Unified EXCELLENCE 24

PECCA GROUP BERHAD
REGISTRATION NO.: 201001025617 (909531-D)

ANNUAL REPORT 2024

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ANNUAL REPORT 2024

GLOSSARY

AAPG - Audit and Assurance Practice Guide
ABAC - Anti-Bribery and Anti-Corruption
AGM - Annual General Meeting
AMO - Approved Maintenance Organisation
AR - Annual Report
ARMC - Audit and Risk Management Committee
ASEAN - Association of Southeast Asian Nations
ATDU - Anaerobic Thermal Desorption Units
BOM - Bill of Materials
Bursa Malaysia - Bursa Malaysia Securities Berhad
Bursa Malaysia CG Guide - Bursa Malaysia Corporate Governance Guide (4th Edition)
Bursa Malaysia MMLR - Bursa Malaysia Main Market Listing Requirements
Bursa Malaysia SR Guide - Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
CAAM - Civil Aviation Authority of Malaysia
CAAS - Civil Aviation Authority of Singapore
CAAT - Civil Aviation Authority of Thailand
CEO - Chief Executive Officer
CFO - Chief Financial Officer
CIA - Certified Internal Auditor
CMIIA - Chartered Member of Institute of Internal Auditors Malaysia
CNY - Chinese New Year
COO - Chief Operating Officer
COVID-19 - CoronaVirus Disease of 2019
CPA - Certified Practising Accountant
CSR - Corporate Social Responsibility
CSS - Customer Satisfaction Survey
DOE - Department of Environment
DOSH - Department of Occupational Safety and Health
EASA - European Union Aviation Safety Agency
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation
EHS - Environmental, Health, and Safety
EMS - Environmental Management System
EPS - Earnings Per Share
ESG - Environmental, Social, and Governance
ESOS - Employees' Share Option Scheme
EV- Electric Vehicle
FC - Financial Controller
FCPA - Fellow Certified Practising Accountant
FMM - Federation of Malaysian Manufacturers
FTSE4Good - FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance Indicators
FY - Financial Year
FY2022 - Financial year period from 1 July 2021 to 30 June 2022
FY2023 - Financial year period from 1 July 2022 to 30 June 2023
FY2024 - Financial year period from 1 July 2023 to 30 June 2024
FY2025 - Financial year period from 1 July 2024 to 30 June 2025
GDP - Gross Domestic Product
GHG - Greenhouse Gases
GMD - Group Managing Director
GRI Standards - Global Reporting Initiative Sustainability Reporting Standards 2022
HIRARC - Hazard Identification and Risk Assessment and Risk Control
HODs - Head of Departments
IATA - International Air Transport Association
IATF - International Automotive Task Force
IFRS - International Financial Reporting Standards
IMF - International Monetary Fund
IPO - Initial Public Offering
ISO - International Organisation for Standardisation
KPI - Key Performance Indicators
LED - Light-Emitting Diode
LPG - Liquefied Petroleum Gas
LTI - Lost-Time Injury
M&A - Mergers and Acquisitions
MAA - Malaysian Automotive Association
MAIA - Malaysia Aerospace Industry Association
MARii - Malaysia Automotive, Robotics & IoT Institute
MASAAM - Motorcycle & Scooter Assemblers and Distributors Association of Malaysia
MCCG - Malaysian Code on Corporate Governance 2021
MFRS - Malaysian Financial Reporting Standards
MIA - Malaysian Institute of Accountants
MIDA - Malaysian Investment Development Authority
MITI - Ministry of Investment, Trade and Industry
MOH - Ministry of Health
MOM - Manufacturing Operations Management
MOU - Memorandum of Understanding
MRO - Maintenance, Repair and Overhaul
NAP 2020 - National Automotive Policy 2020
NIMP 2030 - New Industrial Master Plan 2030
NC - Nomination Committee
NDA - Non-Disclosure Agreement
OEM - Original Equipment Manufacturer
OHS - Occupational Health and Safety
OSHA - Occupational Safety and Health Act
PAT - Profit After Tax
PBT - Profit Before Tax
PDI - Pre-Delivery Inspection
Pecca/the Company - Pecca Group Berhad
Pecca Aviation - Pecca Aviation Services Sdn Bhd
Pecca Group/the Group - Pecca and its subsidiaries
PLC - Plug-in cluster fluorescent lamps
PO - Purchase Order
POA - Production Organisation Approval
PPE - Personal Protective Equipment
PR - Purchase Requisition
PT PGI - PT Pecca Gemilang Indonesia (formerly known as PT Gemilang Maju Kencana)
PU - Polyurethane
PV - Photovoltaic
PVC - Polyvinyl Chloride
R&D - Research and Development
RC - Remuneration Committee
REM - Replacement Equipment Manufacturer
RM - Ringgit Malaysia
ROE - Return on Equity
ROI - Return on Investment
RPT - Related Party Transactions
RRPT - Recurrent Related Party Transactions
SEA - South East Asia
SOC - Substance of Concern
SORMIC - Statement on Risk Management and Internal Control
SS - Sustainability Statement
SWC - Sustainability Working Committee
The Board/BOD - Board of Directors
TIV - Total Industry Volume
UN SDGs - United Nations Sustainable Development Goals

GLOSSARY

U.S. - The United States of America
USD - United States Dollar
VAVE - Value Analysis and Value Engineering
VDA - German Association of the Automotive Industry
YoY - Year-On-Year

OVERVIEW

ABOUT THIS REPORT

Our AR 2024 delivers a thorough understanding of how we create and sustain value in Pecca through our business activities and their outcomes. This AR is an important avenue for stakeholders seeking to learn about the Group and its value creation process over short-to-long time horizons. This AR includes:

ANNUAL REPORT 2024

Provides a detailed yet concise overview of our value creation process, corporate governance, business strategies, operational and financial performance, along with progress in our sustainability agenda. This aims to demonstrate how these factors collectively contribute to meaningful outcomes that support our vision: "To be the leading global upholstery manufacturer in the automotive industry and a key player in aircraft interiors and MRO in aviation industry".

Reporting Framework

Disclosures are guided by the:

- Bursa Malaysia CG Guide
- Bursa Malaysia MMLR
- Malaysian Companies Act 2016
- MCCG
- MFRS

SUSTAINABILITY STATEMENT 2024

Offers an in-depth analysis of our performance regarding ESG matters that are significant to the Group's dedication to delivering sustainable value to our stakeholders.

Reporting Framework

Disclosures are guided by the:

- Bursa Malaysia MMLR
- Bursa Malaysia SR Guide
- GRI Standards
- UN SDGs

Further details regarding our strong corporate governance framework, along with other organisational policies and procedures, are available at https://www.peccagroup.com.

View our Annual Report PDF online version at https://www.peccagroup.com.

Reporting Scope & Boundary

This AR summarises the performance, operations, and activities of the Group during the reporting period from 1 July 2023 to 30 June 2024, and extends upon our previous publications, unless specified otherwise.

Forward-looking Statements

This AR contains certain forward-looking statements regarding our future directions, plans, objectives, strategies, and performance.

These statements and forecasts involve uncertainty as they pertain to future events and are not definitive. Actual implementation and outcomes may vary due to various risk factors and market uncertainties, some of which may be unforeseeable.

The inclusion of forward-looking statements in this AR should not be considered as a representation or warranty that the Group's plans and objectives will be achieved. Readers should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to publicly update or revise them, whether due to new developments, future events, or other factors.

Value Creation

Our Value Creation Business Model delineates how capital is deployed in line with our business strategies, activities, and governance to advance toward our corporate vision and produce beneficial outputs and outcomes for our stakeholders.

Our Six Capitals

Financial Capital
Our financial assets, including cash generated from our operations and investments, and other sources of funding.

Manufactured Capital
Our physical assets, including our factories, machinery, technology, and other physical assets.

Intellectual Capital
Our established and systematic processes and procedures, collective knowledge and expertise, reputation, and brand values in our markets and industries of operation.

Human Capital
Our dynamic leadership, skilled workforce, their experience and competencies, and their contributions to the growth of our business.

Social & Relationship Capital
Our long-standing and trust-based relationships with our stakeholders.

Natural Capital
The natural resources we utilise in our business processes.

Our Key Stakeholders

Customers

Investors

Employees

Suppliers

Governments and Regulators

Community

The Board, supported by a dedicated reporting team, has diligently prepared and presented this AR with reference to the relevant reporting framework.

This AR was approved by the Board on 9 October 2024.

INTRODUCTION

ABOUT PECCA

The leading car seat cover provider in Malaysia, Pecca was listed on the Main Board of Bursa Malaysia under the Industrial Products & Services sector on 19 April 2016.

With our in-house talent, state-of-the-art technology, and manufacturing expertise, we serve a Malaysian and global customer base, including Malaysia's number one carmaker, Perodua, as well as prominent Japanese carmakers Toyota, Nissan, and Mitsubishi.

The Group is more than just a global upholstery manufacturer. While our core expertise lies in automotive upholstery car seat covers, we are determined to embrace transformation by venturing into new businesses and penetrating new markets. With this, Pecca has also expanded into Indonesia, one of SEA's biggest automotive markets.

To further strengthen its business, Pecca has ventured into the aviation MRO business, which has higher margins and high barriers to entry. Pecca intends to leverage its decades of expertise in upholstery design and manufacturing to become a major MRO player, serving airlines, aircraft lessors, and the aviation industry.

To drive our transformation and the diversification of our business, we have established a business strategy involving 4 key pillars, namely:

I. OEM	: Grow the OEM automotive segment & work on localisation for luxury brands;
II. REM	: Raise our REM market share locally & globally;
III. Aviation	: Become SEA's leading provider of aircraft interiors, upholstery solutions & MRO; and
IV. Emerging Ventures	: Seize attractive market opportunities & explore synergistic acquisitions.

With an unwavering commitment to continuous improvement in quality, innovation, transparency, sustainability, and compliance, we are forging ahead, revolutionising industries, and creating value for our stakeholders worldwide.

OUR GUIDING PRINCIPLES

VISION

To be the leading upholstery manufacturer globally in the automotive industry and a top player for aircraft interiors and MRO in aviation industry

MISSION

To keep exceeding our customers' expectations in design, quality and innovation, and fostering sustainability and long-term partnerships

MOTTO

Passion For Perfection

OUR PRESENCE


PECCA
LEATHER
(THAILAND)
PECCA GEMILANG
INDONESIA

PRODUCTS INTRODUCTION
AUTOMOTIVE


Headrest Cover
Door Trim Wrap
Door Handle Wrap
Seat Cover
Console Box Arm Rest Wrap

PRODUCTS INTRODUCTION *AUTOMOTIVE*

Phases	OEM Development & Production
Our Customers	OEM & Tier-1
Seat Manufactured For	Facelifts New Models

PDI Pre-Delivery	REM Aftermarket
OEM & Distributors	Suppliers & Workshops
Special Editions Optional Accessories	Repairs/Replacements Customizations

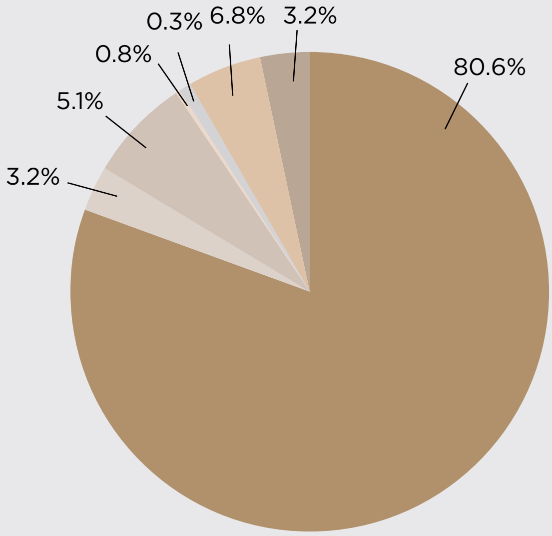
PRODUCTS INTRODUCTION
AVIATION


Window Lid Refurbish
Seat Backrest Refurbish
Armrest Refurbish
Escutcheon Refubish
Seat Belt Cleaning

FY2024 SNAPSHOTS FINANCIAL HIGHLIGHT

REVENUE	PROFIT AFTER TAX
RM 242.5 million	RM 55.0 million
EARNINGS PER SHARE	**TOTAL EQUITY**
7.32 sen	RM 234.5 million

REVENUE BY BUSINESS SEGMENT



OEM	80.6%
REM	3.2%
PDI	6.8%
Leather Cut Pieces Supply	0.3%
Others	0.8%
Sewing of fabric car seat covers	5.1%
Manufacturing of leather/PVC car accessories cover and miscellaneous seat cover, provision of wrapping and stiching services, and supply of raw materials	3.2%

FY2024 SNAPSHOTS CERTIFICATION & RECOGNITION

Automotive


CERTIFICATE

Reg. Number 15919 - A Valid from 2024-04-09
First issue date 2017-06-09 Last change date 2024-04-09
Valid until 2027-04-08 IAF Sector 22

Quality Management System Certificate
ISO 9001:2015

We certify that the Quality Management System of the Organization:
PECCA LEATHER SDN. BHD.
is in compliance with the Standard UNI EN ISO 9001:2015 for the following products/services:
Design and Manufacture of Leather and Synthetic Leather seat cover and interior finishing by laminating, cutting, sewing and related sub-processes.

Management System Certification
Division Manager
Giovanni Balducci

The maintaining of the certification is subject to annual surveillance and dependent on the observance of Kiwa Cermet Italia contractual requirements.
This certificate is composed of 1 pag.

PECCA LEATHER SDN. BHD.
Registered Headquarters
No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur - Malaysia
Certified Sites
No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur - Malaysia

ISO 9001:2015
Quality
Management System


CERTIFICATE

Reg. Number 15919 - T
Issue date 2024-04-09 Last change date 2024-04-09
Valid until 2027-04-08 IATF Number 0511375

Quality Management System Certificate
IATF 16949:2016

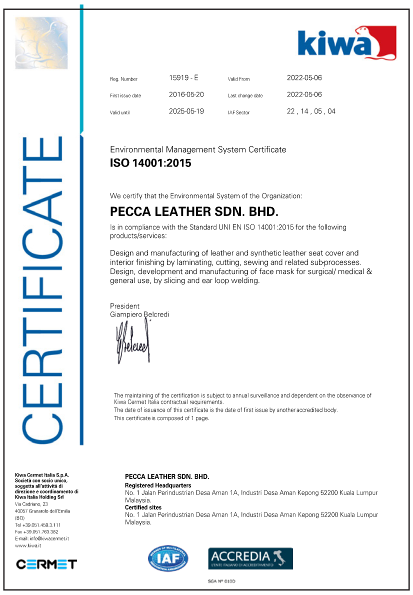
We certify that the Quality Management System of the Organization:
PECCA LEATHER SDN. BHD.
is in compliance with the standard IATF 16949:2016 for the following product/services:
Design and Manufacture of Leather and Synthetic Leather seat cover and interior finishing by laminating, cutting, sewing and related sub-processes.

Management System Certification
Division Manager
Giovanni Balducci

Exclusions: None
This certificate is issued in conformity with IATF Rules – Fifth Edition.
The maintaining of the certification is subject to annual surveillance and dependent on the observance of Kiwa Cermet Italia contractual requirements.
This certificate is composed of 1 pag.

PECCA LEATHER SDN. BHD.
Certified Sites
No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur Malaysia – IATF USI: Y2MZMT

IATF 16949:2016
Quality
Management System


CERTIFICATE

Reg. Number 15919 - E Valid From 2022-05-06
First issue date 2016-05-20 Last change date 2022-05-06
Valid until 2025-05-19 IAF Sector 22 , 14 , 05 , 04

Environmental Management System Certificate
ISO 14001:2015

We certify that the Environmental System of the Organization:
PECCA LEATHER SDN. BHD.
Is in compliance with the Standard UNI EN ISO 14001:2015 for the following products/services:
Design and manufacturing of leather and synthetic leather seat cover and interior finishing by laminating, cutting, sewing and related sub-processes.
Design, development and manufacturing of face mask for surgical/ medical & general use, by slicing and ear loop welding.

President
Giampiero Belcredi

The maintaining of the certification is subject to annual surveillance and dependent on the observance of Kiwa Cermet Italia contractual requirements.
The date of issuance of this certificate is the date of first issue by another accredited body.
This certificate is composed of 1 page.

PECCA LEATHER SDN. BHD.
Registered Headquarters
No. 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman Kepong 52200 Kuala Lumpur Malaysia.
Certified sites
No. 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman Kepong 52200 Kuala Lumpur Malaysia.

ISO 14001:2015
Environmental
Management System


CERTIFICATE

Reg. Number 15919 - I Valid From 2022-05-06
First issue date 2016-05-20 Last change date 2022-05-06
Valid Until 2025-05-19 IAF Sector 22 , 14 , 05 , 04

Occupational Health and Safety Management System Certificate
ISO 45001:2018

We certify that the Occupational Health and Safety Management System of the Organization:
PECCA LEATHER SDN. BHD.
Is in compliance with the standard UNI ISO 45001:2018 for the following products/services:
Design and manufacturing of leather and synthetic leather seat cover and interior finishing by laminating, cutting, sewing and related sub-processes.
Design, development and manufacturing of face mask for surgical/ medical & general use, by slicing and ear loop welding.

President
Giampiero Belcredi

The maintaining of the certification is subject to annual surveillance and dependent on the observance of Kiwa Cermet Italia contractual requirements.
This certificate is composed of 1 page.

PECCA LEATHER SDN. BHD.
Registered Headquarters
No. 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman Kepong 52200 Kuala Lumpur Malaysia.
Certified sites
No. 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman Kepong 52200 Kuala Lumpur Malaysia.

ISO 45001:2018
Occupational Health &
Safety Management System


Business Partner of kiwa

Certificate

Quality Management System Certificate
ISO 13485:2016

This is to certify that: PECCA LEATHER SDN BHD
No. 1, Jalan Perindustrian Desa Aman 1A
Industri Desa Aman
52200 Kepong
Kuala Lumpur

Holds Certificate No.: KICM/MDQ/20/0001 R3

and operates a Quality Management System which complies with the requirements of ISO 13485:2016 for the following scope:
Design, Development and Manufacturing of Face Mask and Respirator Face Mask for Surgical/Medical and General Use.

For and on behalf of Kiwa International Certifications (M) Sdn. Bhd.

Signed by:

Dr Chan Teik Ken
Managing Director

First Issue Date: 5 August 2020
Effective Date: 22 May 2023
Expiry Date: 4 August 2026
CAB Registration No.: MDA/CAB-021

ISO 13485:2016
Quality Management
System-Design & Manufacturing
of Medical Devices

FY2024 SNAPSHOTS CERTIFICATION & RECOGNITION

Aviation

CAAM/AW/0102-00
010521

CIVIL AVIATION AUTHORITY OF MALAYSIA

CERTIFICATE OF APPROVAL

APPROVAL NUMBER: AMO/2017/12

Pursuant to regulation 31 of Civil Aviation Regulations 2016
and subject to the conditions specified below, the following organisation:

PECCA AVIATION SERVICES SDN BHD
No. 7, Jalan Mivo 1
Taman Perindustrian Desa Aman
52200 Kepong
WILAYAH PERSEKUTUAN KUALA LUMPUR

is approved as a **MAINTENANCE ORGANISATION**

in accordance with Civil Aviation Directive (CAD) 8 and CAD 8601

CONDITIONS:

1. The approval is limited to that specified in the Terms of Approval,
2. This approval requires compliance with the procedures specified in the latest revision of the **Maintenance Organisation Exposition**, as specified in the Terms of Approval,
3. This approval is valid whilst the approved **Maintenance Organisation** remains in compliance with CAD 8 and CAD 8601; and
4. Subject to compliance with the foregoing conditions, this approval shall remain valid until the expiry date, as specified in the Terms of Approval, unless surrendered, suspended or revoked.

AIR 2
DATO' CAPTAIN NORAZMAN BIN MAHMUD
for Civil Aviation Authority of Malaysia

CIVIL AVIATION AUTHORITY OF MALAYSIA Airworthiness CAAM

Date of initial issue: 09-Mar-2016
Date of renewal: 8-May-2024
Date of revision: -
Revision number: 00

Page 1 of 2

CAAM/AW/0102-00
010521

TERMS OF APPROVAL

Approval Number: AMO/2017/12

Scope of Approval

The holder of this maintenance organisation approval has been approved to engage in maintenance and to issue maintenance release, in respect of completion of maintenance, for the aeronautical products specified in the following table

CLASS	*RATING*	*SCOPE*
Components Other Than Complete Engines or APUs	**C6 (Equipment)**	**Components listed in the capability list ref: PCL/PAS/16 Revision 7 dated 28 Sep 2023 or later approved amendment.**

Location(s)

Locations of maintenance facilities as per Part 1.8 of the latest **Maintenance Organisation Exposition.**

Validity of Approval

a) Validity of this approval is subject to the organisation remaining in compliance with its maintenance organisation exposition ref.: **MOE/PAS/01 Issue 1 Revision 8 dated 13 Feb 2024** or later approved amendment.

b) The validity period of this approval is from **15 May 2024** to **14 May 2025.**

CIVIL AVIATION AUTHORITY OF MALAYSIA Airworthiness CAAM

Page 2 of 2

CAAM
Approved Maintenance Organisation
Reference No. AMO/2017/12

Page 1 of 2

EASA
European Union Aviation Safety Agency

PRODUCTION ORGANISATION APPROVAL CERTIFICATE

Reference: EASA.21G.0075

Pursuant to Regulation (EU) 2018/1139 of the European Parliament and of the Council and to Commission Regulation (EU) No 748/2012 for the time being in force and subject to the condition specified below, the EUROPEAN UNION AVIATION SAFETY AGENCY hereby certifies:

Pecca Aviation Services SDN BHD
N° 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong
52200 Kuala Lumpur, Malaysia

as a production organisation in compliance with the Annex I (Part-21), Section A, Subpart G of Regulation (EU) No 748/2012, approved to produce products, parts and appliances listed in the attached approval schedule and issue related certificates using the above references.

CONDITIONS:

1. This approval is limited to that specified in the enclosed terms of approval, and
2. This approval requires compliance with the procedures specified in the approved production organisation exposition, and
3. This approval is valid whilst the approved production organisation remains in compliance with the Annex I (Part-21) of Regulation (EU) No 748/2012.
4. Subject to compliance with the foregoing conditions, this approval shall remain valid for an unlimited duration unless the approval has previously been surrendered, superseded, suspended or revoked.

Date of original issue: 11 January 2023
Date of this revision: 11 January 2023
Revision No.: 0
Signed: Olivier TRIBOUT
For the competent authority: EASA

EASA Form 55a Issue 2

EASA European Union Aviation Safety Agency	**Terms of Approval**	TA: EASA.21G.0075

This document is part of Production Organisation Approval Number EASA.21G.0075 issued to:

Company name: **Pecca Aviation Services SDN BHD**

Section 1. **SCOPE OF WORK:**

PRODUCTION OF	PRODUCT/CATEGORIES
C2 Parts	Wrapping, Cutting and Sewing of Leather or Fabric of : - Aircraft Seat Dress Covers - Head Rest Covers - Armrest Covers

For details and limitations refer to the Production Organisation Exposition, Appendix 3

Section 2. **LOCATIONS:**

N° 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong
52200 Kuala Lumpur, Malaysia

Section 3. **PRIVILEGES:**

The Production Organisation is entitled to exercise, within its Terms of Approval and in accordance with the procedures of its Production Organisation Exposition, the privileges set forth in 21.A.163. Subject to the following:

Prior to approval of the design of the product an EASA Form 1 may be issued only for conformity purposes.

Date of original issue:	11 January 2023	Signed: Olivier TRIBOUT
Date of this revision:	11 January 2023	
Revision No.:	0	For EASA

EASA Form 55b Issue 2

The first and only EASA POA holder for full capability fabricating aircraft seat covers in SEA

EASA
Production Organisation Approval
Reference No. EASA. 21G0075

FY2024 SNAPSHOTS AWARD & RECOGNITION

Mitsubishi Best Supplier Award for Local Accessories (2024)

Mitsubishi Quality Appreciation Award for Best Quality Local Accessories (2024)

Mitsubishi Quality Appreciation Award for Best Quality Local Accessories (2023)

PDKM Best Vendor (2023)

PDKM Overall Best Child Part Vendor (2023)

CORPORATE INFORMATION

DIRECTORS

Dato' Mohamed Suffian Bin Awang
(Independent Non-Executive Chairman)

Datuk Teoh Hwa Cheng
(Group Managing Director)

Datin Sam Yin Thing
(Executive Director)

Teoh Zi Yi
(Executive Director)

Teoh Zi Yuen
(Executive Director)

Datuk Leong Kam Weng
(Independent Non-Executive Director)

Dato' Dr. Norhizan Bin Ismail
(Independent Non-Executive Director)

REGISTERED OFFICE

Boardroom Corporate Services Sdn Bhd
Registration No. 196001000110 (3775-X)
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
T: (03) 7890 4800 F: (03) 7890 4650
E: boardroom-kl@boardroomlimited.com

BUSINESS ADDRESS

No. 1, Jalan Perindustrian Desa Aman 1A
Industri Desa Aman, Kepong
52200 Kuala Lumpur
T: (03) 6275 1800 F: (03) 6275 9867
E: enquiry@peccaleather.com
www.peccaleather.com

LISTING

Main Market of Bursa Malaysia
(Listed on 19 April 2016)
Stock Code: 5271
Stock Name: PECCA

AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Leong Kam Weng (Chairman)
Dato' Mohamed Suffian Bin Awang
Dato' Dr. Norhizan Bin Ismail

NOMINATION COMMITTEE

Dato' Mohamed Suffian Bin Awang (Chairman)
Datuk Leong Kam Weng
Dato' Dr. Norhizan Bin Ismail

REMUNERATION COMMITTEE

Datuk Leong Kam Weng (Chairman)
Dato' Mohamed Suffian Bin Awang
Dato' Dr. Norhizan Bin Ismail

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
T: (03) 2788 9999 F: (03) 2788 9998

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143 /
SSM Practising Certificate No. 202008001023)

Tai Yuen Ling (LS 0008513/
SSM Practicing Certificate No. 202008001075)

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
T: (03) 7890 4700
E: bsr.helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
OCBC Al-Amin Bank Berhad
United Overseas Bank (Malaysia) Berhad

CORPORATE STRUCTURE

PECCA GROUP BERHAD
Registration No.: 201001025617 (909531-D)

100%

PECCA LEATHER SDN BHD
Registration No. 200001015763 (518370-H)

Styling, manufacturing, distribution, and installation of leather car seat covers, supply of leather cut pieces to the automotive upholstery industry and other services related to the automotive upholstery industry

Manufacturing and distribution of healthcare products

80%

PT PECCA GEMILANG INDONESIA (FORMERLY KNOW AS PT GEMILANG MAJU KENCANA)
Registration No. 8120002980356

Upholstery leather wrapping & seat cover for automotive industry in Indonesia

49%

PECCA LEATHER (THAILAND) COMPANY LIMITED
Registration No. 0115559022968
Supply of leather upholstery for automotive industry

100%

PECCA AVIATION SERVICES SDN BHD
Registration No. 200901019805 (862902-W)

Manufacturing, repair, refurbishment, distribution, and installation of aircraft leather seat covers and other leather related products for commercial and private aircrafts

100%

PECCA PLUS SDN BHD
Registration No. 201101028085 (956220-V)

Supply of car seat covers and car accessories

100%

PECCA EV SDN BHD
Registration No. 202201023683 (1469380-W)

Importation, distribution and trading of electric or motor vehicles and related EV charger, EV charging station, spare parts and accessories, as well as the provision of after sales services

30%

EVOLUSI MOBILITI SDN BHD
Registration No. 202201023651 (1469348-U)

Importation of motor vehicles, logistics, vehicle pre-delivery inspection (PDI), providing related services to vehicles at its PDI centre and the sale of contractual vehicles

LEADERSHIP STATEMENT

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

Dear Fellow Shareholders,

On behalf of the Board, it is my great pleasure to present the Group's financial performance and operational highlights for FY2024.

In FY2024, the Group delivered a record financial performance, achieving a revenue increase of 9.6% to RM242.5 million. Net profit rose 55.4% to RM55.0 million as the Group achieved improved economies of scale, fueling an increase in operating margins. The Group's cash position stood at RM153.7 million, up 38.2% from a year ago.

Driven by our guiding principle, "Passion for Perfection", we have constantly strived for financial and operational excellence. This has been an engine of shareholder wealth creation. Since our IPO in April 2016, the Group's market capitalisation has grown by approximately 3.5 times.

STRENGTHENING OUR RELATIONSHIPS, PURSUING NEW OPPORTUNITIES

Despite the competitive nature of our business, we maintained our market position as the leading provider of automotive leather upholstery in Malaysia. This enabled us to ride strong consumer demand for new vehicles, with our production facilities operating near full capacity throughout the year.

While most of our customers have been with us for a decade or more, we do not take our long relationships for granted. We continue to work very closely with all our customers to ensure we constantly exceed their expectations, particularly when it comes to quality and workmanship.

We continue to make headway in our efforts to diversify the Group's revenue base. On this front, a major milestone has been the completion of our first PO to service a 180-seat, Europe-registered Airbus A320 passenger aircraft. This PO unlocks opportunities for future projects.

FY2024 was not without challenges. But as the saying goes, a gem cannot be polished without friction, nor a man perfected without trials. Our persistence and resilience will continue to pay long-term dividends for the Group, paving the way forward.

BRIGHT SPOTS IN AN UNCERTAIN WORLD

A year of macroeconomic uncertainty

The global economy grew at an estimated pace of 3.2% in 2023, a year marked by geopolitical upheaval and volatile financial markets, with a protracted military conflict in Ukraine, an escalating and era-defining US-China rivalry, and rapid monetary tightening that inadvertently triggered a banking crisis in the West. Yet, concerns about a significant economic slowdown did not materialise.

In Q1 2024, growth exceeded expectations in many countries, with a resurgence in China's economy offsetting weaker-than-anticipated growth in U.S. and Japan. While the U.S. grappled with slower domestic consumption and car production disruptions weighed on Japan's growth, China experienced a surge in exports that fueled higher domestic consumption.

In U.S., the Federal Reserve's attempt to contain inflation with the most aggressive rate increases since the 1980s bolstered the strength of the USD, to the detriment of other currencies.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

Growth in the Malaysian economy and auto market

In Q1 2024, the Malaysian economy grew at a better-than-expected rate of 4.2%, spurred by robust exports and revitalised domestic demand. Notably, this marked an acceleration from the 3.7% GDP growth rate recorded in 2023.

The pace of inflation in Q1 2024 was relatively subdued at 1.7%, up slightly from 1.6% in Q4 2023 and lower than the 2.5% YoY increase for the full year 2023. Total employment rose 2.1% on a YoY basis, while the unemployment rate remained low at 3.3%.

Credit to the private non-financial sector expanded by 5.2% in Q1 2024, compared to 4.2% in the year-ago quarter. Household loans, including loans for car purchases, grew by 6.2% compared to 5.2% a year ago.

In the first half of 2024, new car sales rose 6.6% to 390,296 units from 366,176 units a year ago, according to data from MAA. This follows a record performance for Malaysia's automotive industry in 2023, where TIV was 799,731 vehicles.

For the local automotive industry, the resilience of Malaysia's economy has been a key driver of new vehicle demand. Carmakers have also benefited from the launch of new models with exciting features, attractive prices, and increased demand for electric vehicles.

Local car brands continue to be a preferred choice for Malaysian consumers, thanks to the rollout of models that have hit the sweet spot in terms of value and quality.

Air travel continues to recover

In 2023, the aviation industry continued its recovery from the darkest days of the pandemic, with double-digit passenger growth across all regions.

According to IATA, air traffic in 2023 reached 94.1% of pre-pandemic levels, with a 36.9% increase in air passengers compared to 2022. The Asia-Pacific region saw the strongest growth rate, with a 126.1% YoY rise in traffic in 2023, as compared to 2022.

The resurgence of air travel bodes well for the aviation MRO industry, as increased usage of aircraft drives demand for repairs, maintenance, and fleet replacement.

A HISTORICAL YEAR FOR THE GROUP

In FY2024, for the fourth consecutive year, the Group's revenue reached a historical record high. FY2024 revenue was RM242.5 million, a YoY increase of 9.6% from RM221.3 million in FY2023. The main driver of growth was higher sales volume at the automotive segment.

As a result, the Group witnessed marked growth in EBITDA and PAT, which came in at RM73.8 million and RM55.0 million for FY2024, compared to RM49.8 million and RM35.4 million in FY2023.

Profit attributable to shareholders hit an all-time record, up 55.4% YoY from RM35.4 million in FY2023.

With sustained revenue growth and improved production efficiency, the Group's gross profit margin rose to 39.6% in FY2024 from 30.6% in FY2023. Net profit margin in FY2024 was 22.7%, up from 16.0% in FY2023.

Our financial outperformance came alongside notable operational achievements, particularly within the aviation segment.

In Q1 2024, we secured our first Europe-registered commercial aviation customer, as part of our collaboration with a French MRO provider. Later in FY2024, we formalised our strategic partnership with a prominent Malaysian aviation player.

Together with our partners in the aviation industry, we plan to offer comprehensive aircraft interior solutions to a diverse range of clients, enhancing the overall flying experience for passengers and optimising operational efficiency for airline operators.

The Group continues to be recognised for its leadership in design, quality and innovation. In 2024, we received 2 awards, the Mitsubishi Best Supplier Award for Local Accessories and the Mitsubishi Quality Appreciation Award for Best Quality Local Accessories. This achievement was no small feat for the Group, as our performance was benchmarked against multinationals and prominent local players in the automotive industry.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

To achieve a sustained, long-term relationship with our customers, we must ensure they have a high level of confidence in our products and services. Our comprehensive CSS provides us with valuable opportunities to engage with our customers, assess our performance, improve, innovate, or identify areas of concern.

By taking action on valuable data and insights garnered through the CSS, we have been able to improve our scores consistently. The overall grand total of satisfaction level, which takes into account ratings on our product, service and people, has risen from 84.0% in FY2022, to 90.0% in FY2024.

DRIVING SHAREHOLDER WEALTH CREATION

Our financial position

The strength of the Group's balance sheet reflects our commitment to maintaining the financial resilience necessary to sustain our operations, as well as the firepower to fuel our growth. We are pleased to note that the Group's financial position has never been stronger, giving us the flexibility to allocate funds for our expansion and deliver strong capital returns to shareholders.

The Group’s total liabilities amounted to RM54.1 million, representing a 6.5% YoY increase. This was largely due to the incurrence of higher trade payables to support our increased production volume.

Shareholders’ equity rose 10.0% YoY to RM234.5 million as of 30 June 2024. The increase was primarily driven by the Group's higher net profit, resulting from higher sales volume and improved economies of scale.

In terms of liquidity, the Group maintains a robust cash and cash equivalents position of RM153.7 million, a 38.2% increase from RM111.2 million in FY2023. Borrowings remain minimal at RM6.9 million. With the Group's net cash position and positive net cash flow, our net gearing ratio remains at optimal levels. The Group's gearing ratio was 0.03 times compared to 0.06 times in FY2023, with the decrease driven by reduced borrowings and increased shareholders’ equity as a result of the Group’s improved operational performance.

Rewarding shareholders with dividends

In line with our commitment to value creation and as a form of appreciation for all our shareholders, the Board of Directors declared the following dividends in FY2024:

1. On 16 November 2023, the Group declared a first interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2024, amounting to RM7.5 million. This dividend was paid on 8 December 2023.

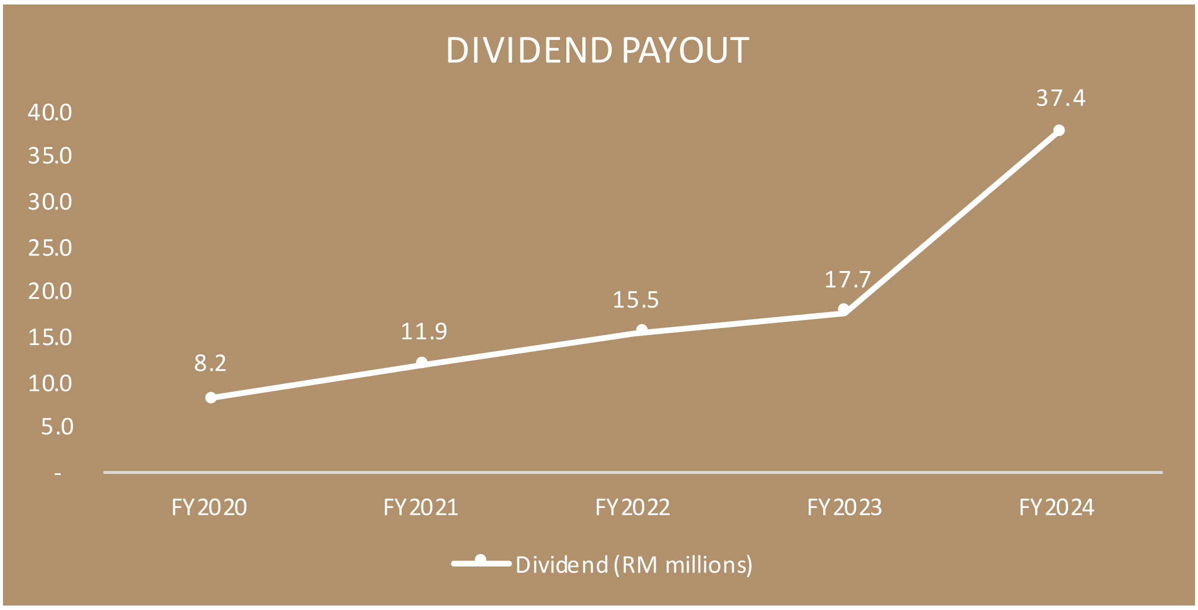
2. On 28 February 2024, the Group declared a second interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2024, amounting to RM7.5 million. This was paid on 27 March 2024.

3. On 24 May 2024, the Group declared a third interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 June 2024, amounting to RM11.3 million. This was paid on 25 July 2024.

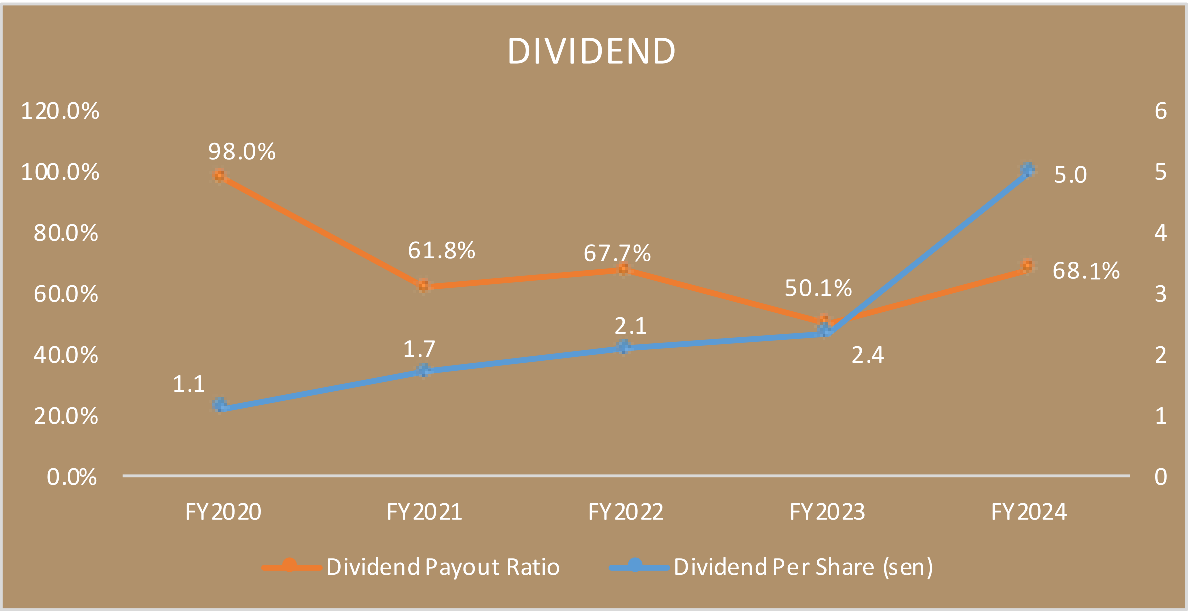
4. The Group extends heartfelt gratitude for the unwavering support received from our esteemed shareholders. As a symbol of our appreciation, on 22 August 2024, we declared a fourth interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 June 2024, amounting to RM11.1 million. This was paid on 20 September 2024.

Together, these dividends constitute a dividend payout of RM37.4 million, representing a payout ratio of 68.1% of the Group's FY2024 net profit attributable to shareholders of the Group and exceeding the 40.0% target set out by the Group’s dividend policy.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT



Year	FY2020	FY2021	FY2022	FY2023	FY2024
Dividend (RM millions)	8.2	11.9	15.5	17.7	37.4



Year	FY2020	FY2021	FY2022	FY2023	FY2024
Dividend Per Share (sen)	1.1	1.7	2.1	2.4	5.0
Dividend Payout Ratio	98.0%	61.8%	67.7%	50.1%	68.1%

UNLEASHING OUR FOUR ENGINES OF GROWTH

Despite our strong growth trajectory over the past 20 years, we are constantly seeking new catalysts for future growth.

We have embarked on a strategy to create a multi-engine growth ecosystem that will transform the Group and unlock our next phase of growth. This ecosystem is underpinned by 4 key pillars that will enable the Group to ascend the value chain, while diversifying our revenue streams and widening our global footprint.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

OEM

We believe carmakers are waking up to the potential that SEA has as an automotive market. The rapid growth of SEA economies, from Vietnam to Cambodia, is a massive greenfield opportunity. At the end of 2022, the ratio of people to vehicles in the Philippines, Indonesia, and Vietnam was less than 100 for every 1,000 people. In Malaysia, which has a substantially higher GDP per capita, the car ownership ratio is more than 500 for every 1,000 people.

Global carmakers are increasingly recognising the potential for Malaysia to be a regional export hub, leveraging the local talent base and vendor ecosystem. The development of the Automotive High Tech Valley, where a renowned Chinese automaker has pledged to invest USD10.0 billion, is a clear indication of Malaysia's promising future in the regional automotive industry. The Malaysian Government, for its part, has announced a series of incentives to help position Malaysia as a key player in the automotive supply chain.

The Malaysian Government has also launched a localisation program that aims to increase the amount of locally produced content in cars assembled in Malaysia. Our collaboration with MARii, an agency under the MITI, forms part of this initiative. Through this collaboration, Pecca aims to secure prominent continental automotive brands as new customers.

Moving upmarket will see us playing to our strengths in the design, production and manufacturing of handcrafted, premium leather upholstery. It will also accelerate the Group towards our vision of becoming the leading global leather car seat upholstery manufacturer.

REM

With greater emphasis on customisation, style and luxury, REM parts typically command better profit margins than OEM parts. In contrast, OEM customers generally require the Group to deliver increasingly competitive prices over the life of a vehicle model, which can weigh on our margins. As a result, the performance of the OEM business depends on our ability to secure high-volume orders and achieve economies of scale.

Expanding our REM business is a key component of our efforts to move up the value chain. A higher contribution from REM will diversify our revenue base, while enabling the Group to sustain its profit margin. Given our ability to design high-quality custom automotive interiors, as well as our capacity for manufacturing at scale, we believe the REM business has immense growth potential.

Aviation

The Group has embarked on a journey to penetrate the global aviation MRO sector, capitalising on our extensive capabilities in the leather upholstery industry.

Our multi-year efforts are now beginning to bear fruit, with the successful completion of our first PO to service a 180-seat, Europe-registered Airbus A320 passenger aircraft in Q4 2024.

This milestone order came shortly after the Group received certification from EASA, enabling us to provide seat covers to Europe-registered aircraft. As the industry benchmark for global MRO, EASA certification significantly broadens our potential customer base, encompassing commercial airlines, aircraft lessors and investors, and key players within the MRO ecosystem.

Emboldened by our progress, we now have an ambitious target to become the leading regional provider of aircraft interiors & upholstery solutions within the next 1 to 2 years.

Emerging Ventures

Pecca aims to become a Tier-1 automotive supplier. Moving up the value chain from Tier-2, where the Group is presently, will enable us to capture a larger share of revenue from the car seat market.

To accelerate our transition into a Tier-1 player, we are exploring potential M&A and synergistic partnerships with players in the automotive industry.

Additionally, we are evaluating opportunities to be involved in the EV ecosystem, enabling us to capitalise on the automotive industry's transition to sustainable energy.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

We are also working on increasing our market share in Indonesia, where our acquisition of PT PGI in FY2023 gave us access to a local production plant, expanding our manufacturing footprint internationally.

To grow in Indonesia, we will capitalise on PT PGI's existing customer base which includes international car makers, as well as the Group's pre-existing relationships across the regional automotive industry.

Given that the Indonesian automotive market features car models similar to those we currently supply in Malaysia, we believe we have a competitive advantage in securing OEM contracts for these models, as we already have pre-existing intellectual property, R&D, and process knowledge relevant to these models.

The process of securing a new OEM contract typically takes up to 1.5 years, and the acquisition of our stake in PT PGI was only completed a year ago. However, we are confident that we will be able to grow our market share significantly within the next 2 years.

POSITIONING THE GROUP FOR FUTURE GROWTH

Over the past few years, the global economy has been remarkably resilient in the face of geopolitical tensions, volatility in financial markets and policy uncertainty. However, the specter of elevated inflation and rising interest rates may tamper the pace of expansion. The IMF projects global growth of 3.2% this year and 3.3% in 2025, far below the pre-pandemic average rate of 3.8% a year.

Despite this sobering outlook, there are bright spots across the global economy. Emerging Asian economies continue to display strong momentum, with China and India accounting for almost half of global growth. In China, for instance, the IMF has revised its economic growth forecast upwards to 5.0% for 2024, primarily due to rebounding domestic consumption and strong export performance.

In Malaysia, the economy has shown sustained strength, backed by robust domestic expenditure and international trade.

Exports are expected to rise further as the global tech upcycle accelerates. Malaysia is benefiting from its position in the global semiconductor and electronics supply chain, with several major foreign direct investments announced since the start of the year.

As we enter FY2025, we firmly believe that our 4 key pillars will unleash our next phase of growth, and elevate our market value to unprecedented levels. While some of these bets have taken longer than expected to play out, as the saying goes, "trees that are slow to grow bear the most fruit".

OEM

Malaysia's robust economy continues to drive growth in the local automotive market. MAA has raised its 2024 TIV forecast to 765,000 units after a strong sales performance in the first half of the year. On this note, we expect continued growth in the OEM segment in FY2025. Other positive factors for the industry include the arrival of new automotive brands, as well as ongoing plans by carmakers to export more vehicles from Malaysia.

REM

Pecca has been involved in the REM market in Malaysia since the year 2000. While the local REM market has seemingly reached a point of saturation, the Group sees significant opportunities to expand to international markets such as the U.S., Australia, and the Middle East. Despite being a relatively low-profile player on the global front, we have a strong track record, high-quality products, and scalable production capabilities.

In FY2025, we will work to forge partnerships with reputable foreign REM distributors, boosting our presence in global markets.

Aviation

Growing demand for air travel, particularly in Asia, is expected to drive higher demand for repairs, fleet replacement and new aircraft, benefiting the MRO industry.

In addition to the region's largest skilled aerospace workforce, Malaysia has the land capacity it needs to greatly increase the size of its MRO facilities. It is no surprise that the MITI's NIMP 2030 flags aerospace as a priority sector. The Malaysian Government has also backed projects such as the Subang Airport Regeneration Plan and Aerospace Park @ KLIA, aiming to capitalise on Malaysia's potential to expand its MRO industry.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

As we build a strong and stable customer base with the help of our partners, while increasing the breadth and depth of our offerings, we are poised to benefit from these sectoral tailwinds.

Emerging Ventures

We believe that Indonesia, with its large and young population, will become a leading regional economy and witness significant TIV growth. Via our stake in PT PGI, we have positioned ourselves to ride the long-term growth of Indonesia's automotive industry. PT PGI has given us access to key players in Indonesia's automotive supply chain, paving the way for opportunities to secure new OEM orders and boost Indonesia's contribution to our revenue.

Besides PT PGI, as part of our Emerging Ventures mandate, the Group continues to explore acquisitions and partnerships that have the potential to accelerate our growth.

We believe that our diversified approach to growth, through the 4 key pillars, has the potential to boost our earnings while also diversifying the risk profile of our business.

BUILDING A SUSTAINABLE BUSINESS

In FY2024, we achieved a significant milestone with our addition to the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index.

Our admission into these 2 indices reflects our commitment to meeting high ESG standards across the Group.

Working on what matters

We will continue to work on what matters, striving to make a greater positive impact on the environment and society.

To ensure sustainable growth and shared prosperity in the communities we operate, the Group has adopted 10 UN SDGs. We have realigned our strategies to target these respective UN SDGs, infusing our actions with deeper purpose and significance.

Pecca Has Adopted 10 UN SDGs

The UN SDGs are closely linked to our 9 material matters which we identified following an assessment with internal and external stakeholders in FY2023. In FY2024, we reviewed the material matters, reaffirming that they matched the Group's strategic priorities and stakeholder expectations.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

Economic Performance

Promotes responsible financial practices and shareholder wealth creation. Sustaining our economic performance enables us to invest in innovative leather treatments, expand our product offerings, and maintain the artisanal quality that sets us apart from our peers.

Procurement and Supply Chain Management

Outlines our commitment to responsible sourcing practices and the sustainability of our supply chain, while ensuring our products meet the highest quality standards.

Energy Consumption

Integrates optimised energy management throughout our manufacturing facility and offices, boosting the sustainability of our production process, and reducing the environmental impact of our energy consumption and GHG emissions.

Water Management

Embeds responsible water management practices to ensure our environmental sustainability and operational efficiency, promoting a water-saving culture, and reducing our water consumption intensity.

Effluent and Waste Management

Addresses the environmental impact of our manufacturing processes through a structured waste management programme which involves systematic monitoring and improved material utilisation.

Occupational Health and Safety

Creates a culture of safety, accountability, and well-being for all our workers, meeting the unique safety considerations that we need to achieve the highest standards of OHS.

Training and Education

Enhances the technical abilities of our workforce through mandatory and voluntary training programs, offering abundant career growth opportunities, and ensuring our employees stay at the forefront of technological advancements within our industry.

Employee Welfare

Fostering a culture of diversity and inclusion within our workforce, providing fair and equal opportunities and a safe, secure and healthy workplace.

Corporate Governance and Ethics

Ensuring the interests of both internal and external stakeholders are protected, in line with our commitment to high standards of corporate governance and stewardship.

CHAIRMAN & GROUP MANAGING DIRECTOR STATEMENT

EMBRACING CORPORATE STEWARDSHIP

As we pursue the growth of our business, we are steadfast in our commitment to sound corporate stewardship and the sustainability of the Group's operations. We have recognised that integrating ESG principles across all our business activities will be key to achieving success, and sustaining it.

In line with this, we have established a robust corporate governance framework underpinned by a comprehensive set of policies and procedures. Strict compliance with these policies enables us to execute our risk management framework effectively.

To ensure our values are not just stated but translated into action, we prioritise the clear and effective communication of our codes and policies, including the Personal Data Protection Notice, ABAC Policy, Whistle-blower Policy, and Employee Handbook which includes the employees codes of conduct and ethics as well as sexual harassment, to all employees. This approach fosters a culture where every individual understands and embraces their responsibilities, contributing to the collective strength and integrity of the Group.

We remain vigilant in our approach to risk. The Group takes prompt and relevant actions to monitor, manage, and mitigate potential challenges, ensuring our operations remain resilient in the face of an ever-evolving business landscape.

Through these concerted efforts, we not only safeguard the Group's assets but also build trust with our stakeholders, driving sustainable wealth creation.

A NOTE TO OUR STAKEHOLDERS

We wish to extend our appreciation to our customers, suppliers and business partners for their confidence in the Group. We also thank our valued shareholders, financiers, and the relevant regulatory authorities for their continuous support and belief in the Group.

We also take this opportunity to thank our Board, management team, and all employees. Their relentless dedication and constant endeavor propel us forward, while reinforcing our position as an industry leader.

We remain guided by our North Star, "Passion for Perfection". With a commitment to excellence, we will continue striving to exceed our customers' expectations in design, quality and innovation, fostering sustainability, and building long-term partnerships.

As we enter FY2025, we are executing our growth strategy and delivering sustained returns for our shareholders. We are confident that the future of the Group remains exciting and prosperous.

DIRECTORS PROFILE

Independent Non-Executive Chairman

DATO' MOHAMED SUFFIAN BIN AWANG

Malaysian, 53, Male

Dato' Mohamed Suffian Bin Awang ("Dato' Mohamed Suffian") was appointed to the Board on 3 December 2014. Subsequently, he was appointed as an Independent Non-Executive Director on 26 December 2014 and re-designated as an Independent Non-Executive Chairman of the Company on 4 February 2015. He is also the Chairman of NC, a member of ARMC, and a member of the RC of the Company.

Dato' Mohamed Suffian obtained his Diploma in Public Administration and Bachelor of Law Degree from Universiti Teknologi MARA Shah Alam in 1992 and 1996 respectively. He has 14 years of legal practice and 6 years of working experience in the civil service. He is the Chairman of the Maritime Institute of Malaysia ("MIMA").

Dato' Mohamed Suffian does not have any family relationship with any Director and/or major shareholder of the Company.

He has attended all five (5) Board Meetings held during FY2024.

DIRECTORS PROFILE

Group Managing Director

DATUK TEOH HWA CHENG (KELVIN)

Malaysian, 56, Male

Datuk Teoh Hwa Cheng ("Datuk Kelvin") is the GMD and founder of Pecca. He has been serving on the Board of Pecca since 27 July 2010.

