks and market conditions to ensure sufficient financial flexibility.

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A. Operational & Financial Matters (cont'd)

4. About 91% of Datin Sam Yin Thing's direct holdings are pledged. What are the margin and loan-to-value terms? Given the geopolitical volatility, a fall in the share price could potentially trigger forced selling by the brokers. Has the Board assessed this risk and the impact on the share price and on minority shareholders' interests? (Source: Annual Report 2026 – Analysis of Shareholdings, Pages 230–231)

   The pledged shares referred to are held by Datin Sam in her personal capacity under private financing arrangements. The financing terms, including margin and loan-to-value requirements, are matters between Datin Sam and the respective financial institutions and the Company is not privy to them.

   Nevertheless, the Board continues to monitor material developments. Based on the information currently available, the Board is not aware of any circumstances that would affect the Group's operations.

B. Sustainability Matters

1. Why did avoided emissions from solar fall 29% while solar consumption rose? Who checks the ESG data internally, given there is no external assurance? (Source: Annual Report 2026 – Avoided Emission from Solar Panels Usage, Page 75 and Total Group Energy Consumption, Page 83)

   The decrease in avoided emissions was mainly due to a higher proportion of electricity consumption from facilities without solar installations, particularly the Subang and Indonesia operations. Although solar consumption increased, the solar share of total electricity consumption was lower, reducing avoided emissions.

   In terms of data governance, the ESG data is verified internally by the Finance Department together with the operational and facility teams. Although the Group has not yet obtained external assurance, management has established internal controls and review procedures to ensure accuracy, consistency and reliability of the reported data.

Yours sincerely,

Chen Yoke Heng
Chief Financial Officer

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