With about 30 years of experience in the leather goods industry, Datuk Kelvin has been instrumental in expanding the Group's business in the automotive leather upholstery industry.

As the GMD, Datuk Kelvin is responsible for the overall strategy and business direction of the Group. Datuk Kelvin reviews all major investments including the Group's capital expenditure, as well as corporate and financing proposals, and recommends them to the Board.

While Datuk Kelvin provides strategic planning to the Group, he has delegated the execution of day-to-day operations to Mr. Hugo, Ms. Kelly and a team of experienced professionals. Under his leadership, the Group has grown from a Small and Medium-sized Enterprise business into a group of companies with an extensive business network spanning Malaysia, the rest of Asia, North America and Europe.

Datuk Kelvin is the spouse of Datin Christine and the father of Mr. Hugo and Ms. Kelly. He does not hold any directorship in other public companies.

He has attended all five (5) Board Meetings held during FY2024.

DIRECTORS PROFILE

Executive Director

DATIN SAM YIN THING (CHRISTINE)

Malaysian, 53, Female

Datin Sam Yin Thing ("Datin Christine") is the Executive Director of Pecca. She joined the Board on 31 October 2011. Her primary responsibility is overseeing the purchasing function of Pecca, with a key focus on vendor development for critical raw materials such as leather, microfiber, and PVC.

With over 25 years of experience in the leather industry, Datin Christine brings a wealth of knowledge and expertise to the Group.

Datin Christine is the spouse of Datuk Kelvin and the mother of Mr. Hugo and Ms. Kelly. She does not hold any directorship in other public companies or listed issuers.

She attended four (4) of the five (5) Board Meetings held during FY2024.

Independent Non-Executive Director

DATUK LEONG KAM WENG

Malaysian, 60, Male

Datuk Leong Kam Weng ("Datuk Leong") was appointed to the Board on 11 September 2014 and subsequently, as an Independent Non-Executive Director of the Company on 26 December 2014. He is the Chairman of ARMC and RC, and a member of NC of the Company.

Datuk Leong obtained a Bachelor of Economics degree and a Bachelor of Laws degree from Monash University, Australia. He is a Fellow of CPA Australia and a Chartered Accountant of the MIA. He is a certified mediator on the panel of the Malaysian Mediation Centre. He was called to the Malaysian Bar in 1989 and was in legal practice for 3 years before joining TA Enterprise Berhad in 1992. Since 1999, he has been a Partner of the law firm, Messrs. Iza Ng Yeoh & Kit. He sits on the Boards of Directors of Xin Hwa Holdings Berhad, Only World Group Holdings Berhad, Malayan United Industries Berhad, and Pan Malaysia Holdings Berhad, which are listed on Bursa Malaysia Securities Berhad.

He previously served as chairman of Tokio Marine Life Insurance Berhad and retired after completing the maximum nine-year term for independent non-executive directors. He is also a director of several non-listed public companies, including Asian Outreach (Malaysia) Bhd and Pusat Penyayang KSKA.

Datuk Leong does not have any family relationship with any Director and/or major shareholder of the Company.

He has attended all five (5) Board Meetings held during FY2024.

DIRECTORS PROFILE

Executive Director

TEOH ZI YI (HUGO)

Malaysian, 31, Male

Teoh Zi Yi ("Mr. Hugo") is the Executive Director of Pecca. He was appointed to the Board on 16 October 2020.

Mr. Hugo assists Datuk Kelvin in providing oversight, execution, and implementation of the Group's vision, corporate policies, and short-term and long-term business plans. His roles also include providing leadership and ensuring the effective communication of the Group's vision, management philosophy, and business strategies to all employees.

Mr. Hugo has played a pivotal role in transforming the Group from a family-owned business into a professionally managed organisation. Under his leadership, and with the support of the team of professionals recruited by the Group, the Group crossed the RM1 billion market capitalization milestone in FY2023.

Mr. Hugo is currently spearheading a key project to develop an application platform that is expected to improve the Group's business through digitalization.

Mr. Hugo obtained a Bachelor of Business Management Degree from the University of East Anglia in Norwich, England.

Mr. Hugo is the son of Datuk Kelvin and Datin Christine, and is the sibling of Ms. Kelly. He does not hold any directorship in other public companies or listed issuers.

He has attended all five (5) Board Meetings held during FY2024.

Executive Director

TEOH ZI YUEN (KELLY)

Malaysian, 29, Female

Teoh Zi Yuen ("Ms. Kelly") is the Executive Director of Pecca. She was appointed to the Board on 16 October 2020.

Ms. Kelly is responsible for the marketing strategy of the Group and is also in charge of key corporate affairs & investor relations activities. In addition, she leads the Group's Branding and ESG functions, playing a pivotal role in reinforcing the Group's strengths in both areas.

Ms. Kelly began her career at an immigration law firm based in the United States of America. She obtained a Bachelor's Degree in Economics and Marketing from Pepperdine University in Los Angeles, California.

Ms. Kelly is the daughter of Datuk Kelvin and Datin Christine, and is the sibling of Mr. Hugo. She does not hold any directorship in other public companies or listed issuers.

She has attended all five (5) Board Meetings held during FY2024.

DIRECTORS PROFILE

Independent Non-Executive Director

DATO' DR. NORHIZAN BIN ISMAIL

Malaysian, 63, Male

Dato' Dr. Norhizan Bin Ismail ("Dato' Dr. Norhizan") was appointed as an Independent Non-Executive Director of Pecca on 17 September 2021. He is a member of ARMC, NC, and RC.

Dato' Dr. Norhizan earned his Medical Doctor degree from Universiti Sains Malaysia in August 1986, followed by a Master of Public Health degree from Universiti Malaya in 1996. His extensive experience and contributions to public health led to his designation as a Public Health Physician in 2002. Further solidifying his expertise, he completed a two-year Epidemic Intelligence Program under the MOH Malaysia from 2004 to 2006. In 2011, Dato' Dr. Norhizan was recognised as a Public Health Specialist by the MOH Malaysia and the Academy of Medicine of Malaysia, and subsequently listed in the National Specialist Register. In recognition of his dedication and contributions to public health, he was admitted as a Fellow of Public Health Medicine Malaysia by the Council of the Malaysian Public Health Physicians' Association on 16 July 2018.

Throughout his nearly 35 years of service with MOH Malaysia, Dato' Dr. Norhizan consistently demonstrated exceptional commitment and expertise in his field. He held significant roles across all levels of healthcare services, including hospitals, district health offices, and state health departments. His leadership was particularly notable during his tenure as the State Health Director of Pahang and Kedah, where his contributions were recognised with Datukship titles from both states. His career then reached new heights, with Dato' Dr. Norhizan serving as the Director of the Medical Development Division at MOH Malaysia and, ultimately, as the Deputy Director General of Health (Medical) before his retirement on 17 August 2021.

Dato' Dr. Norhizan does not hold any directorships in other public companies or listed issuers. He has no family relationships with any Director or major shareholder of the company.

He attended four (4) out of five (5) Board Meetings held during FY2024.

Notes to the Profile of Directors

None of the Directors has:

1. any conflict of interest or potential conflict of interest, including interest in any competing business with Pecca or its subsidiaries (excluding a related party transaction which has been disclosed in the Circular to the Shareholders dated 23 October 2024);
2. any conviction for offences within the past five (5) years other than traffic offences, if any; and
3. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

Chief Executive Officer

FOO KEN NEE

Malaysian, 46, Male

Mr. Foo Ken Nee ("Mr. Foo") was appointed as the CEO of Pecca on 1 June 2022. He is responsible for driving the Group's strategic growth and expansion initiatives.

Mr. Foo brings over 20 years of experience in several key industries, including audit and corporate advisory, automotive manufacturing and supply chain distribution, and pharmaceutical and consumer healthcare. He has held a range of senior leadership positions, namely Executive Director, CFO, Country Manager, Marketing Director, Strategic Planning and Business Operations Director, and Head of Business Development across several multinational corporations including PricewaterhouseCoopers, Pfizer, Zoetis, Zuellig Pharma, and Tropicana. His areas of expertise include audit advisory services, corporate strategic planning, business development, financial and operational management, sales and marketing management, corporate restructuring, and M&A.

Mr. Foo was the CFO of Pecca from January 2019 to May 2021 before joining Tropicana Corporation Berhad's subsidiary, Tropicana Golf & Country Resort Berhad as Executive Director. At Tropicana Golf & Country Resort Berhad, Mr. Foo was responsible for new business development, strategic operations, and financial management involving multiple industry sectors.

Mr. Foo is a qualified Chartered Accountant and a member of the MIA and CPA Australia. He obtained a Bachelor of Commerce degree from Murdoch University, Western Australia, majoring in Accounting and Finance.

He does not have any family relationship with any Director and/or major shareholder of the Company. As per the Register of Principal Officer's Shareholdings, he has a direct interest of 655,000 ordinary shares in the securities of the Company as of 30 September 2024.

Chief Operating Officer

K. KARUNAKARAN A/L KARUPPANNAN

Malaysian, 57, Male

Mr. K. Karunakaran A/L Karuppannan ("Mr. Karuna") was appointed as Pecca's Factory Manager on 4 August 2003. He advanced through the Group's ranks progressively and was promoted to COO on 1 October 2019.

Mr. Karuna has over 30 years of working experience in manufacturing industries involved in the production of latex thread, power transformers for scientific and electronics applications, and gloves for medical and surgical applications. He also has extensive experience in occupational safety, quality assurance, and good manufacturing practices. Mr. Karuna brings a wealth of knowledge regarding the implementation of Standard Operating procedures for operational processes and ISO certifications for manufacturing plants. He assisted in the set-up of the Group's medical-grade face mask operation in 2020. Mr. Karuna also successfully facilitated the Group's efforts to obtain EASA certification for Pecca Aviation in FY2023.

Mr. Karuna was instrumental in incorporating lean management principles and methods across the Group to support its penetration into the OEM, PDI, and REM export businesses. He also led our team to obtain the ISO9001:2000, ISO/TS 16949, EMS ISO14001:2004, OSHAS 18001:2007, and VDA6.3 certifications. He now oversees overall plant operations, including the supply chain management of the Group.

He does not have any family relationship with any Director and/or major shareholder of the Company.

KEY SENIOR MANAGEMENT PROFILE

Technical Director

SAM CHEE KENG

Malaysian, 45, Male

Mr. Sam Chee Keng ("Mr. Sam") was appointed as the Factory Manager of Pecca Leather Sdn Bhd on 1 December 2000. He was subsequently promoted to Technical Director on 1 December 2012. He has more than 20 years of extensive working experience specialising in the research and development of upholstery car seat covers.

On 11 April 2023, Mr. Sam was appointed as the President Director of PT PGI, the newly acquired 80.0%-owned subsidiary of the Group. In this role, Mr. Sam will facilitate the transfer of technical knowledge involving the manufacturing of upholstery seat covers and develop new markets in Indonesia, focusing on the OEM automotive segment.

He is the sibling of Datin Christine and Brother-in-Law of Datuk Kelvin.

General Manager, Operations

GOH SOON HUANG

Malaysian, 38, Male

Mr. Goh Soon Huang ("Mr. Goh") joined Pecca Leather Sdn Bhd on 1 December 2007 as an Assistant Planner. He has since advanced progressively through the Group and was promoted to General Manager, Operations on 1 January 2024.

Mr. Goh has over 17 years of experience in the automotive manufacturing industry, focusing on overall MOM pertaining to production, planning, production costing, quality management, engineering, technical, VAVE, and new product development. Mr. Goh provides technical insight and expertise to optimise the efficiency and effectiveness of end-to-end manufacturing processes. He also possesses extensive experience in warehouse and logistics operations management, as well as in the set-up and management of medical face mask manufacturing operations in accordance with ISO certifications for manufacturing plants.

Mr. Goh was instrumental in the implementation of MOM for the Group, enabling complete visibility into its manufacturing processes and production performance through the analysis and consolidation of data. This allows the Group's production team to identify areas of inefficiency and enact action plans from a single source. He has also led the operations team to optimise its production processes, improve its cost efficiency, and enhance manufacturing execution systems. He is also involved in product development management, advanced planning and scheduling, and building MOM contingency plans. Mr. Goh continues to lead the Group's ongoing manufacturing automation processes, capitalizing on Industry 4.0 technologies to achieve innovative ways to manage the entire manufacturing plant.

He does not have any family relationship with any Director and/or major shareholder of the Company.

KEY SENIOR MANAGEMENT PROFILE

Financial Controller

YAP WING TECK (DANNY)

Malaysian, 32, Male

Mr. Yap Wing Teck ("Mr. Danny") was appointed as the Financial Controller of Pecca on 4 June 2024. He is responsible for overseeing the Group's accounts, finance, taxation, sustainability, legal and risk management, and investor relations functions.

Mr. Danny brings over 10 years of experience and knowledge in statutory audit and assurance, business and forensic advisory, taxation, integrated and sustainability reporting, financial and risk management, strategic planning, and M&A. He began his career as an auditor with Deloitte PLT in 2014, performing audit and assurance engagements for public listed and multinational companies. In 2017, he transitioned to Deloitte PLT's Business Advisory division, where he led various advisory projects, including complex accounting, internal control, litigation support, sustainability, corporate restructuring, and business assurance for government agencies, public listed, and multinational companies in the automotive, manufacturing and trading, energy and resources, telecommunication, property development, construction, healthcare, financial services, logistics, and hospitality sectors.

Prior to joining Pecca, Mr. Danny held the position of Finance and Trading Manager at Guan Chong Berhad, a public listed company in Malaysia and the world's 4th largest manufacturer of cocoa-derived food ingredients and chocolates. He was responsible of all aspects of finance operations of the group and its overseas subsidiaries in Singapore, Indonesia, Germany, the U.S., the United Kingdom, the Netherland, and Ivory Coast, encompassing group financial reporting, financial planning and analysis, treasury, corporate income tax, transfer pricing, Global Minimum Tax, trading, integrated and sustainability reporting, enterprise risk management, corporate governance, and M&A.

Mr. Danny is a qualified Chartered Accountant and a member of CPA Australia, MIA, and ASEAN CPA. He obtained a Bachelor of Commerce degree from the University of Queensland, Australia, majoring in Accounting and Finance.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Operation Director

NEO HWEE LEONG

Malaysian, 38, Male

Mr. Neo Hwee Leong ("Mr. Neo") joined PT Multi Pratama Interbuana in December 2014 as the Head of Department for Production, Planning, Inventory and Control. Subsequently, he joined PT PGI as an Operational Manager in July 2017. In December 2021, he was promoted to General Manager of PT PGI to oversee the company's entire business operation. He was re-designated to Operation Director on 15 November 2022 and will continue leading PT PGI's business operations.

Mr. Neo has a wealth of experience in operational management and commercial roles, including enterprise resource planning, logistics system development, and dealings with distributors.

He leverages his extensive commercial experience to drive the company's sales growth, expand its customer base, and widen distribution channels. His responsibilities in PT PGI include general management, operations, supply chain and procurement, sales and marketing, quality and regulatory matters, finance, human resources, and administrative functions.

He does not have any family relationship with any Director and/or major shareholder of the Company.

KEY SENIOR MANAGEMENT PROFILE

Notes to the Key Senior Management Profile

None of the Key Senior Management has:

1. held any directorship in public companies or listed issuers;
2. any conflict of interest or potential conflict of interest, including interest in any competing business with Pecca or its subsidiaries;
3. any conviction for offences within the past five (5) years other than traffic offences, if any; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

MARKET OVERVIEW

Our core business is the provision of automotive leather upholstery products and services to OEMs and Tier-1 automotive players. The bulk of our revenue is derived from Malaysia, with the remainder generated from international markets including the rest of Asia, Europe, North America, and Oceania. In addition, the Group is involved in the aviation MRO industry, providing aircraft seat cover and cabin interior management solutions for international and local customers.

In this section, we discuss key developments and trends across our key markets, and how the Group has strategically positioned itself for future growth.

Robust Demand For Automotive Vehicles In Malaysia

In the last few years, Malaysia has witnessed substantial growth in automotive demand. 2023 saw sales of new vehicles, as measured TIV, rise to a record 799,731 units. Notably, this was the second consecutive annual record for TIV in Malaysia. Most analysts have projected a normalisation in TIV for 2024.

The MAA initially forecasted a 7.5% decline in TIV for 2024, premised on global economic uncertainty and a potential slowdown in domestic consumption due to concerns over rationalisation of subsidies, increased living costs, the implementation of the proposed High-Value Goods Tax, and a higher service tax.

However, following sustained automotive sales momentum in the first half of 2024, MAA revised its forecast upwards. The industry group now projects a 4.3% drop in TIV to 765,000 units in 2024, reflecting, among other factors, the resilience of Malaysia's economy, as well as a healthy backlog of new car orders.

Building Stronger Automotive Supply Chains

The automotive industry has been rattled by a cascade of supply chain shocks including the pandemic, wars, and a semiconductor shortage. Persisting US-China trade tensions, the Russia-Ukraine conflict, and wars in the Middle East have all resulted in a heightened geopolitical risk environment and ramifications for the automotive supply chain. For instance, earlier this year, conflicts in the Red Sea and the resulting impact on Europe-Asia transport routes caused a few major carmakers to suspend production.

Because automotive players have long adopted international component sourcing as standard practice, the industry is particularly vulnerable to supply chain issues. It is estimated that there are approximately 30,000 components in a modern car, sourced from hundreds of suppliers around the world.

To improve the resilience of their supply chains, carmakers are diversifying their supply chains through strategies such as "nearshoring", which involves producing cars closer to or within target markets. Some European and Chinese automakers have sought to establish production hubs in ASEAN countries, including Malaysia and Indonesia, partly to mitigate the risk of potential supply chain fallouts from the US-China trade war, but also to secure access to fast-growing markets. For instance, Indonesia's vast reserves of nickel, a vital component in EV batteries, have been a major incentive for automakers to invest in the country.

If more car manufacturers decide to set up manufacturing and production facilities in Indonesia and Malaysia, this should lead to higher demand for automotive seat covers, as there will be an increased number of vehicles manufactured in these countries.

Rising Demand For MRO In The Asia-Pacific Region

Demand for aviation MRO is mainly driven by utilisation - how frequently existing aircraft are used and fleet size, which reflects the number of aircraft in service. Both utilisation and fleet size, in turn, are impacted by the underlying demand for air travel.

In 2024, global MRO spending is forecast to rise to a record USD104.0 billion, with Asia-Pacific accounting for USD19.9 billion of this figure, according to aviation consultancy Oliver Wyman. According to the firm, 2024 will likely mark the MRO industry's first year of growth since the onset of COVID-19.

MANAGEMENT DISCUSSION & ANALYSIS

Likewise, demand for air travel has staged a full-fledged recovery since the pandemic. Barring unforeseen events, air travel demand will likely revert to its historic demand drivers – namely, consumers' willingness and ability to spend on discretionary items. Consequently, regions witnessing strong economic momentum are also emerging as hotspots for passenger traffic. For instance, the IATA projects that passenger traffic in the Asia-Pacific region will rise by 17.2% in 2024 and 12.1% in 2025, far outpacing the global growth rates of 10.4% and 8.0% for those years. Fueled by robust economic expansion, the Asia-Pacific will be the only region to experience double-digit growth for both years.

In recent years, global aerospace players have announced major investments in regional MRO hubs such as Singapore and Malaysia. These investments have the potential to accelerate the growth of local MRO ecosystems while providing opportunities for new players to emerge.

MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review | Financial Review | Operational Performance Review

OUTLOOK

In FY2025, we will continue to expand and diversify into new markets across our 4 key pillars, namely, OEM, REM, Aviation, and Emerging Ventures. While the outlook for each pillar may be impacted by unforeseen challenges, having multiple engines of growth mitigates our exposure to market-specific risks - thus improving the sustainability of the Group's business as a whole.

OEM

Malaysia's robust economic performance continues to anchor growth expectations for the local automotive market.

In July 2024, taking into account the industry's robust sales performance for the first half of the year, the MAA raised its TIV projection for the full year by 3.4%, from 740,000 units to 765,000 units. If this projection turns out to be accurate, Malaysia's automotive industry is set for its second-best year in history.

The positive economic outlook for Malaysia, coupled with sustained automotive demand, positions the OEM segment for another year of strong growth.

In addition, the influx of new automotive brands in Malaysia, coupled with plans by various carmakers to make Malaysia an automotive export hub, will create valuable opportunities for the Group.

REM

In Malaysia, the REM industry is highly saturated, with many new and established local players vying for a slice of the market. While we will maintain our presence in the local REM market, we are pursuing growth in international markets with higher demands on production capacity, quality, service, and exclusivity. This will allow us to play to our strengths in the styling, design, and manufacturing of premium leather upholstery.

Throughout FY2024, we made a major effort to raise international awareness about our REM brands by venturing into countries including the U.S., Australia, and the Middle East, participating in major trade events and working to forge partnerships with foreign REM distributors.

While we are still a relatively low-profile player in REM, potential partners recognise what we bring to the table: a track record of over 20 years, high-quality products, a wide range of capabilities, and the ability to scale production if required.

In FY2025, we expect to make progress towards the formalization of new partnerships with foreign REM distributors, accelerating our global market penetration, and increasing REM's contribution to our revenue.

Aviation

The aviation industry continues to benefit from a sustained recovery in air travel. According to IATA, a record 5 billion air travelers are expected in 2024, up from 4.5 billion in 2023. Much of this growth will originate from the Asia-Pacific region, where air passenger numbers are projected to increase by more than 17.0%.

Increased air travel bodes well for the aviation MRO sector, as it drives demand for repairs, fleet replacements, and new aircraft. Working with our partners, we expect to capitalize on the air travel industry's return to growth.

In addition, airlines are faced with an aging aircraft fleet, which means the need for major overhauls and refurbishment will likely rise in coming years.

As such, the Group is strategically positioned to benefit from these structural industry trends.

According to the MITI, Malaysians make up 54.0% of the skilled workforce in SEA's aerospace industry. We believe we can capitalize on Malaysia's local talent base to deliver a sustained competitive cost advantage to global aviation customers.

MANAGEMENT DISCUSSION & ANALYSIS

Hence, Malaysia has the capability to vastly expand its MRO facilities, thanks to greater availability of land area – particularly when compared to our neighboring MRO hub, Singapore.

The Malaysian Government has recognised the potential of the local MRO industry, throwing its weight behind projects such as the Subang Airport Regeneration Plan and Aerospace Park @ KLIA. The NIMP 2030, launched in October 2023, flags aerospace as a priority sector and aims to improve Malaysia's capabilities, particularly in high-value-added activities.

Given these industry tailwinds, Pecca Aviation is well-positioned to expand rapidly in FY2025 and beyond.

Emerging Ventures

In Indonesia, we are poised to reap a demographic dividend as the local economy matures. Through our stake in PT PGI, we have a foothold in one of SEA biggest automotive markets, which also happens to have one of the world's largest young populations.

Indonesia is expected to become one of the world's leading emerging markets over the next decade, with its GDP projected to rise from USD1.3 trillion in 2022 to USD4.1 trillion in 2035.

Backed by favorable demographic trends, the rise of Indonesia as a global economic force will increase the well-being of its people, fueling demand for personal vehicles. As a result, there is potential for Indonesia TIV, which currently hovers at a million vehicles a year, to witness significant growth from current levels.

Like Malaysia, Indonesia harbors ambitions to become a key player in the automotive supply chain. The nation already has a burgeoning car industry and is riding the EV boom as the world's dominant supplier of nickel used in EV batteries.

Through our stake in PT PGI, we now have access to the key players in Indonesia's automotive supply chain. Many of these players were already PT PGI's customers or partners prior to our emergence as a majority shareholder. We believe we can leverage these relationships, along with our strong capabilities, to secure new projects and benefit from the secular trends powering the growth of Indonesia's automotive market.

Besides our efforts to expand in Indonesia, we continue to assess potential acquisitions and partnerships to catalyse our growth. Any acquisition we make will reflect our long-term focus and offer synergies with the rest of the Group. We will continue to invest and operate with a five to ten-year horizon, prioritising substantial future advantages over short-term financial gains.

MANAGEMENT DISCUSSION & ANALYSIS

OUR VALUE CREATION BUSINESS MODEL

INPUTS

Financial Capital

- Our steady and robust financial performance
- Our share capital and shareholders' equity
- Our access to debt and capital markets

Manufactured Capital

- Our existing production facilities:
  -Kepong, Selangor, Malaysia (1)
  -Cikarang Selatan, Bekasi, Indonesia (1)

Intellectual Capital

- Our established, systematic and innovative processes and technologies
- Our brand name, reputation and market experience in the industries

Human Capital

- Our highly capable and diverse Board, supported by our corporate governance structure
- Our experienced and diverse pool of talent, including senior management and general staff

Social & Relationship Capital

- Our strong relationships with our stakeholders
- Our Group-wide policies governing sustainable practices across our supply chain

Natural Capital

- Our raw materials used in production
- Our energy consumption and water utilisation in our production processes
- Our generated and consumed solar energy from solar panels

OUR VISION

To be the leading upholstery manufacturer globally in the automotive industry and a top player for aircraft interiors and MRO in aviation industry.

OUR KEY STAKEHOLDERS

- Customers
- Investors
- Employees
- Suppliers
- Governments and Regulators
- Community

OUR MISSION

To keep exceeding our customers' expectations in design, quality and innovation, and fostering sustainability and long-term partnerships.

4 KEY PILLARS

- OEM
- AVIATION
- REM
- Emerging Ventures

MOTTO

Passion for Perfection.

BUSINESS PROCESSES

Procurement

Working closely with suppliers to ensure we sustainably source raw materials that meet our high quality standards.

Production

Focusing on production that delivers high-quality products, maximises customer satisfaction, and minimises environmental impact.

QA

Establishing production processes and systems that comply with relevant local and international standards.

Sales & Marketing

Utilising our expertise, experience, and processes to produce and sell high-quality products while gathering feedback for continuous improvement and sustainable value.

Product Development

Improving the quality and sustainability of our products through focused research and responsible resource usage, ensuring consistent delivery of innovative and eco-friendly products to our customers.

MANAGEMENT DISCUSSION & ANALYSIS

OUTPUTS

Financial Capital

- Cash and cash equivalents: RM153.7 million
- Revenue: RM242.5 million
- Net profit: RM55.0 million
- Earnings per share: 7.32 sen
- Net dividends per share: 5.0 sen
- Total equity: RM234.5 million

Manufactured Capital

- Products sold that meet the highest standards of quality and safety
- Exports to more than 6 countries worldwide
- Solar PV and water cooling systems

Intellectual Capital

- Adoption and implementation of relevant international quality standards for products
- Production facilities certified with various quality management systems certifications

Human Capital

- Zero work-related fatalities and high-consequence work-related injuries
- 6,162 total training hours
- RM46.7 million distributed for director and employee remuneration and benefits

Social & Relationship Capital

- Contribution of over RM0.2 million to local communities and RM17.5 million in income taxes
- Heightened awareness amongst our stakeholders on the need for sustainable business practices

Natural Capital

- Our high-quality raw materials that are purchased from external suppliers
- Energy consumed:
  - Electricity: 8,278.5 GJ
  - Solar: 951.8 GJ
- Total water consumption: 44,916.0 m3

OUTCOMES

UN SDGs

Customers

- Robust customer relationships driven by consistent volume and quality fulfilment
- Continuous expansion, broadening our reach across local and global markets

Investors

- Maintaining strong financial stability
- Growing shareholder wealth through capital appreciation and dividend distributions

Employees

- Skilled, motivated, and diverse workforce
- Non-discriminatory policies and equal opportunities for employees
- Attraction and retention of a skilled and competent workforce through:
  - Effective rewards system
  - Career progression plan
  - Employee training programme
  - Adherence to international quality and safety standards

Suppliers

- Steady supplier base growth
- Ongoing and close supplier collaboration to drive investment in new innovations
- Promotion of ESG responsibilities within our supply chain

Governments and Regulators

- Continued economic contributions through sales and taxes
- Sustained robust corporate governance
- Consistent alignment with government policies

Community

- Continued engagement in impactful CSR activities
- Long-term employment opportunities provided to members of local communities
- Reduced environmental footprint through our business strategies and processes

MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review | Financial Review | Operational Performance Review

Key Stakeholder Engagement

Customers

Why We Engage

By actively engaging with our customers, we cultivate a culture of responsiveness and empathy, where their feedback and insights serve as invaluable guides in shaping our products and services. This collaborative exchange empowers us to anticipate and address their evolving needs, driving continuous improvement and innovation across our organisation.

Moreover, these interactions serve as a compass for our strategic investments in innovating new products and refining our existing lineup, ultimately resulting in enhanced value for our customers.

How We Engage

As needed
- Calls and meetings
- Corporate events and trade shows
- Corporate website
- Customer support and feedback channels
- Customer surveys
- Electronic communications
- Marketing activities and promotions
- Site visits

How We Address Their Expectations

- Maintaining clear and consistent communication while adhering to quality, shipping, delivery, and other terms outlined in our sales contracts.
- Ensuring compliance with social and legal standards, both locally and globally, while developing a comprehensive sustainability strategy for the Group and communicating this commitment to our customers.
- Working closely with our customers to offer flexible solutions that meet their evolving needs, including providing technical support for product development, with the goal of expanding our market share and product range.
- Keeping reliable communication channels open at all times to connect customers with our sales, marketing, and production teams.

Investors

Why We Engage

By actively engaging with our investors, we gain a clear understanding of their expectations, allowing us to develop strategies that consistently achieve the growth and capital appreciation they desire.

We maintain regular communication to keep them informed about our efforts to enhance corporate governance and sustainability practices, fostering transparency and accountability. Cultivating these relationships also builds trust in our business strategies and encourages their confidence in our management teams to accomplish their objectives.

How We Engage

As needed
- Announcements on Bursa Malaysia
- Corporate website
- Investor briefings and other investor relations engagements
- Press releases
- Site visits

Quarterly
- Financial reports and announcements on Bursa Malaysia

Annually
- AGMs
- ARs and SSs

How We Address Their Expectations

- Maintaining ongoing communication among management teams across all departments, enabling us to collectively prioritise and achieve key investor expectations, such as profit growth, stability, and dividends.
- Utilising our corporate governance practices to uphold transparency and accountability, thereby mitigating risks of scandals and fraud, while reinforcing our rules, policies, and procedures to create sustainable shareholder value.
- Ensuring consistent capital appreciation and dividend payouts.
- Embracing the relevant frameworks and standards to communicate the Group's vision, sustainability efforts, and corporate governance in a cohesive manner, highlighting our strategies for generating and preserving long-term value.

MANAGEMENT DISCUSSION & ANALYSIS

Employees

Why We Engage

Engaging meaningfully with our employees enhances our grasp of their needs and expectations, providing valuable insights into the range of skills and talents within our team. This insight facilitates the strategic allocation of resources to foster sustainable growth.

Additionally, by aligning with our employees' mindsets and preferences, we elevate our ability to recognise talent and retain high-performing individuals, thus ensuring the maintenance of a competitive workforce capable of sustaining our leadership position in the industry.

How We Engage

As needed
- Employee engagement programmes
- Internal communications
- Regular management meetings
- Regular employee meetings

Annually
- Employee appraisal and performance review

How We Address Their Expectations

- Aligning our employee recognition framework with organisational objectives by integrating performance-based incentives.
- Providing comprehensive developmental programs and training opportunities for professional growth and skill advancement.
- Embedding our corporate vision, business direction, and growth plans throughout all levels of the organisation to cultivate a unified workforce driven by a shared mission.
- Upholding a secure and healthy work environment that complies with stringent occupational safety and health standards.

Suppliers

Why We Engage

Strong and enduring relationships with our suppliers, we secure favorable prices, terms, and exceptional services during business transactions. These partnerships also play a critical role in maintaining a dependable supply chain, ensuring a continuous flow of raw materials that meet our high quality standards.

Furthermore, we proactively collaborate with our suppliers to encourage the adoption of sustainable and ethical business practices that align with established industry standards.

How We Engage

As needed
- Calls and meetings
- Corporate website
- Electronic communications
- Supplier Code of Conduct
- Supplier evaluations

How We Address Their Expectations

- Setting clear supplier expectations using targets and industry best practices, with a focus on product quality, safety, and delivery.
- Upholding ethical standards in our procurement processes, particularly regarding environmental and social responsibilities.
- Maintaining regular, open communication channels with our suppliers and contractors to stay informed about market shifts and future trends, enabling us to share updates on our strategic plans and optimise raw material and machinery planning.
- Facilitating seamless communication among our internal departments, including purchasing, sales and marketing, planning, and production, as well as with our suppliers, to ensure the consistency and high quality of our raw materials supply.

MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review | Financial Review | Operational Performance Review

Governments and Regulators

Why We Engage

By maintaining regular communication with government agencies and regulators in our operating countries, we remain updated on evolving laws and regulations, proactively mitigating risks of disruptions to our multinational operations.

Our constructive relationships with these authorities facilitate strategic compliance and efficient achievement of business goals, strengthening our capacity to navigate complexities and fulfill operational commitments.

How We Engage

As needed

- Adoption of practices outlined in the MCCG
- Announcements on Bursa Malaysia
- Audits and assessments
- Regulatory certification assessments
- Regulatory compliance at all operational premises
- Regulatory events organised by regulatory bodies
- Support for government initiatives
- Visits by government officials and/or regulatory agents

How We Address Their Expectations

- Providing government officials and regulatory bodies with timely reports and necessary information.
- Facilitating seamless audits and site visits.
- Increasing involvement in government-led initiatives.
- Contributing to the countries' economy through income tax payments.
- Staying informed about legal updates through internal knowledge teams and external advisors.
- Advancing government sustainability agendas through operational and product innovations.

Community

Why We Engage

By actively engaging with local communities, we gain valuable insights into their needs and preferences. This understanding informs our ongoing efforts to enhance product development, employment practices, and sustainability initiatives.

Local communities are vital stakeholders, serving as consumers and comprising the majority of our workforce.

How We Engage

As needed

- CSR programmes
- Corporate website
- Print and digital media communications

How We Address Their Expectations

- Providing sustainable employment and opportunities for career growth to local community members.
- Actively supporting socio-economic development through local community initiatives.
- Ensuring responsible operational processes for local communities involves adopting sustainable and ethical business practices that prioritise environmental conservation, social well-being, and economic development.

MANAGEMENT DISCUSSION & ANALYSIS

Growth Strategies

Moving up the value chain is something ingrained in our DNA. When we first began Pecca in the year 2000, we were manufacturing leather seat covers for the aftersales automotive market. It was only in 2004 that we received our first major OEM contract from a Tier-1 car seat manufacturer for a local carmaker. Over the next several years, we began working with prominent Japanese OEMs and secured our first European customer, one of the top five carmakers in the world.

While we have firmly established ourselves in the OEM market, we have now set our sights on greater heights. To unlock our next phase of growth, we have established a business strategy involving 4 key pillars. We believe the 4 key pillars will enable us to ascend the value chain, drive our transformation and diversify our business.

Pillar I: OEM

Grow the OEM segment & pursue localisation for continental brands.

To position ourselves to ride the growth of Malaysia's automotive industry, we are making significant investments to expand our production capacity. We continue to make progress on our second plant at the UMW High Value Manufacturing Park in Serendah, Selangor. The new plant is set to double our output capacity, supporting demand from existing and new customers.

In addition, the Group continues to work towards expanding its OEM customer base, leveraging our proven ability to meet the highest industry standards.

Timeline Medium term - 1-3 years Long-term 4-6 years	**Medium term & long term**
Our Competitive Advantages	> Track record of over 20 years in automotive leather upholstery, giving the Group a wealth of process knowledge and experience that we bring into every project. > Strong customer relationships, with most of our major customers work with us for a decade or longer. > Able to deliver one-stop solutions for customers, from design, to material procurement, to manufacturing, installation, and delivery. > In-house development of innovative patented products that can reduce installation time and potential damage. > Robust financial position and public listed company status not only make it easier to fund our expansion, but also enhance our reputation among global automotive OEMs. > Recognised by the Malaysian Government through our MOU with MARii, underscoring our credibility and capability in the industry. > Poised to benefit from industry trends, such as i) rising demand for passenger cars in Asia; and ii) the growth of Malaysia's automotive manufacturing supply chain, with automotive players looking to leverage the local talent base and vendor ecosystem.
Our Business Strategy	> Continue to widen our OEM customer base, diversifying our revenue mix and capitalising on the influx of new automotive brands into Malaysia. > Work with MARii to secure continental brands as new customers for the Group. > Secure new projects from our existing OEM customer base. > Increase our production capacity, enabling us to ride growing demand from Malaysia and potentially the region. > Grow revenue contribution from the PDI segment by working with automotive dealerships and leveraging our existing OEM relationships to bring more PDI products to the market.

MANAGEMENT DISCUSSION & ANALYSIS

Pillar II: REM

Raise our REM market share locally & globally.

Within the REM segment, Pecca has a widely established presence in Malaysia. Our products can be purchased via dealerships, workshops, and online via our own online store and major web shopping platforms. However, the local market has reached a point of saturation, with limited opportunities for further growth.

Moving forward, we aim to widen our market share in international REM markets. Our strategy is to expand our footprint in markets with high continental automotive sales and strong demand for vehicle customisation, such as the U.S., Europe, the Middle East, Australia, and Singapore.

Timeline Medium term - 1-3 years Long-term 4-6 years	**Medium term & long term**
Our Competitive Advantages	> Strong production capacity, giving us the capability to meet high volume requirements in local and foreign automotive markets. > Established track record of over 20 years in the automotive leather upholstery industry, serving a global customer base of well-known automotive brands. > Proven ability to meet the highest standards, particularly when it comes to production output, customisation, style and quality of materials. > Vast expertise in design, R&D and product research capabilities, allowing the Group to create, customise and manufacture products suited to our target markets. > Strong relationships with major global leather suppliers, giving us access to high-quality materials. > Proven ability to respond to customer requests and feedback with prompt in-house customer support.
Our Business Strategy	> Forge partnerships with prominent local distributors to gain access to nationwide sales networks, accelerating our penetration of foreign markets and securing larger orders. > Strengthen our market position in Malaysia through various marketing activities across our established physical and online retail presence. > Provide value-added services such as design and R&D to create custom products that can potentially fetch better margins. > Target markets with car owners who are more inclined to spend on a wide range of custom vehicle modifications, such as: 1. U.S. 2. Europe 3. The Middle East 4. Australia 5. Singapore

MANAGEMENT DISCUSSION & ANALYSIS

Pillar III: Aviation

Within the next 5 to 6 years, the Group aims to become SEA's leading provider of aircraft interiors & upholstery solutions.

Our immediate strategic priorities include expanding our product and service offerings through organic growth and strategic acquisitions, widening our regional customer footprint, and securing additional commercial aircraft projects. While Pecca Aviation will remain focused on aircraft cabin interior solutions, we will partner with established MRO players to deliver cost-effective, one-stop solutions for the aviation industry.

Timeline Medium term - 1-3 years Long-term 4-6 years	**Medium term & long term**
Our Competitive Advantages	> The first player in ASEAN to achieve EASA POA for seat cover certification, setting us apart from other local players. > With EASA certification as the industry benchmark for aviation MRO, we believe the obtainment of the certification will enable us to serve a wider audience of customers. > Strong in-house styling design and manufacturing capabilities enable us to deliver higher volume orders and customised, request-based design engineered seat covers for our customers. > The Group's robust financial position gives us the firepower to accelerate our growth through inorganic and organic expansion. > Potential to tap our partnerships with reputable MRO regional players to achieve greater growth. > Able to leverage in-house talent, experience and process knowledge from the automotive segment of the Group, to catalyse our growth. > Operations based in Malaysia which has room to vastly expand land area dedicated to MRO facilities compared to Singapore, the current regional market leader. > Able to capitalise on Malaysia's robust talent base as the country currently supplies the majority of aerospace skilled workers in SEA. > Riding market tailwinds including i) an ageing aircraft fleet that necessitates major overhauls and refurbishment, and ii) a strong rebound in commercial air travel post COVID-19.
Our Business Strategy	> Establish our brand name in the regional MRO industry where the Group is presently relatively unknown, by participating in brand awareness/marketing campaigns, outreach activities, and widening our customer base. > In FY2025, we aim to further expand our scope and capabilities by leveraging our existing EASA and CAAM certifications. Through strategic partnerships with reputable regional MRO players, we are poised to accelerate the approval process for obtaining additional certifications from other national aviation regulators in the ASEAN region, including CAAT and CAAS. Our target is to secure at least 1 new certification in the upcoming fiscal year. > Building on the success of our first project for the delivery of seat covers for an Airbus A320 aircraft, we aim to secure more commercial aircraft projects in FY2025. > Widen our range of products and services, with a focus on aircraft cabin interior solutions, through organic and inorganic expansion. > By partnering with established MRO players, we combine our strengths to offer one-stop solutions that ensure streamlined service, save time, and reduce costs for our customers.

MANAGEMENT DISCUSSION & ANALYSIS

Pillar IV: Emerging Ventures

Seize attractive market opportunities & explore synergistic acquisitions.

The Group continuously explores new business opportunities through strategic M&A, synergistic partnerships, and the establishment of new business segments. This includes our FY2023 acquisition of a majority stake in PT PGI in Indonesia, where our strategic priority is to raise our market share in the local leather upholstery industry.

Timeline Medium term - 1-3 years Long-term 4-6 years	**Medium term & long term**
Our Competitive Advantages	> Robust financial position and sustained performance of the Group's core business, enabling us to invest in our future growth, be it via M&A or organic expansion, from a position of strength. > Experienced leadership team and established track record, giving potential partners or M&A targets more confidence to work with the Group. > Strong working relationships with relevant government bodies such as MITI and MIDA. > MOU with MARii until 2026 to work on talent development, establishment of manufacturing and assembly capabilities, localisation, and opportunities across the EV ecosystem. > Strategic alignment with key government initiatives such as NIMP 2030, NAP 2020, and the Green Technology agenda. > Via our subsidiary, PT PGI, the Group is poised to benefit from Indonesia's growing economy, which is expected to accelerate local automotive demand from its current low base.
Our Business Strategy	> Ensure new ventures, partnerships or acquisitions deliver synergies with the rest of our activities or move the Group up the automotive value chain. > Alongside inorganic growth acquisitions, explore technical partnerships that will widen our capabilities and enable the Group to move towards being a Tier-1 player. > Continue to work with MARii to explore opportunities across the EV ecosystem, enabling the Group to capitalise on the sustainable energy transition, as well as government incentives for the EV sector. > Secure new OEM orders in Indonesia by capitalising on PT PGI's existing customer base, as well as the Group's pre-existing relationships in the regional automotive industry. > Aim to grow our market share in Indonesia to enhance overall Group performance.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

RM'000	FY2020	FY2021	FY2022	FY2023	FY2024	CAGR
Extracts From Statements Of Profit Or Loss:						
Revenue	104,640	144,750	164,394	221,258	242,545	23.4%
Gross Profit	27,841	41,753	45,831	67,759	95,950	36.3%
Results From Operating Activities	8,786	24,712	28,285	44,892	68,309	67.0%
Profit Before Tax	11,324	25,800	29,289	46,947	72,151	58.9%
Profit After Tax	8,276	19,220	22,841	35,426	55,021	60.6%
EBITDA	12,587	29,526	33,407	49,751	73,775	55.6%
Profit Attributable To Owners Of The Company	8,387	19,234	22,852	35,404	54,994	60.0%
Extracts From Statements Of Financial Position:						
Total Assets	171,613	195,355	224,426	264,036	288,649	13.9%
Cash And Cash Equivalents	78,394	78,132	86,808	111,232	153,682	18.3%
Total Liabilities	16,263	28,418	34,633	50,816	54,135	35.1%
Borrowings	-	-	8,884	11,870	6,888	N.A.
Total Equity	155,350	166,937	189,793	213,220	234,514	10.8%
Extracts From Statements Of Cash Flows:						
Net Cash From Operating Activities	3,573	14,836	11,154	39,660	75,950	114.7%
Net Cash From/(Used In) Investing Activities	13	(7,289)	(10,671)	(2,346)	(188)	N.A.
Net Cash Used In Financing Activities	(18,184)	(7,624)	(8,260)	(13,367)	(33,171)	17.0%
Financial Ratios:						
Gross Profit Margin	26.6%	28.8%	27.9%	30.6%	39.6%	
Operational Profit Margin	8.4%	17.1%	17.2%	20.3%	28.2%	
Net Profit Margin	7.9%	13.3%	13.9%	16.0%	22.7%	
Return On Equity[1]	5.4%	11.5%	12.0%	16.6%	23.5%	
Current Ratio (times)	11.1	6.4	7.2	5.1	5.1	
Dividend	8,219	11,910	15,461	17,742	37,439	
Dividend Payout Ratio (%)	98.0%	61.9%	67.7%	50.1%	68.1%	
Dividend Per Share (sen)[2]	1.1	1.7[3]	2.1[4]	2.4	5.0	

[1] *Profit attributable to owners of the Company as a percentage of equity.*

[2] *Number of shares are assumed to include the effect of bonus shares issued on the basis of 3 bonus shares for every existing ordinary share held.*

[3] *Adjusted based on weighted average cost of share dividend distributed on the basis of 1 treasury share for every 16 existing ordinary shares held.*

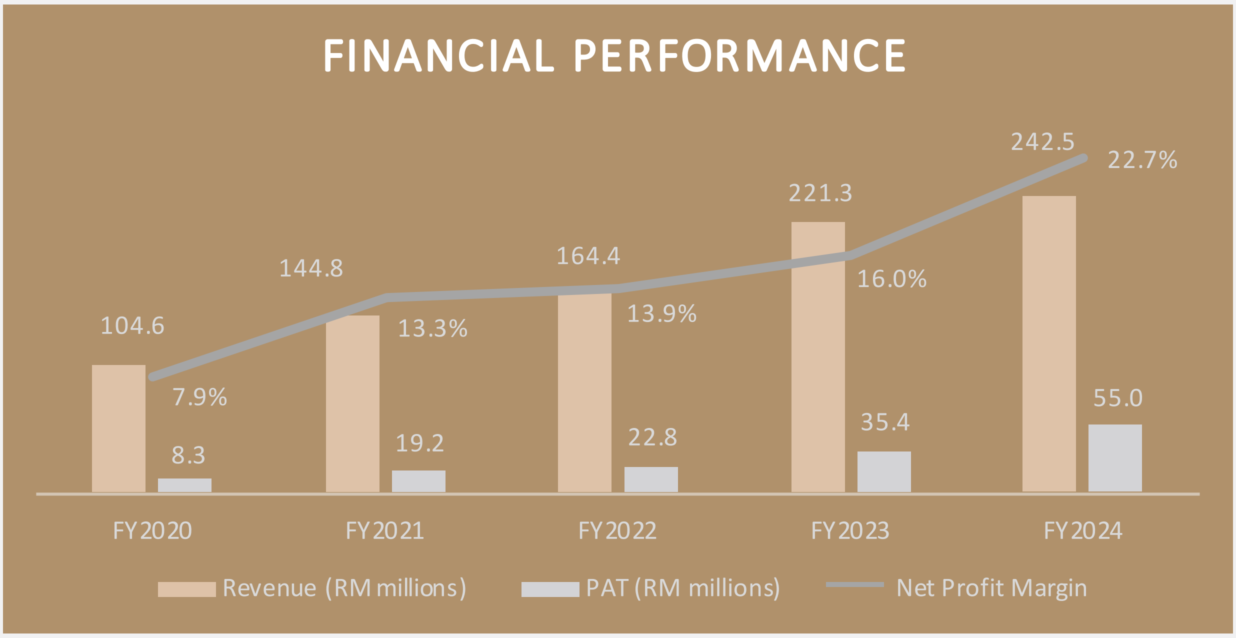
[4] *Adjusted based on weighted average cost of share dividend distributed on the basis of 1 treasury share for every 41 existing ordinary shares held.*

MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review | Financial Review | Operational Performance Review

In FY2024, for the fourth consecutive year, the Group's revenue reached a historical record high. FY2024 revenue was RM242.5 million, up 9.6% from RM221.3 million in the previous financial year. The increase in revenue was mainly due to higher sales volume at the automotive segment, fueled by growing demand for new automotive vehicles in Malaysia.

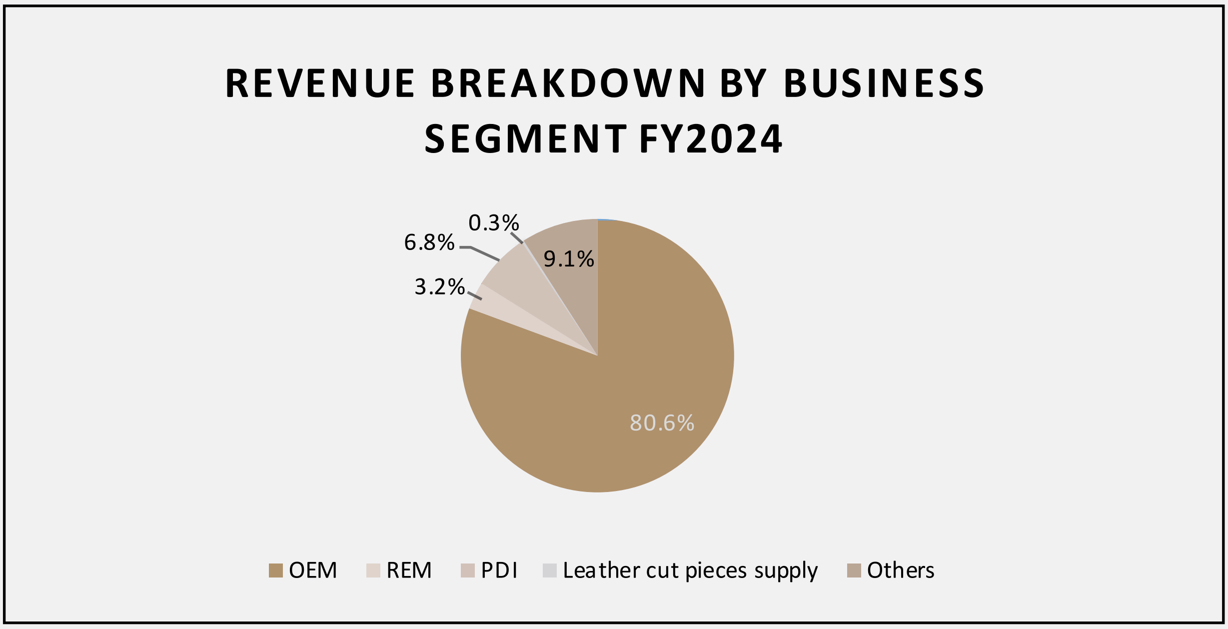
Along with the rise in revenue, our net profit rose 55.4% to RM55.0 million in FY2024, from RM35.4 million in FY2023. The improvement in PAT was mainly attributable to better production cost efficiency achieved in the automotive segment.



Year	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue (RM millions)	104.6	144.8	164.4	221.3	242.5
PAT (RM millions)	8.3	19.2	22.8	35.4	55.0
Net Profit Margin	7.9%	13.3%	13.9%	16.0%	22.7%

MANAGEMENT DISCUSSION & ANALYSIS

The Group's revenue was driven by sales of upholstery car seat covers, the sewing and supply of car accessories covers, and the provision of wrapping and stitching services. Together, these three components contributed approximately 98.9% of our total revenue.

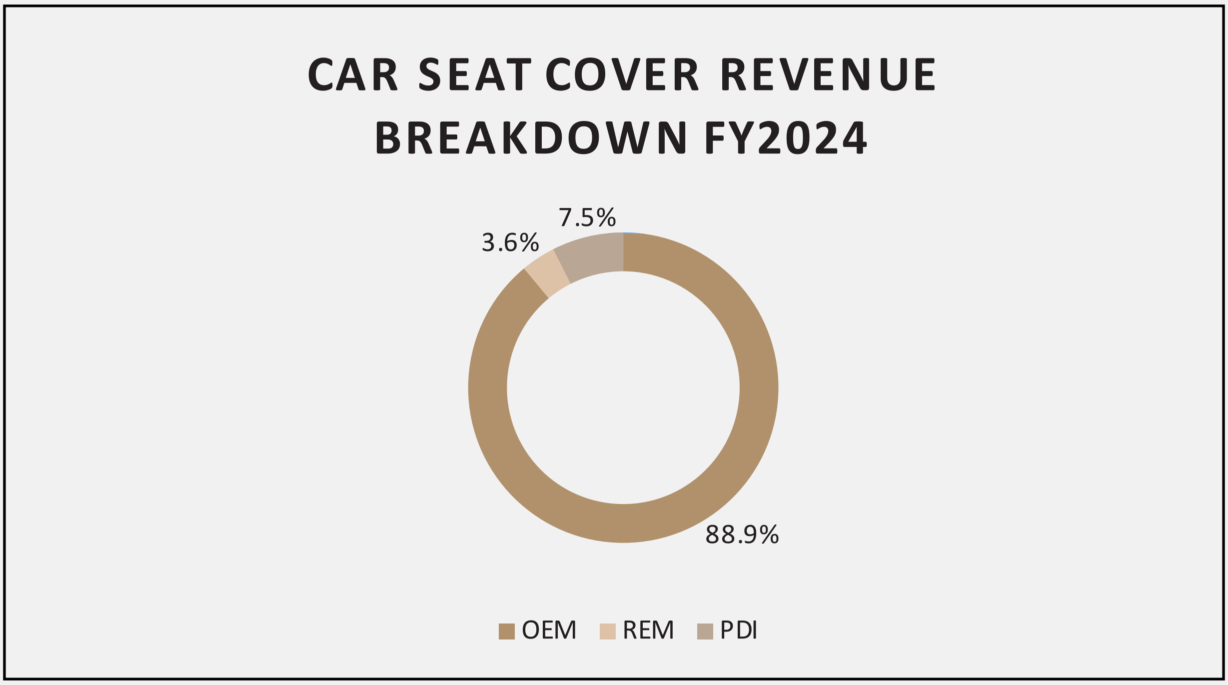


Business Segment (RM'000)	FY2020	FY2021	FY2022	FY2023	FY2024
Car Seat Cover					
OEM	69,308	91,560	104,958	166,354	195,373
REM	10,771	10,110	9,279	7,457	7,860
PDI	9,144	10,570	12,932	20,375	16,637
Sub-Total	89,223	112,240	127,169	194,186	219,870
Leather cut pieces supply	9,905	6,691	10,830	5,667	659
Others	5,512	25,819	26,395	21,405	22,016
Total	104,640	144,750	164,394	221,258	242,545

Business Segment	FY2024
OEM	80.6%
REM	3.2%
PDI	6.8%
Leather cut pieces supply	0.3%
Others	9.1%
Total	100.0%

MANAGEMENT DISCUSSION & ANALYSIS

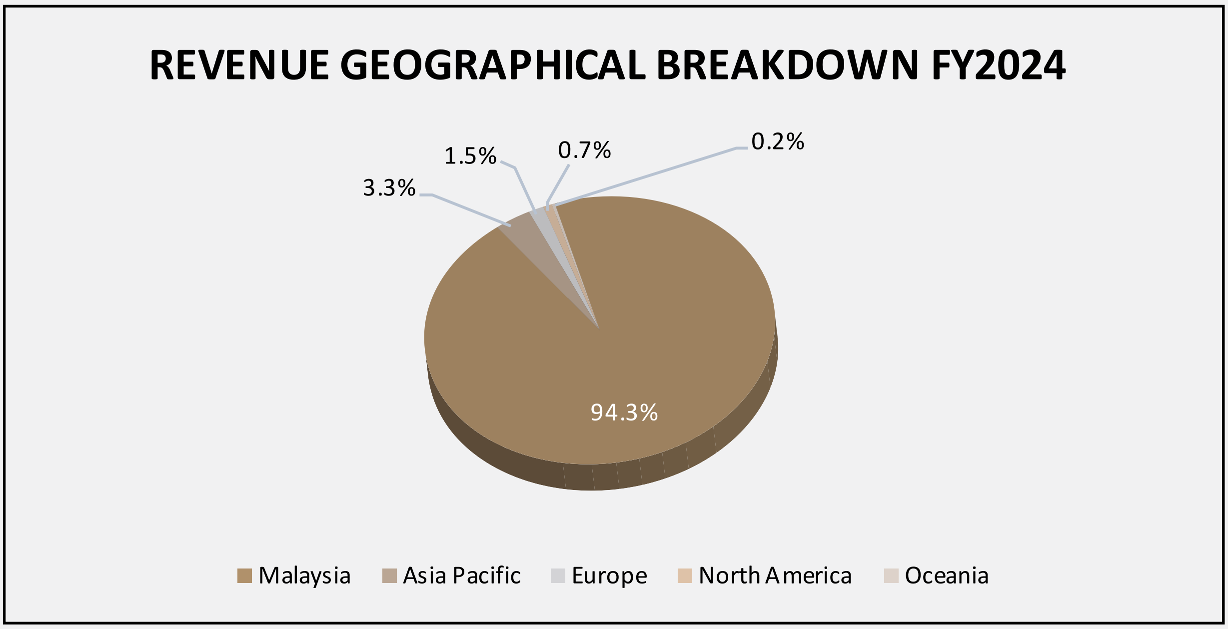
Within the leather car seat covers segment, OEM contributed about 88.9% of revenue, while REM and PDI contributed about 11.1%.



Year	FY2020	FY2021	FY2022	FY2023	FY2024
Automotive					
Car Seat Cover					
OEM	69,308	91,560	104,958	166,354	195,373
REM	10,771	10,110	9,279	7,457	7,860
PDI	9,144	10,570	12,932	20,375	16,637
Sub-Total	89,223	112,240	127,169	194,186	219,870
Leather cut pieces supply	9,905	6,691	10,830	5,667	659
Others	5,016	6,992	9,493	17,511	19,996
Total	104,144	125,923	147,492	217,364	240,525

Business Segment	FY2024
OEM	88.9%
REM	3.6%
PDI	7.5%
Total	100.0%

MANAGEMENT DISCUSSION & ANALYSIS



Country RM'000	FY2020	FY2021	FY2022	FY2023	FY2024
Malaysia	86,465	133,802	150,219	210,788	228,602
Asia Pacific	12,133	3,970	5,794	3,298	8,286
Europe	2,456	3,300	4,900	4,612	3,554
North America	1,727	1,581	1,808	1,665	1,679
Oceania	1,859	2,097	1,673	895	424
Total	104,640	144,750	164,394	221,258	242,545

Country	FY2024
Malaysia	94.3%
Asia Pacific	3.3%
Europe	1.5%
North America	0.7%
Oceania	0.2%
Total	100.0%

Total assets of the Group stood at RM288.6 million as of 30 June 2024, an increase of 9.3% compared to RM264.0 million a year ago. This was driven by a substantial increase in our cash and bank balances from RM111.2 million to RM153.7 million, as a result of the Group's improved profitability, along with optimised financial resource management.

Meanwhile, the Group's total liabilities rose to RM54.1 million as of 30 June 2024, a rise of 6.5% compared to RM50.8 million a year ago. This was mainly due to higher trade payables incurred to support the Group's increased production volume, in line with the increase in revenue.

The Group's total equity also increased to RM234.5 million in FY2024, up 10.0% from RM213.2 million in the previous year. This increase was driven by higher retained earnings, reflecting our continued profitability.

MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review | **Financial Review** | Operational Performance Review

The Group maintains a healthy liquidity position, with cash and cash equivalents amounting to RM153.7 million, an increase of 38.2% from RM111.2 million in FY2023. Borrowings stood at RM6.9 million as of 30 June 2024, a 42.0% drop from RM11.9 million a year ago. Given our robust net cash position and positive net cash flow, our net gearing ratio remains optimal. The Group's current ratio was 5.1 times, largely unchanged from FY2023.

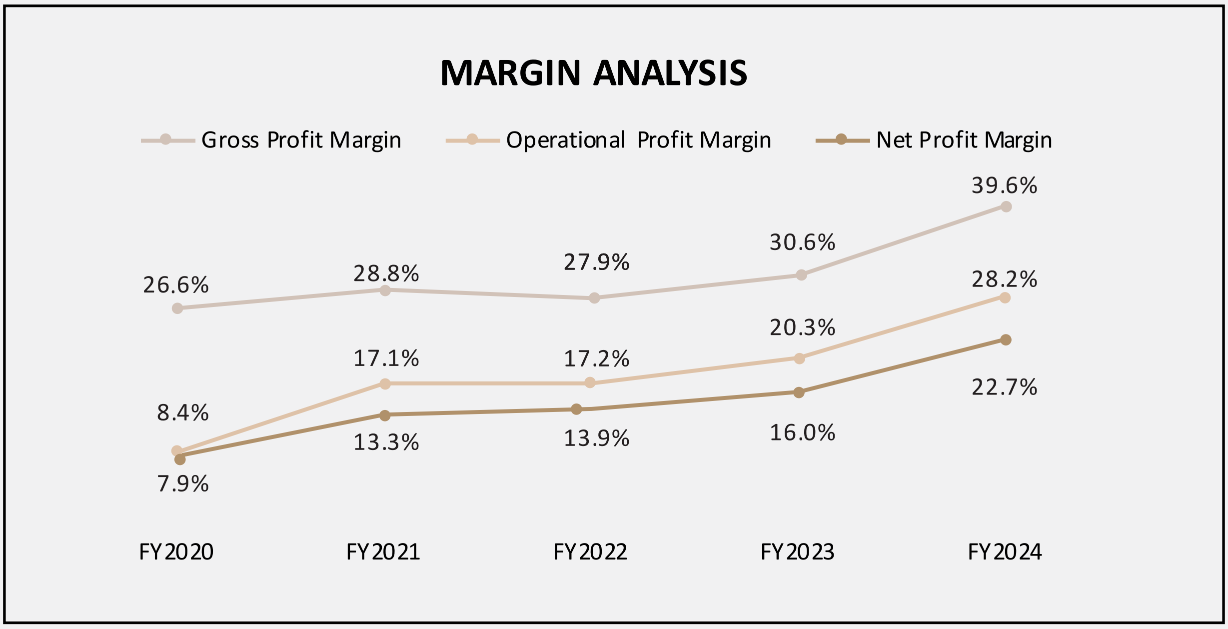
Backed by the strength of our balance sheet, we are well-positioned to seize new opportunities and pursue expansion whenever such prospects emerge. To maintain sufficient working capital and optimal financial leverage, we will aim to strike the right balance between seizing growth opportunities and exercising prudent management of our balance sheet.

MANAGEMENT DISCUSSION & ANALYSIS

Operational Performance Review

FY2024 saw the Group benefit from robust demand for new vehicles in our home market of Malaysia. As TIV rose 11% to an all-time high in 2023, the Group's revenue witnessed a corresponding increase, rising 9.6% from RM221.3 million to RM242.5 million.

Our efforts to improve our productivity levels, enhance cost efficiency and optimise our procurement strategy yielded considerable results. The Group's net profit margin increased to 22.7% in FY2024 compared to 16.0% in FY2023, with net profit attributable to shareholders rising 55.4% from RM35.4 million to RM55.0 million.



Year	FY2020	FY2021	FY2022	FY2023	FY2024
Gross Profit Margin	26.6%	28.8%	27.9%	30.6%	39.6%
Operational Profit Margin	8.4%	17.1%	17.2%	20.3%	28.2%
Net Profit Margin	7.9%	13.3%	13.9%	16.0%	22.7%

We continue to unlock the potential of Industry 4.0 by integrating systems, technologies, and innovations across the Group's operations. In FY2024, we implemented several initiatives to achieve a greater degree of automation, digital transformation, and factory floor optimisation. This was one of the factors that led to our improved financial performance.

While we view automation as critical to unlocking greater operational efficiency, the manufacturing of automotive leather upholstery still requires, to a substantial extent, the use of skilled labour. As such, the Group firmly believes that it is important to invest in the training and upskilling of our workers, to ensure the vast majority of employees can meet the highest standards of leather craftsmanship.

Backed by our team’s relentless focus on efficiency and productivity, we maintained an optimal factory utilisation rate throughout the year. This enabled the Group to meet the demands of our customers and reap the benefits of economies of scale.

The health and safety of our workforce are of paramount importance to the Group. In FY2024, we sustained our 0% fatality rate, a testament to our efforts to ensure and incentivize the well-being of our workers.

MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review | Financial Review | Operational Performance Review

As we enter FY2025, we will continue driving sustainable value creation by focusing on our 5 core operational areas, namely Product Quality, Sustainability, Health & Safety, Knowledge & Skills, and Technology.

Product Quality

- Ensure the materials we use are only of the highest quality, in addition to meeting customer specifications
- Maintain an unwavering commitment to ensuring the quality and reliability of our products through checkpoints at every stage of the production process
- Implement effective oversight and communication throughout our production processes
- Enhance quality management by conducting regular evaluations and obtaining feedback from our customers through the Group's customer satisfaction survey
- Ensuring all clients' feedback and issues are addressed promptly and successfully

Sustainability

- Ensure we are strategically aligned with the 10 UN SDGs adopted by the Group
- Review our 9 material matters on an annual basis, reaffirming that they match the Group's strategic priorities and stakeholder expectations
- Commit to responsible sourcing practices and the sustainability of our supply chain
- Implement responsible financial practices throughout the Group
- Integrate optimised energy, waste, and water management throughout our operations
- Foster a culture of diversity and inclusion within our workforce
- Maintain a safe, secure and healthy workplace
- Ensure the Group meets high standards of corporate governance and stewardship

Health & Safety

- Ensure that our production processes meet local and international health and safety standards, maintaining a secure environment for our team
- Cultivate best safety practices as part of our incentive system that rewards high performers on an all-round basis, including quality, productivity, and safety
- Strive to achieve superior standards in operational safety by continuously enhancing handling procedures and safety intervention features to protect our employees
- Ensure production facilities are constantly well-ventilated by using integrated cooling systems
- Maintain strict hygiene practices, including mandatory face mask usage, frequent hand washing, and sanitization routines
- Provide avenues for staff members to report safety-related issues, supported by the Group's Whistle-blower Policy
- Maintain our track record of zero fatalities
- Continuously audit our health and safety practices using a third-party, independent safety officer

Knowledge & Skills

- Provide on-the-job training and encourage ongoing professional development for all employees, through our in-house training facility as well as other training activities held regularly throughout the year
- Adopt a mandate for the senior management team to mentor and guide our next generation of leaders
- Foster a positive working relationship between management and workers through monthly bonding activities sponsored by the Group

Technology

- Research and invest in advanced machinery that can increase the degree of automation and improve our operational efficiency
- Adopt digitalization to improve production planning, monitoring and efficiency throughout our operations
- Enhance ROI on our technology investments through Kaizen, other forms of factory floor optimisation activities, and the training of skilled machine operators

SUSTAINABILITY STATEMENT 2024

OVERVIEW

OVERVIEW

FY2024 SUSTAINABILITY HIGHLIGHTS

As a leading automotive leather upholstery player in Malaysia, Pecca strives to exceed customers' expectations in design, quality, and innovation, while integrating sustainability into our core businesses by incorporating the factors of Economic, Environmental, Social, and Governance into our Group's journey. The SS outlines the Group's performance in sustainability management and its progress towards a sustainable future.

Economics

RM247.1 million
in economic value generated for our stakeholders

90%
of overall grand total score for CSS

Zero
confirmed incidents of substantiated complaints concerning breaches of customer privacy and losses of customer data

Environmental

GHG emissions intensity per revenue reduced by **19.8%** compared to baseline of FY2022

Water consumption intensity per revenue reduced by **25.4%** compared to baseline of FY2022

Waste diversion rate of **6.0%** in FY2024

Social

Zero
workplace fatality

6,162
of training hours to upscale our employees

Zero
substantiated complaints concerning human rights violations

RM0.2 million
invested to benefit 2,268 external beneficiaries in communities

Governance

Zero
confirmed incidents of corruption

OVERVIEW

REPORTING PRACTICE

About This Report

The Group is honoured to present our annual SS for FY2024. The SS provides an overview of the Group's sustainability performance during the period of 1 July 2023 to 30 June 2024, unless stated otherwise.

Scope And Basis of Scope

This SS covers the Group's sustainability performance and progress across both local and global operations, namely Malaysia and Indonesia.

Indonesia's operation has been included in the reporting scope since FY2023 as the Group has completed the acquisition of PT PGI, Indonesia.

Reporting Frameworks And Standards

This SS has been developed according to Bursa Malaysia MMLR, with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition). Additionally, this SS is further guided by the GRI Standards, UN SDGs and FTSE4Good.

External Assurance

The Group has implemented robust governance and internal reporting processes to ensure the accuracy and reliability of this SS. Our dedicated reporting team has conducted a thorough review of the content, which has subsequently been endorsed by the Board and SWC.

We are committed to enhancing the credibility and transparency of our SS. As the Group continues to advance its sustainability initiatives, we will carefully consider obtaining external assurance for this SS in the future.

Feedback

We welcome and encourage our stakeholders to provide feedback pertaining to this SS and the issues covered via our email address at corporate@peccaleather.com.

SUSTAINABILITY APPROACH

SUSTAINABILITY APPROACH

SUSTAINABILITY GOVERNANCE

Pecca's sustainability governance structure is integrated into our corporate governance framework. As the Group looks to ensure sustainability is embedded across all aspects of our organisation, the responsibilities of our Board and its SWC have been broadened to encompass sustainability elements. The Board is ultimately responsible for the Group's strategic direction on sustainability while being supported by the SWC by virtue of delegation.

Sustainability governance at Pecca is anchored upon the structure of our SWC to ensure strategic management and accountability across all identified organisation's material sustainability matters. The SWC is led by our CFO/FC, who is supported by our Senior Manager - Compliance and comprises our HODs from our different geographical locations across the Group. The SWC is responsible for identifying sustainability issues, developing, and implementing sustainability-related strategies and plans into their day-to-day operations. To align every member's understanding on ESG, the SWC conducts discussion from time to time to discuss on sustainability matters of the Group. The SWC also acts both as subject matter experts and coordinates the Group's efforts and performance including undertaking the materiality assessment process. The SWC reports to the Board on the Group's performance and key issues identified on sustainability matters.

The Board strives to continuously be equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending periodic capacity building programmes. The Board is also cognisant of ensuring that the required competencies in relation to sustainability is periodically assessed to strengthen Board leadership and oversight of sustainability matters.

The Board oversees the Group's sustainability objectives, policies, strategies, and reviews the sustainability progress of the SWC to ensure successful implementation of the strategies.

The diagram below illustrates Pecca's sustainability governance and their respective responsibilities.

Governance Structure	Roles and Responsibilities
Board	• Oversight of Pecca's ESG strategies and progress • Review policies and procedures on sustainability matters • Provide guidance and directions to SWC
SWC **CFO/FC** Senior Manager - Compliance HODs • Finance & Costing • Group Marketing & Stylelab • Human Resource & Admin • IT • Operation • Product Development • Purchasing • Sales & Marketing • Shipping • Warehouse • Indonesian Operation	• Identify and address sustainability-related matters, including risks and opportunities • Develop sustainability strategies and goals • Monitor sustainability indicators and evaluate the performance • Supervise the implementation of the strategies • Report and update to the Board on sustainability matters

SUSTAINABILITY APPROACH

SUSTAINABILITY GOVERNANCE

The remuneration of our directors and senior management is further tied to ESG indicators to ensure accountability for the achievement of our sustainability goals. The KPI consist of ESG indicators such as employee safety and health, renewable energy, cost reduction in utilities, product innovation, employee engagement and well-being, diversity and inclusion in new hiring, among others.

SUSTAINABILITY APPROACH

SUSTAINABILITY GOVERNANCE

OUR POLICIES AND PROCEDURES

Economic

- Supply Chain Policy

Environmental

- Environmental Policy

Social

- Disciplinary Procedure
- Diversity Policy
- Employee Handbook
- Employment of Under Privileged Group
- Grievances Procedure
- Human Right Policy
- Non-Discrimination of Disability
- OHS Policy
- Prevention of Child and Forced Labour Procedure
- Right to Freedom of Association
- Right to Minimum Wage

Governance

- ABAC Policy
- Board Charter
- Code of Ethics of Directors
- Corporate Governance Report
- Director and Senior Management Remuneration Policy
- Directors' Assessment Policy
- Directors' Fit and Proper Policy
- Diversity Policy
- External Auditors Assessment Policy
- Personal Data Protection Notice
- Terms of Reference - ARMC
- Terms of Reference - NC
- Terms of Reference - RC
- Whistle-blower Policy

SUSTAINABILITY APPROACH

SUSTAINABILITY GOVERNANCE

Corporate Membership, Association, Industry Standards, And Accreditations

Pecca actively engages with industry associations to acquire valuable insights into industry best practices and stay informed about emerging trends and developments. The Group is a member of the following associations and organisations:

- FMM
- MAA
- MAIA
- MASAAM

Pecca also actively engages with industry standards and certifications to ensure adherence to best practices and stay informed about emerging trends and developments. The Group has obtained the following ISO and IATF certifications:

- ISO 9001:2015 Quality Management Systems
- ISO 14001:2015 EMS
- IATF 16949:2016 Automotive Quality Management Systems
- ISO 13485:2016 Quality Management System for Medical Devices
- ISO 45001:2018 OHS Management Systems

Additionally, Pecca has been accredited by the EASA and is one of the forerunners for the POA certification holder in SEA. We have also obtained a VDA 6.3 certification from the German Automotive Standard.

SUSTAINABILITY APPROACH

STAKEHOLDER ENGAGEMENT

Pecca has a broad range of stakeholder groups that have an effect on, or are affected by the Group and our activities.

At Pecca, we firmly believe that maintaining consistent communication with both internal and external stakeholder groups is important as we strive to establish ourselves as a reputable and sustainable business. Pecca actively engages with all stakeholder groups in a timely manner to understand concerns among our stakeholders as well as the ESG impact of our product and services.

Our key stakeholder groups include customers, investors, employees, suppliers, government and regulators as well as community. They were identified based on their different levels of influence over and dependence on our business. We value all feedback for the continuous improvement of the Group.

As a Group, we aim to maintain constructive channels of communication with all our key stakeholder groups. We engage with our stakeholders through various engagement platforms and at different frequencies, such as ongoing, quarterly, annually, or on an as needed basis. These engagements may occur through both formal and informal channels, including public engagement events, investor briefings, feedback surveys, AGM, and more. These interactions help us identify relevant material matters, provide insights into emerging opportunities and risks, and enable us to respond more effectively to their needs.

The table below summarizes our key stakeholders, engagement platforms and frequencies, area of interest or concerns, and our response.

Key Stakeholders	Engagement Platforms	Area of Interest or Concerns	Our Response
Customers	**As needed** • One-on-one and group meetings • Public engagement events (i.e., roadshows, campaigns) **Ongoing** • Customer support channels • Print, digital, and social media **Annually** • CSS and feedback channels	• Product quality and safety • Product innovation • Ethical sourcing and production • Customer satisfaction • Customer data privacy	• Adhere to quality standards • Establishing an effective and efficient customer relationship management system to respond to customer enquiries in a timely manner • Adhere to Personal Data Protection Notice
Investors	**As needed** • Press releases • One-on-one and group meetings **Ongoing** • Site visits **Quarterly** • Financial reports and announcements • Investor briefings **Annually** • AGM • ARs	• Business strategies and future plan • Dividend payout • Overall financial and non-financial performances and stability • Long-term growth and resilience • Ethical business practices • Good management and corporate governance • Timely and accurate announcement • Transparency in financial reporting	• Provide timely updates on the Group's strategy as well as financial and non-financial performances via quarterly investor briefings and announcements • Uphold good governance practices across the Group and supply chain • Monitor sustainability performance and targets

SUSTAINABILITY APPROACH

STAKEHOLDER ENGAGEMENT

Key Stakeholders	Engagement Platforms	Area of Interest or Concerns	Our Response
Employees	**As needed** • Workshops and trainings **Ongoing** • Employee feedback surveys • Meetings • Internal communications (i.e., newsletters, emails) • Employee engagement programmes and events **Annually** • Employee appraisals and performance reviews • Town halls	• Business growth and strategic direction • Remuneration and benefits • Workplace health and safety and well-being • Diversity and equal employment opportunities • Training, career development, and upskilling opportunities • Corporate culture and values • Human rights • Employee welfare	• Promote transparent communication with employees • Provide equal employment opportunities without discrimination • Offer industry-competitive benefits and remuneration packages • Provide relevant upskilling and development opportunities • Ensure compliance with the relevant occupational safety and health regulations through an effective OHS management system
Suppliers	**As needed** • Meetings **Ongoing** • Supplier selection form • Purchasing control policy • Supplier assessments and audits	• Ethical sourcing and procurement practices • Quality standards and performance expectations • Sustainability in the supply chain • Strategic partnership	• Emphasise on provision of transparent procurement processes • ESG briefing to all suppliers on the Group's ESG practices and policies • Ensure suppliers' compliance with the Group's Supply Chain Policy
Governments and regulators	**As needed** • Scheduled/ad-hoc meetings **Ongoing** • Regulatory reporting and compliance submissions • Participation in government and regulatory events	• Compliance with regulations • Ethical and responsible business practices • Corporate governance practices • Contribution to the local economy • Public health and safety • Environmental and social impact	• Ensure full compliance with regulatory requirements • Adopt practices outlined in the MCCG • Support government initiatives
Community	**Ongoing** • Print, digital and social media • CSR programmes	• Environmental and social impact of operations • Community development and well-being • CSR initiatives • Job creation and economic contributions	• Promote volunteerism through community initiatives • Actively support local infrastructures through our provision of services to the transportation and healthcare sectors

SUSTAINABILITY APPROACH

MATERIAL MATTERS

As an organisation, we are cognisant of the fact that our material issues can directly and indirectly impact our ability to generate long-term value for our valued stakeholders. A full-scale materiality assessment was conducted in FY2023 involving our key internal and external stakeholders to ensure that their interests and concerns are addressed.

Our material matters influence our business strategies and key decisions on the allocation of key resources to address material sustainability issues. While we aim to conduct a comprehensive material assessment once every three years, we undertake an annual review of the relevance of our previously prioritised economic, environmental, social, and governance impacts arising from our day-to-day activities.

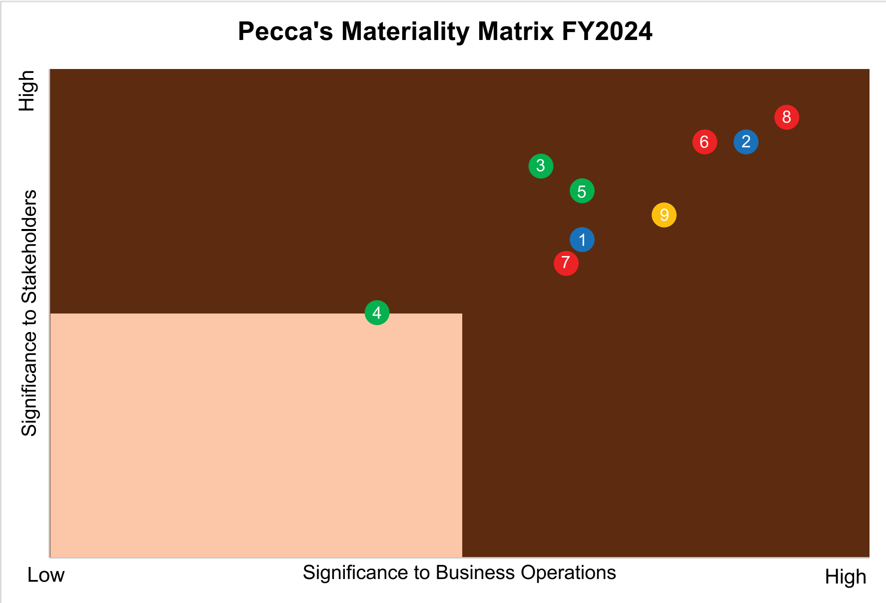
FY2023	FY2024
• Conducted a full materiality assessment with internal and external stakeholders. • Our materiality process referenced Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and GRI Standards. • Resulted in identifying 6 key stakeholders and 9 relevant material matters being prioritised. The outcome of the process was reviewed by our SWC and endorsed by the Board.	• Reviewed FY2023 materiality matrix and list of key stakeholders. • Reaffirmed that the prioritised material matters remain relevant.

This year through our limited-scale materiality review, we concluded that all our existing 9 material matters are aligned with the Group's strategic priorities and stakeholder expectations. There were also benchmarked against our local and regional peers as well as considered emerging risks and relevant frameworks which are Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and GRI Standards.

Note:
For further information on our full materiality assessment for FY2023, please refer to Material Matters (Appendix) (pages 159 to 160).

SUSTAINABILITY APPROACH

MATERIAL MATTERS



• Economic • Environmental • Social • Governance

Our Focus Areas	No.	Material Matters
Contributing to Economic Growth	1 2	Economic Performance Procurement and Supply Chain Management
Environmental Conservation	3 4 5	Energy Consumption Water Management Effluent and Waste Management
People First	6 7 8	Occupational Health and Safety Training and Education Employee Welfare
Corporate Governance	9	Corporate Governance and Ethics

SUSTAINABILITY APPROACH

RISK MANAGEMENT

The Group has integrated sustainability and climate-related risks in addition to our corporate, financial and operational risks. We ensure all identified risks stay within our risk appetite through revision and monitoring by designated risk owners and further deliberation by the Board and SWC.

Our Focus Areas	No.	Material Matters	Area of Interest or Concerns	Our Response
Contributing to Economic Growth	1	**Economic Performance** Pages 88 to 93	• Economic downturns can adversely impact consumer spending in downstream markets, consequently affecting the demand for our products, tarnishing our commitment in delivering long-term value for all stakeholders	• Robust financial health enables product development in sustainable leather treatments, eco-friendly collaborations, and reinvestment in market-strengthening technologies. Hence, delivering long-term value for all stakeholders
	2	**Procurement and Supply Chain Management** Pages 94 to 99	• Unethical practices within our supply chain exposes the business to operational disruptions	• Establishing sustainable leather suppliers, streamlining procurement processes, and diversifying suppliers encourages higher standards towards environment and social aspects
Environmental Conservation	3	**Energy Consumption** Pages 101 to 106	• Energy wastage increases energy costs which could disproportionately impact our manufacturing processes	• Lower energy costs can make our products more competitively priced, sustainable energy can boost our brand's appeal to eco-conscious consumers, and we may qualify for government incentives for using cleaner energy sources
	4	**Water Management** Pages 107 to 108	• Inefficient water usage and management can result in higher operating expenses and wastage of water	• Implementing water efficient practices reduce costs and enhances environmental stewardship
	5	**Effluent and Waste Management** Pages 109 to 115	• Improper waste handling risks environmental damage and legal consequences and significantly influence customer perceptions and Group's reputation	• Implementing a robust recycling programme attracts eco-conscious consumers and demonstrating leadership in waste management bolsters our reputation as a responsible business

SUSTAINABILITY APPROACH

RISK MANAGEMENT

Our Focus Areas	No.	Material Matters	Area of Interest or Concerns	Our Response
People First	**6**	**Occupational Health and Safety** Pages 116 to 122	• Non-compliance with safety regulations which may lead to accidents can result in operational downtime, negative employee morale, legal consequences, financial costs, and reputational damage	• A strong safety culture aids talent retention and recruitment, reduces insurance costs and legal liabilities, and enhances productivity and job satisfaction through a well-implemented safety culture
	7	**Training and Education** Pages 123 to 125	• Underdeveloped employees may lead to low productivity and performance resulting in higher costs to provide specialised training programmes	• Effective talent development and upskilling programmes, combined with attractive benefits, attract skilled artisans, enhance workforce proficiency, and establish us as a leader in artisanal craftsmanship
	8	**Employee Welfare** Pages 126 to 142	• Disregard of employee welfare may lead to regulatory penalties, impact employee retention and culture, and affect the Group's reputation	• Enhanced employee well-being can foster greater creativity and attention to detail, which are crucial for our craftsmanship
Corporate Governance	**9**	**Corporate Governance and Ethics** Pages 143 to 148	• Weak corporate governance can indicate unhealthy business practices, thereby undermining investor confidence, and tarnish reputation and image of the Group	• A strong track record of compliance enhances our reputation for quality and reliability, which is crucial given our 25 years of experience in this domain

SUSTAINABILITY APPROACH

OUR SUSTAINABILITY GOALS

Pecca's sustainability goals have been refined to align with our business strategy and are guided by the Group's vision and mission. Through our sustainability goals, we aspire to meet the needs of our stakeholders, reduce our environmental impacts as well as contribute positively to the local communities where we operate. It outlines our focus areas which are: Contributing to Economic Growth, Environmental Conservation, People First, and Corporate Governance.

We aim to deliver the objectives under each focus area by addressing the concerns related to each our material matters. Accordingly, we have set targets to enable us to accelerate and monitor our sustainability performance. By linking these targets to a performance scorecard, we are able to track our progress and ensure that we are making continuous improvements towards these targets.

Pecca is committed to supporting the UN SDGs. We have identified 10 UN SDGs and realigned our strategies to the goals. The table below illustrates the sustainability goals adopted by Pecca, categorised according to our ESG pillars.

Material Matters	GRI Standards	Sustainability Goals	UN SDGs Alignment
Our Focus Area: Contributing to Economic Growth			
Economic Performance	• GRI 3: Material Topics 2021 • GRI 201: Economic Performance 2016 • GRI 206: Anti-competitive Behaviour 2016 • GRI 207: Tax 2019 • GRI 418: Customer Privacy 2016	• Enhance economic performance by promoting responsible financial practices • Increase value generated for our stakeholders • Foster economic growth within our communities	
Procurement and Supply Chain Management	• GRI 3: Material Topics 2021 • GRI 204: Procurement Practices 2016 • GRI 308: Supplier Environmental Assessment 2016 • GRI 414: Supplier Social Assessment 2016	• Establish a responsible and sustainable supply chain • Ensure ethical sourcing • Minimise environmental impacts	
Our Focus Area: Environmental Conservation			
Energy Consumption	• GRI 3: Material Topics 2021 • GRI 302: Energy 2016 • GRI 305: Emissions 2016	• Reduce energy consumption • Increase energy efficiency • Reduce GHG emissions	
Water Management	• GRI 3: Material Topics 2021 • GRI 303: Water and Effluents 2018	• Prevent water pollution • Minimise water usage	
Effluent and Waste Management	• GRI 3: Material Topics 2021 • GRI 301: Materials 2016 • GRI 304: Biodiversity 2016 • GRI 306: Waste 2020	• Reduce waste generation • Minimise the environmental impact of waste disposal • Promote recycling and responsible waste management	

SUSTAINABILITY APPROACH

OUR SUSTAINABILITY GOALS

Material Matters	GRI Standards	Sustainability Goals	UN SDGs Alignment
Our Focus Area: People First			
Occupational Health and Safety	• GRI 3: Material Topics 2021 • GRI 403: Occupational Health and Safety 2018 • GRI 416: Customer Health and Safety 2016 • GRI: 417 Marketing and Labelling 2016	• Achieve zero workplace incident • Ensure a safe and healthy work environment for all employees	
Training and Education	• GRI 3: Material Topics 2021 • GRI 404: Training and Education 2016	• Provide training and educational opportunities for employees • Enhance employees' skills and knowledge • Contribute to personal growth and career development	
Employee Welfare	• GRI 3: Material Topics 2021 • GRI 202: Market Presence 2016 • GRI 203: Indirect Economic Impacts 2016 • GRI 401: Employment 2016 • GRI 402: Labor/Management Relations 2016 • GRI 406: Non-discrimination 2016 • GRI 407: Freedom of Association and Collective Bargaining 2016 • GRI 408: Child Labor 2016 • GRI 409: Forced or Compulsory Labor 2016 • GRI: 411: Rights of Indigenous Peoples 2016 • GRI 413: Local Communities 2016	• Promote diversity and inclusion • Prioritise employee welfare including physical and mental well-being	
Our Focus Area: Corporate Governance			
Corporate Governance and Ethics	• GRI 3: Material Topics 2021 • GRI 205: Anti-corruption 2016 • GRI 405: Diversity and Equal Opportunity 2016	• Ensure full compliance with applicable laws and regulations • Promote responsible and ethical business conduct	

SUSTAINABILITY APPROACH

OUR SUSTAINABILITY PERFORMANCE SCORECARD

Below are our key targets and progress to date:

Focus Areas	Material Matters	Targets	Current Performance in FY2024 against Targets
Contributing to Economic Growth	Economic Performance	Achieve a minimum score of 80% for the overall grand total score of CSS annually	Achieved an overall grand total score of 90% for CSS
		Achieve zero confirmed incidents of substantiated complaints concerning breaches of customer privacy and losses of customer data	Achieved zero confirmed incidents of substantiated complaints concerning breaches of customer privacy and losses of customer data
	Procurement and Supply Chain Management	Achieve zero number of cases of suppliers identified as having negative environmental or social impacts	Achieved zero number of cases of suppliers identified as having negative environmental or social impacts
Environmental Conservation	Energy Consumption	Reduce GHG emissions intensity per revenue by 5.0% from the 2022 baseline by 2030	Reduced GHG emissions intensity per revenue by 19.8% compared to the baseline of FY2022
	Water Management	Reduce water consumption intensity per revenue by 5.0% from the 2022 baseline by 2030	Reduced water consumption intensity per revenue by 25.4% compared to the baseline of FY2022
	Effluent and Waste Management	Increase waste diversion rate to 10.0% by 2030	Increased waste diversion rate to 6.0% in FY2024
People First	Occupational Health and Safety	Achieve zero workplace fatality annually	Achieved zero workplace fatality
	Training and Education	Achieve at least 8.00 hours of average training per employee	Achieved 6.61 hours of average training per employee
	Employee Welfare	Achieve at least 30.0% women representation at the senior management level annually	Achieved 30.0% women representation at the senior management level
		Achieve zero substantiated complaints concerning human rights violations annually	Achieved zero substantiated complaints concerning human rights violations
Corporate Governance	Corporate Governance and Ethics	Achieve zero confirmed incidents of corruption annually	Achieved zero confirmed incidents of corruption

MANAGEMENT APPROACH FOR MATERIAL MATTERS

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Material Matter: Economic Performance

Related UN SDGs:

Why Is This Important?

Economic Performance underpins our capacity to invest in innovative leather treatments, expand our product offerings, and maintain the artisanal quality that distinguishes us in the market which translates to sustainable wealth generation for our valued stakeholders.

Our Approach and Our Performance

Pecca's economic performance is an essential component of the Group as it ensures long-term growth in our business in line with the interests of our shareholders. As part of Pecca's sustainable initiatives to drive strong economic performance for all our Group's stakeholders, we have identified 4 key pillars:

- OEM: To be a leading upholstery manufacturer in OEM and continue growing with existing OEM customers and penetrate the luxury market.
- REM: To be a leading upholstery manufacturer in REM locally across Malaysia and globally such as the U.S., Middle East, and Thailand.
- Aviation: To further expand the aviation business which provides upholstery and refurbishment for domestic and European registered aircrafts.
- Emerging ventures: To explore potential partnership with existing upholstery and parts OEM manufacturer to penetrate the overseas markets for our core business, moving up the supply chain from sub-contractor (Tier-2) to main contractor (Tier-1) and tap into the EV market.

Generate Higher Economic Value via Better Financial Performance

The Group's revenue is generated primarily from the automotive segment, which involves styling, manufacturing, distribution and installation of leather upholstery for car seat covers, as well as the supply of leather cut pieces to the automotive leather upholstery industry. Our other segments include aviation and healthcare.

Our financial performance is directly proportional to our Group's revenue generating capabilities. The table below shows a summary of the Group's financial performance for the past three FYs:

Economic Value	Unit	FY2022	FY2023	FY2024
Economic Value Generated				
Revenue	RM mil	164.4	221.3	242.5
Financial investment income (i.e.Interest Income investment income)	RM mil	1.0	2.4	4.2
Revenue from sale of assets (i.e. Sale of physical or intangible assets)	RM mil	0.1	0.3	0.4
Sub-total (A)	RM mil	165.5	224.0	247.1

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Economic Value	Unit	FY2022	FY2023	FY2024
Economic Value Distributed				
Operation cost	RM mil	118.6	153.5	146.6
Employee wages and benefits	RM mil	30.8	35.9	43.2
Payment to providers of capital	RM mil	-	18.1	37.7
•Dividend to shareholders	RM mil	-	17.8	37.4
• Finance cost	RM mil	-	0.3	0.3
Payment to government (i.e. Tax)	RM mil	5.3	7.7	17.5
Community investment (i.e. Donations, charity)	RM mil	0.1	0.1	0.2
Sub-total (B)	RM mil	154.8	215.3	245.2
Economic Value Retained				
Total (C) = (A) – (B)	RM mil	10.7	8.7	1.9

For FY2024, Pecca has generated a total economic value of RM247.1 million, an increase of RM23.1 million or 10.3% from the prior year. As a sustainable Group, we distribute our economic value to our stakeholders through direct and indirect operating costs, employee wages and benefits, payments to capital providers, payments to government, and community investments. In line with the Group's financial performance, we have also declared dividends of RM37.4 million in FY2024.

For more information on our financial performance, please refer to our Financial Statements.

Tax Governance

Pecca upholds the principles of responsible tax governance as an integral part of our commitment to sustainable economic growth. Our approach to taxation is guided by transparency, compliance, and active engagement with tax authorities. We are committed to:

- Adhere to all applicable tax laws and regulations in the jurisdictions where we operate;
- Maintain a continuous and open dialogue with tax authorities to foster transparency and mutual understanding;
- Actively follow up and address any queries or concerns raised by tax authorities, responding promptly and comprehensively; and
- Ensure timely settlement of our tax obligations.

The Group's CFO/FC and finance department is responsible for overseeing and ensuring compliance with our tax approach, and we work closely with tax authorities and auditors to ensure accurate, comprehensive, and compliant disclosures.

In FY2024, the tax payment to the government amounted to RM17.5 million.

Improve Sales Framework

To strengthen our economic value generation abilities, we have established a robust Sales Processing and Planning Framework which encloses a systematic and efficient procedure in processing all customers' sales orders. Our Sales General Manager is responsible for implementing these procedures, as well as reviewing the risks and opportunities related to the products and services offered to our customers.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Overview of our Sales Processing and Planning Framework:

Key Components in Our Sales Processing and Planning Framework	Description
Customer Inquiries and Order Handling	• Customer enquiries • Feasibility study and quotation preparation • Letter of intent/purchase agreement • Customer PO • Customer provided items
Amendment of Order	• Letter of amendment or new PO
Customer Feedback/Satisfaction	• Customer feedback • Direct communication • Second-party audit • Customer complaint • CSS
Records	• All related records shall be maintained and controlled in accordance with Control of Records
Customer Property	• Initial inspection activities • Secure storage conditions • Adequate identification
Risk and Opportunity Assessment	• Changes in process, raw material usage, equipments/ machines, products/services • Changes in legislation or policy or organisational structures • New control measures to be taken after a complaint

Prioritise Customer Satisfaction

As a leading automotive leather upholstery player in Malaysia, we strive to exceed customers' expectations in design and quality. Customer satisfaction is crucial to sustain our operations and business. Hence, it is prominent that our customers are satisfied by ensuring all customers' feedback and issues are addressed promptly and delivering products and services of the highest quality. We have established a robust management system to ensure highest standards are kept for all our products, with reference to global ISO standards:

- ISO 9001:2015 Quality Management Systems
- IATF 16949:2016 Automotive Quality Management Systems
- ISO 13485:2016 Quality Management System for Medical Devices

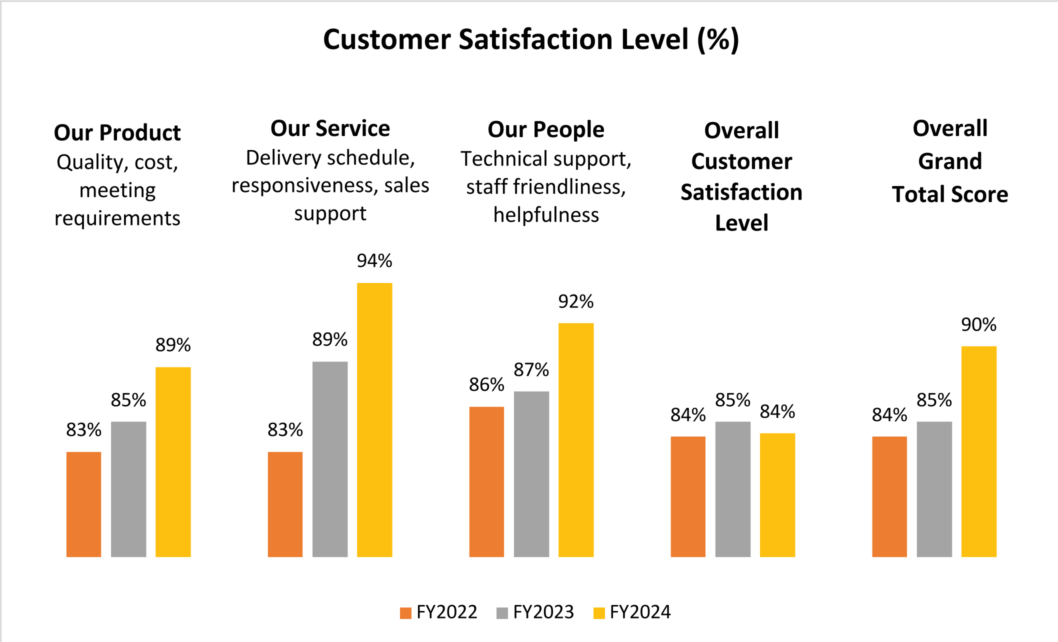
The flowchart below outlines our end-to-end processes from pre-purchase to post-purchase:

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Pecca utilises CSS as two-way communication between the customer and Pecca to collect feedback on our products and services. After obtaining feedback from customers, all corrective and preventive action plans are recorded within our Continuous Improvement, Corrective and Preventive Action procedures. This is to ensure our products are continuously benchmarked against both internal quality requirements and external expectations.

Pecca conducts its annual CSS at every year end, and our customer satisfaction levels are shown as below:



Based on the overall customer satisfaction level, we were rated at a score of 84%, well above our internal customer satisfaction target of 80%. The ratings on our product, service and people have improved compared to previous year. Our Group will continue to develop our customer service and relationship management by investing on extra initiatives to improve our customer satisfactory levels while promoting sustainable economic value retention through recurring revenue generated from satisfied customers.

As a whole, our overall grand total score of customer satisfaction level has increased from 84% in FY2022 to 90% in FY2024.

As part of our commitment towards ever-improving customer satisfaction levels and self-improvement, we have outlined the following pillars of improvement:

Customer Satisfaction Area of Improvement	Description
Quality	• More stringent incoming inspection, online production quality control, and outgoing quality gates before delivery • Quick response to customer complaints, if any
Cost	• Set up special team to study VAVE in terms of materials process etc. • Price benchmark current or existing models
Design	• Design optimisation of products • Working on designs which meets customers' need and requirement
Delivery	• Build at least three days of buffer stock • Monthly forecast for better materials and production planning
Service	• Weekly visits to customers • Understand customer needs • Quick response to any customer enquiries

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Quality control is crucial to ensure that customers remain satisfied with our service and product offerings. We maintain our stringent quality control through meticulous checks at every stage, from leather selection to final delivery. Our testing procedures to ensure utmost customer satisfaction include:

Procedure	Detail
Flexing Endurance	To ensure the absence of surface cracks after flexing within the designated cycles
Tensile Strength	To assess leather strength, we measure the maximum load and elongation upon rupture
Rub Fastness	To evaluate colour transfer on the leather surface following rubbing within defined cycles
Abrasion	To assess the degree of wear and tear on the leather surface following abrasion over specified cycles
Colour Assessment	To verify the conformity of the incoming leather/leatherette against the master by using visual inspection and a colour reader to meet the specified standards

Quality review and discussion

Customer Relationship Management

We have actively participated in customer relationship management activities, including the recent Malaysia Auto Show 2024 in May 2024. At the event, we showcased our TurboSeat and SmartFit products to visitors, demonstrating their innovative features and benefits. Additionally, we were given the opportunity to engage in business matching sessions with various leading automotive companies in Malaysia. These activities benefit our customer relationship management by enhancing product visibility and awareness among potential and existing customers. They also allow for direct interaction with customers, enabling us to gather valuable feedback and strengthen partnerships with key industry players. Our participation in forum sessions on critical industry topics positions us as thought leaders and builds trust and credibility with customers through our active involvement in industry events.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Pecca's involvement in the event

Distribution of brochures and gifts to visitors

Customer Privacy and Concerns

Apart from customer satisfaction, we have also ensured that all information pertaining to our customers are safeguarded well and only accessible by authorised personnel within our Group. As such in FY2024, we have zero number of substantiated complaints concerning breaches of customer privacy and losses of customer data.

Substantiated Complaints	FY2022	FY2023	FY2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	-

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Material Matter: Procurement and Supply Chain Management

Related UN SDGs:

Why Is This Important?

Given our specialisation in leather upholstery, a sustainable supply chain is essential for preserving the high-quality craftsmanship that our customers anticipate and value.

Our Approach and Our Performance

Adoption of Supply Chain Policy

The Group recognises that our business activities have direct and indirect consequences on the wider environment. As a leading supplier of leather seats for the automotive and aviation industry, we are dedicated to leading by example through social responsibility and labour practices. This is reflected by Pecca's Social and Labour Policies, which outline objectives, specific and measurable targets, relevant methods of measurement, action plans and responsible parties.

As outlined in the Social and Labour Policies, Pecca strives to promote ethical labour practices and employee well-being through:

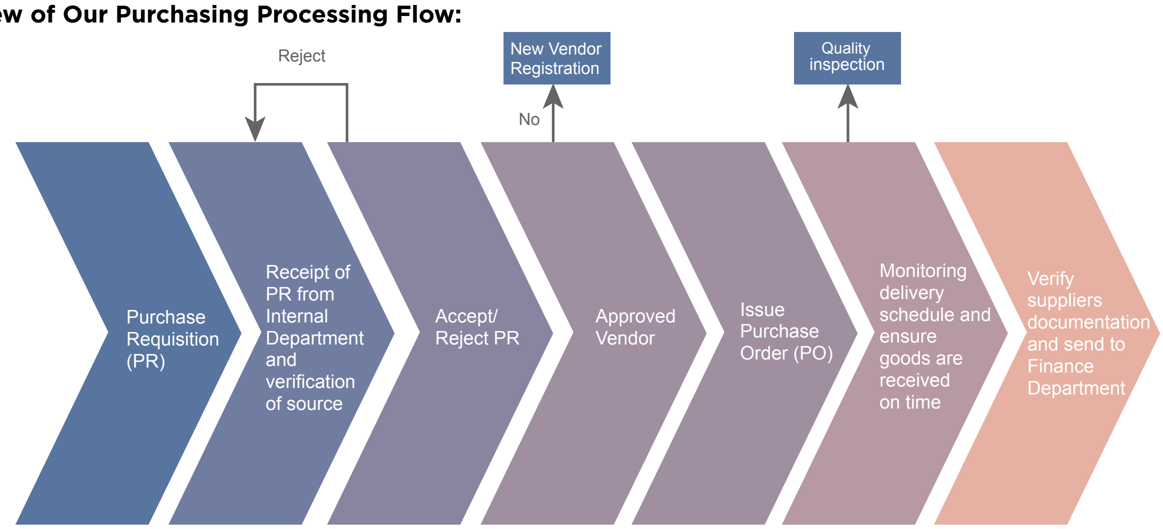
- Prevention of Child Labour
- Prevention of Forced Labour
- Non-Discrimination and Equal Opportunities
- Right to Freedom of Association
- Right to Collective Bargaining
- Elimination of Excessive Working Hours
- Minimum Wage
- OHS

Strengthen Purchasing Processing Flow and Purchasing Control Framework

The need for raw materials for Pecca's operations which includes leather, microfiber, PVC and fabric in a considerable quantity presses the need for an efficient procurement and supply chain management to minimise the environmental and social impact in our supply chain while consistently delivering our products and services to our customers.

To ensure a cost efficient and sustainable sourcing of raw materials which enhances the competitiveness and supply chain reliability of the Group, Pecca has set in place a robust Purchasing Processing Flow and Purchasing Control Framework which is regularly reviewed to always be on par with the revolving changes within our environment.

Overview of Our Purchasing Processing Flow:



MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Overview of Our Purchasing Control Framework:

Key Components in Our Purchasing Control Framework	Description
PR	• PR clearly describes the materials required (reference, description, quantity, required time of arrival)
Quotations	• Identify potential suppliers based on the Approved Suppliers List (those direct materials) and obtain quotations before making the purchase • Compare the suppliers' quotations, such as the quality, delivery, price, statutory and regulations requirements
PO	• PO shall include raw materials' description, delivery schedule, compliance details with production requirements, purchase amount and relevant approvals
Supplier Selection	• Carried out by the Purchasing Department based on the following criteria or customer recommendations: o Customer appointed sources o Background and experience o Quality o Price competitiveness o Delivery commitment o ISO 9001 Certified Suppliers (Direct Raw Materials)
Supplier Quality Management System Development	• Requirement for direct raw material suppliers to develop, implement and improve a quality management system certified to ISO 9001
Supplier Performance Assessment	• Monitoring the performance of suppliers and assess their performance rating
Supplier Audit	• Include supplier's audit or factory visit process whenever necessary
Supplier Development	• Determination of any development actions for active suppliers when there are any changes
Statutory and Regulatory Conformity Evaluation	• Ensuring all direct purchased raw materials used in our production is conformed to applicable regulatory requirements
Approved Supplier List	• Capable and qualified suppliers will be registered to this list (included appointed vendor by customers)
Risk and Opportunity Assessment	• When there are any changes in our defined policies and processes

Selection Criteria for New Suppliers

Pecca is committed to responsible sourcing practices and ensuring our products are of the highest quality standards. To ensure a sustainable supply chain, all new suppliers are required to be screened via a supplier selection form before onboarding. New suppliers are also required to fill up a Hazardous Substances Declaration form before onboarding to disclose the presence of any forms of hazardous substance in the chemical content of the raw materials. Suppliers must conduct testing to determine the amount of hazardous substance found on their products, if any. The form, certified by the authorised personnel of the supplier, must then be submitted to Pecca for selection consideration.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

The full list of supplier selection criteria is as follow:

- Competitiveness of price
- Short order lead time
- Prompt service/support
- Risk assessment document
- Quality - passed the trial run testing (direct material)
- Customer appointed external providers
- Audit performance results (if required)
- Participation in EHS and ESG activities
- Compliance to legislation & regulation requirement
- Company background & experiences (priority to automotive Industry)

Comprehensive Supplier Performance Assessment and Sustainable Practices

To further certify that our products and services conform with highest quality, our Purchasing Department conducts annual suppliers' performance assessment to verify that all our suppliers are aligned with Pecca's sustainability goals and ethical standards.

In FY2024, all 45 of our active direct material suppliers and all service providers were assessed through the annual Supplier Performance Assessment, which includes environmental and social considerations.

Overview of Suppliers Performance Assessment Criteria:

Criteria	Assessment Criteria
Delivery	• Delivery on time • Accurate deliver goods & services • Meets delivery schedule and without constant follow up • Provide short order lead time/keep buffer stock
Quality	• Supply quality products/services • Committed to improve quality if incur any defect/claim • Accuracy of documents • Quality consistently/without quality or warranty claim
Price/Cost	• Competitive price & value • Price stability/consistent • Provide cost reduction/volume rebate/payment term
Services	• Quick response time for any enquiries • Proactive to provide market latest information/technology trend • Accessibility of sales or customer service personnel • Provide technical supports/assistances
EHS & ESG	• Certified EMS ISO 14001, OHS ISO 45001, others • Incur accident during supply products/services • Follow Pecca's EHS guideline & procedure • Compliance Environmental legislations & regulations • Participate in ESG activities • Acknowledgement Policy Social & Environment, Anti-Corruption, NDA • Initiative collaboration with any third-party association

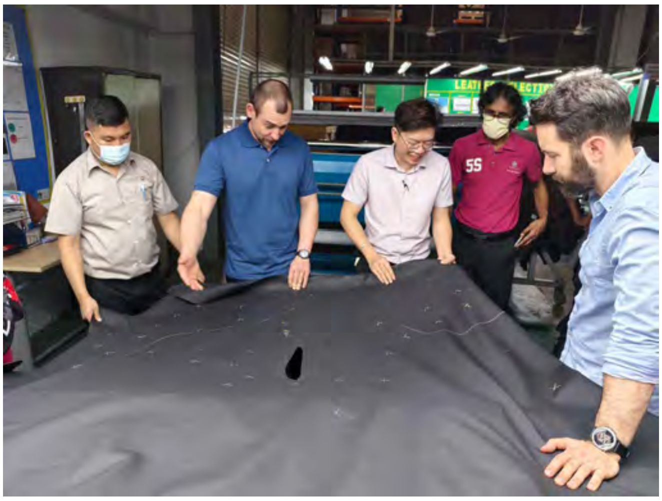
MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

Additionally, Pecca carries out yearly audits on their manufacturing process, which include factory visits for active direct suppliers when required or suppliers with quality issues, while the rest of the suppliers shall conduct self-audit evaluations. Notwithstanding, we did not identify any suppliers with significant environmental and social risks.

Verification of testing procedures for new development direct supplier

Visit to suppliers' factory



Leather review for suppliers

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

We have revised our Environmental Policy, which entails the ESG aspects of our Group, available in three languages, requiring suppliers to understand and acknowledge its content.

Additionally, we conducted ESG briefings for active direct material suppliers, encouraging them to declare and participate their ESG activities and initiatives. This includes requiring suppliers to fill out their plans to implement ESG initiatives across their operations where applicable.

ESG briefing to supplier

Verification of new supplier's ESG initiatives (recycled water)

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CONTRIBUTING TO ECONOMIC GROWTH

On top of that, all suppliers are obliged to sign a NDA with the Group, to ensure that high standards of confidentiality are observed. They must also complete an ABAC Questionnaire and Declaration Form to confirm their engagement in sustainable practices. All suppliers are certified under ISO 14001 and ISO 45001 EHS Guidelines ensuring the high standards of EHS practices are upheld across Pecca's operations.

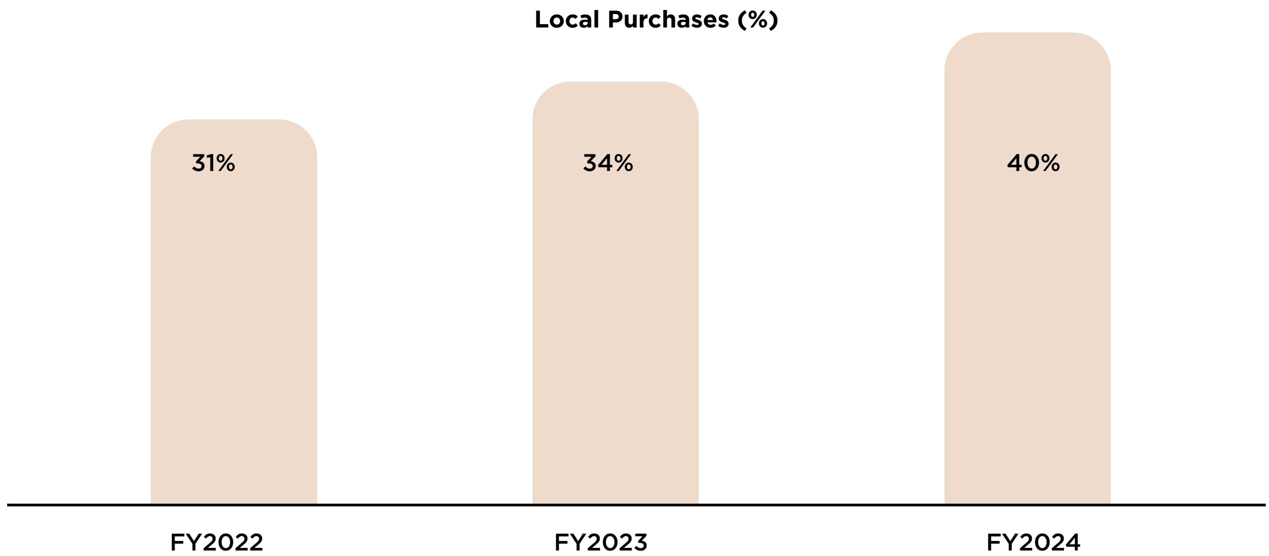
Increase Purchases from Sustainable Local Suppliers

As part of our contribution to the domestic economy, we aim to increase procurement from local suppliers. These include materials which are available locally such as foam, single knit, carton box, glue and consumable materials.

For the local suppliers, Pecca undergoes non-discriminatory assessments as per our purchasing guidelines to ensure competitiveness in product, pricing, place, and promotion is professionally maintained. Our Group's dedicated efforts in strengthening our local procurement have seen an increase in local purchases over the years, increasing from 31% in FY2022 to 40% in FY2024.

Foreign purchases made up a higher percentage of Malaysia's purchase as most of our main materials such as leather, PVC, fabric and microfibers are only available overseas. The selection of some of these materials are appointed by our customers, which consist of mostly foreign suppliers to meet our customers' needs.

Illustration of our breakdown of purchases for FY2022 to FY2024 is shown below:



Entity	Total Purchases (%)								
	FY2022			FY2023			FY2024		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
The Group	31	69	100	34	66	100	40	60	100

Note:
Calculation includes PT PGI's FY2022 and FY2023 figures which have been updated to align with the current Group's calculation methodology.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Environmental Policy

The Group recognises that our business activities have direct and indirect consequences on the wider environment. As a leading supplier of leather seats for the automotive and aviation industry, we are dedicated to leading by example through environmental stewardship. This is reflected by Pecca's Environmental Policy, which outlines objectives, specific and measurable targets, relevant methods of measurement, action plans, and responsible parties.

As outlined in the Environmental Policy, Pecca strives to promote untiring efforts for environment preservation by minimising environmental impact through EMS Programme from the manufacturing of leather and synthetic leather seat cover and interior finishing for automotive and aviation industries, as well as manufacturing of medical device through:

- Commitment to comply with environmental requirements of all applicable legislation and regulation
- Commitment to carry out environmental protection by organising and prioritising environmental management and involvement of all employees and interested parties
- Promote the EMS Programme to mitigate, minimise environmental impact and prevention of pollutions
- Provide sufficient education, training and promotion to all employees on risk-based thinking and identify life-cycle perspective and environmental impact through continual improvement on awareness and management skills
- Commitment to the continuous improvement and development of our EMS Programme

Environmental Compliance

As a manufacturing company, we are cognisant that our operations must be responsibly managed to preserve our surrounding ecosystem and safeguard the quality of life of our surrounding communities. In this regard, the Group has developed and implemented the EMS which is in line with the ISO 14001:2015 standards. The EMS facilitates our policy setting, planning, execution, performance evaluation and improvement relating to environmental interactions. This resulted in our stringent adherence to environmental laws and regulations.

Since 2016, Pecca has been certified to comply with the Standard UNI EN ISO 14001:2015 for our products, which includes the manufacturing of leather and synthetic leather seat covers and face masks. This is an internationally accepted standard for environmental management, which is in line with the requirements of the Malaysian DOE. Our strong compliance levels have enabled us to retain our ISO 14001:2015 certification for our facility and headquarter in Kepong, Kuala Lumpur, during the reporting period, with validity up to 19 May 2025. In this regard, we have recorded zero incidents of non-compliance with environmental laws and regulations in FY2024. We strive to continue adhering to these best practices going forward.

Biodiversity

Biodiversity is important in maintaining a healthy planet. We are committed to responsible environmental stewardship throughout our operations. Our operation sites are located in industrial zones in Malaysia and Indonesia, and none of our sites are located in or adjacent to protected areas or areas of high biodiversity value outside protected areas.

We recognise our leather automotive and aviation seats, as well as interior accessories manufacturing processes sources materials from biodiversity, which involves the sourcing of hides from cattle. Leather is a by-product from the meat industry, where unused hides are recycled and manufactured into leather. We are dedicated to sourcing our materials responsibly and promoting sustainable ranching practices in our supply chain, as elaborated in the "Procurement and Supply Chain Management" section above, to reduce our environmental impact and preserve our ecosystems for a more sustainable and biodiverse future. We do not identify any significant impacts of our operations on biodiversity.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Material Matter: Energy Consumption

Related UN SDGs:

Why Is This Important?

The Group recognises that our energy consumption and GHG emissions contribute to climate change impacts. Hence, efficient energy use is both cost-effective and essential for maintaining the artisanal, hand-crafted quality of our products, which requires focused and sustainable production processes.

Our Approach and Our Performance

Energy Management

As a signatory of the Paris Agreement, Malaysia has committed to achieve a 45% reduction in GHG emissions intensity per unit of GDP by 2030, compared to 2005 levels. In line with this global target, the Group aspires to play our part in addressing climate change by reducing our environmental footprint via improvements in our energy consumption intensity and emission levels.

The use of electricity is essential in our manufacturing process and constitutes a material proportion of our operational expenditure, as all our cutting and sewing machines uses electricity. We therefore continue to develop and enhance our EMS to improve cost efficiency and minimise carbon emissions.

Under the EMS, we record and monitor our electricity consumption at our manufacturing facility and offices monthly, and then undertake performance evaluation of these datasets for energy optimisation purposes.

In FY2024, Pecca has recorded zero incident of non-compliance with environmental laws and regulations regarding energy and emissions.

Our Initiatives

Installation of Solar PV System

The Group has completed the installation of a solar PV system on the rooftop of our manufacturing facility in FY2022. The solar PV system commenced generation of electricity in January 2022, which helped meet part of the electricity requirement of our manufacturing facility and generate cost savings for the Group in the form of electricity bill reduction.

Furthermore, the adoption of solar PV acts as a lever for us to reduce the carbon footprint of the Group, while playing our part in the transition towards a cleaner business environment moving forward. The solar PV system had a total yield of 287.4 MWh, of which 23.0 MWh of excess solar energy was sold to TNB. The generated solar energy helped in reducing 183.6 tonnes of CO_2 in FY2024.

FY2024	Result
Total Solar Energy Generated (MWh)	287.4
CO_2 Emissions Reduced (tCO_2)	183.6



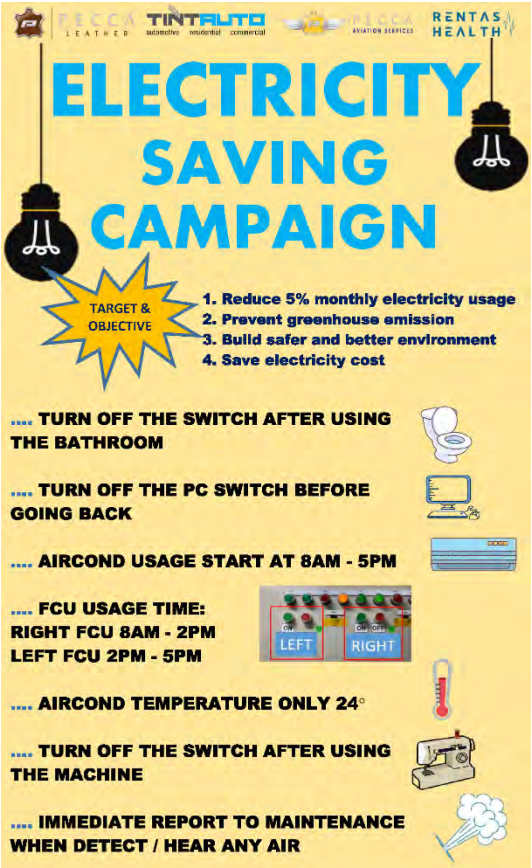
Completed solar PV system on the rooftop of our manufacturing facility

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Energy-Saving Campaign

Our ongoing energy-saving campaign for the past years has continued to instil values of reducing energy consumption among our employees. This includes employing the use of "Best Practice" notices and signages at power outlets and switches.



Electricity-saving campaign signage displayed at every floor and safety board

Auto Motion Sensor Lightings and Solar-Powered Lightings

We have installed auto motion sensor lightings in areas such as staircase to save energy and switching off the light automatically when the area is not in use.

Additionally, we have implemented solar-powered lightings for our premises' outdoor lightings which utilises solar energy.

Conversion of Street Lighting from Metal Halide to Solar Powered LED

We have initiated a project to replace all existing metal halide streetlights with solar-powered LED lights. This transition not only reduces our dependency on conventional energy sources but also leverages renewable solar energy, significantly lowering our carbon emissions and operational costs. The new LED lights provide improved energy efficiency and a longer lifespan, enhancing the overall sustainability of our street lighting infrastructure.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Solar street lightings installed at factory perimeters

Conversion of Office Lightings to LED

In our offices, we have successfully upgraded 60.0% of our lighting to energy-efficient LED lightings. This change has resulted in energy savings and reduced GHG emissions. LED lightings consume lesser power and have a longer operational life compared to traditional lighting solutions.

Office Lightings	Breakdown (%)
LED	60.0
PLC	40.0
Total	100.0

Conversion of Production Lightings to LED

In our production facilities, we have achieved a 75.0% conversion to LED lightings. This significant upgrade has led to improved energy efficiency and reduced electricity consumption in our manufacturing processes. The enhanced lighting quality also supports better working conditions and safety for our employees, while simultaneously advancing our environmental sustainability objectives.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

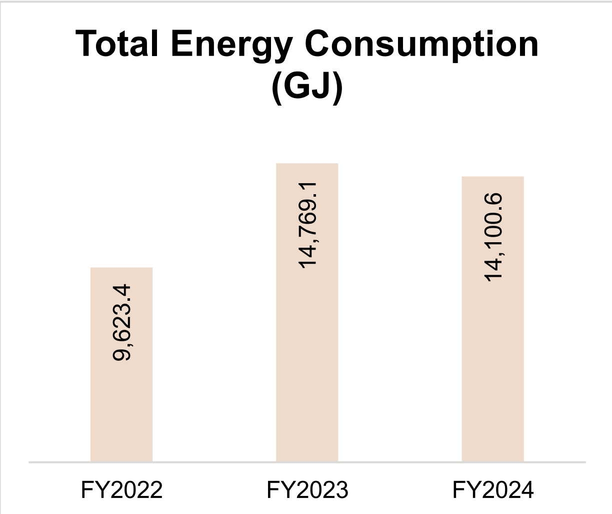
Production Lightings	Breakdown (%)
LED	75.0
Fluorescent	25.0
Total	100.0

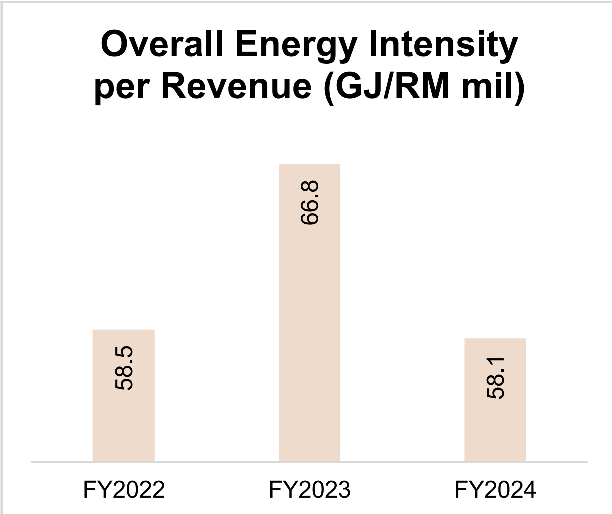
Fleet Efficiency – Consolidating Shipments to Reduce CO_2 Emissions

We have optimised our logistics and transportation by consolidating shipments efficiently. By ensuring that our vehicles are fully loaded and routes are optimised, we have significantly reduced the number of trips needed for deliveries. This approach has led to a reduction in emissions, contributing to a cleaner environment and demonstrating our commitment to sustainable supply chain practices.

Tracking Our Energy Performance

During the FY2024, Pecca's total energy consumption reduced to 14,110.6 GJ due to our energy saving initiatives. The Group's energy intensity ratio stood at 58.1 GJ per RM million, an improvement from 66.8 GJ per RM million in FY2023. The data for Indonesian operation is collected from May 2023 onwards, as the Indonesia entity has moved to the existing location in that period.





Energy Performance	Unit[1]	FY2022	FY2023	FY2024
Energy Consumption by Source				
LPG[2]	GJ	21.6	48.8	116.9
Petrol[3]	GJ	368.9	365.6	406.2
Diesel[4]	GJ	-	4,508.7	4,347.2
Electricity	GJ	8,682.1	8,827.2	8,278.5
Solar energy	GJ	550.8	1,018.8	951.8
Total	GJ	9,623.4	14,769.1	14,100.6
Energy Consumption by Region				
Malaysia	GJ	9,623.4	14,682.7	13,698.9
Indonesia	GJ	-	86.4	401.7
Total	GJ	9,623.4	14,769.1	14,100.6

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Energy Performance	Unit[1]	FY2022	FY2023	FY2024
Solar Energy Sold				
Malaysia	GJ	-	-	82.7
Indonesia	GJ	-	-	-
Total	GJ	-	-	82.7
Energy Intensity per Revenue[5]	GJ/RM mil	58.5	66.8	58.1

Notes:
[1] Unit of measurement has been updated (GJ where applicable) to align with reporting best practices.
[2] Conversion factor of litres to GJ was obtained from NSW Government, Department of Primary Industries, July 2016 Primefact 1419 First Edition. Data is available starting from January 2022 onwards.
[3] Conversion factor of litres to GJ was obtained from U.S. Energy Information Administration.
[4] Conversion factor of litres to GJ was obtained from U.S. Energy Information Administration. Data is available starting from FY2023.
[5] Energy intensity for FY2022 and FY2023 have been updated to align with current Group calculation methodology.

Emissions

Consistent with our energy efficiency programme, Pecca is committed to reducing our carbon footprint progressively. We are in the midst of establishing a target for GHG emissions intensity reductions by 2030 – further information on this front will be shared when available.

Pecca has been undertaking air emissions inspection as per the DOE's requirements every year to ensure the air emissions from the Group's operation are under safe levels. In FY2024, Pecca relocated the air ducting system on 26th August 2023 to improve its efficiency. A Stack Air Emission Monitoring was conducted successfully in the Group's premises on 15th September 2023 and conclusively, the inspection has shown that the Group is in full compliance with the Environmental Quality (Clear Air) Regulation 2014.

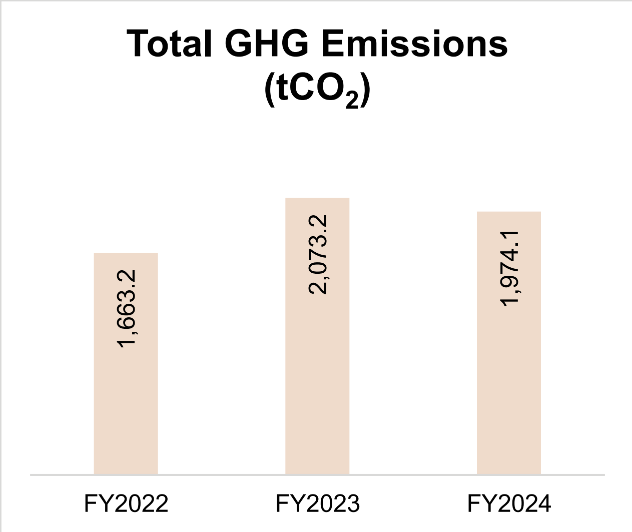
Tracking Our Emissions Performance

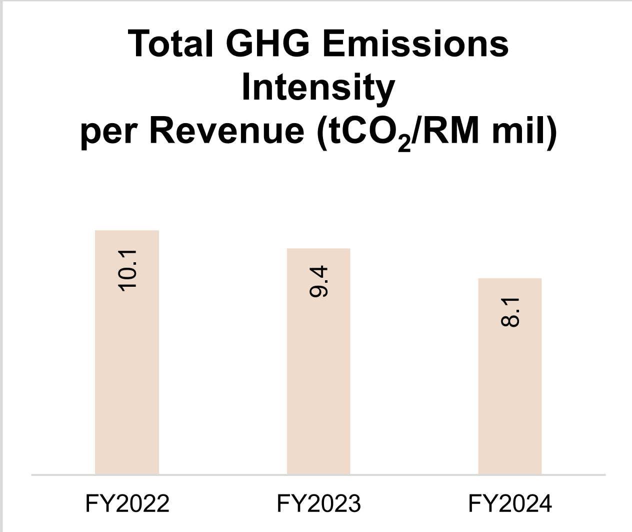
Our Scope 1 GHG emissions include consumption of diesel from our daily fleet operations, petrol from our company car, LPG from our forklift usage, whereas our Scope 2 GHG emissions include indirect GHG emissions generated from the consumption of purchased electricity, which accounts for most of the energy consumed in the Group. For Scope 3 GHG emissions, the Group is working towards collecting such data, yet we note that these emissions are expected to be insignificant in comparison to that of Scope 1 and 2.

In line with our energy consumption pattern, our Scope 1 and 2 carbon emissions experienced a reduction of 1.2% and 5.4% respectively. Overall GHG emissions intensity ratio improved by 13.8% in FY2024. The data for Indonesian operation is collected from May 2023 onwards, as the Indonesia entity has moved to the existing location in that period.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION





GHG Emissions	Unit	FY2022	FY2023	FY2024
GHG Emissions by Scope				
Scope 1 [1]	tCO_2	24.4	321.7	317.8
Scope 2 [2]	tCO_2	1,638.8	1,751.5	1,656.3
Total	tCO_2	1,663.2	2,073.2	1,974.1
GHG Emissions by Region				
Malaysia	tCO_2	1,663.2	2,054.0	1,884.9
Indonesia	tCO_2	-	19.2	89.2
Total	tCO_2	1,663.2	2,073.2	1,974.1
GHG Emissions Intensity per Revenue[3]	tCO_2/RM mil	10.1	9.4	8.1

Notes:

[1] *Emission factor is obtained from The Carbon Trust, Energy and Carbon Conversions 2023 update.*

[2] *Emission factor is obtained from the SEDA 2016 Baseline CO_2 for Peninsular for Malaysia and from the 2019 Power Plant Emission Factors, Directorate General of Electricity, Indonesia Ministry of Energy and Mineral Resources for Indonesia.*

[3] *GHG Emissions intensity for FY2022 and FY2023 have been updated to align with current Group calculation methodology.*

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Material Matter: Water Management

Related UN SDGs:

Why Is This Important?

Given that leather treatment can be water-intensive, responsible water management is crucial for ensuring environmental sustainability and operational efficiency within our specialised field.

Our Approach and Our Performance

Water Management

We recognise water is a precious resource, not just to our organisation, but also to the environment. Sustainable water and effluent management are crucial to protect the water resources of our planet, while simultaneously minimising the impact on our operating costs. The Group monitors responsible water stewardship via our EMS, which adheres to the ISO 14001:2015.

At Pecca, water is mostly consumed for domestic usage, as our manufacturing process does not require water usage. Pecca sources our water from local licensed water service providers, namely Syarikat Air Selangor in Malaysia and Lippo Cikarang Town Management in Indonesia. None of our operations are in water stress areas.

As Pecca's operation does not involve water usage, water is discharged to sewage drainage without water treatment as they are not contaminated with chemicals. As such, the Group is not required to carry out water sampling analysis moving forward as advised by DOE, which the Group has been carrying out every year previously. We aim to continue our strong track record of meeting all regulatory requirements relating to water and effluent discharge in the coming years.

In FY2024, Pecca has recorded zero incidents of non-compliance with environmental laws and regulations regarding water and effluent discharge.

Our Initiatives

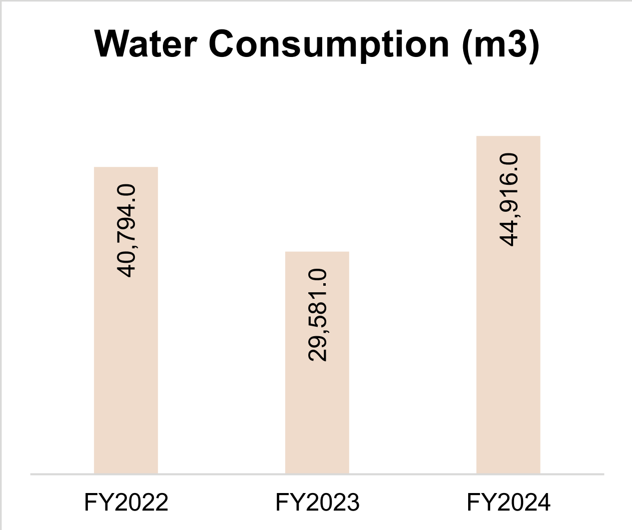
We strive to reduce our water footprint by promoting water-saving practices to employees, in which related signages and notices are placed at common water fixtures and faucets, toilets and pantries. We have also incorporated auto sensor water taps to limit water wastage when not in use.

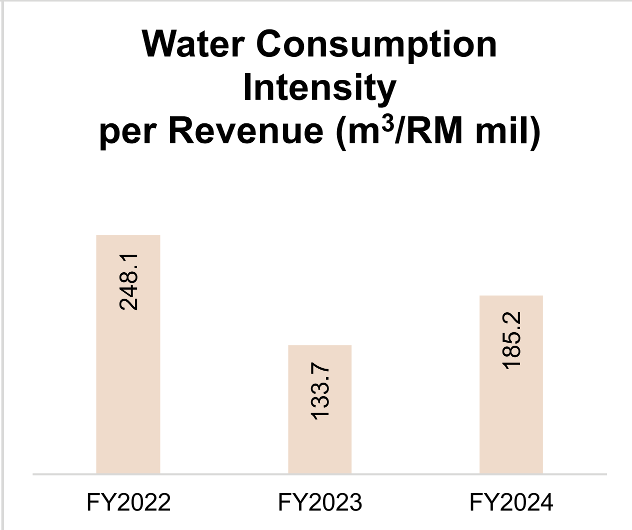
Tracking Our Water Performance

Water consumption increased 51.8% in FY2024 due to an increase in production output. Looking ahead, we are committed to reduce our water consumption with the ultimate objective of protecting water as a pristine resource. The data from Indonesian operation is collected from May 2023 onwards, as the Indonesia entity has moved to the existing location in that period.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION





Water Consumption	Unit	FY2022	FY2023	FY2024
Water Consumption[1]				
Malaysia	m^3	40,794.0	29,084.0	43,727.0
Indonesia	m^3	-	497.0	1,189.0
Total	m^3	40,794.0	29,581.0	44,916.0
Water Consumption Intensity per Revenue[2]	m^3/RM mil	248.1	133.7	185.2

Notes:

[1] *Water consumption equals to water withdrawal.*

[2] *Water intensity for FY2022 and FY2023 have been updated to align with current Group calculation methodology.*

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Material Matter: Effluent and Waste Management

Related UN SDGs:

13 CLIMATE ACTION

Why Is This Important?

Effective waste management is essential for minimising Pecca's environmental impact, which is a significant concern due to the nature of leather manufacturing.

Our Approach and Our Performance

Waste Management

Pecca's manufacturing activities such as cutting, trimming and sponging, among others, generate both hazardous (scheduled) and non-hazardous (non-scheduled) wastes. In this regard, responsible and effective waste management activities can help reduce the environmental impact of our manufacturing processes by ensuring that industrial waste does not pollute the natural environment.

The Group's EMS includes a structured waste management programme which involves systematic monitoring and improved material utilisation. Furthermore, we strive to control waste on-site by segregating waste by type, as well as encouraging reuse and recycling practices. Pecca has established an annual target of reducing recyclable materials going into landfill by 0.3%.

In FY2024, Pecca has recorded zero incident of non-compliance with environmental laws and regulations regarding waste.

Hazardous Waste

We employed third-party contractors licensed by the DOE for the collection, recycling and disposal of these scheduled waste (hazardous waste) on a semi-annual basis.

There are four categories of scheduled waste that are generated by our manufacturing processes. Below is a description of the types of scheduled waste and how we handle them prior to disposal.

Category	Scheduled Waste	Description	Handling Process
SW109	Waste containing mercury or its compound	• Use of fluorescent lamps and bulbs in the production and office premises • We are gradually changing these fixtures to LED	• We utilise a fluorescent bulb eater which is a device that crushes and stores fluorescent lamps, as well as controls mercury vapour emissions
SW404	Pathogenic waste, clinical waste or quarantined materials	• Use of swab test kits by our employees, to prevent risk of COVID-19 outbreak and disrupting operation	• Use of nitric glove and face mask when handling disposal of the test kits

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Category	Scheduled Waste	Description	Handling Process
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	• Metal drums and containers that are contaminated as a result of chemical glue, used mainly in the wrapping process of the various components of our leather upholstery products • Sanitisation of chemical containers and paint	• Contaminated containers are cleaned using our triple rinse system, which is fully automated
SW410	Oil gloves or any cotton rags, plastics, papers or filters contaminated with scheduled wastes	• Contaminated rags and gloves, which are PPE used in handling the wrapping process, as well as those used in chemical or oil cleaning after machine maintenance is performed	• Contaminated gloves, rags and cloth are washed using washing machine • Cleaned ones are recycled while damaged ones will be processed in our ATDU, an indirectly heated rotary drum • The material is heated to volatilise the contaminants

Non-Hazardous Waste

Non-hazardous (non-scheduled) waste generated from our manufacturing processes includes waste such as scrap leather, scrap PVC, scrap foam, scrap plastic, scrap metal/steel, scrap fabric as well as general office waste (i.e. paper waste and plastics). Such waste does not exhibit any material toxic characteristics, thus, they are collected for recycling wherever possible or disposed of as general waste by licensed third party contractors.

Our Initiatives

In line with our pledge to achieve zero wastage of raw materials, the Group manages waste effectively by implementing the 3Rs Approach: Reduce, Reuse, and Recycle. We strive to minimise waste, maximise reuse opportunity and promote recycling to reduce the environmental footprint of our operations, while ensuring a greener and more sustainable future for all.

The table below summarises our 3Rs Approach:

3Rs Approach	Description
Reduce	• Fully optimise material's cutting layout to minimise wastage • Go paperless by implementing electronic systems, i.e. e-MTN (manual transfer note for production material request), e-PR, e-Announcements, etc.
Reuse	• Reuse of packaging materials and carton boxes • Reuse of office supplies and materials wherever possible • Reuse recycled materials in the manufacturing of our products • Unwanted leather cuts are reused to make other car accessories
Recycle	• Broken/malfunction computers and IT hardware/peripherals are disposed to scrap collector for recycling purpose • Recycle excess materials such as scrap foam, scrap metal/steel and scrap plastic • Production of souvenirs from balance cutting leather

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Waste Management – Utilising Balance Cutting Leather

As part of our waste management strategy, we have implemented an initiative to utilise balance cutting leather for making souvenir products. This approach not only reduces waste generated during our production processes, but also adds value to the otherwise discarded materials. By creating souvenir products from leftover leather, we are promoting resource efficiency and contributing to a circular economy.

Production of souvenir products from balance cutting leather

Recycling Programmes – Thread Cones and Plastic Bags

We have implemented recycling programmes for thread cones and plastic bags as a result of the sewing process across our operations. By recycling these items, we reduce waste and minimise our environmental impact. This initiative not only supports our sustainability goals, but also promotes a circular economy by reusing materials that would otherwise contribute to landfill waste.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Collection of thread cone storage for recycling

Implementation of e-invoicing

Following the implementation of e-invoicing by the Malaysian government, Pecca has adopted an e-invoice system to streamline our billing processes. This approach significantly reduces paper wastage by digitising invoices and minimising the need for printed documents, which in turn lowers our overall paper consumption. By adopting e-invoicing, we not only enhance our operational efficiency, but also contribute to our broader sustainability goals by reducing our environmental impact and promoting eco-friendly practices.

Tracking Our Waste Performance

The table below illustrates the total weight of waste generated, diverted from disposal, and directed to disposal to the third-party contractors by category for the past three FYs. The data from Indonesian operation is collected from May 2023 onwards, as the Indonesia entity has moved to the existing location in that period.

Waste	Unit	FY2022	FY2023	FY2024
Waste Generated				
Breakdown by Type				
Hazardous Waste				
Malaysia				
SW109	tonnes	0.1	0.1	0.1
SW404	tonnes	-	-	-
SW409	tonnes	1.8	0.9	1.8
SW410	tonnes	0.1	0.1	-
Sub-total	tonnes	2.0	1.1	1.9

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Waste	Unit	FY2022	FY2023	FY2024
Waste Generated				
Breakdown by Type				
Hazardous Waste				
Indonesia				
SW409	tonnes	-	-	-
Sub-total	tonnes	-	-	-
Sub-total (A)	tonnes	2.0	1.1	1.9
Non-hazardous Waste				
Malaysia	tonnes	-	-	926.1
Indonesia	tonnes	-	3,572.0	3,740.0
Sub-total (B)	tonnes	-	3,572.0	4,666.1
Total (C) = (A) + (B)	tonnes	2.0	3,573.1	4,668.0
Breakdown by Region				
Malaysia	tonnes	2.0	1.1	928.0
Indonesia	tonnes	-	3,572.0	3,740.0
Total	tonnes	2.0	3,573.1	4,668.0
Waste Diverted from Disposal				
Breakdown by Type				
Hazardous waste	tonnes	-	-	-
Non-hazardous waste	tonnes	-	-	280.6
Total	tonnes	-	-	280.6
Breakdown by Region				
Malaysia	tonnes	-	-	280.6
Indonesia	tonnes	-	-	-
Total	tonnes	-	-	280.6
Waste Directed to Disposal				
Breakdown by Type				
Hazardous waste	tonnes	2.0	1.1	1.9
Non-hazardous waste	tonnes	-	3,572.0	4,385.5
Total	tonnes	2.0	3,573.1	4,387.4
Breakdown by Region				
Malaysia	tonnes	2.0	1.1	647.4
Indonesia	tonnes	-	3,572.0	3,740.0
Total	tonnes	2.0	3,573.1	4,387.4
Waste Diversion Rate	%	-	-	6.0%

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Materials management

Pecca believes in the proper management of raw materials that are used in our production lines to manufacture our main products. Optimal consumption of raw materials would help minimise wastage of resources and lead to a more sustainable environment for future generations.

In this respect, the Group manages the consumption of raw materials by ensuring efficient usage via the SAP accounting software system. A BOM is used to record usage of resources as well as a measure to achieve zero wastage and ensure that the correct number of materials is used according to each job specification.

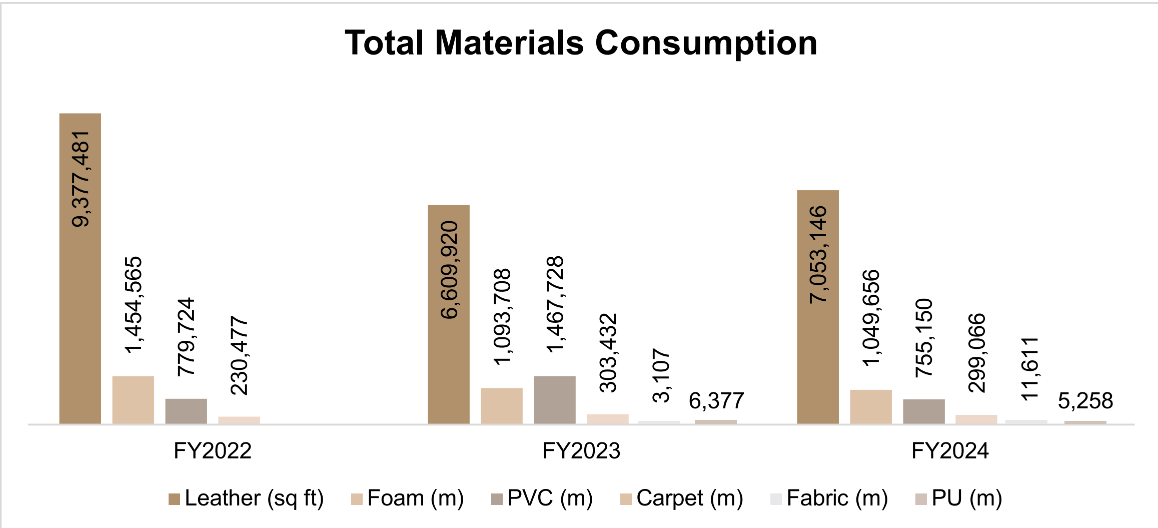
Tracking Our Materials Performance

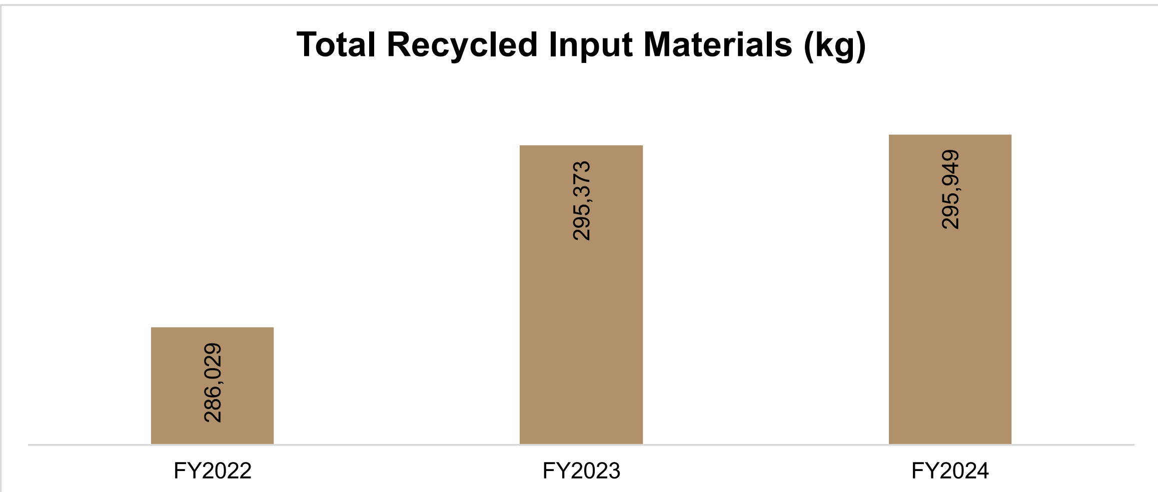
The key non-renewable materials used by Pecca in producing our products are leather, PVC, foam, carpet and PU.

In FY2024, our usage of foam, PVC, carpet and PU reduced by 4.0%, 48.5%, 1.4% and 17.5% respectively.

Meanwhile, Pecca's usage of leather and fabric increased by 6.7% and 273.7% respectively during the fiscal year to cater for the higher demand of our products.

Total recycled input materials increased by 0.2% in FY2024 as we advocate for more recycling initiatives. The data from Indonesian operation is collected from May 2023 onwards, as the Indonesia entity has moved to the existing location in that period.





MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: ENVIRONMENTAL CONSERVATION

Materials	Unit	FY2022	FY2023	FY2024
Materials Consumption				
Breakdown by Region				
Malaysia				
Leather	sq. ft	9,377,481	6,606,594	7,048,689
Foam	m	1,454,565	1,081,111	1,013,241
PVC	m	779,724	1,456,176	740,663
Carpet	m	230,477	303,231	298,476
Indonesia				
Leather	sq. ft	-	3,326	4,457
Foam	m	-	12,597	36,415
PVC	m	-	11,552	14,487
Carpet	m	-	201	590
Fabric	m	-	3,107	11,611
PU	m	-	6,377	5,258
Breakdown by Materials				
Leather	sq. ft	9,377,481	6,609,920	7,053,146
Foam	m	1,454,565	1,093,708	1,049,656
PVC	m	779,724	1,467,728	755,150
Carpet	m	230,477	303,432	299,066
Fabric	m	-	3,107	11,611
PU	m	-	6,377	5,258
Recycled Input Materials				
Malaysia				
Recycled carton box	kg	169,780	172,868	170,405
Recycled empty thread cone	kg	833	1,168	1,188
Wooden pallet	kg	25,935	32,280	42,861
Scrap foam	kg	28,000	26,250	21,045
Scrap metal/steel	kg	7,097	4,735	19,483
Scrap plastic	kg	49,184	50,580	24,891
Scrap leather	kg	5,200	3,920	697
Sub-total (A)	kg	286,029	291,801	280,570
Indonesia				
Recycled carton box	kg	-	801	652
Scrap foam	kg	-	153	6,941
Scrap plastic	kg	-	241	602
Scrap leather	kg	-	38	362
Scrap PVC	kg	-	1,976	6,822
Scrap fabric	kg	-	363	-
Sub-total (B)	kg	-	3,572	15,379
Total (C) = (A) + (B)	kg	286,029	295,373	295,949

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Material Matter: Occupational Health and Safety

Related UN SDGs:

Why Is This Important?

Occupational safety is crucial for safeguarding our skilled workforce, whose craftsmanship is integral to our business identity.

Our Approach and Our Performance

Prioritise All Workers' OHS

At Pecca, OHS is not merely a regulatory requirement but a cornerstone of our corporate responsibility and operational excellence. Our work in styling, manufacturing, and distributing leather upholstery involves specialised craftsmanship, precise machinery, and various materials - all of which come with their unique safety considerations. As such, our commitment to OHS is geared towards creating a culture of safety, accountability, and well-being for everyone involved in bringing our high-quality products to market.

Pecca's OHS management system is certified to the global best practice levels of the standard ISO 45001:2018 since 2016 for the design and manufacturing of leather and synthetic leather seat covers and face masks, which is subject to both internal and external audits. We ensure our working practices are in compliance with the OSHA 1994 and the Factories and Machineries Act, 1967. We uphold our standards by developing an internal Department of Environmental, Safety, and Health Committee, an OHS Policy, and an EHS Policy. Our OHS management system and policies cover all Pecca's operations and stakeholders including employees, suppliers, contractors, and customers.

In FY2024, Pecca continued to maintain a Grade "A" from the workplace audit with improved overall scoring conducted by the DOSH. Pecca aims to continuously improve our OHS performance to maintain the highest standard in health and safety.

Implement OHS Policy

A strong OHS framework is critical for preventing workplace accidents and fostering a culture of safety and consistent productivity. Pecca recognises that our business activities have direct and indirect consequences on the wider environment.

As a leading supplier of leather seats for the automotive and aviation industry, we are dedicated to leading by example through environmental stewardship. This is reflected by Pecca's OHS Policy, which strives to promote untiring efforts for health and safety improvement through the practice of "Safety is Our Priority". This policy is vital for Pecca as it provides a framework for proactive measures against potential hazards, ensuring the well-being of our skilled workforce. Under the OHS policy, Pecca aims to:

- Committing to comply with the OHS requirements of all applicable legislation and regulations, as well as the Corporate Directive of our company.
- Providing sufficient education to all employees on OHS risks through continual improvement in awareness and management skills to comply with all conditions required by ISO 45001:2018.
- Promoting "zero accident" activities, both industrial and traffic, to mitigate and minimise OHS risks.
- Committing to the prevention of injury and ill health, and continual improvement through OHS management and performance.
- Setting objectives and targets, implementing health and safety programmes, and periodically reviewing their effectiveness to enforce the OHS policy.
- Leveraging technology and capital capabilities to successfully achieve the OHS management programme.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Established EHS Committee

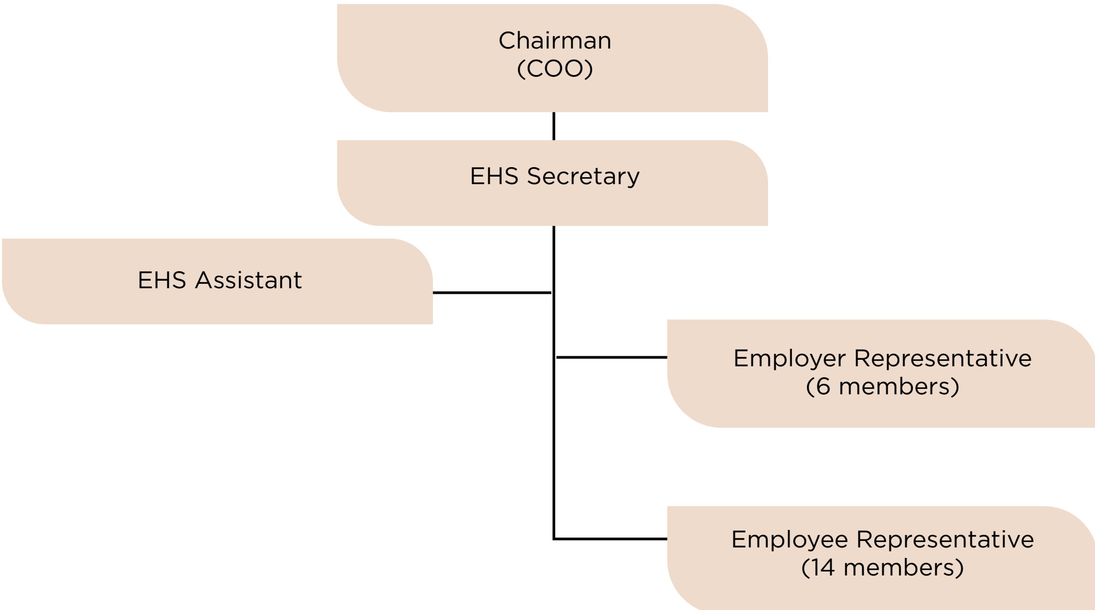
Pecca has established a joint-management-worker EHS Committee that allows our employees of all levels to participate in discussing OHS matters and enable them to contribute ideas to manage or reduce workplace risks.

The EHS Committee is responsible in planning, coordinating, and overseeing EHS programmes and monitoring the environment and safety of our Group to ensure that health and safety are maintained within our workplace. Meetings are held every quarter to discuss EHS-related topics.

In order to guarantee the safety of our working spaces, internal workplace inspection audits are also carried out monthly. We offer two-way communication in our EHS exercises to ensure that the policies and guidance are fully understood and followed by all employees.

Apart from that, Pecca also established an Emergency Response Team in FY2024 that is dedicated to respond to all kind of emergencies in a timely manner, allowing prompt damage control and ensuring operations continuity. The Emergency Response Team comprises of incident a control team, an evacuation control team, as well as a security control team. The comprehensive emergency preparedness in our manufacturing workplaces shows our commitment in reducing workplace safety and health risk and to protect the well-being of our employees.

EHS Committee Organisation Chart



Implement OHS Initiatives

The wellbeing of employees is critical in fostering a successful workplace culture. Pecca understands how crucial it is to safeguard the health and wellbeing of our people in order to reach their full potential. To ensure that all our employees have access to our efficient occupational health services, Pecca offered and put the following initiatives/ measures into place in FY2024:

- Trained and certified first aiders and access to first aid boxes
- Audiometric surveillance
- Medical surveillance
- Safety awareness trainings

Pecca offers an internal clinic and external panel clinics that are open to all employees to promote our employees' health. Confidential information about employees' personal health is kept in their personal files. Pecca does not discriminate workers based on their health condition. To further promote employees' health, Pecca organised sports activities for our employees to address non-work-related health risks.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Increase OHS Awareness and Training Intensity

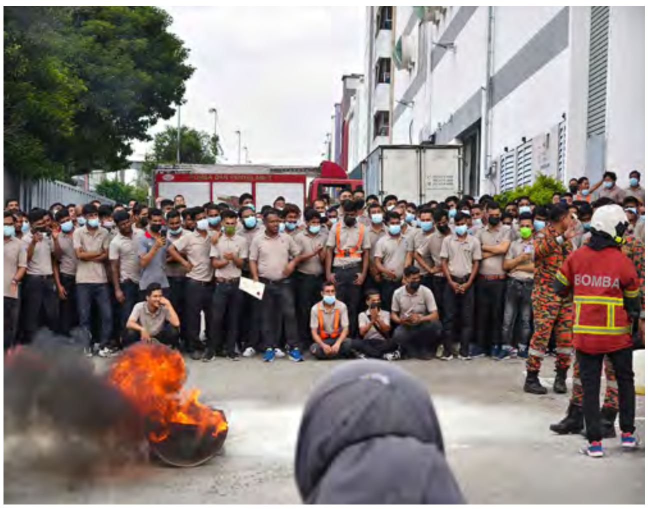
Pecca recognises that promoting safety begins with education. All new employees will receive a safety induction, which covers a range of topics such as hazard identification and the right of workers to remove themselves from unsafe or hazardous work.

We have conducted various trainings amounting to a total of 6,162 training hours (FY2023: 5,516 training hours), with 614 of our employees involved to increase the health and safety compliance and awareness among our workers.

The followings are a part of the EHS-related trainings we had conducted in FY2024:

- Ergonomic at workplace
- Safety awareness training
- Safety briefing for employees, contractors, and security guards
- Safety and wellbeing at work
- ISO 45001:2018 standard training
- Emergency Response Team - Fire drill training
- APAR training
- P2K3 training


Safety Briefings

Emergency Response Team – Fire Drill Training

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

In FY2024, a total of 470 participants were given various trainings on health and safety standards.

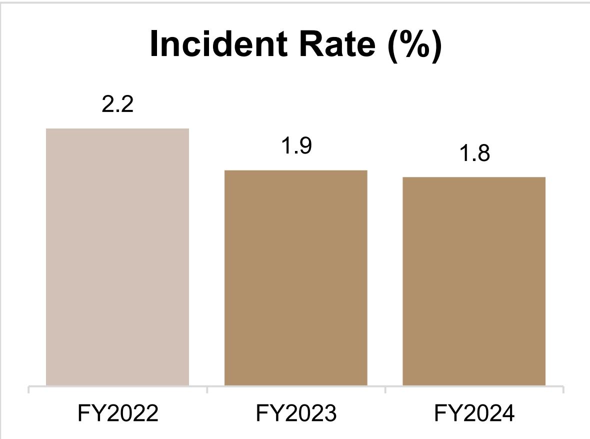
Employees Trained on Health and Safety Standards	FY2022	FY2023	FY2024
Number of employees trained on health and safety standards	420	537	470

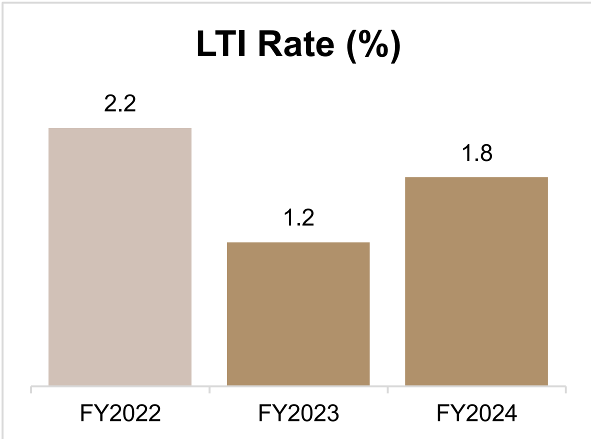
Pecca also oversees OHS impacts arising from our external business relationships. The Group has requested suppliers and contractors who do not have their own OHS management system to comply with Pecca's OHS procedure and guidelines as indicated in the respective PR and PO forms.

Minimise Workplace Accident

Pecca is consistently aiming to improve our OHS performance and reduce incidents by monitoring the progress on an annual basis. In order to minimise the reoccurrence risk of workplace incidents, the Group had taken subsequent corrective actions to increase the safety of the related processes.

To ensure financial help and compensation in the event of unfortunate workplace incidents, all local Group employees are insured under the Group Term Life Insurance and Personal Accident Insurance, while our foreign workers are covered by the Foreign Workers Insurance Guarantee as required by the Malaysian government.





Work-related Incident	FY2022	FY2023	FY2024
Work-related Injuries			
Number of fatalities as a result of work-related injuries	-	-	-
Number of high-consequence work-related injuries	-	-	-
Number of recordable (minor) work-related injuries	3	3	4
Number of LTIs	3	2	4
Total lost days	21	4	58
Number of close calls	-	-	-
Incident Rate Per Million Hours Worked[1]			
Rate of fatalities as a result of work-related injuries	-	-	-
Rate of high-consequence work-related injuries	-	-	-
Rate of recordable (minor) work-related injuries/Incident rate (%)	2.2	1.9	1.8
LTI rate (%)	2.2	1.2	1.8
Work-related Ill Health			
Number of fatalities as a result of work-related ill health	-	-	-
Number of recordable work-related ill health	-	-	-

Note:
[1] *Rates are calculated based on total hours worked of 1,347,840, 1,609,920 and 2,281,552 hours in FY2022, FY2023 and FY2024, respectively.*

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

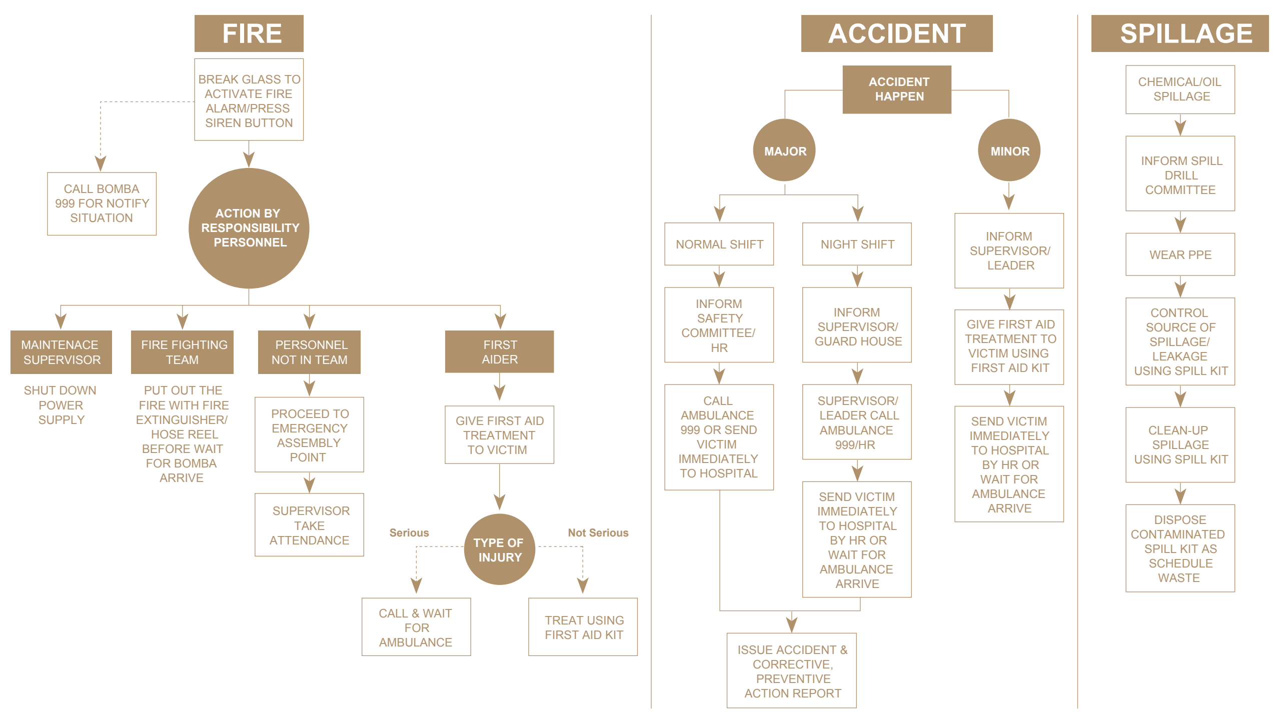
In FY2024, no fatalities and high-consequence work-related injuries were reported. However, there were a total of 4 recordable (minor) work-related injuries recorded, in which all 4 were work-related LTI. The 4 LTI cases resulted in a total of 58 lost days in FY2024 (FY2023: 4 total lost days). Pecca recognised the incidents and aims to minimise the risk and to reduce any kind of work-related incidents by following the HIRARC and our work-related incident management protocol.

Below is the summary of incidents and actions taken in FY2024:

Type of Incident	Root Cause	Corrective Action	Preventive Action
Minor finger injury - object fell on finger	Careless handling of machinery	Careful handling of machinery and stay focus while using any kind of heavy machinery	• Respective team leaders to provide daily toolbox safety reminder before the commencement of operation • HOD or supervisor to provide job training as and when required
Multiple fingers injury	Accidentally hand slipped	Using the right tool and be careful when using sharp tools	
Finger cut	Operation performed by worker from another department	Strictly disallow worker from another department to carry out certain task without proper training	
Finger injury	Miscommunication among workers	Proper communication and designation of task	

In the event of an emergency, employees are to act accordingly to the Emergency Response Flow Chart.

EMERGENCY RESPONSE FLOW



MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

OHS Hazard Identification and Risk Assessment

Hazard identification and risk assessment are crucial steps in preventing unnecessary hazard situations. Pecca identifies work-related hazards and assesses risks in accordance with Guidelines for HIRARC 2008, published by the DOSH Malaysia. HIRARC review is carried out by trained personnel once a year, led by the safety and health officer. Any reported high risks or hazards are addressed and given prompt corrective responses and will be highlighted as part of the OHS management system improvement programme.

Our workers can report any work-related hazards or hazardous situations using the Initial Accident Report Form, or alternatively communicated during the quarterly EHS committee meeting. All employees are informed of any newly identified hazards and risks, which will be updated in HIRARC. Hierarchy of control is applied at control measures of a hazard. An incident investigation protocol shall be followed in the event of a work-related incident in order to identify the injury and its underlying cause, as well as to implement the appropriate corrective and preventive measures.

Hazard and Incident Reporting Process

Pecca conducts monthly self-assessment on risk management as required by our customers. The area assessed includes safety aspects of our operations such as workplace condition, environmental impact, safety system and hazardous material handling, along with other areas such as cost, quality, and delivery. We did not identify any significant areas of high risk within our operation.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Strong Emphasis on Customer Health and Safety

Pecca places a high emphasis on health and safety considerations across its products and services. This commitment is reflected in various processes and measures implemented by the Group to safeguard our customers' health and safety. For instance, Pecca conducts Airbag Deployment tests and ensures the calibration of airbag sewing machines to ascertain the safety and functionality of its products.

Additionally, the Group proudly emphasises that its materials are free of SOC, further underlining its dedication to safety standards. Our dedication to customers' health and safety can be seen from the positive feedback received from our customers, proven by our increasing overall grand total score of customer satisfaction level of 90% in FY2024, compared to 85% and 84% in FY2023 and FY2022, respectively (Refer to Prioritise Customer Satisfaction section under Economics Performance material matter).

Furthermore, the Group reinforces its commitment by providing clear safety instructions through caution labels on its leather seat covers, ensuring safe use of its products. This multifaceted approach highlights Pecca's unwavering dedication to health, safety, and environmental responsibility throughout its product and service offerings.

Pecca's rigorous adherence to health and safety regulations is evident in its track record, as there have been no reported incidents of non-compliance with regulations concerning the health and safety impacts of our products and services, information and labelling, and marketing communications.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Material Matter: Training and Education

Related UN SDGs:

Why Is This Important?

Investing in employee development ensures that the artisanal quality, which has defined our brand for 25 years, continues to evolve and excel.

Our Approach and Our Performance

Provide Effective Training and Education to All Employees

To ensure the continued excellence of our standards and the competence of our team, we remain steadfast in our commitment to enhance our employees' skills, enabling them to unleash their full potential. We provide regular training sessions to enhance employees' technical abilities and offer abundant career growth opportunities.

Furthermore, we have introduced training modules in cutting-edge technologies, ensuring that our employees stay at the forefront of technological advancements within our industry. As Pecca upholds its quality at the highest standards, we have made it mandatory for our employees to undergo specialised training in product quality standards such as ISO 9001:2015, IATF 16949:2016, Advanced Product Quality Planning and Product Part Approval Process trainings.

In FY2024, we have organised a total of 28 trainings programmes (FY2023: 34 training programmes), covering topics such as work-related skills set, safe handling of machineries, proper waste management procedure, and personal development programmes, among others.

The top 10 training courses and workshops by training hours offered in FY2024 are presented as below:

No.	Training Title
1	ABAC Training
2	Creative Thinking and Problem Solving
3	Transformation Mastery: Shifting Mindset
4	Advanced Product Quality Planning and Product Part Approval Process Training
5	ISO9001:2015 Awareness and Internal Audit Training
6	Presentation Skills with Interpersonal Communication Skills
7	ISO14001:2015 and ISO45001:2018 Standard Training
8	FMEA Training
9	Express Link to Reporting in Excel and PowerPoint
10	Emergency Response Team - Fire Drill Training

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

ISO14001:2015 and ISO45001:2018 Standard Training

Creative Thinking and Problem Solving Training

FMEA Training

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

We are proud to announce that our commitment to employee development has significantly improved.

In FY2024, our training and education hours improved significantly to 6,162 training hours from 5,516 and 1,217 training hours in FY2023 and FY2022, respectively. This has reflected our dedication in nurturing our team's growth.

Average training hours per employee also increased to 6.61 hours per employee (FY2023: 5.74 hours; FY2022: 2.41 hours), thanks to greater effort by the Group to promote career development. Among the employees involved in the trainings, 60% was attended by male employees, and the remaining 40% was attended by our female employees. Most of the training was attended by men as compared to women due to the nature of their work-related tasks. Pecca recognises the importance to provide equal opportunity in training and education to address the diverse training needs across its workforce.

Based on employee category, average training hours of non-executive, executive, and middle management increased in FY2024, reflecting fair training and education opportunity are given across our workforce. Nevertheless, we aim to continue promote continuous learning among all employee categories to maintain our market position and reputation as an employer invested in employee growth and success.

Employee Training	FY2022	FY2023	FY2024
Total Training Hours	1,217	5,516	6,162
Average Training Hours Per Employee	2.41	5.74	6.61
Average Training Hours by Gender			
Female	2.76	17.20	18.03
Male	2.25	3.75	4.73
Average Training Hours by Employee Category			
Non-executive	0.46	0.40	1.17
Executive	13.36	45.70	43.27
Middle management	6.00	36.00	44.06
Senior management	-	32.57	6.95
Total Training Hours by Employee Category			
Non-executive	182	330	933
Executive	855	3,062	3,548
Middle management	180	1,440	1,542
Senior management	-	684	139
Total	1,217	5,516	6,162

Provide Employee Performance and Career Development Review

At Pecca, we place a strong emphasis on fostering a culture of continuous improvement, and a key component of this commitment is our annual performance and career development review process.

Under this system, all employees of Pecca receive regular performance and career development review. This comprehensive system is designed to benefit our entire organisation by assessing and enhancing the performance and growth of every employee. These reviews involve the implementation of KPIs that are meticulously planned and structured under four important pillars of Financial, Customer, Internal Process and Learning and Growth which are strategically aligned with various critical indicators. These indicators include factors such as the Group's current FY budget, profitability, benchmarking against market and industry standards, and adherence to the bell curve model.

As Pecca continues to foster a culture of learning and continuous development, the future holds even more promise for the professional advancement and success of its employees.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Material Matter: Employee Welfare

Related UN SDGs:

Why Is This Important?

A comprehensive welfare programme ensures employee satisfaction, which in turn contributes to higher productivity and quality in our specialised field.

Our Approach and Our Performance

Broaden Our Workforce

Pecca is dedicated to broadening its talent base, with the aim of ensuring sustained business growth and ongoing success for the Group. The invaluable contributions of Pecca's workforce play a pivotal role in the Group's achievements.

The Group has actively pursued strategies to attract new talent while retaining its current employees. In FY2024, Pecca's employee count stand at 932 individuals, (FY2023: 961; FY2022: 506), marking a slight decrease of 3.0% in its workforce.

We are committed in overseeing our employees' total working hours as part of our commitment to their well-being. Our overarching objective is to promote a safe working environment with zero accidents, as outlined in our OHS Policy. In FY2024, our Malaysian entities workforce accumulated a total of 2,281,552 working hours (FY2023: 1,609,920 working hours; FY2022: 1,347,840 working hours).

Improve Diversity and Equality of Our Workforce Without Discrimination

Diversity Policy

Pecca believes in fostering a culture of diversity and inclusion, where all individual's unique contributions are valued and celebrated. We have established a Diversity Policy to further promote diversity in Pecca and its subsidiary companies. As outlined in the policy, Pecca is committed to manage diversity by providing fair and equal opportunity regardless of age, gender, ethnicity, nationality, sexual orientation or cultural background, as a means of enhancing the Group's performance through the diverse skills and talents from its directors, officers and employees. The policy covers all the Group's procedures such as recruitment, remuneration and promotion, as well as trainings.

Our workplace diversity principles are as follow:

- Practising and promoting behaviour consistent with the Company's Code of Ethics
- Respecting different ways of thinking and using our employees' different perspectives to improve business outcomes
- Treat each other with respect and dignity
- Provide a safe, secure, and healthy workplace
- Make decisions genuinely based on equity and fairness
- Value the diversity of people
- Take appropriate action to eliminate discrimination

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Workplace Diversity

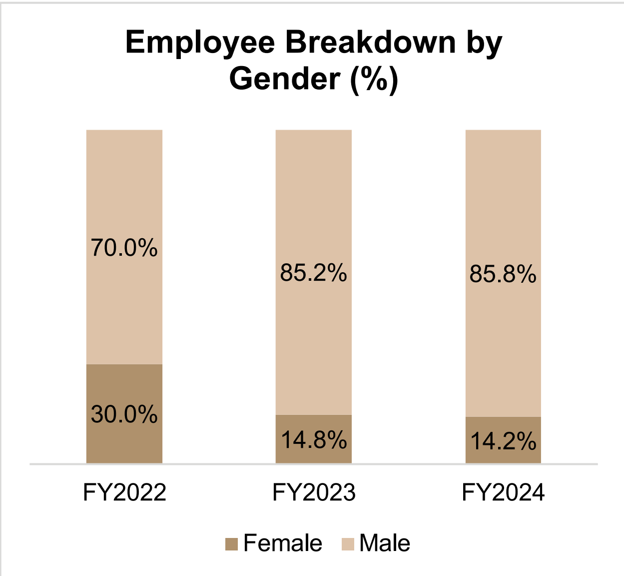
From the total of 932 employees recorded in FY2024, male employees constituted most of the workforce at 85.8%, while female employees represented 14.2%. The higher percentage of male contribution in our workforce is mainly due to the manufacturing nature of our business operation. We aim to increase female representation across our employee categories, encouraging women to take on managerial positions. Female representation stood at 59.8%, 20.0% and 30.0% in executive, middle management and senior management roles, respectively (FY2023: 52.2%, 30.0%, and 33.3%, respectively).

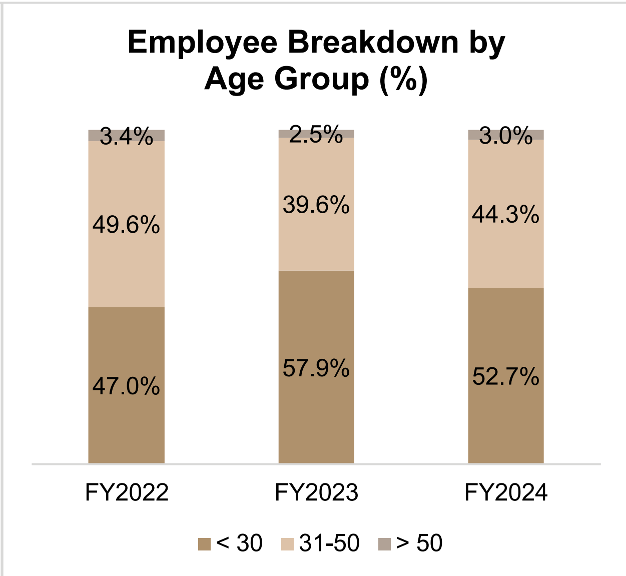
Pecca is committed to supporting local employment through various programmes targeting local talents. In FY2024, the local employee contribution increased slightly to 27.1% from 26.6% in FY2023.

As for the statistics breakdown on employee category, our non-executive employee represents 85.3% of the workforce in FY2024, which reflects the labour-intensive nature of Pecca's operations in styling, manufacturing, and distribution of leather upholstery.

Further breakdown of each employee category according to gender, age group, nationality, and region are also depicted in the charts and tables below.

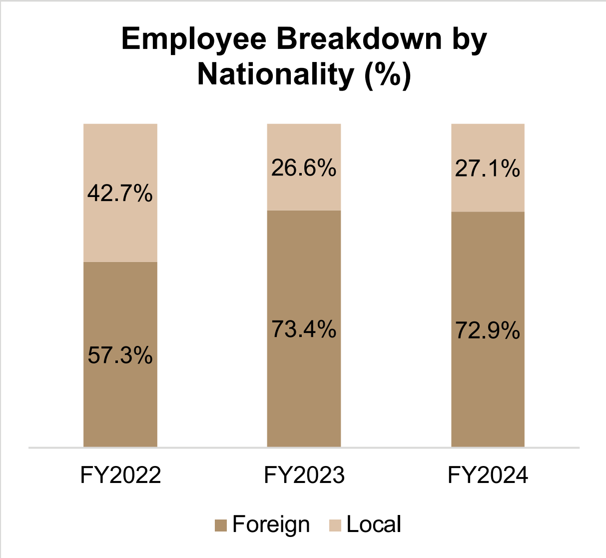
Employee	FY2022	FY2023	FY2024
Number of employees	506	961	932

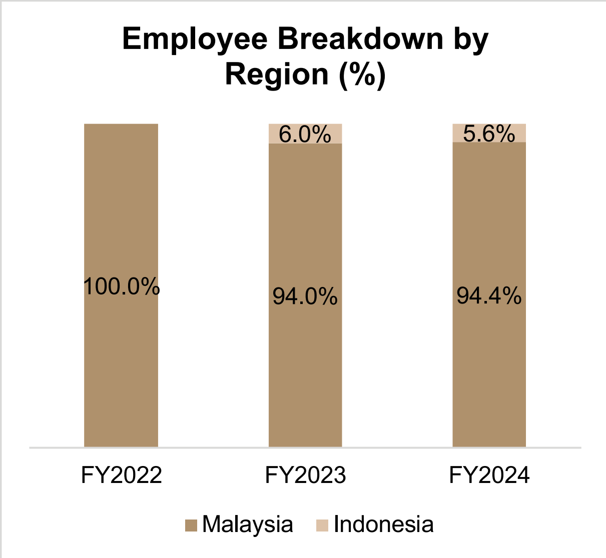


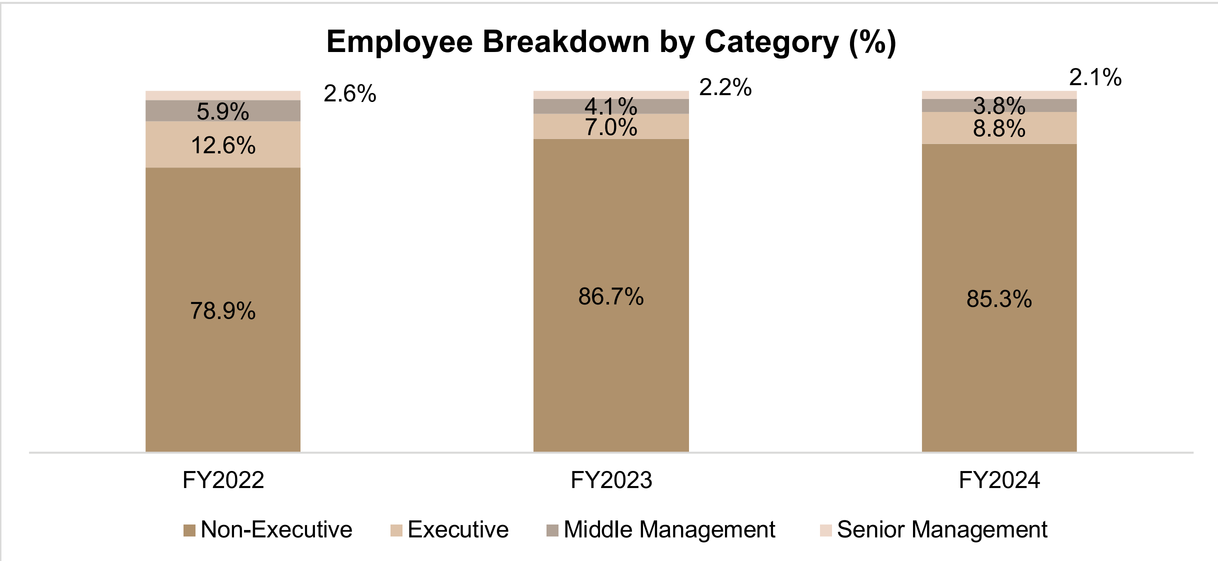


MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST







Employee Category by Gender	FY2022			FY2023			FY2024		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Non-Executive	103	296	399	88	745	833	70	725	795
Executive	38	26	64	35	32	67	49	33	82
Middle Management	5	25	30	12	28	40	7	28	35
Senior Management	6	7	13	7	14	21	6	14	20
Total	152	354	506	142	819	961	132	800	932
Percentage (%)	30.0	70.0	100.0	14.8	85.2	100.0	14.2	85.8	100.0

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Employee Category by Age Group	FY2022				FY2023				FY2024			
	<30	31-50	>50	Total	<30	31-50	>50	Total	<30	31-50	>50	Total
Non-Executive	219	176	4	399	527	300	6	833	460	326	9	795
Executive	16	43	5	64	18	43	6	67	28	47	7	82
Middle Management	1	27	2	30	8	27	5	40	1	28	6	35
Senior Management	2	5	6	13	3	11	7	21	2	12	6	20
Total	238	251	17	506	556	381	24	961	491	413	28	932
Percentage (%)	47.0	49.6	3.4	100.0	57.9	39.6	2.5	100.0	52.7	44.3	3.0	100.0

Employee Category by Nationality	FY2022			FY2023			FY2024		
	Foreign	Local	Total	Foreign	Local	Total	Foreign	Local	Total
Non-Executive	290	109	399	704	129	833	678	117	795
Executive	-	64	64	-	67	67	-	82	82
Middle Management	-	30	30	-	40	40	-	35	35
Senior Management	-	13	13	1	20	21	1	19	20
Total	290	216	506	705	256	961	679	253	932
Percentage (%)	57.3	42.7	100.0	73.4	26.6	100.0	72.9	27.1	100.0

Employee Category by Region	FY2022			FY2023			FY2024		
	MY	ID	Total	MY	ID	Total	MY	ID	Total
Non-Executive	399	-	399	796	37	833	765	30	795
Executive	64	-	64	62	5	67	69	13	82
Middle Management	30	-	30	30	10	40	31	4	35
Senior Management	13	-	13	15	6	21	15	5	20
Total	506	-	506	903	58	961	880	52	932
Percentage (%)	100.0	-	100.0	94.0	6.0	100.0	94.4	5.6	100.0

Notes:
- *Senior management refers to the top tier of the management team immediately below the Board*
- *MY: Malaysia; ID: Indonesia*

All of our employees in Malaysia operations are permanently contracted, while employees in our Indonesia operations are mostly under temporary terms. In FY2024, we have recorded 95.2% of permanent employee and 4.8% of temporary employee. The overall employee profile according to employee type are as follow:

Employee Category by Gender	FY2022			FY2023			FY2024		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent	152	354	506	134	775	909	127	760	887
Temporary	-	-	-	8	44	52	5	40	45
Total	152	354	506	142	819	961	132	800	932
Percentage (%)	30.0	70.0	100.0	14.8	85.2	100.0	14.2	85.8	100.0

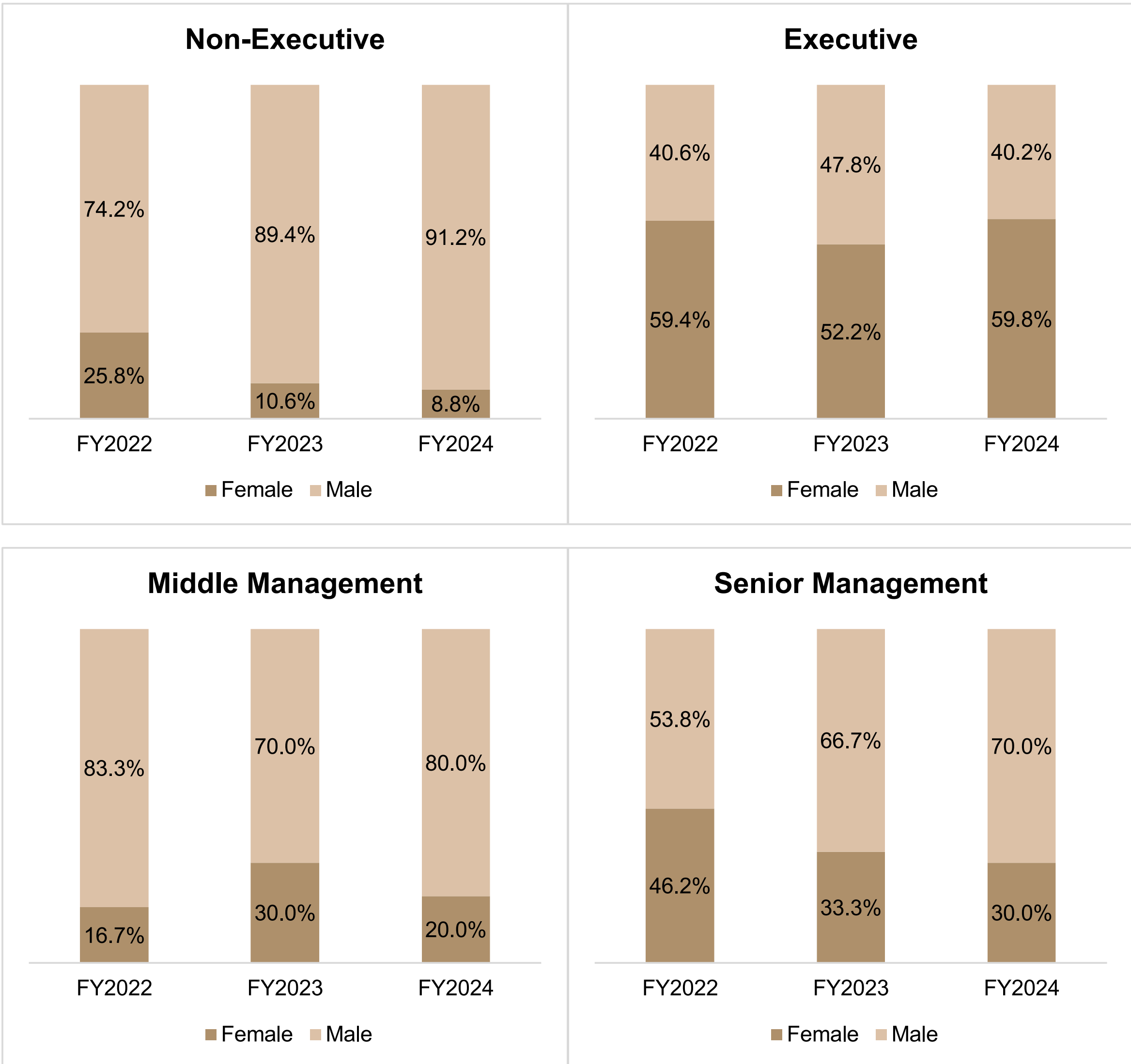
MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Employee Category by Region	FY2022			FY2023			FY2024		
	MY	ID	Total	MY	ID	Total	MY	ID	Total
Permanent	506	-	506	903	6	909	880	7	887
Temporary	-	-	-	-	52	52	-	45	45
Total	506	-	506	903	58	961	880	52	932
Percentage (%)	100.0	-	100.0	94.0	6.0	100.0	94.4	5.6	100.0

Additional breakdown by gender and age group for each employee category in FY2024 are shown below:

Gender Breakdown by Employee Category (%)



MANAGEMENT APPROACH FOR MATERIAL MATTERS

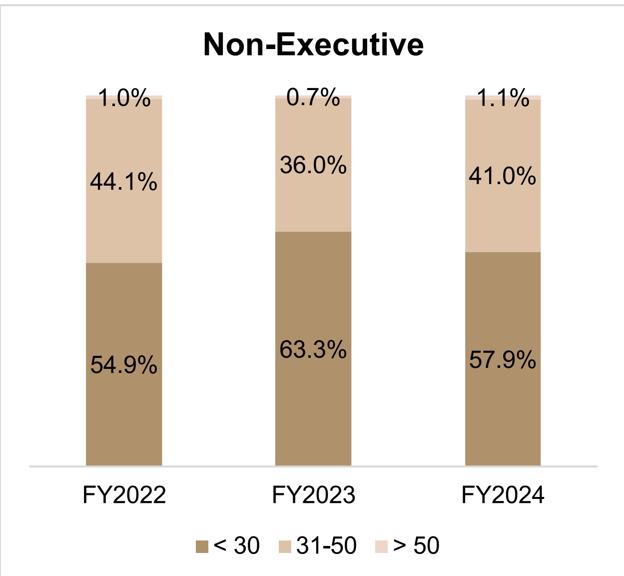
OUR FOCUS AREA: PEOPLE FIRST

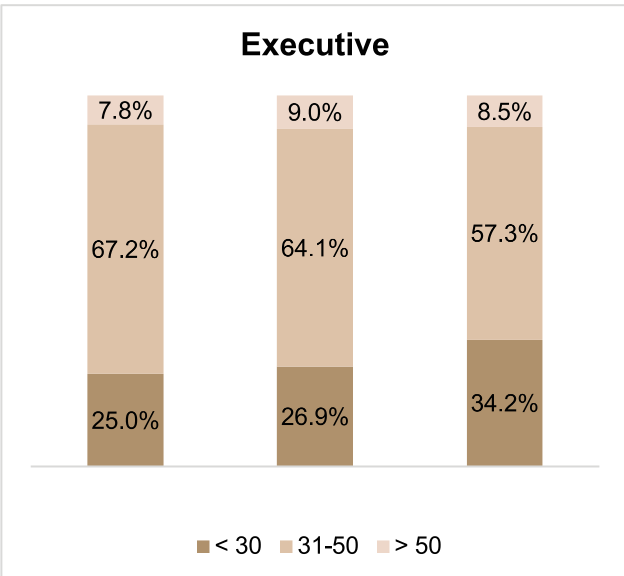
Gender by Employee Category	FY2022					
	Female	Male	Total	Percentage (%)		
				Female	Male	Total
Non-Executive	103	296	399	25.8	74.2	100.0
Executive	38	26	64	59.4	40.6	100.0
Middle Management	5	25	30	16.7	83.3	100.0
Senior Management	6	7	13	46.2	53.8	100.0
Total	152	354	506			

Gender by Employee Category	FY2023					
	Female	Male	Total	Percentage (%)		
				Female	Male	Total
Non-Executive	88	745	833	10.6	89.4	100.0
Executive	35	32	67	52.2	47.8	100.0
Middle Management	12	28	40	30.0	70.0	100.0
Senior Management	7	14	21	33.3	66.7	100.0
Total	142	819	961			

Gender by Employee Category	FY2024					
	Female	Male	Total	Percentage (%)		
				Female	Male	Total
Non-Executive	70	725	795	8.8	91.2	100.0
Executive	49	33	82	59.8	40.2	100.0
Middle Management	7	28	35	20.0	80.0	100.0
Senior Management	6	14	20	30.0	70.0	100.0
Total	132	800	932			

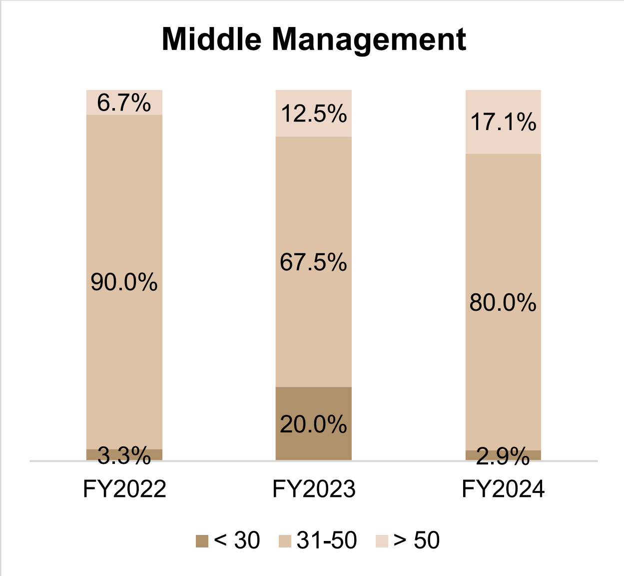
Age Group Breakdown by Employee Category (%)

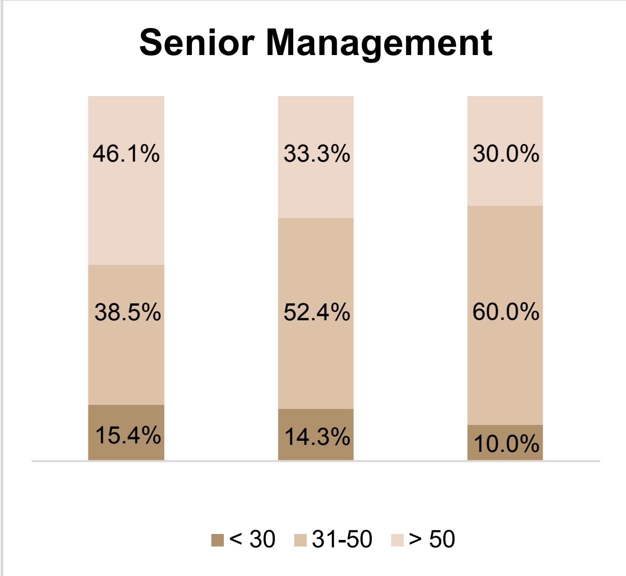




MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST





Age Group by Employee Category	FY2022							
	<30	31-50	>50	Total	Percentage (%)			
					<30	31-50	>50	Total
Non-Executive	219	176	4	399	54.9	44.1	1.0	100.0
Executive	16	43	5	64	25.0	67.2	7.8	100.0
Middle Management	1	27	2	30	3.3	90.0	6.7	100.0
Senior Management	2	5	6	13	15.4	38.5	46.1	100.0
Total	238	251	17	506				

Age Group by Employee Category	FY2023							
	<30	31-50	>50	Total	Percentage (%)			
					<30	31-50	>50	Total
Non-Executive	527	300	6	833	63.3	36.0	0.7	100.0
Executive	18	43	6	67	26.9	64.1	9.0	100.0
Middle Management	8	27	5	40	20.0	67.5	12.5	100.0
Senior Management	3	11	7	21	14.3	52.4	33.3	100.0
Total	556	381	24	961				

Age Group by Employee Category	FY2024							
	<30	31-50	>50	Total	Percentage (%)			
					<30	31-50	>50	Total
Non-Executive	460	326	9	795	57.9	41.0	1.1	100.0
Executive	28	47	7	82	34.2	57.3	8.5	100.0
Middle Management	1	28	6	35	2.9	80.0	17.1	100.0
Senior Management	2	12	6	20	10.0	60.0	30.0	100.0
Total	491	413	28	932				

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Improve Talent Attraction and Retention

New Hires

Since the Malaysian Government implemented a freeze on the recruitment of foreign workers in 2019, Pecca had been facing operational challenges due to a shortage of operators, which subsequently impacted our productivity.

In response to this situation, we had outsourced workers to fulfil our production workforce requirements. The government re-opened the application for foreign workers in February 2022, and we began recruiting foreign workers to cater to our production workforce requirements upon receiving approval from the Ministry of Home Affairs, as seen in the higher new hires rate in FY2023.

In FY2024, new hires rate normalises at 13.7% with a total of 130 new hires recorded. Pecca upholds transparency and fairness in its recruitment process without discrimination in age, gender or nationality.

New Hires	FY2022	FY2023	FY2024
Total New Hires	166	547	130
New Hires Rate	32.8%	74.6%	13.7%

New Hires	FY2022		FY2023		FY2024	
By Gender						
Female	68	41.0%	35	6.4%	35	26.9%
Male	98	59.0%	512	93.6%	95	73.1%
Total	166	100.0%	547	100.0%	130	100.0%
By Age Group						
< 30	94	56.6%	374	68.4%	64	49.2%
30-50	68	41.0%	170	31.1%	62	47.7%
> 50	4	2.4%	3	0.5%	4	3.1%
Total	166	100.0%	547	100.0%	130	100.0%
By Nationality						
Local	15	9.0%	76	13.9%	93	71.5%
Foreign	151	91.0%	471	86.1%	37	28.5%
Total	166	100.0%	547	100.0%	130	100.0%
By Region						
Malaysia	166	100.0%	539	98.5%	109	83.8%
Indonesia	-	-	8	1.5%	21	16.2%
Total	166	100.0%	547	100.0%	130	100.0%

Employee Turnover

The employee turnover rate improves further in FY2024 as we recorded an employee turnover rate of 10% in the current FY, as opposed to 20% in FY2023 and 43.6% in FY2022. We see a consistent trend in the turnover distribution over the years with higher turnover in male employees.

Pecca strived to improve our employee retention strategy, particularly local operators who shun dangerous and difficult jobs, as part of its broader human resource management and sustainability goals. Pecca will persist in providing incentives and improving employee engagement to gain deeper insights into their requirements and explore ways to foster mutually advantageous, long-term relationships.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Employee Turnover	FY2022	FY2023	FY2024
Total Employee Turnover	236	147	95
Employee Turnover Rate	43.6%	20.0%	10.0%

Employee Turnover	FY2022		FY2023		FY2024	
By Gender						
Female	78	33.1%	48	32.7%	40	42.1%
Male	158	66.9%	99	67.3%	55	57.9%
Total	236	100.0%	147	100.0%	95	100.0%
By Age Group						
< 30	122	51.7%	74	50.3%	46	48.4%
30-50	103	43.6%	72	49.0%	47	49.5%
> 50	11	4.7%	1	0.7%	2	2.1%
Total	236	100.0%	147	100.0%	95	100.0%
By Nationality						
Local	160	67.8%	95	64.6%	95	100.0%
Foreign	76	32.2%	52	35.4%	-	-
Total	236	100.0%	147	100.0%	95	100.0%
By Region						
Malaysia	236	100.0%	128	87.1%	68	71.6%
Indonesia	-	-	19	12.9%	27	28.4%
Total	236	100.0%	147	100.0%	95	100.0%

Employee Turnover by Employee Category (Malaysian Operation)	FY2024	
Non-Executive	39	57.4%
Executive	15	22.1%
Middle Management	13	19.1%
Senior Management	1	1.4%
Total	68	100.0%

<u>Fair Compensation and Benefits to All Workers</u>

Pecca offers competitive compensation and benefits to recognise the valuable contributions of all employees within the organisation. We diligently adhere to applicable regulations governing wages and benefits within the countries we operate in. All our employees are compensated based on the minimum wage law, in both region that we operate in, i.e., Malaysia and Indonesia.

Our commitment extends to practising fair compensation, ensuring that individuals with equal skills and responsibilities receive fair remuneration without any form of discrimination. This approach is crucial for both retaining our current workforce and attracting prospective talents. In addition to monetary rewards, we also extend various non-monetary benefits to our dedicated employees.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Employee Benefits		
Annual Leave	Medical Leave	Hospitalisation Leave
Maternity Leave	Paternity Leave	Compassionate Leave
Exam Leave	Emergency Disaster Leave	Medical Coverage (Inpatient and Outpatient)
Group Term Life and Personal Accident Insurances	Dental Care	Time-Off
Outstation Allowances	Travelling Allowances	Mileage Claim
Carpool Vehicles for Business Purpose	Hostel	Employee Purchase Programme
Educational Assistance	Funeral Expenses	Skills Allowance
Night Shift Allowance	Attendance Allowance	Competency Allowance
Cleanliness Competition Awards	Subsidised Beverages (Vending Machine)	In-house Clinic
Replacement Leave	Staggered Working Hours	Marriage Leave
Annual Dinner	Foreign Workers Gathering Dinner	Professional Fee Subsidy
Best Attendance Award	Best Line of the Month (Production)	Company Trip
Line Leader Allowance	Team Building	Subsidised Laundry
Company Car	Foreign Workers' Hostel with Cooling System	Subsidised Meal
Car Allowance	Company Phone and Line	Free Hot Boiling Water and Filtered Drinking Water
Public Holiday Entitlement Ehancement	Workers' Wellness Activity	

Foreign Workers Gathering Dinner

Upgraded Canteen

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

In-house Clinic

Subsidised Laundry

Parental Benefits

In accordance with local laws and regulations, Pecca provides employees parental leave without discrimination. In FY2024, Pecca has recorded a return-to-work rate of 100.0% and a retention rate of 64.3%.

Parental Leave	FY2022	FY2023	FY2024
Number of Employees Entitled to Parental Leave			
Female	39	68	49
Male	27	125	145
Total	66	193	194
Number of Employees that Took Parental Leave			
Female	3	6	11
Male	2	8	17
Total	5	14	28
Number of Employees that Returned to Work After Parental Leave Ended			
Female	3	6	11
Male	2	8	17
Total	5	14	28

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Parental Leave	FY2022	FY2023	FY2024
Number of Employees that were still Employed 12 Months After Returned to Work After Parental Leave Ended			
Female	4	2	5
Male	-	2	4
Total	4	4	9
Rate of Return to Work of Employees who Took Parental Leave			
Female	100.0%	100.0%	100.0%
Male	100.0%	100.0%	100.0%
Total	100.0%	100.0%	100.0%
Retention Rate of Employees that were still Employed 12 Months After Returned to Work After Parental Leave Ended			
Female	100.0%	66.7%	83.3%
Male	-	100.0%	50.0%
Total	100.0%	80.0%	64.3%

Zero Tolerance Policy on Human Rights Violation

At Pecca, we hold human rights as fundamental principles that underpin our commitment to treat every individual with the utmost dignity and respect. Our utmost objective is to cultivate a sustainable and comfortable working environment for all our employees.

In alignment with our values, we are unwavering in our dedication to safeguard the basic human rights of not only our employees but all stakeholders. We pledge to uphold these standards diligently to ensure compliance with both international and local regulations that safeguard the rights and interests of people. Any significant changes in operations or working conditions are communicated to employees at least one month in advance to avoid any potential negative impacts from significant operational changes.

Prohibit Child Labour and Forced Labour

The Group firmly prohibits any form of child labour or forced labour within our operations. We extend this commitment beyond our boundaries by actively encouraging our suppliers and business partners to adopt the same ethical practices. Our commitment to eliminate any kind of child labour and forced labour is clearly stated in our Company Employment Handbook and Policy.

Additionally, the Group has obtained certification for compliance with the ACT 446 from Jabatan Tenaga Kerja for our workers accommodations. As part of our initiatives to improve employees' welfare, Pecca upgraded our canteen and replaces mattresses and lockers at our hostel. We are also planning to upgrade our existing amenities, which includes offices, production floor, hostel toilet, surau, replace canteen tables and chairs, replace office chairs etc.

Freedom of Association and Collective Bargaining

The Group respects the rights of employees to freely participate in trade unions and workers' organisations, as well as collective bargaining.

Grievance Mechanism

At Pecca, we understand the importance of providing channels for our employees to voice any grievances they may have. To this end, we have established comprehensive grievance procedures that are clearly communicated to all employees through our e-Employee Handbook.

Additionally, we have made these procedures readily accessible for all employees to report any grievance incidents directly to our Human Resources department or HODs.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

In FY2024, we recorded zero incidents of human rights and labour standards.

Human Rights	FY2022	FY2023	FY2024
Number of complaints received concerning human rights violation	-	-	-
Number of discrimination incidents	-	-	-
Number of child labour incidents	-	-	-
Number of forced labour or compulsory labour incidents	-	-	-

Strengthen Team Building Initiatives

Pecca firmly believes that effective teamwork is the cornerstone of strong employee relationships, increased job satisfaction, and heightened work productivity.

To facilitate this, Pecca had organised multiple team-building activities in FY2024. This initiative aims to align, engage, and motivate team members toward achieving our Group, business unit, and departmental goals. These activities foster collaboration, job satisfaction, and productivity, nurturing an environment where our employees work together seamlessly to drive success.

In FY2024, Pecca has organised the following team building events:

- Pecca Sports Activity and Event
- Foreign Workers' Dinner
- Deepavali Celebration
- Company Incentive Trip to Da Nang, Vietnam
- Pecca Annual Dinner
- Pecca CNY Dinner, Long Service Awards, and Best Attendance Awards

Pecca Sports Activity and Event

Foreign Workers' Dinner

Deepavali Celebration

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Company Incentive Trip to Da Nang, Vietnam

Pecca Annual Dinner

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Pecca CNY Dinner and Long Service Awards

Best Attendance Awards

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Increase Community Engagement

Pecca places significant emphasis on giving back to society and contributing to the development of a sustainable community. In FY2024, Pecca demonstrated a strong commitment to CSR by significantly increasing CSR contributions. The Group's enhanced focus on CSR initiatives reflects our dedication to giving back to the communities in which we operate, aligning with our core values of social stewardship and sustainable development.

By supporting various charitable organisations, educational programmes, and community-driven projects, Pecca not only contributed to the well-being of society but also fostered a culture of inclusivity and shared prosperity. These efforts underscore the Group's ongoing commitment to create long-term positive impacts beyond business operations.

Some CSR activities we have engaged in FY2024 include:

- Multiple sponsorships to schools, universities, charitable bodies, and community events amounting to not less than RM160,000.00.
- Food donation to CSR Activity Kuantan amounting to RM42,390.00.
- Donations to local cultural and religious associations amounting to RM25,000.00.

Over the years, we continue to support our local community as reflected in our contribution to community performance data below:

CSR Activity Detail	FY2022	FY2023	FY2024
Total amount invested where the target beneficiaries are external to Pecca	RM 98,160.00	RM 77,374.10	RM230,737.20
Total number of beneficiaries of the investment in communities	1,001	1,068	2,268*

Note:
* *Includes number of beneficiaries that are not exactly available as the sponsorship/donation is made to organiser/ organisation involved, i.e., one organiser/organisation = one beneficiary.*

Promoting Volunteerism

We actively promote a culture of volunteering among our stakeholders, encouraging them to give back to society and find fulfilment in making a difference. As part of our CSR initiatives in FY2024, we continue to organise several meaningful events. Our key CSR initiatives during the year include:

- Blood donation held on 11 January 2024 to support our country's healthcare needs - about 65 of our employees volunteered to participate in blood donation for the National Blood Centre
- Gotong Royong activity held on 22 June 2024 with 110 of our employees and management team participated in the event

Blood Donation Drive

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: PEOPLE FIRST

Gotong-royong

Supporting Local Education

One of our enduring efforts revolve around supporting local talent and education by offering internship programmes for undergraduates from nearby colleges and universities. These programmes are designed to foster effective learning and provide high-quality training, equipping our youth with the skills and knowledge necessary to emerge as the future leaders of our society.

Supporting Local Infrastructures

As a responsible corporate citizen, we are proud to contribute positively to the development and well-being of the regions in which we operate. Our products and services play an important role in supporting two key pillars of infrastructure: transportation and healthcare. Pecca strives to contribute to our communities by providing high quality products and services.

<table>
<tr><th>Infrastructure Supported</th><th>Description</th><th>Impact on Local Communities</th></tr>
<tr><td>Transportation</td><td>Our automotive and aviation segment supports the transportation industry by providing and manufacturing car and aircraft seats, along with interior accessories</td><td rowspan="2">• Comfortable transportation experience
• Protect health and well-being of local community
• Reduce reliance on imports
• Support economic development through job creation
• Enhance skills and knowledge</td></tr>
<tr><td>Healthcare</td><td>Our healthcare segment supports the healthcare industry by manufacturing and supplying face masks, face shields, and PPE garments</td></tr>
</table>

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CORPORATE GOVERNANCE

Material Matter: Corporate Governance and Ethics

Related UN SDGs:

Why Is This Important?

The expanding scope of regulations necessitates continuous review of our actions to ensure the interests of both internal and external stakeholders are protected.

Our Approach and Our Performance

Regulatory Compliance

In the existing business landscape, regulations have been expanding to cover wider areas that are both general and industry specific. Our business is primarily exposed to regulatory risks coming from ABAC, as well as those under environmental and social aspects.

On corporate governance-related matters, we have established adequate Company Policies and Processes within our systems such as Board Charter, Code of Conduct, ABAC Policy, Whistle-blower Policy and Remuneration Policy, among others. These ultimately tie back to recommendations from MCCG, related requirements from the Malaysian Anti-Corruption Commission Act, and any related guidance documents. These policies and procedures have been communicated to our employees throughout the organisation, as well as our business partners and suppliers through regular communication and business dealings.

Our governing policies are reviewed and updated as and when required, and may be accessible via our corporate website: https://peccagroup.com/group/corporate-governance/.

In FY2024, we did not record any incident of non-compliance with laws and regulations.

Effective Governance through Certified Management Systems

On the environment and social related matters, we have maintained our ISO-certified systems and processes and have implemented regular review cycles and performance update meetings to ensure standards are kept. All government-defined standards of practice have been implemented and maintained to the best effect. We have also obtained a VDA 6.3 certification from the German Automotive Standard.

Recognition of our Corporate Practices and Ethics

Our commitment to good corporate ethics and top-tier quality goods and services to all our valued stakeholders can be illustrated through our awards and recognitions. Pecca strives to maintain our high standards in corporate practices and ethics.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CORPORATE GOVERNANCE

Pecca has proudly received the following recognitions and awards:

Approved Maintenance Organisation from CAAM

CIVIL AVIATION AUTHORITY OF MALAYSIA

CERTIFICATE OF APPROVAL

APPROVAL NUMBER: AMO/2017/12

Pursuant to regulation 31 of Civil Aviation Regulations 2016 and subject to the conditions specified below, the following organisation:

PECCA AVIATION SERVICES SDN BHD
No. 7, Jalan Mivo 1
Taman Perindustrian Desa Aman
52200 Kepong
WILAYAH PERSEKUTUAN KUALA LUMPUR

is approved as a **MAINTENANCE ORGANISATION**

in accordance with Civil Aviation Directive (CAD) 8 and CAD 8601

CONDITIONS:

1. The approval is limited to that specified in the Terms of Approval.
2. This approval requires compliance with the procedures specified in the latest revision of the **Maintenance Organisation Exposition**, as specified in the Terms of Approval.
3. This approval is valid whilst the approved **Maintenance Organisation** remains in compliance with CAD 8 and CAD 8601; and
4. Subject to compliance with the foregoing conditions, this approval shall remain valid until the expiry date, as specified in the Terms of Approval, unless surrendered, suspended or revoked.

AIR 2
DATO' CAPTAIN NORAZMAN BIN MAHMUD
for Civil Aviation Authority of Malaysia

Date of initial issue: 09-Mar-2016
Date of renewal: 8-May-2024
Date of revision: -
Revision number: 00

Page 1 of 2

TERMS OF APPROVAL

Approval Number: AMO/2017/12

Scope of Approval

The holder of this maintenance organisation approval has been approved to engage in maintenance and to issue maintenance release, in respect of completion of maintenance, for the aeronautical products specified in the following table.

CLASS	*RATING*	*SCOPE*
Components Other Than Complete Engines or APUs	**C6 (Equipment)**	**Components listed in the capability list ref: PCL/PAS/16 Revision 7 dated 28 Sep 2023 or later approved amendment.**

Location(s)

Locations of maintenance facilities as per Part 1.8 of the latest **Maintenance Organisation Exposition.**

Validity of Approval

a) Validity of this approval is subject to the organisation remaining in compliance with its maintenance organisation exposition ref.: **MOE/PAS/01 Issue 1 Revision 8 dated 13 Feb 2024** or later approved amendment.

b) The validity period of this approval is from **15 May 2024** to **14 May 2025.**

Page 2 of 2

Production Organisation Approval from EASA

Page 1 of 2

EASA
European Union Aviation Safety Agency

PRODUCTION ORGANISATION APPROVAL CERTIFICATE

Reference: EASA.21G.0075

Pursuant to Regulation (EU) 2018/1139 of the European Parliament and of the Council and to Commission Regulation (EU) No 748/2012 for the time being in force and subject to the condition specified below, the EUROPEAN UNION AVIATION SAFETY AGENCY hereby certifies:

Pecca Aviation Services SDN BHD
N° 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong
52200 Kuala Lumpur, Malaysia

as a production organisation in compliance with the Annex I (Part-21), Section A, Subpart G of Regulation (EU) No 748/2012, approved to produce products, parts and appliances listed in the attached approval schedule and issue related certificates using the above references.

CONDITIONS:

1. This approval is limited to that specified in the enclosed terms of approval, and
2. This approval requires compliance with the procedures specified in the approved production organisation exposition, and
3. This approval is valid whilst the approved production organisation remains in compliance with the Annex I (Part-21) of Regulation (EU) No 748/2012.
4. Subject to compliance with the foregoing conditions, this approval shall remain valid for an unlimited duration unless the approval has previously been surrendered, superseded, suspended or revoked.

Date of original issue: 11 January 2023
Date of this revision: 11 January 2023
Revision No.: 0
Signed: Olivier TRIBOUT
For the competent authority: EASA

EASA Form 55a Issue 2

EASA	**Terms of Approval**	TA: EASA.21G.0075

This document is part of Production Organisation Approval Number EASA.21G.0075 issued to:

Company name: **Pecca Aviation Services SDN BHD**

Section 1. **SCOPE OF WORK:**

PRODUCTION OF	PRODUCT/CATEGORIES
C2 Parts	Wrapping, Cutting and Sewing of Leather or Fabric of : - Aircraft Seat Dress Covers - Head Rest Covers - Armrest Covers

For details and limitations refer to the Production Organisation Exposition, Appendix 3

Section 2. **LOCATIONS:**

N° 1 Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong
52200 Kuala Lumpur, Malaysia

Section 3. **PRIVILEGES:**

The Production Organisation is entitled to exercise, within its Terms of Approval and in accordance with the procedures of its Production Organisation Exposition, the privileges set forth in 21.A.163. Subject to the following:

Prior to approval of the design of the product an EASA Form 1 may be issued only for conformity purposes.

Date of original issue:	11 January 2023	Signed: Olivier TRIBOUT
Date of this revision:	11 January 2023	
Revision No.:	0	For EASA

EASA Form 55b Issue 2

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CORPORATE GOVERNANCE

PDKM Overall Best Child Part Vendor (2023)

PDKM Overall Best Child Part Vendor (2023)

PDKM Best Vendor Award (2023)

Mitsubishi Motors Best Quality Award (2023)

Mitsubishi Motors Best Quality Award (2024)

Mitsubishi Motors Best Supplier Award (2024)

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CORPORATE GOVERNANCE

Compliance to ABAC

As a good corporate citizen, Pecca takes a strong stance of zero tolerance against corruption and bribery. To implement this principle, we have outlined an ABAC Policy that covers all Pecca's operations. Within the document, clear definitions, responsibilities and escalation methods, among others, are provided.

The Board and senior management are committed to execute business functions or performance fairly and transparently to prevent, detect and mitigate the risks of unethical practices. We encourage any such ABAC-related information from stakeholders to be reported to us via our whistle-blowing channel. With that, 100% of our operations are assessed for corruption-related risks.

Operations Assessed for Corruption-related Risks	Unit	FY2022	FY2023	FY2024
Operations assessed for corruption-related risks	Percentage	100.0%	100.0%	100.0%

In FY2024, 94.4% of our total employees, and all seven of our BODs, have been communicated on ABAC policies and procedures. The ABAC policy is also accessible to all our suppliers and business partners via our corporate website. We did not record any incidents of corruption in the current FY.

Confirmed Incidents of Corruption	Unit	FY2022	FY2023	FY2024
Confirmed incidents of corruption and action taken	Number	-	-	-

We have also provided anti-corruption training to our employees over the years. A breakdown of the percentage of employees who have received training on ABAC by employee category can be found below:

Category	Unit	FY2022	FY2023	FY2024
Senior Management	Percentage	100.0%	-	70.0%
Middle Management	Percentage	100.0%	-	88.6%
Executive	Percentage	-	-	63.4%
Non-Executive	Percentage	-	-	3.8%

Compliance to Whistle-blower Policy

The Whistle-blower Policy is intended to encourage and enable the directors, employees, and stakeholders of the Group to raise concerns about suspected and/or known malpractices, misconduct, or wrongdoings. We aim to achieve transparency in our workplace and at all levels. On top of our non-retaliation stance on whistle-blowers, anonymity is also offered to the reporter to encourage reports. Furthermore, independency of the whistle-blowing channel is also safeguarded as any of such reports may be directed to our Chairman of ARMC, with clear follow-up structures in place to ensure actions are taken where necessary.

In FY2024, we are proud to announce that we have received zero whistle-blowing cases, and we will continuously strive to ensure such the implementation of our ABAC policy is upkept in everything that we do.

Promote Board Diversity

The Diversity Policy is established to set out the Board's approach to promote diversity, which includes age, gender, ethnicity, nationality, sexual orientation, cultural background, or other personnel within Pecca. In FY2024, female representation stood at 28.6% on the Board. Pecca aims to increase the female representation in the future as recommended by the MCCG to embrace diversity on the Board level.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CORPORATE GOVERNANCE

Breakdown of the Board	Unit	FY2022	FY2023	FY2024
Total	Headcount	7	7	7
By Gender				
Female	Headcount	2	2	2
	% of the Board	28.6%	28.6%	28.6%
Male	Headcount	5	5	5
	% of the Board	71.4%	71.4%	71.4%
By Age				
<30 years	Headcount	2	1	1
	% of the Board	28.6%	14.3%	14.3%
30-50 years	Headcount	-	1	1
	% of the Board	-	14.3%	14.3%
>50 years	Headcount	5	5	5
	% of the Board	71.4%	71.4%	71.4%

Policy Commitment

Other than the policies described above, we have also embedded the following set of policies to strengthen investors' confidence and to ensure our stakeholders' interests are well protected and kept informed. All policies are regularly reviewed to ensure our Group practices high standards of governance. The overview of the Group's policies is outlined below.

Board Charter

The Board Charter sets out the roles, responsibilities, and procedures of the Board, helping maintain governance integrity and outlining how the Board can effectively oversee Pecca's specialised leather upholstery business.

Code of Ethics of Directors

This document outlines the ethical standards that directors must adhere to in company affairs. Upholding these ethics is key to maintain stakeholder trust and ensure responsible management in our specialised field of leather craftsmanship.

Director and Senior Management Remuneration Policy

Details the compensation structure for directors and senior management, with a fair and transparent remuneration policy that helps attract and retain skilled leadership which is crucial for steering Pecca's niche market activities.

Directors' Assessment Policy

Outlines the criteria and process for evaluating the performance of directors, ensuring that our leadership is aligned with Pecca's strategic goals in quality and sustainability.

Diversity Policy

Promotes diversity in hiring, promotion, and corporate governance. A diverse workforce and leadership can offer varied perspectives, enriching Pecca's creative and business strategies.

External Auditors Assessment Policy

Guides the process for evaluating and selecting external auditors, which is crucial for the credibility of our financial reporting.

Terms Of Reference - ARMC

Specifies the scope, powers, and functions of the committee responsible for audit and risk oversight. Effective risk management and auditing are vital for maintaining Pecca's reputation for quality and financial stability.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

OUR FOCUS AREA: CORPORATE GOVERNANCE

Terms Of Reference - NC

Sets the criteria and procedures for nominating directors and other key positions, ensuring that leadership roles are filled by qualified individuals capable of maintaining Pecca's core competencies.

Terms Of Reference - RC

Provides the framework for determining remuneration of directors and senior management, ensuring a consistent and transparent approach to compensation that aids in talent retention and satisfaction.

Whistle-blower Policy

Establishes protocols for safely reporting unethical or illegal activities within the Group, encouraging an open culture where employees can report concerns without fear, thus safeguarding Pecca's reputation.

ABAC Policy

Details Pecca's stance and procedures against bribery and corruption, upholding the integrity of our business transactions and preserving stakeholder trust in our specialised industry.

Directors' Fit and Proper Policy

Outlines the qualifications, experience, and suitability criteria for serving as a director, ensuring that the Board is competent and aligned with Pecca's strategic focus on quality and craftsmanship.

Personal Data Protection Notice

Describes how Pecca collects, uses, and protects personal data, ensuring compliance with data protection laws and maintaining customer and stakeholder trust. In FY2024, we did not record any incident of identified leaks, thefts, or losses of customer data.

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2022	2023	2024
Economic performance				
Economic value generated	MYR	16,500,000.00	224,000,000.00	247,100,000.00
Economic value distributed	MYR	154,800,000.00	215,300,000.00	245,200,000.00
Economic value retained	MYR	10,700,000.00	8,700,000.00	1,900,000.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	31.00	34.00	40.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	2,673.20	4,102.50	3,916.80
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	24.40	321.70	317.80
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	1,638.80	1,751.50	1,656.30
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	40.800000	29.600000	44.900000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	2.00	3,573.10	4,668.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	280.60
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	2.00	3,573.10	4,387.40
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2.20	1.20	1.80
Bursa C5(c) Number of employees trained on health and safety standards	Number	420	537	470
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior management	Hours	0	684	139
Middle management	Hours	180	1,440	1,542
Executive	Hours	855	3,062	3,548
Non-executive	Hours	182	330	933
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	5.40	4.80
Bursa C6(c) Total number of employee turnover by employee category				
Senior management	Number	0	0	1
Middle management	Number	0	0	13
Executive	Number	0	0	15
Non-executive	Number	0	0	39
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior management Under 30	Percentage	15.40	14.30	10.00
Senior management 31-50	Percentage	38.50	52.40	60.00
Senior management Above 50	Percentage	46.10	33.30	30.00
Middle management Under 30	Percentage	3.30	20.00	2.90

Internal assurance External assurance No assurance (*)Restated

ADDITIONAL INFORMATION

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2022	2023	2024
Middle management 31-50	Percentage	90.00	67.50	80.00
Middle management Above 50	Percentage	6.70	12.50	17.10
Executive Under 30	Percentage	25.00	26.90	34.20
Executive 31-50	Percentage	67.20	64.10	57.30
Executive Above 50	Percentage	7.80	9.00	8.50
Non-executive Under 30	Percentage	54.90	63.30	57.90
Non-executive 31-50	Percentage	44.10	36.00	41.00
Non-executive Above 50	Percentage	1.00	0.70	1.10
Gender Group by Employee Category				
Senior management Male	Percentage	53.80	66.70	70.00
Senior management Female	Percentage	46.20	33.30	30.00
Middle management Male	Percentage	83.30	70.00	80.00
Middle management Female	Percentage	16.70	30.00	20.00
Executive Male	Percentage	40.60	47.80	40.20
Executive Female	Percentage	59.40	52.20	59.80
Non-executive Male	Percentage	74.20	89.40	91.20
Non-executive Female	Percentage	25.80	10.60	8.80
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.40	71.40	71.40
Female	Percentage	28.60	28.60	28.60
Under 30	Percentage	28.60	14.30	14.30
31-50	Percentage	0.00	14.30	14.30
Above 50	Percentage	71.40	71.40	71.40
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	98,160.00	77,374.10	230,737.20
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,001	1,068	2,268
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior management	Percentage	100.00	0.00	70.00
Middle management	Percentage	100.00	0.00	88.60
Executive	Percentage	0.00	0.00	63.40
Non-executive	Percentage	0.00	0.00	3.80
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0

Internal assurance External assurance No assurance (*)Restated

ADDITIONAL INFORMATION

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Standards for period from 1 July 2023 to 30 June 2024.

GRI Standard	Disclosure		Reference
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	About Pecca, Pg 12 Corporate Information, Pg 26
	2-2	Entities included in the organisation's sustainability reporting	Reporting Practice, Pg 72
	2-3	Reporting period, frequency and contact point	Reporting Practice, Pg 72
	2-4	Restatements of information	No significant restatement of information.
	2-5	External assurance	Reporting Practice, Pg 72
	2-6	Activities, value chain and other business relationships	About Pecca, Pg 12 Corporate Structure, Pg 27
	2-7	Employees	Employee Welfare, Pg 126
	2-8	Workers who are not employees	Pecca does not have any workers who are not employees.
	2-9	Governance structure and composition	Directors Profile, Pg 38 Sustainability Governance, Pg 74
	2-10	Nomination and selection of the highest governance body	Corporate Governance Overview Statement, Pg 162
	2-11	Chair of the highest governance body	Directors Profile, Pg 38
	2-12	Role of the highest governance body in overseeing the management of impacts	Directors Profile, Pg 38 Sustainability Governance, Pg 74 Corporate Governance Overview Statement, Pg 162
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance, Pg 74
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, Pg 74
	2-15	Conflicts of interest	Directors Profile, Pg 38 Corporate Governance Overview Statement, Pg 162
	2-16	Communication of critical concerns	Corporate Governance and Ethics, Pg 143 Audit and Risk Management Committee Report, Pg 177 Statement on Risk Management and Internal Control, Pg 181
	2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement, Pg 162
	2-18	Evaluation of the performance of the highest governance body	Sustainability Governance, Pg 74 Corporate Governance Overview Statement, Pg 162
	2-19	Remuneration policies	Sustainability Governance, Pg 74 Corporate Governance and Ethics, Pg 143 Corporate Governance Overview Statement, Pg 162

ADDITIONAL INFORMATION

GRI CONTENT INDEX

GRI Standard	Disclosure		Reference
General Disclosures			
GRI 2: General Disclosures 2021	2-20	Process to determine remuneration	Sustainability Governance, Pg 74 Corporate Governance and Ethics, Pg 143 Corporate Governance Overview Statement, Pg 162
	2-22	Statement on sustainable development strategy	Management Discussion & Analysis, Pg 48
	2-23	Policy commitments	Corporate Governance and Ethics, Pg 143 Corporate Governance Overview Statement, Pg 162
	2-24	Embedding policy commitments	Corporate Governance and Ethics, Pg 143 Corporate Governance Overview Statement, Pg 162
	2-25	Processes to remediate negative impacts	Corporate Governance and Ethics, Pg 143 Statement on Risk Management and Internal Control, Pg 181
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance and Ethics, Pg 143
	2-27	Compliance with laws and regulations	Corporate Governance and Ethics, Pg 143
	2-28	Membership associations	Corporate Membership, Association, Industry Standards, and Accreditations, Pg 77
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, Pg 78
	2-30	Collective bargaining agreements	Employee Welfare, Pg 126
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Material Matters, Pg 80
	3-2	List of material topics	Material Matters, Pg 80
Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Performance, Pg 88
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Performance, Pg 88 Financial Statements, Pg 187
	201-2	Financial implications and other risks and opportunities due to climate change	Economic Performance, Pg 88
	201-3	Defined benefit plan obligations and other retirement plans	Financial Statements, Pg 187
	201-4	Financial assistance received from government	Financial Statements, Pg 187
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In FY2023, there were no legal actions related to anti-competitive behaviour, anti-trust, and monopoly practices.
GRI 207: Tax 2019	207-1	Approach to tax	Economic Performance, Pg 88

ADDITIONAL INFORMATION

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GRI Standard	Disclosure		Reference
General Disclosures			
GRI 207: Tax 2019	207-2	Tax governance, control, and risk management	Economic Performance, Pg 88
	207-3	Stakeholder engagement and management of concerns related to tax	Economic Performance, Pg 88
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Economic Performance, Pg 88
Procurement and Supply Chain Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Procurement and Supply Chain Management, Pg 94
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Procurement and Supply Chain Management, Pg 94
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Procurement and Supply Chain Management, Pg 94
	308-2	Negative environmental impacts in the supply chain and actions taken	Procurement and Supply Chain Management, Pg 94
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Procurement and Supply Chain Management, Pg 94
	414-2	Negative social impacts in the supply chain and actions taken	Procurement and Supply Chain Management, Pg 94
Energy Consumption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Energy Consumption, Pg 101
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy Consumption, Pg 101
	302-2	Energy consumption outside of the organisation	Energy Consumption, Pg 101
	302-3	Energy intensity	Energy Consumption, Pg 101
	302-4	Reduction of energy consumption	Energy Consumption, Pg 101
	302-5	Reductions in energy requirements of products and services	Energy Consumption, Pg 101
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy Consumption, Pg 101
	305-2	Energy indirect (Scope 2) GHG emissions	Energy Consumption, Pg 101
	305-3	Other indirect (Scope 3) GHG emissions	Energy Consumption, Pg 101
	305-4	GHG emissions intensity	Energy Consumption, Pg 101
	305-5	Reduction of GHG emissions	Energy Consumption, Pg 101
	305-6	Emissions of ozone-depleting substances (ODS)	Energy Consumption, Pg 101
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Energy Consumption, Pg 101

ADDITIONAL INFORMATION

GRI CONTENT INDEX

GRI Standard	Disclosure		Reference
Water Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Water Management, Pg 107
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Management, Pg 107
	303-2	Management of water discharge-related impacts	Water Management, Pg 107
	303-3	Water withdrawal	Water Management, Pg 107
	303-4	Water discharge	Water Management, Pg 107
	303-5	Water consumption	Water Management, Pg 107
Effluent and Waste Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Effluent and Waste Management, Pg 109
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Effluent and Waste Management, Pg 109
	301-2	Recycled input materials used	Effluent and Waste Management, Pg 109
	301-3	Reclaimed products and their packaging materials	Effluent and Waste Management, Pg 109
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity, Pg 100
	304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity, Pg 100
	304-3	Habitats protected or restored	Not applicable. Pecca does not operate in these areas.
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable. Pecca does not operate in these areas.
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Effluent and Waste Management, Pg 109
	306-2	Management of significant waste-related impacts	Effluent and Waste Management, Pg 109
	306-3	Waste generated	Effluent and Waste Management, Pg 109
	306-4	Waste diverted from disposal	Effluent and Waste Management, Pg 109
	306-5	Waste directed to disposal	Effluent and Waste Management, Pg 109
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	OHS, Pg 116
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	OHS, Pg 116
	403-2	Hazard identification, risk assessment, and incident investigation	OHS, Pg 116
	403-3	Occupational health services	OHS, Pg 116

ADDITIONAL INFORMATION

GRI CONTENT INDEX

GRI Standard	Disclosure		Reference
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	OHS, Pg 116
	403-5	Worker training on occupational health and safety	OHS, Pg 116
	403-6	Promotion of worker health	OHS, Pg 116
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	OHS, Pg 116
	403-8	Workers covered by an occupational health and safety management system	OHS, Pg 116
	403-9	Work-related injuries	OHS, Pg 116
	403-10	Work-related ill health	OHS, Pg 116
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	OHS, Pg 116
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	OHS, Pg 116
GRI: 417 Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	OHS, Pg 116
	417-2	Incidents of non-compliance concerning product and service information and labelling	OHS, Pg 16
	417-3	Incidents of non-compliance concerning marketing communications	OHS, Pg 116
Training and Education			
GRI 3: Material Topics 2021	3-3	Management of material topics	Training and Education, Pg 123
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Training and Education, Pg 123
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Training and Education, Pg 123
	404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education, Pg 123

ADDITIONAL INFORMATION

GRI CONTENT INDEX

GRI Standard	Disclosure		Reference
Employee Welfare			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employee Welfare, Pg 126
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee Welfare, Pg 126
	202-2	Proportion of senior management hired from the local community	Employee Welfare, Pg 126
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Employee Welfare, Pg 126
	203-2	Significant indirect economic impacts	Employee Welfare, Pg 126
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Employee Welfare, Pg 126
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Welfare, Pg 126
	401-3	Parental leave	Employee Welfare, Pg 126
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Employee Welfare, Pg 126
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Employee Welfare, Pg 126
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We did not identify any operations or suppliers where the right to freedom of association and collective bargaining may be at risk.
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Employee Welfare, Pg 126
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Employee Welfare, Pg 126
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	In FY2024, there were no incidents of violations involving the rights of indigenous peoples.
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Employee Welfare, Pg 126
	413-2	Operations with significant actual and potential negative impacts on local communities	Employee Welfare, Pg 126 We did not identify any operations with significant actual and potential negative impacts on local communities.

ADDITIONAL INFORMATION

GRI CONTENT INDEX

GRI Standard	Disclosure		Reference
Corporate Governance and Ethics			
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance and Ethics, Pg 143
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Corporate Governance and Ethics, Pg 143
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance and Ethics, Pg 143
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance and Ethics, Pg 143
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance and Ethics, Pg 143

ADDITIONAL INFORMATION

MATERIAL MATTERS (APPENDIX)

As we strive to create sustainable value for the organisation and our valued stakeholders, it is imperative to understand both the impact of the sustainability matters on our business and the impacts of our business practices to our stakeholders and the environment.

Our materiality assessment helps us in evaluating our key sustainability risks and opportunities to ensure that they are being managed effectively. It is a useful process that enables the Group to identify and understand the sustainability matters that may significantly impact the Group's operations and influence the decisions of our stakeholders. The assessment further guides the Group in formulating its sustainability strategies and goals. We conduct a full-scale materiality assessment every three years to engage with both our internal and external stakeholders, which allows us to identify issues that are critical to them and our business as well as to assess and realign our strategies.

In FY2023, the Group conducted a comprehensive materiality assessment that comprises of three phases: Identification, Evaluation and Prioritisation, and Review and Validation.
Pecca's Materiality Assessment Process

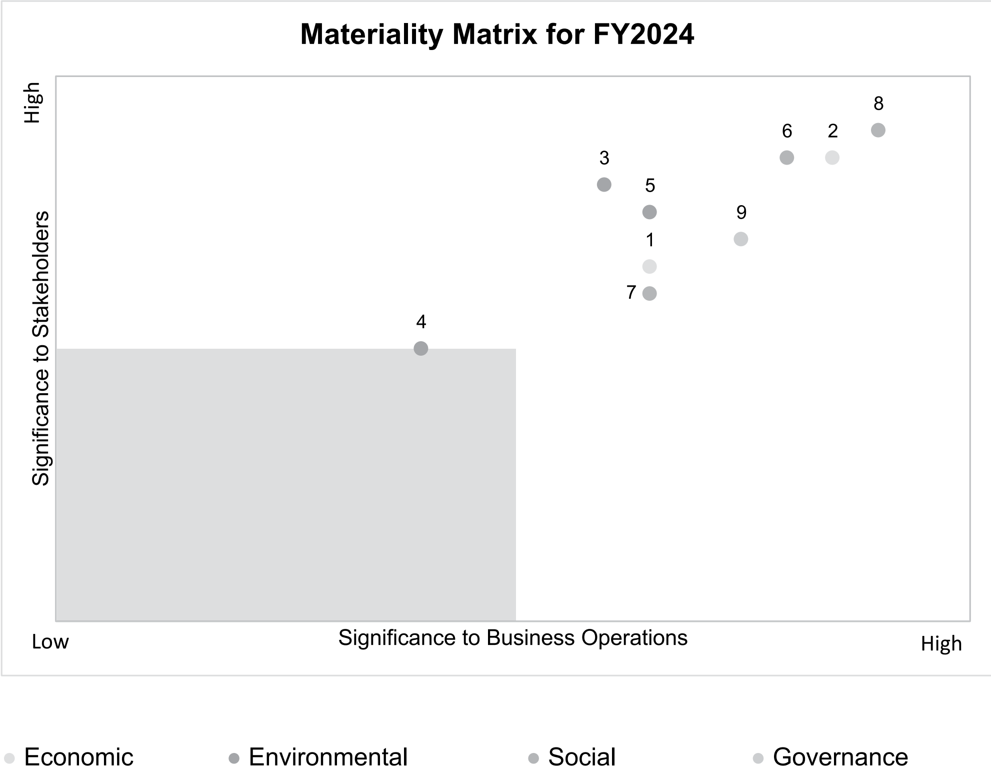
Pecca's Materiality Assessment Process

Phase 1: Identification	Phase 2: Evaluation and Prioritisation	Phase 3: Review and Validation
• Identified key stakeholders of Pecca which comprises: - Internal (i.e., the Board and employees) - External (i.e., customers, investors, suppliers, governments, and regulators as well as community) • Identified an inventory of material matters based on: - Sustainability guidelines, frameworks, and standards (Bursa Malaysia SR Guide and GRI Standards) - Analysis of current sustainability trends based on our operating environment - Peer benchmarking • Leveraged on outcomes of general external engagement across the Group via various platforms to understand their interests and concerns • As a result, a preliminary list of sustainability matters was derived	• Engaged our internal and external stakeholders via workshop and discussion • Evaluated the significance of each material matters on the Group's operations and the influence on stakeholders' decision through SWC internal discussions and stakeholder engagement • The material matters were prioritised based on 2 dimensions: - Severity and likelihood of ESG impacts to the business - Importance to stakeholders, leveraging the inputs from the discussion with stakeholders • The outcome of the prioritisation resulted in a preliminary materiality matrix	• The preliminary materiality matrix generated was reviewed by SWC to align with the Group's overall strategy • The refined materiality matrix was thereafter presented to and endorsed by the Board • Both the SWC and Board will review the materiality assessment process undertaken by Management on a yearly basis to identify any gaps that could further improve future assessments

Note:
For further information on our identified key stakeholders and their area of interest concerns, please refer to Stakeholder Engagement (pages 78 to 79).

ADDITIONAL INFORMATION

MATERIAL MATTERS (APPENDIX)



No.	Material Matters	Description
1	Economic Performance	Economic value created and distributed to stakeholders through better financial performance of the Group
2	Procurement and Supply Chain Management	Promote higher standards towards environmental and social aspects by establishing sustainable leather suppliers, streamlining procurement practices, and diversifying suppliers
3	Energy Consumption	Energy management through energy conservation initiatives
4	Water Management	Effective utilisation of water and preservation of water resources
5	Effluent and Waste Management	Initiatives to reduce, reuse, recycle, and responsibly dispose wastes
6	Occupational Health and Safety	Establishing a healthy, safe, and supportive working environment for employees by minimising potential health and safety risks
7	Training and Education	Initiatives to attract and retain talent, along with enhancing the overall productivity of the workforce
8	Employee Welfare	Ensuring employee satisfaction by offering a comprehensive range of benefits and well-being programmes
9	Corporate Governance and Ethics	Maintain and promote ethical business practices and transparency across our operations

CORPORATE GOVERNANCE & COMPLIANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of the Company is pleased to present its statement on corporate governance practices of the Company during the FY2024. The Board in leading the Company in its CG practices is guided by the principles as set out in the MCCG.

This statement is prepared in compliance with Paragraph 15.25(1) of the Bursa Malaysia MMLR and guided by Practice Note 9 of the Bursa Malaysia MMLR and the Corporate Governance Guide (4th edition) issued by Bursa Malaysia.

Detailed application of each practice of the MCCG during the FY2024 is disclosed in the Company's Corporate Governance Report which is available on the Company's website at https://peccagroup.com/ as well as via announcement on the website of Bursa Malaysia.

This Corporate Governance Overview Statement should also be read in combination with the other statements in the AR (e.g. SORMIC, ARMC Report and SS) as the application of certain governance enumerations may be more evidently expressed in the context of the respective statements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1. Establishing clear roles and responsibilities of the Board

The Group is headed by an experienced and effective Board. The Board assumes overall responsibility in leading the strategic direction, future expansion, CG, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of the business of the Group.

The Board discharges its responsibilities in the best interest of the Group and assumes the following key responsibilities in discharging its fiduciary duties: -

(a) reviews and adopts strategic plan as well as monitoring the implementation of the strategic plan by the Management;
(b) overseeing and evaluating the conduct and sustainability of the Group;
(c) implementation of appropriate internal controls and mitigating measures to address the risks identified;
(d) carrying out a periodic review of the Group's financial performance and operating results and major capital commitments; and
(e) reviews the adequacy and integrity of the internal control system.

In order to ensure the effective discharge of its stewardship role, the Board delegates some of its responsibilities to the Board Committees, namely ARMC, NC and RC which operate within defined Terms of Reference. The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committees meetings and makes recommendations to the Board for final decisions, where necessary.

Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committees through reports made by the Chairman or representative of each Board Committees and the tabling of Board Committees Minutes of the applicable period for notation by the Board. The ultimate responsibility for decision-making, however, lies with the Board.

2. Separation of positions of the Chairman and Managing Director

The Board is headed by an Independent Non-Executive Chairman who is responsible for the leadership, integrity and effectiveness of the governance of the Board. The responsibilities of the Chairman are set out in the Board Charter.

There is a clear division of roles and responsibilities between the Chairman and GMD in ensuring a balance of power and authority in the Company. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role whilst, the GMD is the conduit between the Board and Management in ensuring the success of the governance and management functions of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Board Responsibilities (Cont'd)

3. Company Secretaries

The Board is supported by qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures, CG and compliance with the relevant regulatory requirements and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required.

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance of this, every Director has access to all information within the Company and all meeting materials are prepared and issued to the Board of Directors and Board Committees members at least five (5) business days before the meetings to enable them to receive the information in a timely manner.

4. Access to Information and Advice

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors and External Auditors and may seek advice from the Management on issues under their respective purview. The Board members have full and timely access to all information within the Group and the Board papers are distributed before the Board Meetings to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meetings to discharge their duties diligently.

The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal before the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings including pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestions and the decisions made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

5. Board Charter

The Board Charter adopted by the Board serves as a source of reference and primary guide to the Board as it sets out the role, functions, composition, operation and processes of the Board. There is a schedule of matters specifically reserved for the Board's decision set out in the Board Charter.

The Board Charter delineates the duties and responsibilities of the Board, Board Committees and individual Directors, including the following matters that are solely reserved for the Board's decision: -

(a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
(b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
(c) Strategic investments, mergers and acquisitions and corporate exercises;
(d) Corporate strategic plans;
(e) Budgets;
(f) Quarterly and annual financial statements for announcements; and
(g) Corporate governance policies.

The Board Charter also serves as primary induction literature that guides newly appointed and existing Board members on the duties and functions of the Board and its Committees.

The Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect changes made to the terms of reference of the Board Committees. The Board Charter is available on the Company's website at https://peccagroup.com/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Board Responsibilities (Cont'd)

6. Code of Ethics

The Board has formalised a Code of Ethics for the Directors and adheres to the Code of Conduct expected for Directors as set out in the Company's Code of Ethics of Directors promulgated by the Companies Commission of Malaysia which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility. The Code of Ethics of Directors is available on the Company's website at https://peccagroup.com/.

7. Whistle-blower Policy

The Company has put in place a Whistle-blower Policy to strive to conduct its business relationships and dealings with the highest level of integrity and accountability and adopt a zero-tolerance approach toward any misconduct that would jeopardise its good standing and reputation. This policy is intended to encourage and enable the directors, employees and stakeholders of the Group to raise concerns about suspected and/or known malpractices, misconduct or wrongdoings. The Whistle-blower Policy is available on the Company's website at https://peccagroup.com/.

8. Anti-Bribery and Anti-Corruption Policy

The Company has adopted an ABAC Policy, which is made available on the Company's website at https://peccagroup.com/.

The Board has adopted a zero-tolerance approach against all forms of Bribery and Corruption, as defined in the ABAC Policy, and takes a strong stance against such acts. The ABAC Policy leverages on the core principles of the Company as set out in the Company's Code of Ethics of Directors. The ABAC Policy serves as a guideline on how to deal with Bribery and Corruption which may arise in the course of business.

9. Directors' Fit and Proper Policy

The Company has adopted a Directors' Fit and Proper Policy to ensure a formal and transparent process for the appointment and re-election of Directors and the appointment of Key Senior Management of the Company. The execution is delegated to the NC, which will be reviewed and approved by the Board. The Board reviews the Director's Fit and Proper Policy periodically, which is available on the Company's website at https://peccagroup.com/.

II Board Composition

1. Board Composition and Balance

The Board is well balanced, comprising experienced businessmen and qualified professionals of diverse ages and ethnicity. The Directors collectively bring with them diverse knowledge, skill, extensive experience and expertise in areas such as strategic planning, business development, finance, corporate affairs, information technology marketing and operations.

As at 30 June 2024, the Board has seven (7) members, comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors and one (1) GMD. This complies with Paragraph 15.02 of the Bursa Malaysia MMLR which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.

A brief profile of each Director is presented in the Directors Profile section of the AR.

The NC reviewed the Board and Board Committees composition in FY2024 on an annual basis. The composition of the Board comprises an appropriate balance of representation from relevant key areas that supports the sustainability efforts in the business taking into consideration the complexity and nature of the Group's businesses.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

2. Board Independence

The Board recognises that independence and objective judgement are crucial and imperative in decision-making process. The Independent Non-Executive Directors play a significant role in providing an unbiased and independent view, advice and judgement taking into account the interest of relevant stakeholders including minority shareholders of the Group.

Pursuant to Practice 5.3 of the MCCG, the tenure of an Independent Director does not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

However, the retention of Independent Directors after serving a cumulative term of nine (9) years shall be subjected to annual assessment by the NC, regarding the independence and contributions; and annual shareholders' approval through two-tier voting process in a general meeting, where the Board provides valid justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting. Notwithstanding the above, the tenure of Independent Director should not exceed a cumulative term of twelve (12) years in compliance with the Bursa Malaysia MMLR of Bursa Malaysia.

Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng have served on the Board as Independent Directors for a cumulative term of more than nine (9) years. The Board, after considering the recommendation of the NC and without the participation of Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng, resolved to retain them as Independent Directors as they bring a wealth of knowledge and experience to the Company. In addition, they provide effective checks and balances in Board proceedings and continue to exercise their independence and objective judgment in Board deliberations and Board Committee meetings.

3. Boardroom Diversity

The Board acknowledged the importance of boardroom diversity and recognises the importance of providing fair and equal opportunities and fostering diversity within the Group. The Company endeavours to have a balanced representation in terms of the mixture of skills, knowledge and experience, background, expertise, age, gender and ethnicity. The Board acknowledges the diverse Board as an essential element in maintaining competitive advantage in leveraging different perspectives to various issues raised and quality decision making, which in return contribute to the development and sustainability of the Company.

At present, the Board has two (2) female Directors which is less than 30% of the Board. The Board has adopted the Diversity Policy in May 2018. The Board with the Head of Human Resources will monitor the scope and applicability of the Diversity Policy and consider taking in addition suitable female Director with anticipation to be able to meet the 30% women directors.

4. Appointment of Directors

The NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the NC. All nominees and candidates to the Board are first considered by the NC taking into consideration, inter-alia, the competency, knowledge, expertise and experience, professionalism, integrity, time commitment of the candidates, including, where appropriate, the criteria for assessing the independence of candidates' appointment as Independent Non-Executive Directors.

In identifying candidates for appointment as Directors, the NC would use a variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely relying on the recommendations from existing Board members, the management or major shareholders.

In compliance with the Bursa Malaysia MMLR, the Company has in place a Directors' Fit and Proper Policy, which sets out the selection criteria for the appointment and/or re-election of Directors and appointment of Key Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

5. Re-election of Directors

In accordance with the Company's Constitution, an election of Directors shall take place each year at an AGM and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their last appointment or re-election. The Directors appointed by the Board during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election.

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming Fourteenth AGM:-

(a) Dato' Mohamed Suffian Bin Awang (Clause 97)
(b) Datuk Leong Kam Weng (Clause 97)
(c) Dato' Dr. Norhizan Bin Ismail (Clause 97)

At the forthcoming AGM, the aforesaid Directors have expressed their intention to seek for re-election. The NC had made recommendations to the Board on the re-election of Dato' Mohamed Suffian Bin Awang, Datuk Leong Kam Weng and Dato' Dr. Norhizan Bin Ismail. The Board is satisfied with the skills and contributions of these retiring Directors and recommends their re-election as Directors of the Company which is to be tabled at the forthcoming AGM.

6. Directors' Commitment

The Board meets on a quarterly basis with additional meetings convened where necessary to deal with urgent and important matters that require the attention of the Board. All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company as most of the Directors had attended all the Board Meetings during the financial year under review.

The Board met five (5) times during the financial year under review. The details of the Directors' attendance at the Board and Board Committees meetings during the financial year under review are set out below:-

Name	Board	ARMC	NC	RC
Dato' Mohamed Suffian Bin Awang *Independent Non-Executive Chairman*	5/5	5/5	1/1	-
Datuk Teoh Hwa Cheng *Group Managing Director*	5/5	-	-	1/1
Datin Sam Yin Thing *Executive Director*	4/5	-	-	-
Teoh Zi Yi *Executive Director*	5/5	-	-	-
Teoh Zi Yuen *Executive Director*	5/5	-	-	-
Datuk Leong Kam Weng *Independent Non-Executive Director*	5/5	5/5	1/1	1/1
Dato' Dr. Norhizan Bin Ismail *Independent Non-Executive Director*	4/5	4/5	0/1	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

7. Directors' Training

The Board acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment as well as changes to statutory requirement and regulatory guidelines.

All Directors of the Company have attended the Mandatory Accreditation Programme as prescribed in the Listing Requirements. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors continuously.

During the financial year under review, the Directors have attended the following training programmes:

Directors	Name of Seminar and Training Programmes	Organised by	Event Date
Dato' Mohamed Suffian Bin Awang	• Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirements | Understanding and Navigating Its Changes	Boardroom Corporate Services Sdn Bhd	17 October 2023
	• 2023 National Conference – IIAMNC 2023 – Future-Ready Internal Auditors: Agile, Adaptable and Forward-Thinking	The Institute of Internal Auditors Malaysia	24 October 2023
	• Mandatory Accreditation Programme Part II – Leading for Impact	Institute of Corporate Directors Malaysia	11-12 December 2023
Datuk Teoh Hwa Cheng	• Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirements | Understanding and Navigating Its Changes	Boardroom Corporate Services Sdn Bhd	17 October 2023
	• 2023 Anti-Bribery And Anti-Corruption Policy	Messrs Ling & Tan Law Chambers	24 November 2023
	• Mandatory Accreditation Programme Part II – Leading for Impact	Institute of Corporate Directors Malaysia	13-14 December 2023
Datin Sam Yin Thing	• Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirements | Understanding and Navigating Its Changes	Boardroom Corporate Services Sdn Bhd	17 October 2023
	• 2023 Anti-Bribery And Anti-Corruption Policy	Messrs Ling & Tan Law Chambers	24 November 2023
	• Mandatory Accreditation Programme Part II – Leading for Impact	Institute of Corporate Directors Malaysia	13-14 December 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

7. Directors' Training (Cont'd)

Directors	Name of Seminar and Training Programmes	Organised by	Event Date
Teoh Zi Yi	• Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirements | Understanding and Navigating Its Changes	Boardroom Corporate Services Sdn Bhd	17 October 2023
	• Understanding Commercial Agreement	Messrs Ling & Tan Law Chambers	26 October 2023
	• 2023 Anti-Bribery And Anti-Corruption Policy	Messrs Ling & Tan Law Chambers	24 November 2023
	• Mandatory Accreditation Programme Part II – Leading for Impact	Institute of Corporate Directors Malaysia	11-12 December 2023
Teoh Zi Yuen	• Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirements | Understanding and Navigating Its Changes	Boardroom Corporate Services Sdn Bhd	17 October 2023
	• 2023 Anti-Bribery And Anti-Corruption Policy	Messrs Ling & Tan Law Chambers	24 November 2023
	• Mandatory Accreditation Programme Part II – Leading for Impact	Institute of Corporate Directors Malaysia	11-12 December 2023
Datuk Leong Kam Weng	• Asia Pacific Board Leadership Centre webinar - 2023 Board and Audit Committee Priorities	KPMG Asia Pacific	6 July 2023
	• Future Board Talent in Financial Services Industry	FIDE Forum	20 July 2023
	• Conflict of Interest and Governance of Conflict of Interest	Bursa Academy	15 August 2023
	• Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	Bursa Malaysia	17 August 2023
	• Financial Masterclass - AMLA, PDPA, Cyber-Security & Integrity (Code of Ethics) & Anti-Corruption & Bribery	Money & Life Academy Sdn Bhd	26 August 2023
	• Integration of Corporate Social Due Diligence Directive	KPMG Malaysia	14 November 2023
	• AOB's Conversation with Audit Committees	Securities Commission Malaysia	27 November 2023
	• MFRS 17 Refresher Course	PwC Malaysia	27 November 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

7. Directors' Training (Cont'd)

Directors	Name of Seminar and Training Programmes	Organised by	Event Date
Datuk Leong Kam Weng (cont'd)	• Mandatory Accreditation Programme Part II – Leading for Impact	Institute of Corporate Directors Malaysia	11-12 December 2023
	• Navigating Capital Gains Tax	KPMG Malaysia	29 January 2024
	• The AI Effect on Accountants: For Better or Worse	Malaysian Institute of Accountants	30 April 2024
	• ESG, TCFD and Sustainability Reporting and Conflict of Interest	MUI Berhad	5 June 2024
Dato' Dr. Norhizan Bin Ismail	• Audit Oversight Board Conversation with Audit Committees	Securities Commission Malaysia	27 November 2023
	• Mandatory Accreditation Programme Part II – Leading for Impact	Institute of Corporate Directors Malaysia	11-12 December 2023

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at the Board meeting. The External Auditors also briefed the Board members on any current and future changes to the MFRS that affect the Group's financial statements.

8. Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These Board Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with its recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board as a whole.

(a) Audit and Risk Management Committee

The ARMC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to the internal controls, financial and accounting records and policies as well as financial reporting practices of the Group.

A copy of the Terms of Reference of the ARMC is available for viewing at the Company's website at https://peccagroup.com/.

The composition and activities of the ARMC during the financial year under review are set out in the ARMC Report of this AR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8. Board Committees (Cont'd)

(b) Nomination Committee

The NC comprises exclusively of Independent Non-Executive Directors and the composition is as follows:-

Dato' Mohamed Suffian Bin Awang (Chairman)
Independent Non-Executive Chairman

Datuk Leong Kam Weng (Member)
Independent Non-Executive Director

Dato' Dr. Norhizan Bin Ismail (Member)
Independent Non-Executive Director

The Board is of the view that all the Independent Directors of the Company are always within reach of the shareholders and issues are discussed openly at meetings, thus, shareholders may approach any of the Independent Directors of the Company. In view thereof, the Board has not nominated a Senior Independent Non-Executive Director at this juncture.

The NC assists the Board in carrying out the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution or performance of each Director. The NC also assists the Board in assessing the level of independence of the Independent Directors annually.

The principal duties and responsibilities of the NC as defined in the Terms of Reference of the NC, include but are not limited to the following: -

(i) To recommend to the Board, candidates for all directorships. The NC should consider the candidates' skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence and number of directorships, and in the case of candidates for the position of Independent Non-Executive Director, the NC should ensure the candidate meets the requirements as an Independent Non-Executive Director.
(ii) To assist the Board in carrying out an annual assessment on the effectiveness of the Board and Board Committees and the performance of each Director.
(iii) To carry out an annual review assessment on the independence of the Independent Directors.
(iv) To carry out an annual review on the mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board. This activity shall be disclosed in the AR.
(v) To make recommendations to the Board concerning the re-election and re-appointment of directors at each AGM.

A copy of the Terms of Reference of the NC, which is published and available for viewing at the Company's website at https://peccagroup.com/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8. Board Committees (Cont'd)

(b) Nomination Committee (Cont'd)

Summary of Works

During the financial year under review, the activities undertaken by the NC include: -

(i) Assessed and was satisfied with the effectiveness of the Board as a whole and the Board Committees as a whole, and the contributions of each Director.
(ii) Reviewed and was satisfied with the mix of skills, knowledge, expertise and experience, composition and size of the Board in terms of gender, ethnicity and age, as well as environmental, social and governance issues.
(iii) Assessed the independence of the Independent Directors and concluded that the Independent Directors are independent and have complied with the criteria of independence as set out in the Bursa Malaysia MMLR.
(iv) Assessed and was satisfied with the character, experience, integrity, competence and time commitment of the Directors and CEO.
(v) Assessed the fit and properness of Directors who are due for retirement by rotation and recommend Directors who are eligible to stand for re-election to the Board for recommendation to the shareholders for approval at the AGM.
(vi) Reviewed the terms of office of the ARMC and the assessment on the performance, effectiveness and financial literacy of the ARMC and members of the ARMC in discharging their duties and obligation in accordance with the terms of reference.
(vii) Discussed the training programmes for the Directors to enhance their skills and knowledge.
(viii) Recommended the changes of Board Committee members for the Board's approval.

(c) Remuneration Committee

The RC comprises exclusively of Independent Non-Executive Directors and the composition is as follows:-

Datuk Leong Kam Weng (Chairman)
Independent Non-Executive Director

Dato' Mohamed Suffian Bin Awang (Member)
Independent Non-Executive Chairman

Dato' Dr. Norhizan Bin Ismail (Member)
Independent Non-Executive Director

The RC is governed by the Terms of Reference of the RC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the RC as defined in the Terms of Reference of RC, include but are not limited to the following:-

(i) To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals.
(ii) To recommend to the Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and key management.
(iii) To review the performance of the Executive Directors and the GMD and recommend to the Board on the specific adjustments in remuneration and/or reward payments, if any, reflecting their contribution for the year.
(iv) To ensure that the level of remuneration is aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities and reflects the experience and level of responsibilities undertaken by the Directors and key senior management.
(v) To review the fees of the Directors and benefits payable to Directors including any compensation for loss of employment of the Director or former Director and recommend to the Board of Directors and thereafter to be approved at a general meeting of the Company.

A copy of the Terms of Reference of the RC is published and available for viewing at the Company's website at https://peccagroup.com/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8. Board Committees (Cont'd)

(c) Remuneration Committee (Cont'd)

Summary of Works (Cont'd)

Below is a summary of key activities undertaken by the RC:-

(i) Reviewed the Directors' fees and benefits payable to the Directors of the Company and its subsidiaries from the Thirteenth AGM ("13th AGM") until the conclusion of the next AGM and recommended the same to the Board of Directors for approval.
(ii) Reviewed the remuneration packages of the Executive Directors and Key Management of the Company and its subsidiaries and recommended the same to the Board for approval.

9. Annual Assessment on effectiveness of the Board and Individual Directors

The NC has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, the contribution and performance of each director and the performance of ARMC members on an annual basis.

The evaluation process is led by the NC Chairman who is an Independent Non-Executive Director and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its Committees and is based on self-review and peer assessment. The NC reviews the outcome of the assessment and reports to the Board, in particular, areas for improvement, and is also used as the basis for recommending relevant Director(s) for re-election at the AGM.

The NC reviews the effectiveness of the Board by taking into account the composition of the Board, time commitment, boardroom activities and the overall performance of the Board.

The NC undertakes an annual assessment on the independence of directors. When assessing independence, the NC focuses on whether the Independent Directors are able to bring independent and objective judgement and act in the best interest of the Group.

Upon its annual assessment conducted on effectiveness of the Board and Board Committees; character, experience, integrity, competence and time commitment of each Director, CEO and CFO/FC; mix of skills and experience of the Board; level of independence of the Directors; and term of office and performance of the ARMC and each of its members, the NC had concluded that the Directors have discharged their duties satisfactory. The NC was also satisfied with the performance of the Board and Board Committees. As for the balance and composition of the Board, the NC concluded that the Directors have the appropriate mix of skills, experience, knowledge and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.

III Remuneration

The RC has established a Directors and Senior Management's Remuneration Policy which is linked to the strategic performance or long-term objectives of the Company to ensure that the Company is able to attract and retain capable Directors and Senior Management to run the Group successfully. The Executive Directors' remuneration is structured to link rewards to corporate and individual performances. In the case of Non-Executive directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

In determining the remuneration of the Directors and Senior Management, the Company's objective is to provide fair and competitive remuneration to its Board and/or Senior Management in order for the Company to benefit by attracting and retaining a high-quality team. The RC is authorised by the Board to seek appropriate professional advice within and outside the Group as and when it considers necessary.

The annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors and/or Senior Management are reviewed by the RC and recommend to the Board for approval and where necessary, will be subject to shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III Remuneration (Cont'd)

Senior Management(s) who report directly to the Executive Directors are evaluated annually premised on annual measurements and targets set. Thereafter, the Executive Directors approve the remuneration of the Senior Management(s) based on their performance.

The Directors concerned abstain from deliberation and voting on their own remuneration at the Board meetings.

The remuneration of Non-Executive Directors for the financial year under review was determined by the Board as a whole, with the total quantum recommended by the Board for shareholders' approval at the AGM.

Details of Directors' remuneration for the FY2024 in respect of the Group and Company, including breakdown of remuneration in terms of fees, salaries, bonus, benefits-in-kind, allowances and others of individual Directors on a named basis, are provided under Practice 8.1 of the Corporate Governance Report 2024, which is available on the Company's website at https://peccagroup.com/.

In determining the remuneration packages of the Group's Senior Management, factors that were taken into consideration included individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration package is competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

Although the MCCG has stipulated that the Company should disclose on a named basis the top five (5) senior management's detailed remuneration including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000, the Board would like to provide for an advocacy period in the interim.

The Board has not disclosed on a named basis the top five senior management's remuneration in bands of RM50,000 as the Board is of the opinion that such disclosure may cause tension and unhealthy competition among senior management. In addition, such disclosure would not be in the best interest of the Group, given the high possibility of these employees being poached.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I ARMC

1. Composition

The ARMC is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities by monitoring the Group's management of its financial risk processes, accounting and financial reporting practices, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions.

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The ARMC Chairman, Datuk Leong Kam Weng, is the Independent Non-Executive Director and is not the Chairman of the Board. Datuk Leong Kam Weng is a Fellow of CPA Australia and a Chartered Accountant of the MIA.

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of the Company recognises as essential for an effective and independent ARMC. None of the members of the ARMC is a former key audit partner. Based on the recommendation of MCCG, the Audit Committee requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

More information on the ARMC and its activities during the financial year is set out in the ARMC Report of this AR.

2. Financial Reporting

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group, and ensuring that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I ARMC (Cont'd)

2. Financial Reporting (Cont'd)

The ARMC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the MFRS and Bursa Malaysia MMLR. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Company's financial position and prospects. The ARMC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy adequacy and completeness prior to presentation to the Board for its approval.

3. Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the external auditors through the ARMC in discussing with them on their audit plans, audit findings and financial statements. The ARMC invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the ARMC also met with the external auditors during the FY2024 without the presence of the Executive Directors, GMD and Senior Management of the Company.

The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company's external auditors and the audit fees. The ARMC carried out an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, communication and interaction and independence and objectivity.

Messrs Crowe Malaysia PLT, the External Auditors of the Company has confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the MIA.

The ARMC is satisfied with the suitability and independence of Messrs Crowe Malaysia PLT based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the FY2024.

For the FY2024, fees paid and payable to the external auditors, Messrs Crowe Malaysia PLT and its affiliated firms by the Company and the Group are stated in the table below:-

Nature of Services	Company (RM)	Group (RM)
Audit fee		
- Messrs Crowe Malaysia PLT	58,000	173,000
Non-Audit:		
- Messrs Crowe Malaysia PLT	7,000	7,000
- Local affiliates of Messrs Crowe Malaysia PLT	4,300	27,500
Total	69,300	207,500

*The amount disclosed included non-audit fees incurred for statutory tax compliance advisory services and reviewing the SORMIC and other information included in the annual report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II Risk Management and Internal Control Framework

1. Risk Management and Internal Controls

The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that not limiting to financial aspects of the business but also operational and regulatory compliance. The ARMC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Company and risk management to provide reasonable assurance against material misstatements or loss.

The SORMIC as set out in this AR provides an overview of the state of risk management and internal controls within the Group.

2. Internal Audit Function

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group.

The Group has an internal audit function which is outsourced to GovernAce Advisory & Solutions Sdn Bhd and reports directly to the ARMC. The resources and scope of work covered by the internal audit function during the financial year under review, including its observation and recommendations, is provided in the ARMC Report of this AR. Details on the person responsible for the internal audit are set out below:-

Name	: Chong Chee Seng
Qualification	: CIA, FCPA with CPA Australia, a CMIIA and Accountant registered with the MIA
Independence	: Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction	: Has no convictions for any offences within the past 5 years, other than traffic offences, or penalty if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

The ARMC meets regularly to review the risks identified, discuss on mitigation actions in place and report to the Board on a quarterly basis. Details of the internal audit function are set out in SORMIC and ARMC Report of this AR.

The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC.

Further information may be found in the SORMIC of this AR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

The Board has formalised corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures of the Group to the regulators, shareholders and stakeholders not only to comply with the disclosure requirements as stipulated in the Bursa Malaysia MMLR, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the Bursa Malaysia MMLR.

The Board has established a dedicated section for corporate information on the Company's website at https://peccagroup.com/, where information on the Company's announcements, financial information, share prices and the Company's annual report may be accessed. It also contains all announcements made to Bursa Malaysia as well as the contact details of a designated person to address any queries.

It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Malaysia' objectives of ensuring transparency and good corporate governance practices.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Malaysia and press conferences. Further updates of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.

II Conduct of General Meetings

The 13th AGM of the Company was held physically in 2023. The AGM is the principal forum for dialogue with shareholders. AGM provides an opportunity for shareholders to understand the financial and operational performance of the Company and to pose questions to the Chairman, other Directors and key management. The Chairman allocated sufficient time to encourage the shareholders, proxies and the corporate representatives to ask questions pertaining to the matters tabled at general meetings or voice any concerns. The Board, Management team and the Company's external auditors were present at the meetings to answer questions raised and provide clarification as required by the shareholders, proxies and corporate representatives.

Notice of AGM sets out the resolutions together with the Company's AR was circulated to shareholders at least twenty-eight (28) days prior to the meeting to provide shareholders with sufficient time for considerations and to make informed decisions. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. The voting at the 13th AGM was conducted through electronic poll voting of which the votes cast was validated by an independent scrutineer. The outcome of all resolutions proposed at the AGM is to be announced to Bursa Malaysia at the end of the meeting day while the minutes of the AGM shall be circulated to the shareholders not later than 30 business days after the meeting.

This Corporate Governance Overview Statement was approved by the Board of the Company on 9 October 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Pecca is pleased to present the ARMC Report for FY2024.

The ARMC's role is to carry the functions of an audit committee as set out in Paragraph 15.12 of the Bursa Malaysia MMLR and to oversee the risk management framework and policies of the Group.

Details of the composition, authority, responsibilities, and procedures of the ARMC is formalised in the Terms of Reference of the ARMC which is available on Pecca's corporate website at https://peccagroup.com/.

1. COMPOSITION

The ARMC comprises the following Independent Non-Executive Directors:
- Datuk Leong Kam Weng* - Chairman of ARMC
- Dato' Mohamed Suffian Bin Awang - Member of ARMC
- Dato' Dr. Norhizan Bin Ismail - Member of ARMC

* Member of the MIA

The ARMC Chairman, Datuk Leong Kam Weng, is a Fellow of CPA Australia and also a Chartered Accountant of the MIA. The ARMC members are equipped with the skills, experience, and competency to carry out the functions and responsibilities of the ARMC. For the financial year under review, the Board evaluated the performance and effectiveness of the ARMC via the Nomination Committee's review of the term of office and performance of the ARMC and its members and was satisfied that the ARMC members were able to and had discharged their functions and responsibilities in accordance with the Terms of Reference of the ARMC.

2. MEETINGS OF THE COMMITTEE

During the FY2024, five (5) ARMC meetings were held and the details of attendance of the meetings are as follows:

Name	Total Meeting Attended	Percentage
Datuk Leong Kam Weng	5/5	100%
Dato' Mohamed Suffian Bin Awang	5/5	100%
Dato' Dr. Norhizan Bin Ismail	4/5	80%

During the ARMC meetings, representatives of the external auditor, internal auditor, and other officers of the Group were present, only upon the ARMC's invitation, to brief the ARMC on relevant issues. The ARMC also ensured that the external and internal auditors have direct communication with the ARMC and external auditors are able to meet the ARMC without the presence of other directors or key management at least twice a year.

3. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The key activities carried out by the ARMC for FY2024 were as follows:

i. Financial Reporting

a. Reviewed the Group's unaudited quarterly financial results for the First Quarter (ended 30 September 2023), Second Quarter (ended 31 December 2023), Third Quarter (ended 31 March 2024), and Fourth Quarter (ended 30 June 2024) before recommending for the Board's approval to release the results to Bursa Malaysia. The reviews focused on, amongst others, ensuring compliance with the relevant financial reporting standards such as the MFRS and other requirements such as the Bursa Malaysia MMLR.

b. Reviewed the Company and the Group's annual audited financial statements for FY2024 together with the External Auditor, Messrs Crowe Malaysia PLT, before recommending to the Board's approval. The ARMC has obtained assurance from the External Auditor that the financial statements give a true and fair view of the financial position and financial performance of the Group and of the Company for FY2024 in accordance with the relevant financial reporting standards.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

3. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

i. Financial Reporting (Cont'd)

c. Reviewed the impact of changes and implementation of accounting policies and adoption of new accounting standards and significant matters highlighted in the financial statements.

d. The ARMC Chairman briefed the Board on key issues and considerations discussed by the ARMC when tabling the unaudited quarterly financial results and annual audited financial statements to the Board.

ii. External Audit

a. Reviewed the External Auditor's audit plan for FY2024, including the scope of work, anticipated key audit matters, reporting timelines, and the External Auditor's fees. The ARMC obtained written confirmation from the External Auditor that its engagement team members have complied with the relevant requirements regarding professional independence during the presentation of the audit plan.

b. Reviewed the External Auditor's audit results and findings for the annual audited financial statements for FY2024, including any audit or accounting issues raised. The ARMC also obtained a written confirmation from the External Auditor that its engagement team members have complied with professional independence requirements throughout the conduct of the audit engagement.

c. Conducted two private sessions with the External Auditor without the presence of the GMD, Executive Directors and Key Management of the Group to enable discussions between the ARMC and the External Auditors, amongst others, for the External Auditor to raise any other matters noted during the cause of the audit and to discuss the assistance given by the management of the Group to the External Auditor during the audit.

d. Reviewed and approved the scope, nature and fees for non-audit services by External Auditor and its affiliates before they are rendered. The review and approval processes were carried out in accordance with the Group's policy on non-audit services established to ensure non-audit services by external auditors do not compromise their objectivity and independence.

e. Assessed the suitability, objectivity, and independence of the External Auditor considering, amongst others, the competence, audit quality, and resource capacity of the External Auditor vide a formalised "Evaluation of the performance and independence of the External Auditor" and upon review and being satisfied with the results of the said assessment, the same was recommended to the Board for approval.

f. Reviewed and recommended to the Board for approval on the proposed re-appointment of Messrs Crowe Malaysia PLT as the External Auditors of the Company and authorised the Board to fix their remuneration.

iii. Internal Audit

a. Reviewed the annual internal audit plan proposed by the outsourced Internal Auditor, GovernAce Advisory & Solutions Sdn Bhd, considering, amongst others, the internal audit scope, approach, and fees.

b. Reviewed the internal audit reports presented by the Internal Auditor, including the Internal Auditor's evaluation of the internal control system, highlights of any weaknesses identified, the Internal Auditor's recommendations, and the outcome on follow-up audits pertaining to audit findings and their respective action plans arising from previous audits. The ARMC also invited the relevant Management personnel to clarify or address issues highlighted, their action plans, and status updates on the action plans, as necessary.

c. Conducted two private sessions with the Internal Auditor without the presence of GMD, Executive Directors and Key Management of the Group to enable the Internal Auditor to raise any other issues noted during the conduct of internal audit activities.

d. Reviewed the performance and effectiveness of the Internal Auditor based on, amongst others, its objectivity and independence, resources, competency, qualification, and whether internal audit activities were carried out in accordance with a recognised framework.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

3. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

iv. Review of Related Party Transactions

a. Reviewed the RPT and RRPT of the Group and the Company to ensure they are made on terms not more favourable to the related party than those generally available to the public, as well as ensuring compliance with Bursa Malaysia MMLR.

b. Reviewed Circular to Shareholders in relation to the Proposed renewal of shareholders' mandate for RRPT of revenue or trading nature and submitted its recommendation to the Board for approval.

v. Risk Management

a. Reviewed the Risk Profile of the Group on a semi-annual basis, ensuring key risks of the Group were properly managed. The Risk Profile of the Group was prepared by the Senior Management team, led by the GMD and assisted by CFO/FC, in accordance with the Group's Risk Management Policy and Procedures Manual.

b. Reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group, amongst others, through meetings with and updates by the Management, the internal audit function, and assurance by the GMD, CEO and CFO/FC.

c. Reviewed the SORMIC, which has also been reviewed by the External Auditor, and recommended it for the Board's approval for inclusion in the Company's Annual Report for FY2024.

vi. Ethical and Integrity Areas

The ARMC did not receive any report under the Group's Whistle-blower Policy, which the ARMC would take very seriously in its implementation and protection of its confidentiality as set out in the aforesaid policy.

vii. Others

a. Reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement, Corporate Governance Report, ARMC Report, Management Discussion and Analysis, and SORMIC for the inclusion in AR.

b. Reviewed and recommended for the Board's approval, the Circular to Shareholders in relation to the proposed renewal of authority for the Company to purchase its own ordinary share.

c. Reviewed the results of the financial year ended 30 June 2024, and compared it to the budgeted on a quarterly basis for financial year ended 30 June 2024.

d. Reviewed conflict of interest and potential conflict of interest of Directors and Key Senior Management to act in the best interests of the Group when a conflict of interest arises or potentially arises to ensure systematic identification disclosure, and management of conflict of interest in an effective and timely manner.

e. Reviewed the proposed dividend payout taking into consideration the cash flow requirements before recommending for Board's approval.

4. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT FUNCTIONS

The Group's internal audit function is outsourced to GovernAce Advisory & Solutions Sdn Bhd, a professional internal audit service provider which reports directly to the ARMC. The main role of the internal auditor is to provide reasonable assurance on the adequacy and operating effectiveness of the risk management and internal control system of Pecca to the Board, through the ARMC. The internal audit function is independent of the activities it audits.

The Internal Auditor adopted a risk-based approach in developing the annual internal audit plan, which was reviewed and approved by the ARMC. The Internal Auditor carried out the internal audit activities based on the approved annual internal audit plan and is guided by the International Professional Practices Framework for internal auditing issued by The Institute of Internal Auditors. The Internal Auditor has the necessary authority to carry out its internal audit work, including access to documents, systems, and personnel. In addition, the Internal Auditor also performed follow-up audits to review if the action plans agreed by Management pertaining to previous internal audit cycles have been implemented.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

4. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT FUNCTIONS (CONT'D)

The summary of activities carried out by the Internal Auditor for FY2024 are as follows:

i. Proposed the annual internal audit plan for the ARMC's approval.

ii. Performed internal audit, including internal control review on the following areas:
- Human Resource;
- Production;
- Information Technology; and
- Marketing and Sales.

iii. Performed follow-up audit on the following areas:
- Sales;
- Product Development;
- Human Resource;
- Production; and
- Information Technology.

iv. Presented the results and findings arising from the internal audit and follow-up audit activities to the ARMC, including recommendations to enhance the system of internal controls addressing the audit findings and weaknesses noted during the audit.

The ARMC discussed with the Internal Auditor for its findings and, where necessary, sought Management's clarification on the relevant matters. The ARMC took note of the findings raised by the Internal Auditor and their corresponding remedial action plans as agreed by Management, which shall be monitored for implementation and progress in following internal audit cycles.

The internal audit team which carried out the said internal audit and follow-up audit activities comprised four personnel with relevant qualifications and experience, amongst which includes the Engagement Partner who is also a Certified Internal Auditor, Fellow Certified Practising Accountant with CPA Australia, a Chartered Member of Institute of Internal Auditors Malaysia and Accountant registered with the MIA. The total cost incurred by the internal audit function of the Group in respect of FY2024 amounted to RM64,000.

This Report is dated 9 October 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This SORMIC is made pursuant to Paragraph 15.26(b) of Bursa Malaysia MMLR and the MCCG. The SORMIC outlines the nature and scope of the Group's system of risk management and internal control, including the risk management framework and processes, which have been in place for FY2024 and up to the date of approval of the SORMIC. The preparation of the SORMIC was made in consideration of the mandatory contents outlined in the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" published by Bursa Malaysia.

The Board's Responsibility and Governance Structure

The Board acknowledges its responsibility to establish a sound system of risk management and internal control to safeguard the assets of the Group and shareholders' investment. This includes the responsibility to regularly review the adequacy and operating effectiveness of the Group's system of risk management and internal control. Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any system of internal control and risk management which can only manage, rather than eliminate, risks that may impede the achievement of the Group's business objectives. Accordingly, such system can only provide reasonable but not absolute assurance against material misstatement or losses, fraud, or breaches of laws or regulations.

The Board assumes, in its Board Charter, the following duties and responsibilities which are also in line with the Principles and Practices of the MCCG:

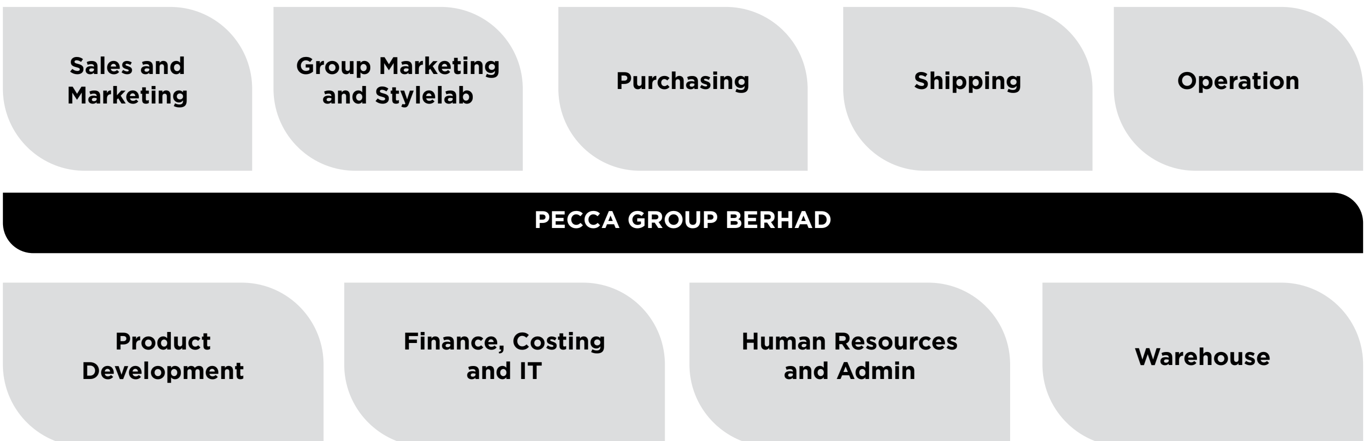
- Ensuring there is a sound framework for internal control and risk management;
- Understanding the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks; and
- Setting the risk appetite within which the Board expects the Management team to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks.

To assist the carrying out of the Board's duties and responsibilities, the ARMC is entrusted by the Board to oversee the risk management framework and policies of the Group, including overseeing the implementation and reviewing the adequacy and operating effectiveness of the Group's system of risk management and internal control and reviewing and monitoring the Group's risk profiles and the management of key risks identified from time to time. The ARMC is comprised of 3 Independent Non-Executive Directors and is supported by the Management team, led by the GMD.

The Management team includes the Executive Directors, CEO, CFO/FC, COO, and the heads of the respective business units is responsible for implementing the risk management framework and policies including the processes on risk identification, evaluation, management, monitoring, and reporting.

Risk Management

The Board recognises that an effective risk management framework enables the Group to systematically identify, evaluate, manage, and report risks. As such, the Group has established a risk management framework – formalised in the Group's Risk Management Policy and Procedures Manual – which has incorporated risk management methodology guided by international standards on risk management, i.e. ISO 31000:2018. The risk management framework is applied across the Group, including the following key functions or operating units:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board's Responsibility and Governance Structure (Cont'd)

The risk management framework provides guidance for the Group's systematic approach towards identifying, assessing, managing, and reporting risks of the Group and its operations. The Group's risks are identified and assessed taking into consideration the Group's strategic plans approved by the Board. The assessment of risks considers the potential sources of risks, their likelihood of occurrence, and impacts if they materialise. These risks are then prioritised and documented in risk registers, including the Management's action plans to address these risks as guided by the risk appetite approved by the Board. The Group's Risk Profile is prepared to present a consolidated overview of the significant risks faced by the Group and is tabled for the review, deliberation, and approval by the Board, through the ARMC. Subsequent to the approval by the Board, the Management team is responsible for implementing the action plans to mitigate risks to their desired levels as approved in the Risk Profile. The GMD provides the leadership for the Group's risk management culture, where all employees are responsible for managing the Group's risks.

The Group's risks as identified are broadly categorised as follows:

Strategic Risk	Operational Risk	Financial Risk	Compliance Risk
Risks that affect the Group or department in meeting its overall vision, mission and strategic objectives	Risks that affect the effectiveness and efficiency of the operational conditions within the Group or department in meeting its objectives	Risks that affect the financial position of the Group or department in meeting its objectives	Risks that affect the processes and effort of the Group or department in ensuring all applicable regulatory requirements are complied with

Summary of Risk Management Activities during the Financial Year

The highlights of the Group's risks management activities conducted during the financial year under review are as follows:

- The Management team performed semi-annual updates on the Group's Risk Profile, including relevant updates on the management of key risks and emerging risks. The ARMC reviewed the Group's Risk Profile which was subsequently tabled to the Board.
- The Management team updated the ARMC on their strategies and action plans for addressing changes in the Risk Profile, including emerging risks. The ARMC reviewed and deliberated on the Management's update and subsequently updated the Board. Amongst others, the emerging topics focused during the financial year include the compliance with relevant standard operating procedures set by the government to ensure smooth manufacturing activities and product shipments while keeping everyone safe.
- The ARMC reviewed the adequacy and effectiveness of the risk management and internal control system of the Group through the work of the Management, the External and Internal Auditors, and the assurance by the GMD, CEO, CFO/FC, and COO.

Internal Control System

The key elements of the Group's internal control system are as follows:

1. Organisation Structure

The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship and checks and balances. The Board, which is responsible for the overall direction, strategy, performance, and management of the Group, is governed by its Board Charter. The Board Charter sets out, amongst others, the roles and responsibilities of the Board as well as matters on which the Board reserves full decision-making powers. In providing direction and oversight, the Board is supported by the Board committees, namely the ARMC, NC, and RC. Each committee has clearly defined terms of reference and responsibilities. The Management team, led by the GMD, is delegated with the necessary authority to manage the day-to-day businesses of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control System (Cont'd)

The key elements of the Group's internal control system are as follows: (Cont'd)

2. Code of Ethics

The Group is committed to conducting business fairly, impartially and ethically and in compliance with all laws and regulations. In order to set the right tone at the top, a Code of Ethics for Directors is in place to set out the standards of ethical behaviour for Directors and to uphold the spirit of social responsibility and accountability in line with the laws, regulations, and guidelines governing a company. The Code of Ethics for Directors is applicable to all Directors of the Group and addresses topics including corporate governance, relationship with stakeholders, social and environmental responsibilities, human rights, safety, and anti-corruption, conflict of interest situations, as well as the duties, responsibilities, and professionalism of directors. The Code of Ethics for Directors also provides mechanisms to report unethical conduct and suspected violations of the code. The ethical conduct and behaviours of employees are also governed by the Group's Employees' Code of Ethics and Conduct.

3. Policies and Procedures

Standard operating policies and procedures are in place to ensure the Group's employees carry out operations and business activities in a properly guided, effective, and standardised manner. The Group's standard operating policies and procedures cover the Group's key functions including the Sales and Marketing, Group Marketing and Stylelab, Purchasing, Shipping, Operation, Product Development, Finance, Costing and IT, Human Resources and Admin, and Warehouse. The standard operating policies and procedures were developed considering, amongst others, internal controls to address risks identified and appropriate control activities such as approval, verification, reconciliation, and segregation of key conflicting functions.

4. Annual Surveillance and Process Audit

The Group's key subsidiary, Pecca Leather Sdn Bhd, is an IATF16949:2016 certified manufacturer and it also holds the ISO9001:2015, ISO14001:2015, ISO45001:2018 and ISO13485:2016 certifications. As such, the Company is subjected to annual surveillance audits by certification bodies, Kiwa International Certification (M) Sdn Bhd, a business partner of Kiwa Cermet Italy to ensure that the Company continues to meet the quality standards requirements.

The Group's aviation segment, its wholly-owned subsidiary, Pecca Aviation, is an AMO Part 145; Scope C6 and POA Part 21 ; Scope C2 certificate holder. As such, the Company is subjected to annual surveillance audits by certification bodies, CAAM and EASA to ensure that the Company continues to meet the quality standards requirements.

5. Internal Audit

The Group has engaged an independent external service provider, GovernAce Advisory & Solutions Sdn Bhd as the Internal Auditors to carry out the internal audit function in the Group by providing independent advice and assurance on the adequacy and operating effectiveness of the Group's system of risk management and internal control. In carrying out its internal audit work, the Internal Auditors are guided by the International Professional Practices Framework which is a globally recognised framework on internal auditing. The Internal Auditors are independent of the activities it audits and reports directly to the ARMC. Internal audit findings such as internal control weaknesses are highlighted to the ARMC, who will monitor the Management's action plans and progress in addressing such weaknesses. For the FY2024, 4 cycles of internal audit were carried out. Further details on the roles and activities of the internal audit function are set out in the ARMC Report on pages 177 to 180 of this AR.

6. Whistle-blower Policy

As the Group expects the highest standards of integrity, probity, transparency, and accountability from all employees to preserve and protect the Group's interests and reputation, the Group takes a serious view of any acts of wrongdoing by any of its employees. The Board has approved a Whistle-blower Policy to allow employees to raise concerns without fear of reprisals on possible improprieties in matters pertaining to, amongst others, corruption or bribery, financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate manner. The Whistle-blower Policy provides protection to the whistle-blower in the forms of identity confidentiality and against retaliation. Furthermore, the Whistle-blower Policy also provides a reporting channel to an Independent Non-Executive Director.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control System (Cont'd)

The key elements of the Group's internal control system are as follows: (Cont'd)

7. **Management Representation**

   The Board has received assurance from the GMD that the Group's risk management and internal control system are operating adequately and effectively, in all material respects during the FY2024.

8. **Strategic Business Planning Process**

   Appropriate business plans are established in which the Group's business objectives, strategies, and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis.

9. **Performance Monitoring and Reporting**

   The Management team led by the CEO, CFO/FC, COO, and the heads of the respective business units monitors and reviews financial and operational results of the Group regularly, including reporting of performance against the operating plans and targets. The Management team formulates and implements action plans to address the identified areas of concern.

   The monitoring and review will be carried out via the weekly Management meeting, bi-weekly credit control meeting, monthly Group management meeting, weekly operation meeting, weekly sales meeting, monthly forecast meeting, annual budgeting meeting and the presentation to the Board for the quarterly result against budget, annual budget and business plan, and annual SS.

The Board's Conclusion

Considering the assurance obtained from the GMD together with the input from relevant parties including the reports, findings, and feedback from the Internal Auditors, the Board is of the view that the system of risk management and internal control is adequate and operating effectively, in all material aspects, to achieve its objectives and there were no significant weaknesses which resulted in material losses, contingencies, or uncertainties that would require separate disclosure in this AR. The Board is committed to ensuring adequate measures are taken to enhance the ongoing adequacy and operating effectiveness of the system of risk management and internal control.

Review of the Statement by External Auditors

The External Auditors have reviewed this SORMIC pursuant to the scope set out in AAPG 3, Guidance for Auditors on Engagements to Report on the SORMIC included in the AR issued by the MIA for inclusion in the AR of the Group for the FY2024, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC intended to be included in the AR of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and the Management team thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the AR will, in fact, remedy the problems.

This SORMIC is approved by the Board on 9 October 2024.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements prepared for each financial year are in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 2016 so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for FY2024, the Board has:

- Adopted appropriate and relevant accounting policies which were consistently applied;
- Made judgments and used estimates that are prudent and reasonable;
- Ensured that all applicable approved accounting standards have been complied;
- Ensured that proper accounting and other records are kept to sufficiently explain the transactions recorded;
- Taken reasonable steps to prevent and detect fraud and other irregularities; and
- Prepared the audited financial statements on a going concern basis, having made inquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

This Statement was approved by the Board on 9 October 2024.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	**Company** RM'000
Profit for the financial year attributable to:-		
Owners of the Company	54,994	27,505
Non-controlling interests	27	-
	55,021	27,505

DIVIDENDS

The dividends declared, proposed and paid by the Company since the end of the previous financial year were as follows:-

	RM'000
In respect of financial year ended 30 June 2023, as reported in the directors' report of the previous financial year:	
Single-tier third interim dividend of 1.00 sen per ordinary share, paid on 29 September 2023	7,518
In respect of financial year ended 30 June 2024:	
Single-tier first interim dividend of 1.00 sen per ordinary share, paid on 8 December 2023	7,518
Single-tier second interim dividend of 1.00 sen per ordinary share, paid on 27 March 2024	7,518
Single-tier third interim dividend of 1.50 sen per ordinary share, paid on 25 July 2024	11,277
Single-tier fourth interim dividend of 1.50 sen per ordinary share, paid on 20 September 2024	11,126
	37,439

The directors do not recommend any final dividend to be paid for the financial year ended 30 June 2024.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market. The shares purchased in prior years are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 June 2024, the Company held as treasury shares a total of 216,868 of its issued and fully paid-up ordinary shares. The treasury shares are held at a carrying value of RM60,173. The details of the treasury shares are disclosed in Note 13 to the financial statements.

Subsequent to end of the financial year, the Company re-purchased additional 12,720,100 number of shares at an average purchase price of RM1.23 per share for a total consideration of RM15,437,723.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than impairment losses on machineries and written off of inventories as disclosed in Note 21 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Datuk Teoh Hwa Cheng
Datin Sam Yin Thing
Dato' Mohamed Suffian Bin Awang
Datuk Leong Kam Weng
Teoh Zi Yi
Teoh Zi Yuen
Dato' Dr. Norhizan Bin Ismail

List of Directors of Subsidiaries

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of directors of the subsidiaries (excluding directors who are also directors of the Company) during the financial year and up to the date of this report is as follows:-

Sam Chee Keng
Mudhieng Sae-tan
Phichai Witjitwarochai
Herny Pramana
Neo Hwee Leong
K Karunakaran Karuppannan
Mat Nizam Bin Mat Daron
Yeo Bee Hwan

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were directors at financial year end (including the interests of the spouses or children of the directors who themselves are not directors of the Company) as recorded in the Register of directors' shareholdings are as follows:-

	Number of ordinary shares			
	At 1.7.2023	**Bought**	**Sold**	**At 30.6.2024**
Company				
Direct Interests				
Datin Sam Yin Thing	51,861,276	100,000	-	51,961,276
Datuk Teoh Hwa Cheng	24,367,296	-	-	24,367,296
Datuk Leong Kam Weng	435,364	-	-	435,364
Dato' Mohamed Suffian Bin Awang	435,364	-	-	435,364
Teoh Zi Yi	1,293,032	-	-	1,293,032
*Indirect Interests **				
Datuk Teoh Hwa Cheng	373,075,532	-	-	373,075,532
Datin Sam Yin Thing	373,075,532	-	-	373,075,532

* Deemed interested in shares held by MRZ Leather Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

By virtue of their interest in shares of the Company, Datuk Teoh Hwa Cheng and Datin Sam Yin Thing are deemed interested in the shares of all subsidiaries disclosed in Note 5 to the financial statements to the extent that the Company has an interest.

None of the other directors holding office at 30 June 2024 had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the director to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are as follows:-

	Group RM'000	Company RM'000
Fees	372	252
Salaries, bonuses and other benefits	2,988	24
Defined contribution benefits	236	-
	3,596	276

INDEMNITY AND INSURANCE COST

The following disclosure on particulars of indemnity given to, or insurance effected for, any director or officer of the Group and of the Company is made pursuant to Section 289(7) of the Companies Act 2016:-

	Group and Company	
	Premium paid RM'000	Sum insured RM'000
Directors and Officers Liability Insurance	7	5,000

There was no indemnity given to, or insurance effected for the auditors of the Group and of the Company during the financial year.

HOLDING COMPANY

The holding company is MRZ Leather Holdings Sdn. Bhd., a company incorporated in Malaysia.

SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 5 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 5.1.1 to the financial statements.

DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration of the Group and of the Company for the financial year are as follows:-

	Group RM'000	**Company** RM'000
Audit fees	208	58
Non-audit fees	40	11
	248	69

Signed in accordance with a resolution of the directors dated 9 October 2024.

Datuk Teoh Hwa Cheng

Datin Sam Yin Thing

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Teoh Hwa Cheng and Datin Sam Yin Thing, being two of the directors of Pecca Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 200 to 255 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2024 and their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 9 October 2024.

Datuk Teoh Hwa Cheng **Datin Sam Yin Thing**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Foo Ken Nee (MIA Membership Number: 21877), being the officer primarily responsible for the financial management of Pecca Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 200 to 255 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Foo Ken Nee,
at Kuala Lumpur
in the Federal Territory
on this 9 October 2024

Foo Ken Nee

Before me

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PECCA GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pecca Group Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 200 to 255.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of inventories Refer to Note 8 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The Group has significant inventories balance of RM24,223,000 as at 30 June 2024. There is judgement involved in assessing the level of allowance required for slow-moving and obsolete inventories. Accordingly, there is a risk that allowance for slow-moving and obsolete inventories have not been adequately provided for.	Our audit procedures included, amongst others:- • We have obtained an understanding of the process on allowance for slow-moving and obsolete inventories and the design and control effectiveness over slow-moving inventories; • We have observed the physical inventory count including sighting the conditions of the inventories; • We have compared the carrying amount of the inventories to their corresponding net realisable values; • We have reviewed the slow-moving inventories by taking into consideration the ageing profile of the inventories and enquired management plan to realise the slow-moving inventories; and • We have assessed the adequacy of the allowance for slow-moving and obsolete inventories.
Impairment of healthcare segment's assets Refer to Note 3, Note 8 and Note 9 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The healthcare segment relates to the manufacturing and supply of face masks. The following are the asset classes of healthcare segment of the Group and their approximate carrying amounts after impairment loss and write down as at the end of the financial year: • Machineries RM822,000; • Inventories RM1,877,000; and • Receivables RM2,834,000 The management has performed impairment and realisable value assessments on these assets during the financial year and recognised impairment losses and inventories written off totalling RM1,641,000 to the profit or loss. We focus on this area as the impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. Hence, we determined this to be a key audit matter.	Our audit procedures included, amongst others:- • We have enquired the management on their plan for the healthcare segment; • We have reviewed the 5-year financial projection prepared by the management to assess if there is any further impairment required on the carrying value of the machineries using the value-in-use ("VIU") method; • We have assessed the reliability of the management's forecast by comparing their past trend results and actual results; • We have assessed the growth rates used by the management by comparing to industry trends; • We have checked the discount rates used by the management by comparing to comparable industry and market information; • We have evaluated whether the inventories have been written down to their net reliasable value for inventory items with net realisable value lower than their cost; • We have assessed the reasonableness of the future utilisation of the inventories based on the sales volume projected in the 5-year financial projection; • We have reviewed the ageing analysis of the receivables, as well as the collections received during and after the financial year; • We have assessed the management's view on the recoverability of overdue amount to historical patterns of collection and repayment schedule; and • We have evaluated the reasonableness and adequacy of the allowance for impairment losses recognised.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include in the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group or of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kaw Hoong Siang
03379/06/2026 J
Chartered Accountant

Kuala Lumpur

9 October 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Assets					
Property, plant and equipment	3	41,655	42,784	44	-
Right-of-use assets	4	23,617	24,469	-	-
Investments in subsidiaries	5	-	-	103,851	103,851
Other investments	6	418	419	-	-
Goodwill	7	140	140	-	-
Total non-current assets		65,830	67,812	103,895	103,851
Inventories	8	24,223	28,445	-	-
Trade and other receivables	9	42,485	54,856	13,850	9,157
Contract assets	10	7	130	-	-
Prepayments	11	1,777	1,526	30	10
Current tax assets		645	35	18	29
Cash and cash equivalents	12	153,682	111,232	32,501	37,386
Total current assets		222,819	196,224	46,399	46,582
Total assets		288,649	264,036	150,294	150,433
Equity					
Share capital	13	135,702	135,702	135,702	135,702
Reserves	13	98,142	77,108	3,146	9,472
Total equity attributable to owners of the Company		233,844	212,810	138,848	145,174
Non-controlling interests		670	410	-	-
Total equity		234,514	213,220	138,848	145,174
Liabilities					
Deferred tax liabilities	14	5,735	6,632	-	-
Lease liabilities	15	37	478	-	-
Employee benefits		42	30	-	-
Borrowings	16	4,645	5,040	-	-
Total non-current liabilities		10,459	12,180	-	-
Trade and other payables	17	22,282	19,819	169	147
Dividend payable	18	11,277	5,112	11,277	5,112
Current tax liability		7,456	6,341	-	-
Lease liabilities	15	418	534	-	-
Borrowings	16	2,243	6,830	-	-
Total current liabilities		43,676	38,636	11,446	5,259
Total liabilities		54,135	50,816	11,446	5,259
Total equity and liabilities		288,649	264,036	150,294	150,433

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

		Group		Company	
	Note	**2024** RM'000	**2023** RM'000	**2024** RM'000	**2023** RM'000
Revenue	19	242,545	221,258	27,200	19,000
Cost of sales		(146,595)	(153,499)	-	-
Gross profit		95,950	67,759	27,200	19,000
Other income		3,035	1,002	-	-
Selling and distribution expenses		(7,064)	(6,226)	-	-
Administrative expenses		(22,406)	(15,523)	(863)	(762)
Impairment loss on:					
- financial instruments		(206)	(120)	-	-
- non-financial instruments		(1,000)	(2,000)	-	-
Results from operating activities		68,309	44,892	26,337	18,238
Finance income	20	4,181	2,398	1,188	1,029
Finance costs		(339)	(343)	-	-
Profit before taxation	21	72,151	46,947	27,525	19,267
Income tax expense	22	(17,130)	(11,521)	(20)	(2)
Profit for the financial year		55,021	35,426	27,505	19,265
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of:					
- property, plant and equipment		-	7,078	-	-
- right-of-use assets		-	3,711	-	-
		-	10,789	-	-
Less: Deferred tax		-	(2,589)	-	-
		-	8,200	-	-
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences on foreign operations		(153)	110	-	-
Actuarial loss on employment benefit		(7)	(2)	-	-
		(160)	108	-	-
Other comprehensive income for the financial year, net of tax		(160)	8,308	-	-
Total comprehensive income for the financial year		54,861	43,734	27,505	19,265

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Profit attributable to:-					
Owners of the Company		54,994	35,404	27,505	19,265
Non-controlling interests		27	22	-	-
Profit for the financial year		55,021	35,426	27,505	19,265
Total comprehensive income attributable to:-					
Owners of the Company		54,865	43,694	27,505	19,265
Non-controlling interests		(4)	40	-	-
Total comprehensive income for the financial year		54,861	43,734	27,505	19,265
Basic and diluted earnings per ordinary share (sen)	23				
- basic		7.32	4.71		
- diluted		7.32	4.71		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

		Attributable to owners of the Company									
		Non-distributable					*Distributable*				
Group	**Note**	**Share capital** RM'000	**Treasury shares** RM'000	**Merger deficit** RM'000	**Translation reserve** RM'000	**Revaluation reserve** RM'000	**Other reserve** RM'000	**Retained earnings** RM'000	**Total** RM'000	**Non-controlling interests** RM'000	**Total equity** RM'000
At 1 July 2023		135,702	(60)	(60,822)	100	18,965	(2)	118,927	212,810	410	213,220
Profit after taxation for the financial year		-	-	-	-	-	-	54,994	54,994	27	55,021
Other comprehensive income for the financial year:											
- actuarial loss on employment benefits		-	-	-	-	-	(5)	-	(5)	(2)	(7)
- foreign currency translation differences on foreign operations		-	-	-	(124)	-	-	-	(124)	(29)	(153)
Total comprehensive income for the financial year		-	-	-	(124)	-	(5)	54,994	54,865	(4)	54,861
Dividend distributions to owners of the Company	24	-	-	-	-	-	-	(33,831)	(33,831)	-	(33,831)
Effect of change in equity interest held in subsidiaries		-	-	-	-	-	-	-	-	264	264
At 30 June 2024		135,702	(60)	(60,822)	(24)	18,965	(7)	140,090	233,844	670	234,514

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

Group	Note	*Attributable to owners of the Company* / *Non-distributable* Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	*Distributable* Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2022		135,702	(60)	(60,822)	8	10,765	-	104,272	189,865	(72)	189,793
Profit after taxation for the financial year		-	-	-	-	-	-	35,404	35,404	22	35,426
Other comprehensive income for the financial year:											
- actuarial loss on employment benefits		-	-	-	-	-	(2)	-	(2)	-	(2)
- revaluation of land and buildings		-	-	-	-	8,200	-	-	8,200	-	8,200
- foreign currency translation differences on foreign operations		-	-	-	92	-	-	-	92	18	110
Total comprehensive income for the financial year		-	-	-	92	8,200	(2)	35,404	43,694	40	43,734
Dividend distributions to owners of the Company	24	-	-	-	-	-	-	(20,749)	(20,749)	-	(20,749)
Non-controlling interest arising from acquisition of a new subsidiary		-	-	-	-	-	-	-	-	442	442
At 30 June 2023		135,702	(60)	(60,822)	100	18,965	(2)	118,927	212,810	410	213,220

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

		Attributable to owners of the Company			
		Non-distributable		*Distributable*	
Company	**Note**	**Share capital** RM'000	**Treasury shares** RM'000	**Retained earnings** RM'000	**Total equity** RM'000
At 1 July 2022		135,702	(60)	11,016	146,658
Profit and total comprehensive income for the financial year		-	-	19,265	19,265
Dividend distributions to owners of the Company	24	-	-	(20,749)	(20,749)
At 30 June 2023/1 July 2023		135,702	(60)	9,532	145,174
Profit and total comprehensive income for the financial year		-	-	27,505	27,505
Dividend distributions to owners of the Company	24	-	-	(33,831)	(33,831)
At 30 June 2024		135,702	(60)	3,206	138,848

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from/(for) operating activities					
Profit before taxation		72,151	46,947	27,525	19,267
Adjustments for:					
Depreciation of:					
- property, plant and equipment	3	4,669	4,223	6	-
- right-of-use assets	4	797	636	-	-
Dividend income		-	-	(27,200)	(19,000)
Finance income	20	(4,181)	(2,398)	(1,188)	(1,029)
Finance costs		339	343	-	-
Gain on disposal of plant and equipment		(258)	(30)	-	-
Inventories:	8				
- written down		-	750	-	-
- written off		1,017	-	-	-
Impairment losses on:					
- plant and machineries		1,000	2,000	-	-
- trade receivables		206	120	-	-
Loss on derecognition of lease liabilities		-	11	-	-
Property, plant and equipment written off		18	151	-	-
Unrealised loss/(gain) on foreign exchange	21	83	(349)	-	-
Operating profit/(loss) before working capital changes		75,841	52,404	(857)	(762)
Changes in inventories		3,170	360	-	-
Changes in trade and other receivables		11,868	(6,951)	440	(1,111)
Changes in contract assets		123	207	-	-
Changes in prepayments		(251)	1,761	(20)	-
Changes in trade and other payables		3,045	(115)	22	(62)
Changes in post-employment benefits		5	5	-	-
Cash generated from/(for) operations		93,801	47,671	(415)	(1,935)
Net income tax paid		(17,512)	(7,668)	(9)	(2)
Interest paid		(339)	(343)	-	-
Net cash from/(for) operating activities		75,950	39,660	(424)	(1,937)
Cash flows (for)/from investing activities					
Acquisition of property, plant and equipment	3	(4,738)	(4,086)	(50)	-
Net cash on acquisition of a subsidiary		-	(995)	-	-
Subscription for shares in a new subsidiary		-	-	-	(1)
Proceeds from disposal of property, plant and equipment		369	337	-	-
Advances to subsidiaries		-	-	(1,133)	-
Dividends received		-	-	23,200	26,271
Interests received		4,181	2,398	1,188	1,029
Net cash (for)/from investing activities		(188)	(2,346)	23,205	27,299

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

	Note	Group 2024	Group 2023	Company 2024	Company 2023
		RM'000	RM'000	RM'000	RM'000
Cash flows for financing activities					
Dividends paid		(27,666)	(15,637)	(27,666)	(15,637)
Payment of lease liabilities		(523)	(716)	-	-
Net (repayment of)/drawdown from borrowings		(4,982)	2,986	-	-
Net cash for financing activities		(33,171)	(13,367)	(27,666)	(15,637)
Net increase/(decrease) in cash and cash equivalents		42,591	23,947	(4,885)	9,725
Effects of foreign exchange translation		(141)	477	-	-
Cash and cash equivalents at the beginning of financial year		111,232	86,808	37,386	27,661
Cash and cash equivalents at the end of financial year	12	153,682	111,232	32,501	37,386

Cash outflows for leases as a lessee

Group	**2024** RM'000	**2023** RM'000
Included in net cash for operating activities:		
Interest paid in relation to lease liabilities	10	13
Included in net cash for financing activities:		
Payment of lease liabilities	523	716
Total cash outflow for leases	533	729

Reconciliation of movement in lease liabilities to cash flows arising from financing activities:

Group	**At 1 July 2023** RM'000	**Acquisition of new lease** RM'000	**Exchange differences** RM'000	**Net changes from financing cash flows** RM'000	**At 30 June 2024** RM'000
Lease liabilities	1,012	-	(34)	(523)	455

Reconciliation of movement in borrowings to cash flows arising from financing activities:

Group	**At 1 July 2023** RM'000	**(Repayment)/ Drawdown** RM'000	**At 30 June 2024** RM'000
Term loan	5,670	(630)	5,040
Trade financing	6,200	(5,001)	1,199
Hire purchase payables	-	649	649
	11,870	(4,982)	6,888

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Pecca Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:-

Principal place of business
No. 1, Jalan Perindustrian Desa Aman 1A
Industri Desa Aman, Kepong
52200 W.P. Kuala Lumpur

Registered office
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

Holding company
The holding company is MRZ Leather Holdings Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements of the Group and of the Company as at and for the financial year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as the "Company"). The financial statements of the Group and of the Company as at and for the financial year ended 30 June 2024 do not include other entities.

Principal activities
The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 9 October 2024.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

1.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 17 Insurance Contracts
Amendments to MFRS 17: Insurance Contracts
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101: Disclosure of Accounting Policies
Amendments to MFRS 108: Definition of Accounting Estimates
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statement of the Group except as follows:-

Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group has made updates to the accounting policies presented in Note 2 to the financial statements in line with the amendments.

1.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard sets out the new requirements for the presentation and disclosure of information in the primary financial statements and notes. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 3 to the financial statements.

(b) Property, Plant and Equipment and Right-of-Use Assets under Revaluation

Certain properties of the Group held under property, plant and equipment and right-of-use assets are reported at revalued amounts which are based on valuations performed by independent professional valuers. The valuers used judgement in determining the factors used in the valuation process and have also applied judgement in estimating prices for not readily observable external parameters by reference to the selling prices of recent transactions and asking prices of similar properties of nearby locations and where necessary, adjusting for tenure, location, size, market trends and others. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of related properties and right-of-use assets measured at revaluation as at the reporting date are disclosed in Note 3 and Note 4 to the financial statements.

(c) Impairment of Property, Plant and Equipment and Right-of-Use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 3 and Note 4 to the financial statements.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Note 9 and Note 10 to the financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date are disclosed in Note 9 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2.2 Financial Instruments

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.2 Financial Instruments (Cont'd)

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

Treasury Shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

2.3 Goodwill

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

2.4 Investment in Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.5 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are subsequently measured at valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its land and buildings every five (5) years and at a shorter interval whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to their revaluation are stated in the financial statements at costs until the next revaluation exercise.

Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Buildings	50 years
Plant and machineries	3 - 10 years
Motor vehicles	5 years
Office equipment	4 - 10 years
Furniture and fittings	10 years
Computer	2 - 5 years
Renovation	3 - 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated until such time when the asset is available for use.

2.6 Right-Of-Use Assets and Lease Liabilities

(a) Short-term Leases and Leases of Low-value Assets

The Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 Right-Of-Use Assets and Lease Liabilities (Cont'd)

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:-

- Raw materials: purchase costs of leather and certain non-leather materials purchased in batches are on first-in first-out basis while other materials are on weighted average basis.

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

3. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Plant and machineries	Motor vehicles	Office equipment	Furniture and fittings	Computers	Renovation	Construction work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation									
At 1 July 2022	19,121	25,175	3,988	1,810	4,089	4,664	11,665	501	71,013
Acquisition of a new subsidiary	-	965	-	81	-	-	-	-	1,046
Additions	-	2,470	-	140	203	649	453	171	4,086
Disposals	-	(1,151)	-	-	-	(65)	-	-	(1,216)
Written off	-	(2,545)	-	(1)	-	(2,945)	-	-	(5,491)
Reclassification	-	323	-	-	-	-	-	(323)	-
Adjustment on revaluation	6,229	-	-	-	-	-	-	-	6,229
Exchange rate	-	55	-	3	-	-	-	-	58
At 30 June 2023/1 July 2023	25,350	25,292	3,988	2,033	4,292	2,303	12,118	349	75,725
Additions	-	854	2,825	125	48	711	149	26	4,738
Disposals	-	-	(1,385)	-	-	(15)	-	-	(1,400)
Written off	-	(105)	-	-	-	-	-	-	(105)
Exchange rate	-	(105)	-	(10)	-	-	(36)	-	(151)
At 30 June 2024	25,350	25,936	5,428	2,148	4,340	2,999	12,231	375	78,807

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 July 2022	468	15,260	3,025	1,455	3,130	4,167	5,495	-	33,000
Acquisition of a new subsidiary	-	698	-	74	-	-	-	-	772
Depreciation for the financial year	381	2,004	301	109	190	395	843	-	4,223
Disposals	-	(844)	-	-	-	(65)	-	-	(909)
Written off	-	(2,401)	-	(1)	-	(2,938)	-	-	(5,340)
Adjustment on revaluation	(849)	-	-	-	-	-	-	-	(849)
Exchange rate	-	41	-	3	-	-	-	-	44
At 30 June 2023/1 July 2023	-	14,758	3,326	1,640	3,320	1,559	6,338	-	30,941
Depreciation for the financial year	507	2,025	460	152	193	388	944	-	4,669
Disposals	-	-	(1,286)	-	-	(3)	-	-	(1,289)
Written off	-	(87)	-	-	-	-	-	-	(87)
Exchange rate	-	(67)	-	(7)	-	-	(8)	-	(82)
At 30 June 2024	507	16,629	2,500	1,785	3,513	1,944	7,274	-	34,152

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Construction work-in-progress RM'000	Total RM'000
Impairment loss									
At 1 July 2022	-	-	-	-	-	-	-	-	-
Addition	-	2,000	-	-	-	-	-	-	2,000
At 30 June 2023/1 July 2023	-	2,000	-	-	-	-	-	-	2,000
Addition	-	1,000	-	-	-	-	-	-	1,000
At 30 June 2024	-	3,000	-	-	-	-	-	-	3,000
Carrying amounts									
At 30 June 2023	25,350	8,534	662	393	972	744	5,780	349	42,784
At 30 June 2024	24,843	6,307	2,928	363	827	1,055	4,957	375	41,655

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	**Computers** RM'000
Cost	
At 1 July 2023	-
Additions	50
At 30 June 2024	50
Accumulated depreciation	
At 1 July 2023	-
Additions	6
At 30 June 2024	6
Carrying amount	
At 30 June 2023	-
At 30 June 2024	44

In the previous financial year, the buildings have been revalued by an independent professional valuer in June 2023. The market values of these properties were determined by the valuer using the comparison and cost method based on the nature of the properties and the availability of suitable evidence. Surplus of RM5,380,000 arising from the revaluation, net of deferred tax, has been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

Had the buildings been carried at historical cost less accumulated depreciation, the carrying amount of the buildings that would have been included in the financial statements at the end of the financial year would be as follows:-

Group	**2024** RM'000	**2023** RM'000
Buildings		
At cost	17,161	17,161
Accumulated depreciation	(5,013)	(4,677)
	12,148	12,484

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Fair Value Information

Fair value of the buildings are categorised as follows:-

	Level 3	
Group	**2024**	**2023**
	RM'000	RM'000
Buildings	25,350	25,350

Policy on Transfer between Levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. As of the financial year end, there has been no transfer between all levels of fair value.

Valuation Process Applied by the Group

Level 3 Fair Value

Level 3 fair value is estimated using inputs with significant adjustments for the buildings. Fair values of buildings have been generally derived using the comparison and cost method.

Under the comparison method, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant unobservable input into this valuation approach is price per square foot of comparable properties.

Under the cost method, the building value is determined by the building layout, design and specification, cost of construction and depreciation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

4. RIGHT-OF-USE ASSETS

Group	Leasehold land	Buildings	Storage	Motor vehicle	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2022	19,716	-	320	-	20,036
Addition	-	1,018	324	28	1,370
Depreciation	(227)	(59)	(347)	(3)	(636)
Adjustment for revaluation	3,711	-	-	-	3,711
Derecognition due to lease modification	-	-	(11)	-	(11)
Exchange differences	-	(1)	-	-	(1)
At 30 June 2023/1 July 2023	23,200	958	286	25	24,469
Depreciation	(273)	(327)	(191)	(6)	(797)
Exchange differences	-	(55)	-	-	(55)
At 30 June 2024	22,927	576	95	19	23,617

The leasehold land is amortised over the lease terms ranging from 90 to 99 years.

In the previous financial year, the leasehold land was revalued by an independent professional valuer in June 2023. The market value of the land was determined by the valuer using the comparison method based on the nature of the properties and the availability of suitable evidence. The surplus of RM2,820,000 arising from the revaluation, net of deferred tax, had been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

Had the leasehold land been carried at historical cost less accumulated depreciation, the carrying amount of the leasehold land would have been included in the financial statements at the end of the financial year would be as follows:-

Group	2024	2023
	RM'000	RM'000
Leasehold land		
At cost	13,352	13,352
Accumulated depreciation	(961)	(804)
	12,391	12,548

The Group has leased a number of office buildings for a period from 2 to 3 (2023 - 2 to 3) years, with an option to renew the lease after that date. The Group is not allowed to sublease the office buildings.

The Group leases storage that runs for a period of two years, with an option to renew the lease after that date.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

4. RIGHT-OF-USE ASSETS (CONT'D)

Fair Value Information

Fair value of the leasehold land is categorised as follows:-

	Level 3	
Group	**2024** RM'000	**2023** RM'000
Leasehold land	23,200	23,200

Policy on Transfer between Levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. As of the financial year end, there has been no transfer between all levels of fair value.

Valuation Process Applied by the Group

Level 3 Fair Value

Level 3 fair value is estimated using inputs with significant adjustments for the leasehold land. Fair value of leasehold land has been generally derived using the comparison method.

Under the comparison method, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant unobservable input into this valuation approach is price per square foot of comparable properties.

5. INVESTMENTS IN SUBSIDIARIES

Company	**2024** RM'000	**2023** RM'000
Cost of investment	103,962	103,961
Subscription for shares in a new subsidiary	-	1
	103,962	103,962
Less: Impairment losses	(111)	(111)
	103,851	103,851

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2024 %	2023 %
Evolusi Mobiliti Sdn. Bhd. ("EMSB")#	Malaysia	Import of motor vehicles, logistics services, vehicle pre-delivery inspection (PDI) and other related services to vehicles at its PDI centre and sale of contractual vehicles.	30.00	30.00
Pecca Aviation Services Sdn. Bhd. ("PAviation")	Malaysia	Manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products for commercial and private aircrafts.	100.00	100.00
Pecca Leather Sdn. Bhd. ("PLeather")	Malaysia	Styling, manufacturing, distribution and installation of leather car seat covers, supply of leather cut pieces to the automotive upholstery industry and other services related to the automotive upholstery industry and manufacturing and distribution of healthcare products.	100.00	100.00
PT Pecca Gemilang Indonesia (formerly known as PT Gemilang Maju Kencana ("PT Gemilang")*	Indonesia	Manufacturing and supply of upholstery leather car seat wrapping and seat cover.	80.00	80.02
Pecca EV Sdn. Bhd. ("Pecca EV")	Malaysia	Dormant.	100.00	100.00
Pecca Leather (Thailand) Company Limited ("PThailand")*##	Thailand	Dormant.	49.00/ 82.77	49.00/ 82.77
Pecca Plus Sdn. Bhd.	Malaysia	Dormant.	100.00	100.00

* Audited by a firm other than Crowe Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Although the Group owns less than half of the ownsership interest in EMSB, the directors have determined that the Group has de facto control over this entity on the basis that the Group:

i) is exposed, or has rights, to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity; and

ii) has the operational knowledge and financial means to direct the activities of the entity that significantly affect the investee's return.

Although the Group owns less than half of the ownership interest in PThailand, the directors have determined that the Group controls this entity on the basis that the Group:

i) possesses 2,450 Class A shares with 5 voting rights per share which translates to a majority voting rights of 83% over PThailand;

ii) is exposed, or has rights, to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity; and

iii) has current ability to direct the activities of the entity that significantly affect the investee's return.

5.1 Significant changes to investments in subsidiaries:-

5.1.1 During the financial year:-

On 2 April 2024, PT Gemilang has increased its authorised, issued and fully paid up share capital from 3,594 shares to 10,000 shares with par value per share of Rp1 mllion which represent approximately RM294 per share.

As of that date, PLeather has subscribed for 5,124 of the additional shares issued by PT Gemilang for a total cash consideration of RM1,506,456. This has resulted in the equity interest held by PLeather in PT Gemilang reduce from 80.02% to 80.00%.

5.1.2 In the previous financial year:-

(a) On 1 July 2023, the Company subscribed for 1,000 ordinary shares of RM1 each representing 100% equity interest in a newly incorporated subsidiary, Pecca EV for a total consideration of RM1,000. The intended principal activities of the Pecca EV is importation, distribution and trading of electric motor vehicles and related Electric Vehicle ("EV") chargers, EV charging stations, spare parts and accessories, as well as the provision of after sales services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

5.1 Significant changes to investments in subsidiaries (Cont'd):-

5.1.2 In the previous financial year (Cont'd):-

(b) On 1 April 2023, PLeather, a wholly owned subsidiary of the Company acquired 2,876 shares, representing an approximately 80.02% equity interest in PT Gemilang, for a total cash consideration of approximately RM1,906,000. PT Gemilang operates in the business of manufacturing and supply of upholstery leather car seat wrapping and seat cover as its core business and is incorporated and domiciled in Indonesia. In determining and recognising the fair value of assets acquired and liabilities assumed, the Group has performed an internal purchase price allocation assessment on the acquisition in the previous financial year.

(i) Fair value of identifiable assets acquired and liabilities assumed are as follows:-

	Group 2023 RM'000
Assets	
Property, plant and equipment	274
Deferred tax asset	5
Other assets	1
Inventories	572
Trade and other receivables	1,487
Cash and cash equivalents	911
Total assets	3,250
Liabilities	
Trade and other payables	(513)
Current tax liabilities	(504)
Employee benefits	(25)
Total liabilities	(1,042)
Total identifiable net assets acquired	2,208
Goodwill arising from acquisition	140
Non-controlling interest at fair value	(442)
Fair value of consideration transferred	1,906

(ii) Effects of acquisition on cash flows:-

	2023 RM'000
Fair value consideration transferred	1,906
Less: Cash and cash equivalents of the acquired subsidiary	(911)
Net cash used in acquisition	995

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

5.2 Summarised financial information of the non-controlling interests in PThailand and PT Gemilang have not been presented as the related information is not individually material to the Group.

The Company's and PLeather's shareholdings in non-wholly owned subsidiaries during the financial year are as follows:-

	Number of equity shares			
	At 1.7.2023	**Bought**	**Sold**	**At 30.6.2024**
Interest held by the Company:				
- PThailand	2,450	-	-	2,450
- EMSB	300	-	-	300
Interests held via PLeather:				
- PT Gemilang	2,876	5,124	-	8,000

6. OTHER INVESTMENTS

	Group	
	2024 RM'000	**2023** RM'000
Non-current		
Financial assets at fair value through profit or loss:		
- club memberships	418	418
Unquoted shares in Malaysia	*	*
Others	-	1
	418	419

* Amount less than RM1,000

The club memberships include an amount of RM367,500 (2023: RM367,500) of a club membership registered in the name of a director of the Company.

7. GOODWILL

	Group	
	2024 RM'000	**2023** RM'000
Cost:-		
At 1 July	140	-
Acquisition of a subsidiary	-	140
	140	140

The carrying amounts of goodwill is allocated to the subsidiary in Indonesia, PT Gemilang as the cash generating unit ("CGU").

The goodwill arose from the PLeather's acquisition of approximately 80.02% equity interest by PLeather in PT Gemilang in the previous financial year.

No impairment testing is done on goodwill allocated to the CGU as it is considered immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

8. INVENTORIES

	Group	
	2024	**2023**
	RM'000	RM'000
At cost:		
- raw materials	19,077	22,941
- finished goods	3,134	2,897
- work-in-progress	1,033	1,871
	23,244	27,709
At net realisable value:		
- raw materials	979	736
	24,223	28,445
Recognised in profit or loss:-		
Inventories recognised as cost of sales	145,578	152,749
Inventories written down	-	750
Inventories written off	1,017	-

9. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	**2024**	**2023**	**2024**	**2023**
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade receivables	9.1	42,434	54,041	-	-
Less: Allowance for impairment losses		(1,244)	(1,038)	-	-
		41,190	53,003	-	-
Non-trade					
Other receivables and deposits	9.2	1,295	1,853	-	500
Amounts due from subsidiaries:	9.3				
- advances		-	-	2,050	857
- dividend receivable from a subsidiary		-	-	12,000	8,000
		-	-	14,050	8,857
Less: Allowance for impairment losses		-	-	(200)	(200)
		1,295	1,853	13,850	9,157
		42,485	54,856	13,850	9,157

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in allowance for impairment losses:-

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	RM'000	RM'000	RM'000
Trade				
At 1 July	1,038	912	-	-
Acquisition of a subsidiary	-	6	-	-
Addition during the financial year	206	136	-	-
Reversal of impairment losses	-	(16)	-	-
At 30 June	1,244	1,038	-	-
Non-trade				
At 1 July / 30 June	-	-	200	200
	1,244	1,038	200	200

9.1 The Group's normal trade credit terms range from 30 to 90 (2023: 60 to 90) days.

Included in trade receivables is an amount of RM4,115,000 (2023: RM5,291,000) due from company substantially owned by certain directors of the Company. The amount due from this related party is subject to normal credit terms.

9.2 Included in other receivables and deposits of the Group is an amount of RM450,000 (2023: RM414,000) due from companies substantially owned by certain directors of the Company arising from non-trade related services rendered.

The amounts due from all other receivables are unsecured, interest-free and repayable on demand.

9.3 The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

10. CONTRACT ASSETS

	Group	
	2024	**2023**
	RM'000	RM'000
At 1 July	130	337
Completed performance obligations	(123)	(207)
At 30 June	7	130

The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billings in the manner as established in the contracts with customers.

11. PREPAYMENTS

The prepayments of the Group mainly consist of advance payments made to suppliers for purchase of raw materials.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	8,276	48,148	267	5,485
Liquid investments	145,406	63,084	32,234	31,901
	153,682	111,232	32,501	37,386

The liquid investments represent investments in unit trust funds which are primarily invested in money market instruments. The liquid investments are deemed as cash and cash equivalents in view of high liquidity and insignificant risk of changes in their fair value.

13. SHARE CAPITAL AND RESERVES

Share Capital	Group and Company			
	2024	**2023**	**2024**	**2023**
	Number of shares ('000)			RM'000
Issued and fully paid ordinary shares with no par value classified as equity instruments:-				
At 1 July/30 June	752,000	752,000	135,702	135,702

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company, except that all rights to the treasury shares are suspended until those shares are reissued.

Treasury Shares

The shareholders of the Company, by a special resolution passed at the annual general meeting held on 16 November 2023, approved to renew the authority for the Company to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

As at 30 June 2024, the Company held as treasury shares a total of 216,868 (2023: 216,868) of its issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM60,173 (2023: RM60,173).

Subsequent to end of the financial year, the Company re-purchased additional 12,720,100 number of shares at an average purchase price of RM1.23 per share for a total consideration of RM15,437,723.

Merger Deficit

The merger deficit represents the difference between the cost of acquisition and the nominal value of the shares of subsidiaries acquired in previous years.

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign subsidiaries with functional currencies other than RM.

Revaluation Reserve

The revaluation reserve represents the surplus on revaluation of leasehold land and buildings of the Group, net of deferred tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

14. DEFERRED TAX LIABILITIES

Recognised Deferred Tax Assets/(Liabilities)

Deferred tax assets/(liabilities) are attributable to the following:-

	Assets		Liabilities		Net	
Group	**2024** RM'000	**2023** RM'000	**2024** RM'000	**2023** RM'000	**2024** RM'000	**2023** RM'000
Revaluation surplus of leasehold land and buildings	-	-	(4,358)	(5,619)	(4,358)	(5,619)
Property, plant and equipment	-	-	(4,036)	(2,638)	(4,036)	(2,638)
Provisions	2,652	1,656	-	-	2,652	1,656
Other temporary differences	7	53	-	(84)	7	(31)
Tax assets/(liabilities)	2,659	1,709	(8,394)	(8,341)	(5,735)	(6,632)
Set off against liabilities	(2,659)	(1,709)	2,659	1,709	-	-
Net tax liabilities	-	-	(5,735)	(6,632)	(5,735)	(6,632)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

14. DEFERRED TAX LIABILITIES (CONT'D)

Movement in temporary differences during the financial year

	At 1.7.2022 RM'000	Acquisition of a new subsidiary RM'000	Recognised in profit or loss (Note 22) RM'000	Recognised in other comprehensive income RM'000	At 30.6.2023/ 1.7.2023 RM'000	Recognised in profit or loss (Note 22) RM'000	At 30.6.2024 RM'000
Revaluation surplus of leasehold land and buildings	(3,083)	-	53	(2,589)	(5,619)	1,261	(4,358)
Property and equipment	(3,320)	-	682	-	(2,638)	(1,398)	(4,036)
Provisions	425	5	1,226	-	1,656	996	2,652
Others	(17)	-	(14)	-	(31)	38	7
	(5,995)	5	1,947	(2,589)	(6,632)	897	(5,735)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

14. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):-

Group	**2024** RM'000	**2023** RM'000
Unutilised tax losses	3,681	2,646
Unabsorbed capital allowances	85	74
Other taxable temporary differences	(27)	(40)
	3,739	2,680

The unutilised tax losses from a Year of Assessment ("YA") can only be carried forward to be utilised against future taxable income up to 10 (2023: 10) consecutive YA from the year in which the losses were incurred, whilst the unabsorbed capital allowances do not expire under the current tax legislation. The unutilised tax losses of approximately RM3,681,000 (2023: RM2,646,000) expire between 2029 to 2033 (2023: expire between 2029 to 2032). The deferred tax assets have not been recognised in respect of above because it is not probable that future taxable profits will be available against which the subsidiary having these losses can utilise the benefits therefrom.

15. LEASE LIABILITIES

	Group	
	2024 RM'000	**2023** RM'000
At 1 July	1,012	369
Additions	-	1,370
Derecognition due to lease modification	-	(11)
Interest expenses recognised in profit or loss	10	13
Repayment of principal	(523)	(716)
Payment of interest expenses	(10)	(13)
Exchange difference	(34)	-
At 30 June	455	1,012
Analysed by:-		
Current liabilities	418	534
Non-current liabilities	37	478
	455	1,012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

16. BORROWINGS

	Group 2024 RM'000	Group 2023 RM'000
Non-current		
Hire purchase payables	235	-
Term loan	4,410	5,040
	4,645	5,040
Current		
Hire purchase payables	414	-
Trade financing	1,199	6,200
Term loan	630	630
	2,243	6,830
	6,888	11,870

The details of the term loan at the reporting date is as follows:-

	Number of Monthly Instalments	Monthly Instalment RM	Date of Commencement of Repayment
Term loan	120	52,500	July 2023

The hire purchase payables of the Group are secured by the related motor vehicles acquired under hire purchase with lease terms ranging from 1 to 2 years.

The effective interest rate and the maturity analysis of borrowings is disclosed in Note 26.5 to the financial statements.

All the borrowings of the Group are secured by corporate guarantee from the Company.

17. TRADE AND OTHER PAYABLES

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Trade				
Trade payables	12,553	11,636	-	-
Non-trade				
Other payables and accruals	9,729	8,183	169	147
	22,282	19,819	169	147

The normal credit term granted by the trade payables of the Group range from 30 - 90 (2023: 30 - 90) days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

18. DIVIDEND PAYABLE

	Group and Company	
	2024	**2023**
	RM'000	RM'000
Single-tier second interim dividend of 0.68 sen per ordinary share	-	5,112
Single-tier third interim dividend of 1.50 sen per ordinary share	11,277	-

19. REVENUE

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	RM'000	RM'000	RM'000
Revenue recognised at point in time (Note 19.1)				
Revenue from contracts with customers	242,545	221,258	-	-
Revenue from other sources				
Dividend income	-	-	27,200	19,000
	242,545	221,258	27,200	19,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

19. REVENUE (CONT'D)

19.1 Disaggregation of Revenue

Group	Automotive segment 2024	Automotive segment 2023	Non-automotive segment 2024	Non-automotive segment 2023	Total 2024	Total 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary geographical markets						
Malaysia	226,582	206,894	2,020	3,894	228,602	210,788
Asia Pacific	8,286	3,298	-	-	8,286	3,298
Europe	3,554	4,612	-	-	3,554	4,612
North America	1,679	1,665	-	-	1,679	1,665
Oceania	424	895	-	-	424	895
	240,525	217,364	2,020	3,894	242,545	221,258
Revenue from car seat covers:						
- original equipment manufacturer	195,373	166,354	-	-	195,373	166,354
- replacement equipment manufacturer	7,860	7,457	-	-	7,860	7,457
- pre-delivery inspection	16,637	20,375	-	-	16,637	20,375
Other sales	8,397	13,270	-	-	8,397	13,270
Other services	12,258	9,908	2,020	3,894	14,278	13,802
	240,525	217,364	2,020	3,894	242,545	221,258

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

19. REVENUE (CONT'D)

19.2 Nature of Goods and Services

The following information reflects the typical transactions of the Group:-

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
Car seat covers	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer.	Credit period ranges from 30 to 90 days (2023: 30 to 90 days) from invoice date.	Not applicable.	Assurance warranties of 3 to 5 years are given to customers.
Healthcare products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer.	Credit period of 60 days (2023: 60 days) from invoice date.	Not applicable.	Not applicable.
Other sales	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer.	Credit period ranges from 30 to 90 days (2023: 30 to 90 days) from invoice date.	Not applicable.	Assurance warranties of 3 to 5 years are given to customers.
Leather cut pieces supply	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer.	Credit period ranges from 30 to 90 days (2023: 30 to 90 days) from invoice date.	Not applicable.	Not applicable.
Other services	Revenue is recognised at a point in time when the services are rendered.	Credit period ranges from 30 to 90 days (2023: 30 to 90 days) from invoice date.	Not applicable.	Not applicable.
Dividend income	Revenue is recognised on the date that when the right to receive payment is established.	Not applicable.	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

20. FINANCE INCOME

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	RM'000	RM'000	RM'000
Interest income from money market unit trust investments	3,399	2,028	1,120	1,016
Interest income on financial assets at amortised costs, calculated using effective interest method	782	370	68	13
	4,181	2,398	1,188	1,029

21. PROFIT BEFORE TAXATION

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Auditors' remuneration				
Audit fees:				
- auditors of the Company	173	151	58	50
- other auditors	35	57	-	-
Non-audit fees:				
- auditors of the Company	7	13	7	5
- member firm of the auditors of the Company	28	23	4	4
- others	5	62	-	-
Material expenses/(income)				
Compensation income	(1,818)	-	-	-
Depreciation of:				
- property, plant and equipment	4,669	4,223	6	-
- right-of-use assets	797	636	-	-
Dividend income from a subsidiary	-	-	(27,200)	(19,000)
Loss/(Gain) on foreign exchange:				
- realised	(144)	329	-	-
- unrealised	83	(349)	-	-
Impairment loss on plant and machineries	1,000	2,000	-	-
Inventories written down	-	750	-	-
Inventories written off	1,017	-	-	-
Rental income	(439)	(486)	-	-
Staff costs:				
- defined contribution benefits	2,457	2,401	-	-
- wages, salaries and others	40,668	33,486	276	11
Expenses arising from leases				
Expenses relating to short-term leases	272	241	-	-
Impairment loss of financial instruments				
Financial assests at amortised cost	206	120	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

22. INCOME TAX EXPENSE

Recognised in Profit or Loss

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Current financial year	18,818	13,180	25	2
(Over)/Underprovision in the previous financial years	(791)	288	(5)	-
	18,027	13,468	20	2
Deferred tax expense (Note 14)				
Origination and reversal of temporary differences	(1,022)	(1,960)	-	-
Underprovision in the previous financial years	125	13	-	-
	(897)	(1,947)	-	-
Income tax expense	17,130	11,521	20	2

Reconciliation of income tax expense

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Profit before taxation	72,151	46,947	27,525	19,267
Income tax calculated using Malaysian tax rate of 24% (2023: 24%)	17,316	11,267	6,606	4,624
Non-deductible expenses	718	542	160	182
Utilisation of reinvestment allowances	(160)	-	-	-
Non-taxable income	(327)	(486)	(6,741)	(4,804)
Deferred tax assets not recognised during the financial year	254	175	-	-
Differential in tax rates of foreign jurisdiction	(5)	(84)	-	-
Utilisation of tax incentives	-	(194)	-	-
(Over)/Underprovision of tax expense in the previous financial years:				
- current tax	(791)	288	(5)	-
- deferred tax	125	13	-	-
	17,130	11,521	20	2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

23. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at the end of the reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:-

	Group	
	2024	**2023**
	RM'000	RM'000
Profit attributable to owners of the Company		
Continuing operations	54,994	35,404

Weighted average number of ordinary shares outstanding

	Group	
	2024	**2023**
	'000	'000
Issued ordinary shares at 1 July	752,000	752,000
Effect of weighted average treasury shares (Note 13)	(217)	(217)
Weighted average number of shares (basic) at 30 June	751,783	751,783

	Group	
	2024	**2023**
Basic earnings per ordinary share	Sen	Sen
From continuing operations	7.32	4.71

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary shares at 30 June 2024 and 30 June 2023, accordingly no diluted earning per share has been presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

24. DIVIDENDS

Dividends recognised by the Company are as follows:-

	RM per share	Total amount RM'000	Date of payment
2024			
Third interim 2023 single-tier dividend	0.0100	7,518	29 September 2023
First interim 2024 single-tier dividend	0.0100	7,518	8 December 2023
Second interim 2024 single-tier dividend	0.0100	7,518	27 March 2024
Third interim 2024 single-tier dividend	0.0150	11,277	25 July 2024
		33,831	
2023			
First interim 2022 single-tier dividend	0.0140	10,525	16 August 2022
First interim 2023 single-tier dividend	0.0068	5,112	7 February 2023
Second interim 2023 single-tier dividend	0.0068	5,112	7 July 2023
		20,749	

On 22 August 2024, the Company declared the following single-tier interim dividend in respect of the current financial year:-

	RM per share	Total amount RM'000	Date of payment
2025			
Fourth interim 2024 single-tier dividend	0.0150	11,126	20 September 2024

The above dividend will be recognised in the financial year ending 30 June 2025.

The directors do not recommend any final dividend to be paid for the financial year ended 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

25. OPERATING SEGMENT

The Group's resources allocation is assessed on a quarterly basis in accordance to the business performance and requirements of the respective business segments as reviewed and determined by the Group's Chief Operating Decision Maker ("CODM") whom is also the Managing Director of the Group. Hence, segment information is presented by business segment that the Group operates in. The format of the business segment is based on the Group's operation management and internal reporting structure.

Non-automotive segments related to the Group's healthcare, aviation and furniture industry and the Company's investment holding activities. These segments does not meet the quantitative threshold as reportable reporting segments in 2024 and 2023.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment asset and liability.

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment.

Business Segment

The Group comprises the following business segment:-

Automotive industry:	Styling, manufacturing, distribution and installation of automotive leather upholstery for car seat covers and accessories covers.

	Automotive	
	2024	**2023**
	RM'000	RM'000
Revenue from car seat covers:-		
Original Equipment Manufacturer	195,373	166,354
Replacement Equipment Manufacturer	7,860	7,457
Pre-Delivery Inspection Services	16,637	20,375
	219,870	194,186
Others	20,655	23,178
	240,525	217,364
Segment profit before taxation	76,079	48,400
Included in the measurement of segment profit before taxation are:-		
Depreciation and amortisation	4,822	3,388
Net impairment losses on trade receivables	206	120
Not included in the measurement of segment profit before taxation but provided to Managing Director:-		
Income tax expense	(17,105)	(11,519)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

25. OPERATING SEGMENT (CONT'D)

Geographical Segments

The Group operates primarily in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	Automotive	
	2024	**2023**
	RM'000	RM'000
Malaysia	226,582	206,894
Asia Pacific	8,286	3,298
Europe	3,554	4,612
North America	1,679	1,665
Oceania	424	895
	240,525	217,364

Major Customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Revenue		**Segment**
	2024	**2023**	
	RM'000	RM'000	
Customer A	135,986	106,427	Automotive
Customer B	51,988	47,631	Automotive
	187,974	154,058	

Reconciliations of Reportable Segment Revenues and Profit or Loss

	Group	
	2024	**2023**
	RM'000	RM'000
Revenue		
Total revenue from automotive segment	240,525	217,364
Other non-automotive segments	2,020	3,894
Consolidated revenue	242,545	221,258
Profit or loss		
Total profit or loss from automotive segment	76,079	48,400
Other non-automotive segments	(3,928)	(1,453)
Consolidated profit before tax	72,151	46,947

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS

26.1 Categories of Financial Instruments

	Group		Company	
	2024	**2023**	**2024**	**2023**
Financial Assets	RM'000	RM'000	RM'000	RM'000
Fair Value Through Profit or Loss				
Other investments (Note 6)	418	418	-	-
Liquid investments	145,406	63,084	32,234	31,901
	145,824	63,502	32,234	31,901
Amortised Cost				
Trade and other receivables (exclude deposits)	42,213	54,567	13,850	9,157
Cash and bank balances	8,276	48,148	267	5,485
	50,489	102,715	14,117	14,642
Financial Liability				
Amortised Cost				
Trade and other payables	(22,282)	(19,819)	(169)	(147)
Borrowings (Note 16)	(6,888)	(11,870)	-	-
Dividend payable	(11,277)	(5,112)	(11,277)	(5,112)
	(40,447)	(36,801)	(11,446)	(5,259)

26.2 Net Gains and Losses Arising from Financial Instruments

	Group		Company	
	2024	**2023**	**2024**	**2023**
Financial Assets	RM'000	RM'000	RM'000	RM'000
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss:				
- mandatorily required by MFRS 9	3,399	2,028	1,121	1,016
Amortised Cost				
Net gains recognised in profit or loss	684	672	67	13
	4,083	2,700	1,188	1,029
Financial Liability				
Amortised Cost				
Net losses recognised in profit or loss	(313)	(725)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.3 Financial Risk Management Policies

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to one of the subsidiaries. The Company monitors the results of the subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to amount owing by 3 customers (2023: 3) which constituted approximately 76% (2023: 59%) of its trade receivables (including a related party) at the end of the reporting period.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including a related party) at the end of the reporting period is as follows:-

Group	**2024** RM'000	**2023** RM'000
Malaysia	39,677	51,010
Asia Pacific	890	1,438
Europe	835	723
North America	964	902
Oceania	75	98
	42,441	54,171

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to a subsidiary amounting to RM6,239,000 (2023 – RM11,870,000), representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:
- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full when the receivable is not able to pay when demanded.

<u>Trade Receivables and Contract Assets</u>

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure expected credit losses on a collective basis, trade receivables (including related parties) and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information that will affect the ability of the trade receivables to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses

Group	**Gross Amount** RM'000	**Individual Impairment** RM'000	**Collective Impairment** RM'000	**Carrying Amount** RM'000
2024				
Current (not past due)	34,585	-	(2)	34,583
1 - 30 days past due	1,751	-	(1)	1,750
31 - 60 days past due	569	-	(2)	567
61 - 90 days past due	46	-	(11)	35
More than 90 days past due	4,516	-	(261)	4,255
	41,467	-	(277)	41,190
Credit impaired				
Individually impaired	967	(967)	-	-
Trade receivables	42,434	(967)	(277)	41,190
Contract assets	7	-	-	7
	42,441	(967)	(277)	41,197
2023				
Current (not past due)	45,241	-	(2)	45,239
1 - 30 days past due	2,739	-	(1)	2,738
31 - 60 days past due	791	-	-	791
61 - 90 days past due	317	-	-	317
More than 90 days past due	3,997	-	(79)	3,918
	53,085	-	(82)	53,003
Credit impaired				
Individually impaired	956	(956)	-	-
Trade receivables	54,041	(956)	(82)	53,003
Contract assets	130	-	-	130
	54,171	(956)	(82)	53,133

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Note 9 and Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Other Receivables and Amount Due from Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Amount Due from Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Due from Subsidiaries (Cont'd)

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Company	**Gross carrying amount** RM'000	**12-month loss allowance** RM'000	**Lifetime loss allowance** RM'000	**Carrying amount** RM'000
2024				
Low credit risk	13,850	-	-	13,850
Credit impaired	200	-	(200)	-
	14,050	-	(200)	13,850
2023				
Low credit risk	8,657	-	-	8,657
Credit impaired	200	-	(200)	-
	8,857	-	(200)	8,657

The movements in the loss allowances are disclosed in Note 9 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

Group	**Interest rate** %	**Carrying amount** RM'000	**Contractual cash flows** RM'000	**Under 1 year** RM'000	**1 – 5 years** RM'000	**More than 5 years** RM'000
2024						
Non-derivative financial liabilities						
Lease liabilities	2.35 - 3.50	455	459	421	38	-
Hire purchase payables	2.35– 2.65	649	673	433	240	-
Term loan	3.66	5,040	5,812	810	3,692	1,310
Trade financing	3.10 - 3.72	1,199	1,199	1,199	-	-
Trade and other payables		22,282	22,282	22,282	-	-
Dividend payable		11,277	11,277	11,277	-	-
		40,902	41,702	36,422	3,970	1,310

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (Cont'd):-

Group	**Interest rate** %	**Carrying amount** RM'000	**Contractual cash flows** RM'000	**Under 1 year** RM'000	**1 – 5 years** RM'000	**More than 5 years** RM'000
2023						
Non-derivative financial liabilities						
Lease liabilities	2.35 - 3.50	1,012	1,026	544	482	-
Term loan	3.66	5,670	6,646	834	3,097	2,715
Trade financing	3.10 - 4.85	6,200	6,222	6,222	-	-
Trade and other payables	-	19,819	19,819	19,819	-	-
Dividend payable	-	5,112	5,112	5,112	-	-
		37,813	38,825	32,531	3,579	2,715

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (Cont'd):-

Company	**Interest rate** %	**Carrying amount** RM'000	**Contractual cash flows** RM'000	**Under 1 year** RM'000	**1 – 5 years** RM'000
2024					
Non-derivative financial liabilities					
Other payables	-	169	169	169	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary:					
- term loan	3.66	5,040	5,812	810	5,002
- trade financing	3.10 - 3.72	1,199	1,199	1,199	-
Dividend payable	-	11,277	11,277	11,277	-
		17,685	18,457	13,455	5,002
2023					
Non-derivative financial liabilities					
Other payables	-	147	147	147	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary:					
- term loan	3.66	5,670	6,646	834	5,812
- trade financing	3.10 - 4.85	6,200	6,222	6,222	-
Dividend payable	-	5,112	5,112	5,112	-
		17,129	18,127	12,315	5,812

26.6 Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

Group	USD RM'000	Denominated in SGD RM'000	EURO RM'000	Total RM'000
2024				
Balances recognised in the statements of financial position				
Trade receivables	964	175	649	1,788
Cash and cash equivalents	553	755	142	1,450
Trade payables	(4,966)	-	(2)	(4,968)
Net financial (liabilities)/assets	(3,449)	930	789	(1,730)
Less: Forward foreign currency contracts (contracted notional principal)	3,449	-	-	3,449
Net exposure	-	930	789	1,719
2023				
Balances recognised in the statements of financial position				
Trade receivables	907	119	717	1,743
Cash and cash equivalents	1,243	297	417	1,957
Trade payables	(3,583)	-	-	(3,583)
Net financial (liabilities)/assets	(1,433)	416	1,134	117
Less: Forward foreign currency contracts (contracted notional principal)	1,433	-	-	1,433
Net exposure	-	416	1,134	1,550

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowing are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 16 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonable possible change in the interest rates on the Group's borrowings of the floating rate term loan at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
Group	**Level 1**	**Level 2**	**Level 1**	**Level 2**		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024						
Financial assets						
Liquid investments	145,406	-	-	-	145,406	145,406
Club memberships	-	418	-	-	418	418
	145,406	418	-	-	145,824	145,824
Financial liabilities						
Term loan						
- floating rate	-	-	-	5,040	5,040	5,040
Hire purchase payables	-	-	-	645	645	649
	-	-	-	5,685	5,685	5,689
2023						
Financial assets						
Liquid investments	63,084	-	-	-	63,084	63,084
Club memberships	-	418	-	-	418	418
	63,084	418	-	-	63,502	63,502
Financial liabilities						
Term loan						
- floating rate	-	-	-	5,670	5,670	5,670
Company						
2024						
Financial assets						
Liquid investments	32,234	-	-	-	32,234	32,234
2023						
Financial assets						
Liquid investments	31,901	-	-	-	31,901	31,901

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair Value Information (Cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

(i) The fair value of liquid investments are their last quoted bid price by the fund managers at the end of the reporting period.

(ii) The fair value of club membership is estimated by the market value as per the published price in the current club prospectus and publicly available information.

There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values above have been determined using the following basis:-

(i) The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value of hire purchase payables and trade financing that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

Group	**2024** RM'000	**2023** RM'000
Hire purchase payables	5.13-5.29	-

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

There was no changes in the approach to capital management during the financial year.

28. CAPITAL AND OTHER COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

Group	**2024** RM'000	**2023** RM'000
Capital expenditure commitments		
Purchase of equipment:		
- contracted but not provided for	28,407	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

29. RELATED PARTY DISCLOSURE

(a) Holding Company and Subsidiaries

The holding company is MRZ Leather Holdings Sdn. Bhd., a company incorporated in Malaysia.

The subsidiaries are disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transactions and Balances

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the transactions below as shown in Note 9 to the financial statements.

		Group		Company	
		2024	**2023**	**2024**	**2023**
		RM'000	RM'000	RM'000	RM'000
(i)	**Subsidiaries**				
	Dividend distributed by a subsidiary	-	-	27,200	19,000
(ii)	**Companies substantially owned by certain directors**				
	Sales to related parties	925	3,089	-	-
	Rental of premises charged to related parties	439	485	-	-
	Management fees charged to related parties	85	462	-	-
(iii)	**Key management personnel**				
	Directors				
	- fees	372	312	252	252
	- remuneration	2,988	1,773	24	28
	- defined contribution plan	236	183	-	-
		3,596	2,268	276	280
	Other key management personnel				
	- salaries, allowances and bonus	3,156	2,914	-	-
	- defined contribution plan	380	324	-	-
		3,536	3,238	-	-
		7,132	5,506	276	280

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

OTHER INFORMATION

LIST OF PROPERTIES

	Location	Tenure	Year Lease Expiring	Approximate Area (Sq Ft)	Description / Existing Use	Age / Year of Acquisition / Certificate of Completion	Net Book Value as at 30.06.2024 (RM)	Market Value / Last Revaluation Date (RM)
1.	No.1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur. H.S. (M) 24691, Lot PT No. 2034, Locality of Desa Aman, Bandar Sungai Buloh, District of Gombak, State of Selangor Darul Ehsan.	Leasehold 99 years	4 August 2107	72,506 SqFt (land area) (i) 22,169 SqFt (Built-up area for 4-storey office building with a mezzanine floor) (ii) 109,673 SqFt (Built-up area for 5-storey flatted factory building) (iii) 48,262 SqFt (Built-up area for 6-storey hostel building) (iv) 103 SqFt (Built-up area for guard house) & 1,163 SqFt (Built-up area for carpark shed)	1 unit of 4-storey office building with a mezzanine floor annexed to a 5-storey flatted factory building and a 6-storey hostel building together with a guardhouse / carpark shed Head office and production factory of our Group	13 years / 5 January 2011 (for 4-storey office and 5-storey factory) 21 June 2011 (for 6-storey hostel)	38,136,040	38,800,000 / 30.06.2023
2.	B-5-1, 5th Floor, Block B, Damansara Sutera Apartment, Persiaran KIP Utama, Kipark Damansara, 52200 Kuala Lumpur. Strata Title No. Geran 58055/ M2/6/178, Parcel No. 178, Storey No.6, Building No. M2, Parent Lot No. 2854, Town of Kepong, District of Gombak, State of Selangor Darul Ehsan.	Freehold	-	850 SqFt (Built-up area)	1 unit of 3-bedroom apartment / Staff accommodation	13 years / 2 December 2010	343,000	350,000 / 30.06.2023

LIST OF PROPERTIES

	Location	Tenure	Year Lease Expiring	Approximate Area (Sq Ft)	Description / Existing Use	Age / Year of Acquisition / Certificate of Completion	Net Book Value as at 30.06.2024 (RM)	Market Value / Last Revaluation Date (RM)
3.	Part of No. Hakmilik H.S. (D) 63081, PT 17942 Seksyen 20, Bandar Serendah, Daerah Hulu Selangor, Selangor Darul Ehsan.	Leasehold 99 years	6 July 2122	187,744 SqFt (land area)	Industrial land	2 years / 12 January 2022	9,290,698	9,400,000 / 30.06.2023

-

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds raised from Corporate Proposal

Pecca was listed on the Main Market of Bursa Malaysia on 19 April 2016. In conjunction with the listing, the Company undertook a public issue of 47,796,000 new ordinary shares of RM0.50 each at an issue price of RM1.42 per share, raising gross proceeds of RM67.87 million.

As announced on 23 April 2018, the Board has approved the variation of the utilisation of IPO proceeds amounting to RM6.60 million and the extension of time for utilisation of IPO proceeds amounting to RM2.62 million for another 24 months from 19 April 2018. After due deliberation, the Board intends to undertake the variations to vary the utilisation of proceeds for working capital and extend the frame to another 24 months from 19 April 2020 to 19 April 2022. In view of the COVID-19 pandemic and Movement Control Order enforced by the Government in March 2020 until the endemic which was announced in April 2022, the Board has approved to further extended the timeframe for utilisation of the proceeds for working capital for another 24 months from 19 April 2022 to 19 April 2024. Further extension of time for another 24 months from 19 April 2024 to 19 April 2026 has been approved by the Board because the REM segment is expanding to more export markets such as U.S., Middle East and Thailand.

The status of utilisation of the proceeds from the public issue of 47,796,000 new ordinary shares at RM1.42 per share as at FY2024 is as follows:

Purposes	Revised Expected Timeframe for Utilisation (from 19 April 2018)	Revised Amount (RM'000)	Actual Utilisation (RM'000)	Utilised (%)
a) Working capital	-	27,859	(27,859)	100
b) Repayment of bank borrowings	-	17,100	(17,100)	100
c) Purchase of machineries for the production of car leather seat covers	Within 24 months	4,871	(4,871)	100
d) Construction of an additional storey of production floor area on the existing factory building	-	5,000	(5,000)	100
e) Opening of retail outlets	-	-	-	-
f) Establishment of market presence in Thailand	Within 24 months	-	-	-
g) Expansion of aviation business	Within 24 months	834	(834)	100
h) Estimated listing expenses	-	4,111	(4,111)	100
i) Purchase of raw material	-	5,350	(5,350)	100
j) Selling and distribution expenses of:				
- Retail	Within 24 months	2,000	(40)	2
- Thailand	Within 24 months	-	-	-
- Aviation	Within 24 months	745	(673)	90
Total Public Issue Proceeds		67,870	(65,838)	97

ADDITIONAL COMPLIANCE INFORMATION

2. Material Contracts

There were no material contracts subsisting or entered into by the Company or its subsidiaries involving the interests of any directors, chief executive, or major shareholders of the Company or any persons connected to a director, chief executive, or major shareholder of the Company during FY2024.

3. Recurring Related Party Transactions

The below transactions entered into were in the ordinary course of business and are on terms and conditions not more favourable to the related party than those generally available to the public. The details of the RRPT for FY2024 are as follows:

Related Parties	Interested Directors/ Substantial Shareholders	Interest in Our Group	Nature of Transaction	Actual Value (RM)
Tint Auto (M) Sdn. Bhd.	Datuk Teoh Hwa Cheng	Director and substantial shareholder of Pecca	Rental of partial production area located at 3rd Floor, No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur from Pecca Leather Sdn. Bhd. to Tint Auto (M) Sdn. Bhd.	216,000
	Datin Sam Yin Thing	Director and substantial shareholder of Pecca		
	Teoh Zi Yi	Director of Pecca Son of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing		
	Teoh Zi Yuen (Appointed on 3 July 2023)	Director of Pecca Daughter of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing	Management service	60,000
Rentas Health Sdn. Bhd.	Teoh Zi Yuen	Director of Pecca Daughter of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing	Rental of partial production area located at Penthouse, No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur from Pecca Leather Sdn. Bhd. to Rentas Health Sdn. Bhd.	101,472
			Rental of warehouse No. 7, Jalan KIP 11, Taman Perindustrian KIP, 52200 Sri Damansara, Kuala Lumpur from Pecca Leather Sdn. Bhd. to Rentas Health Sdn. Bhd.	121,333
			Supply of PPE products	2,450,211
			Management services	24,000

ADDITIONAL COMPLIANCE INFORMATION

3. Recurring Related Party Transactions (Cont'd)

The Company intends to seek the approval of its shareholders for the proposed shareholders' mandate to enter into RRPT at the forthcoming 14th AGM of the Company. A circular to the shareholders containing the details of the proposal is made available on the Company's website.

4. Allocation of Share Scheme for Employees

The ESOS was approved by shareholders during the Extraordinary General Meeting held on 28 June 2019. The ESOS committee was established on 23 August 2019.

5. Audit and Non-Audit Fees

	Company (RM)	Group (RM)
Audit fee paid or payable to the external auditors, Messrs Crowe Malaysia PLT ("Crowe Malaysia")	58,000	173,000
Non-audit fee paid or payable to Crowe Malaysia, or local affiliates to Crowe Malaysia (Note 1)	11,300	34,500

Note 1 The amount disclosed included non-audit fees incurred for statutory tax compliance advisory services and reviewing the SORMIC and other information included in the AR.

ANALYSIS OF SHAREHOLDINGS

Analysis of Shareholdings as at 30 September 2024

Issued Shares	:	752,000,000 (including shares held as treasury shares)
Treasury Shares	:	12,936,968
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of shareholdings	No. of holders	%*	No. of shares	%*
1 – 99	507	18.54	24,914	0.00
100 – 1,000	471	17.22	210,529	0.03
1,001 – 10,000	879	32.14	4,426,562	0.60
10,001 – 100,000	646	23.62	23,673,767	3.20
100,001 to less than 5% of issued shares	230	8.41	337,651,728	45.69
5% and above of issued shares	2	0.07	373,075,532	50.48
Total	**2,735**	**100.00**	**739,063,032**	**100.00**

* Excluding a total of 12,936,968 shares bought back by the Company and retained as treasury shares as per Record of Depositors as at 30 September 2024.

Substantial Shareholders
(as per Register of Substantial Shareholders as at 30 September 2024)

Name	No. of shares held			
	Direct	%(2)	Indirect	%(2)
MRZ Leather Holdings Sdn Bhd	373,075,532	50.48	-	-
Datuk Teoh Hwa Cheng	24,367,296	3.30	(1) 373,075,532	50.48
Datin Sam Yin Thing	53,461,276	7.23	(1) 373,075,532	50.48

Notes:
(1) Deemed interested in shares held by MRZ Leather Holdings Sdn Bhd pursuant to Sections 8 of the Companies Act 2016.
(2) Excluding a total of 12,936,968 shares bought back by the Company and retained as treasury shares as at 30 September 2024.

Directors' Shareholdings
(as per Register of Directors' Shareholdings as at 30 September 2024)

Name	No. of shares held			
	Direct	%(2)	Indirect	%(2)
Dato' Mohamed Suffian Bin Awang	435,364	0.06	-	-
Datuk Teoh Hwa Cheng	24,367,296	3.30	(1) 373,075,532	50.48
Datin Sam Yin Thing	53,461,276	7.23	(1) 373,075,532	50.48
Teoh Zi Yi	1,293,032	0.17	-	-
Teoh Zi Yuen	-	-	-	-
Datuk Leong Kam Weng	435,364	0.06	-	-
Dato' Dr. Norhizan Bin Ismail	-	-	-	-

Notes:
(1) Deemed interested in shares held by MRZ Leather Holdings Sdn Bhd pursuant to Sections 8 of the Companies Act 2016.
(2) Excluding a total of 12,936,968 shares bought back by the Company and retained as treasury shares as per Record of Depositors as at 30 September 2024.

ANALYSIS OF SHAREHOLDINGS

List of Thirty Largest Shareholders as at 30 September 2024

No.	Name	No. of shares	Percentage holding (%)*
1.	MRZ LEATHER HOLDINGS SDN. BHD.	198,929,192	26.92
2.	MRZ LEATHER HOLDINGS SDN. BHD.	174,146,340	23.56
3.	HUAREN HOLDINGS SDN BHD	34,686,772	4.69
4.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SAM YIN THING (MY4369)	28,192,000	3.81
5.	TEOH HWA CHENG	24,367,296	3.30
6.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	22,000,000	2.98
7.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SAM YIN THING (MY4178)	21,753,644	2.94
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD	12,230,000	1.65
9.	LEE YEE SUM	11,077,584	1.50
10.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD	9,577,100	1.30
11.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE EU JIN	8,923,080	1.21
12.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	8,811,904	1.19
13.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR LIM CHENG LING	8,140,000	1.10
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	5,926,500	0.80
15.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG NYOK YOONG	4,732,496	0.64
16.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN TEONG	4,643,432	0.63
17.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM BOON HUA (MY4548)	4,289,028	0.58

ANALYSIS OF SHAREHOLDINGS

List of Thirty Largest Shareholders as at 30 September 2024 (Cont'd)

No.	Name	No. of shares	Percentage holding (%)*
18.	CARTABAN NOMINEES (TEMPATAN) SDN BHD CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2	3,959,600	0.54
19.	TAN SOON KAR	3,436,648	0.47
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM PIAU (7007611)	3,411,044	0.46
21.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM PIAU (MY2525)	3,181,000	0.43
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR ETHEREAL-ALPHA EQ FUND (445329)	3,006,600	0.41
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM BOON HUA	3,000,000	0.41
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM BOON HUA (M04)	2,976,000	0.40
25.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAM CHEE SIONG	2,400,000	0.32
26.	LEE NGA JING	2,300,136	0.31
27.	TAN LEE HONG	2,229,480	0.30
28.	CHUNG KEAT LEONG	2,228,000	0.30
29.	N SUVENDRA A/L S NAKENDRA	2,150,100	0.29
30.	KAF TRUSTEE BERHAD KIFB FOR ALTIMA, INC	2,111,100	0.29
Total		**618,816,076**	**83.73**

* Excluding a total of 12,936,968 shares bought back by the Company and retained as treasury shares as per Record of Depositors as at 30 September 2024.

NOTICE OF ANNUAL GENERAL MEETING

Registration No. 201001025617 (909531-D)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting ("14th AGM") of Pecca Group Berhad ("PECCA" or the "Company") will be held at Ballroom I, Main Wing, Level 1, Tropicana Golf & Country Resorts, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 21 November 2024 at 10.00 a.m. for the following purposes:

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon.

(Please refer to Note 1 of the Explanatory Notes)

2. To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiary of up to RM330,000.00 from 22 November 2024 until the conclusion of the next AGM of the Company.

Ordinary Resolution 1

3. To re-elect Dato' Mohamed Suffian Bin Awang who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.

Ordinary Resolution 2

4. To re-elect Datuk Leong Kam Weng who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.

Ordinary Resolution 3

5. To re-elect Dato' Dr. Norhizan Bin Ismail who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.

Ordinary Resolution 4

6. To re-appoint Messrs Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 5

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

7. **Continuing in Office as an Independent Non-Executive Director – Dato' Mohamed Suffian Bin Awang**

   "THAT the authority be and is hereby given to Dato' Mohamed Suffian Bin Awang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 6

NOTICE OF ANNUAL GENERAL MEETING

8. **Continuing in Office as an Independent Non-Executive Director – Datuk Leong Kam Weng**

"THAT the authority be and is hereby given to Datuk Leong Kam Weng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 7

9. **Authority under Section 75 and 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares and waiver of pre-emptive rights pursuant to Section 85 of the Act**

"THAT pursuant to Section 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at the time of issue, subject to the Constitution of the Company and approval of all the relevant regulatory bodies being obtained for such allotment and issue.

THAT pursuant to Section 85 of the Act, read together with Clause 58 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued Pecca shares arising from issuance of new shares pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

Ordinary Resolution 8

10. **Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares**

"THAT subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 30 June 2024 to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

i. the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

ii. the expiration of the period within which the next AGM of the Company is required by law to be held; or

iii. revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

NOTICE OF ANNUAL GENERAL MEETING

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Ordinary Resolution 9

11. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")**

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related party as stated in Section 2.3 of the Circular to Shareholders dated 23 October 2024 which are necessary for the Company's day-to-day operations subject further to the following:

i. the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related party than those generally available to the public, and are not to the detriment of the minority shareholders;

ii. the approval is subject to annual renewal and shall only continue to be in force until:

   a. the conclusion of the next AGM of the Company following the forthcoming AGM of the Company at which the Proposed Renewal of Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the AGM the mandate is again renewed;

   b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act; or

   c. revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier; and

iii. the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate in the Annual Report of the Company based on the following information:

   a. the type of Recurrent Transactions entered into; and

   b. the name of the related party involved in each type of the Recurrent Transactions entered into and its relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

Ordinary Resolution 10

12. To transact any other business for which due notice shall have been given in accordance with the Act.

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
(SSM PC No.: 202008001023)

TAI YUEN LING (LS 0008513)
SSM PC No.: 202008001075

Company Secretaries

Selangor Darul Ehsan

Date: 23 October 2024

NOTES:-

1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

2) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3) For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.

   a. In hard copy form
   In the case of an appointment made in hard copy form, the original proxy form must be deposited with the Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("Boardroom") of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   b. By electronic means
   The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please follow the procedures set out in the Administrative Details for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.helpdesk@boardroomlimited.com.

6) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

7) Last date and time for lodging the proxy form is Tuesday, 19 November 2024 at 10.00 a.m.

NOTICE OF ANNUAL GENERAL MEETING

8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

9) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

   a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
   b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      i. at least two (2) authorised officers, of whom one shall be a director; or
      ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

10) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **14 November 2024** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

11) Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

EXPLANATORY NOTES:-

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting.**

2. Ordinary Resolutions 6 & 7 on the Continuing in Office as an Independent Non-Executive Directors – Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng

The proposed Resolutions 6 & 7 are to seek shareholders' approval by way of a two-tier voting process on the retention of Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng who have served as Independent Directors in the Company for a cumulative term of more than nine (9) years.

The Board has assessed the independence of Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng and recommended both of them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

a. They fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia, and thus, they would be able to provide check and balance and bring an element of objectivity to the Board;
b. They are familiar with the Company's business operations and is able to advise the Board diligently on business matters;
c. They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making by actively participating in board discussion and provided an independent voice to the Board; and
d. They have exercised their due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

The Board considered Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng to be independent based on the above justifications and recommended both of them to be retained as Independent Non-Executive Directors of the Company.

NOTICE OF ANNUAL GENERAL MEETING

3. **Ordinary Resolution 8 on the Authority under Section 75 and 76 of the Act for the Directors to allot and issue shares and Waiver of Pre-Emptive Rights pursuant to Section 85 of the Act**

   The Ordinary Resolution 8 proposed under item 9 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

   At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

   The Company did not allot and issue any shares pursuant to the general mandate granted by the shareholders at the previous AGM.

4. **Ordinary Resolution 9 on Proposed Renewal of Share Buy-Back Authority**

   The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to ten per centum (10%) of the total number of issued shares of the Company at any point in time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

   For further information on Ordinary Resolution 9 please refer to the Statement to Shareholders dated 23 October 2024 accompanying the Annual Report of the Company for the financial year ended 30 June 2024.

5. **Ordinary Resolution 10 on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

   The proposed Ordinary Resolution 10, if passed, will empower the Directors from the date of the 14th AGM, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public and not to the detriment of the minority shareholders.

   This authority unless revoked or varied at a general meeting, will expire at the next AGM of the Company and subject always to provision (ii) of the resolution.

   For further information on Ordinary Resolution 10, please refer to the Circular to Shareholders dated 23 October 2024 accompanying the Annual Report of the Company for the financial year ended 30 June 2024.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

ADMINISTRATIVE DETAILS OF THE 14TH ANNUAL GENERAL MEETING

Administrative Details for the Fourteenth Annual General Meeting ("14th AGM") of Pecca Group Berhad

Day and Date	:	**Thursday, 21 November 2024**
Time	:	**10.00 a.m.**
Meeting Venue	:	**Ballroom I, Main Wing Level 1, Tropicana Golf & Country Resorts Jalan Kelab Tropicana 47410 Petaling Jaya Selangor Darul Ehsan Malaysia**

Dear Valued Shareholders,

1. REGISTRATION

- Registration will start at **9.00 a.m.** at the Meeting Venue and will end at a time directed by the Chairman of the AGM.
- Please produce your original MyKad/Passport (for foreigners) at the registration counter for verification and registration. Only original MyKad/ Identification Card or Passport will be accepted for the purpose of identity verification.
- Please ensure to collect your MyKad/Passport thereafter.
- Please note that no person will be allowed to register on behalf of another person even with the original MyKad/Passport of that person.
- Upon completion of the registration process, you will be given an identification barcode wristband to enter the meeting hall. **Please be reminded that there will be no replacement in the event that you lose or misplace the barcode wristband.**
- Please vacate the registration area immediately after registration and proceed to the meeting hall.
- Please note that you will not be allowed to enter the meeting hall without wearing the barcode wristband.
- The registration counter will handle only verification of identity and registration. If you have any enquiries, please proceed to the Help Desk.

2. HELP DESK

- Please proceed to the Help Desk located in front of the Meeting Venue entrance for any clarification or enquiries.
- The Help Desk will also handle the revocation of proxy appointments.

3. ENTITLEMENT TO PARTICIPATE IN THE AGM

- Only members whose names appear on the Register of Members or General Meeting Record of Depositors as at **14 November 2024** will be entitled to attend, speak and vote at the AGM or appoint a proxy to attend, speak and vote on his/her behalf.

4. ANNUAL REPORT 2024

- The Company's Annual Report 2024 is available at the websites of the Company, https://peccagroup.com/investors/reports and Bursa Malaysia Securities Berhad, www.bursamalaysia.com.
- If you wish to request a printed copy of the Annual Report 2024 prior to the AGM, please forward your request by completing the Request Form provided. However, we hope you would consider the environmental and sustainability concerns, and refrain from requesting a printed copy of the Annual Report 2024.

5. APPOINTMENT OF PROXY, CORPORATE SHAREHOLDERS, AUTHORISED NOMINEE AND EXEMPT AUTHORISED NOMINEE

- A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- A Member shall be entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, speak and vote at the same AGM on his/her behalf. If you are unable to attend the AGM and wish to appoint a proxy/ attorney/ authorized representative to vote on your behalf, please submit your proxy form in accordance with the notes and instructions stated in the notice of AGM.

ADMINISTRATIVE DETAILS OF THE 14TH ANNUAL GENERAL MEETING

APPOINTMENT OF PROXY

- You may submit your original proxy form to the office of the Share Registrar of our Company, **Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** or by email to bsr.helpdesk@boardroomlimited.com, not less than **forty-eight (48) hours** before the time appointed for holding of meeting or adjourned meeting and in default the instrument of proxy shall not be treated as valid.
- The proxy form may also be lodged electronically via **Boardroom Smart Investor Portal ("BSIP")** at https://investor.boardroomlimited.com. For further information, kindly refer to **Table 1** below for proxy appointment via BSIP.

APPOINTMENT OF CORPORATE SHAREHOLDERS, AUTHORISED NOMINEE AND EXEMPT AUTHORISED NOMINEE

- For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.** The certificate of appointment of authorised representative should be executed in the following manner:
  (a) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  (b) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    (i) at least two (2) authorised officers, of whom one shall be a director; or
    (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- You may write in to bsr.helpdesk@boardroomlimited.com by providing the name of member, CDS account number accompanied with the certificate of appointment of corporate representative or proxy form (as the case may be) to submit the request latest by **19 November 2024** at **10.00 a.m**.
- Please provide a copy of the corporate representative's or proxy's NRIC (front and back) or passport, as well as his/her email address.
- The appointment of authorized representative may also be lodged electronically via **BSIP** at https://investor.boardroomlimited.com. For further information, kindly refer to **Table 1** below for proxy appointment via BSIP.

Table 1 – Proxy Appointment via BSIP:

Step 1 – Register Online with BSIP (for first-time registration only)	***Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2.*** • Access the website at https://investor.boardroomlimited.com. • Click **"Register"** to sign up as a user. • Complete registration with all the required information. Upload and attach a softcopy of your Identity Card ("NRIC") (front and back) or Passport. Click **"Register"**. • You will receive an email from BSIP Online for email address verification. Click on **"Verify Email Address"** from the email received to continue with the registration. • Once your email address is verified, you will be re-directed to BSIP Online for verification of your mobile number. • Click on **"Request OTP Code"** and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click **"Enter"** to complete the process. • Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. • An email will be sent to you to inform the approval of your BSIP account within one (1) business day. Subsequently, you can log in at https://investor.boardroomlimited.com with the email address and password filled up by you during the registration to proceed.

ADMINISTRATIVE DETAILS OF THE
14TH ANNUAL GENERAL MEETING

Step 2 – Appointment of Proxy	**For Individual and Corporate holders** • Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. • Click **"Meeting Event"** and select from the list of companies **"PECCA GROUP BERHAD FOURTEENTH (14TH) ANNUAL GENERAL MEETING"** and click **"Enter"**. • Click **"Submit eProxy form"**. • For Corporate holders, please select the companies (if you are representing more than 1 company). • Enter your CDS account number and the number of shares held. • Select your proxy — either the Chairman of the meeting or an individual named proxy(ies). • Read and accept the General Terms and Conditions and click **"Next"**. • Enter the particulars of your proxy(ies) and click **"Next"**. • Indicate your voting instructions — **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**. • Review and confirm your proxy appointment. Click **"Apply".** Download or print the eProxy form as an acknowledgement. **For Authorised Nominee and Exempt Authorised Nominee** • Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. • Click **"Meeting Event"** and select from the list of companies **"PECCA GROUP BERHAD FOURTEENTH (14TH) ANNUAL GENERAL MEETING"** and click **"Enter"**. • Click **"Submit eProxy form"**. • Select the nominee(s)/company(ies) that you represent. • Download the file format for **"Submission of Proxy Form"**. • Prepare the file for appointment of proxy(ies) by inserting the required data. • Upload the duly completed proxy appointment file • Review and confirm your proxy appointment. • Download or print the eProxy form as an acknowledgement.

► If you wish to attend the AGM yourself, please do not submit any proxy form. You will not be allowed to attend the AGM together with a proxy appointed by you.

► If you have submitted your proxy form prior to the AGM and subsequently decided to attend the AGM yourself, please proceed to the Help Desk located in front of the Meeting Venue entrance to revoke the appointment of your proxy.

6. REVOCATION OF PROXY

If you have submitted your Proxy Form prior to the AGM and subsequently decide to appoint another person or wish to participate in the AGM yourself, please write in to bsr.helpdesk@boardroomlimited.com or via electronic means (as the case may be) to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the AGM or proceed to the Help desk counter on the AGM day to do proxy revocation. On revocation, your proxy(ies) will not be allowed to participate in the AGM. In such event, you should advise your proxy(ies) accordingly.

7. POLL VOTING

The voting will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All resolutions set out in the Notice of the 14th AGM will be put to a vote by way of poll. A Poll Administrator will be appointed to conduct the polling process and Independent Scrutineers will be appointed to verify the results of the poll.

8. DOOR GIFT/FOOD VOUCHER

- There will be distribution of voucher or door gift to members/proxies who participate in the AGM.

9. ENQUIRIES

- If you have any queries prior to the AGM, please contact Boardroom during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Share Registrar
Boardroom Share Registrars Sdn. Bhd.
Tel : +603-7890 4700
Email : bsr.helpdesk@boardroomlimited.com

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PROXY FORM
PECCA GROUP BERHAD

PECCA
GROUP BERHAD

Registration No. 201001025617 (909531-D)
Incorporated in Malaysia

No. of ordinary shares held	CDS account no. of holder

I/We, ____(name of shareholder as per NRIC/Passport, in capital letters)
NRIC No./ Passport No./Company No. ______________________________ of ____________________________________
____(full address)
being a *member/members of **PECCA GROUP BERHAD** hereby appoint(s):-

Full Name	NRIC No./Passport No.	**Proportion of Shareholdings**	
		No. of Shares	**%**
Email Address	Contact No.		

*and/ or (delete as appropriate)

Full Name	NRIC No./Passport No.	**Proportion of Shareholdings**	
		No. of Shares	**%**
Email Address	Contact No.		

or failing *him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Fourteenth Annual General Meeting of the Company will be held at Ballroom I, Main Wing, Level 1, Tropicana Golf & Country Resorts, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 21 November 2024, at 10.00 a.m.** or any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below.

Item No.	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon.			
		Resolutions	**For**	**Against**
2.	To approve the payment of Directors' fees and benefit payable to the Directors of the Company and its subsidiary of up to RM330,000.00 from 22 November 2024 until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 1		
3.	To re-elect Dato' Mohamed Suffian Bin Awang who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 2		
4.	To re-elect Datuk Leong Kam Weng who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 3		
5.	To re-elect Dato' Dr. Norhizan Bin Ismail who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 4		
6.	To re-appoint Messrs Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
Special Business				
7.	Continuing in Office as an Independent Non-Executive Director – Dato' Mohamed Suffian Bin Awang.	Ordinary Resolution 6		
8.	Continuing in Office as an Independent Non-Executive Director – Datuk Leong Kam Weng.	Ordinary Resolution 7		
9.	Authority under Section 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016.	Ordinary Resolution 8		
10.	Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 9		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 10		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

*Strike out whichever is not applicable.
*If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.

____
Signature/Common Seal of Shareholder

Date:

Fold this flap for sealing

NOTES:-

1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

2) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3) For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.

   a. In hard copy form
   In the case of an appointment made in hard copy form, the original proxy form must be deposited with the Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("Boardroom") of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   b. By electronic means
   The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please follow the procedures set out in the Administrative Details for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.helpdesk@boardroomlimited.com.

6) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

7) Last date and time for lodging the proxy form is Tuesday, 19 November 2024 at 10.00 a.m.

8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

9) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

   a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
   b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      i. at least two (2) authorised officers, of whom one shall be a director; or
      ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

10) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **14 November 2024** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

11) Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 October 2024.

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AFFIX
STAMP

PECCA GROUP BERHAD
Registration No. 201001025617 (909531-D)
c/o Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)

Ground Floor/11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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PECCA
GROUP BERHAD

PECCA GROUP BERHAD
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W peccagroup.com