PEC LTD.

(Incorporated in the Republic of Singapore)
(Registration No. 198200079M)

Responses to Queries from SGX RegCo on the Annual Report for the Financial Year ended 30 June 2023

The Board of Directors ("**Board**") of PEC Ltd. ("**Company**" and together with its subsidiaries, "**Group**"), refers to its announcement dated 12 October 2023 and wishes to provide its responses to the queries raised by the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 20 October 2023, as reproduced below.

SGX Query 1:

Listing Rule 1207(10) provides that the Board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance, and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them. We note that the Company did not indicate the effectiveness of the internal controls. Please indicate the effectiveness of the internal controls systems in the opinion per Listing Rule 1207(10).

Company's Response to SGX Query 1:

The Company refers to pages 28 and 29 of the Statement of Corporate Governance of the 2023 Annual Report under the section "Risk Management and Internal Controls" and wishes to re-affirm the Board's comment in compliance with Rule 1207(10) of the SGX-ST Listing Rule.

Based on the internal controls established and maintained by the Group, works performed by the Management and the internal auditor throughout the financial year, the statutory audit conducted by the external auditor, as well as the assurance from the Executive Chairman and Director of Finance, the Board with the concurrence of the ARMC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance risks, as well as the Group's information technology controls and risk management systems are adequate and effective.

SGX Query 2:

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

Company's Response to SGX Query 2:

In assessing the internal auditor, the Audit Risk Management Committee ("ARMC") considered the interaction between the internal auditor and Management, the conduct of audits, the quality of its reports, and the qualification and/or experience of the out-sourced firm, Wensen Consulting Asia (S) Pte. Ltd., the engagement director in-charge and the audit team members. The ARMC is satisfied that the internal auditor is independent and has adequate resources to perform its function effectively.

The Internal Audit Team is led by Mr Edward Yap and assisted by Mr Shawn Lee, both are Directors of the firm. Mr Yap has more than 20 years of experience in providing assurance services in Singapore and

Malaysia. He is currently a Practising Member of the Institute of Singapore Chartered Accountants, a Member of the Malaysian Institute of Accountants, a Fellow Member of the Association of Chartered Certified Accountants of the United Kingdom and a Chartered Member of the Institute of Internal Auditors Malaysia. Mr Lee has more than 10 years of experience in leading internal audit review engagements for public companies listed in Singapore, Malaysia and Hong Kong Stock Exchange. His work includes internal control assessment projects for companies preparing for listing, corporate governance compliance review and other enterprise risk management engagements. The members of the team comprise managers, seniors and assistants, who are qualified professionals with relevant internal audit experience.

SGX Query 3:

Listing Rule 907 provides that an issuer must disclose the name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person in the prescribed format. We note from page 34 that the Company has not disclosed the nature of relationship between the Interested Person, Wong Peng, and the Company. Please disclose accordingly.

Company's Response to SGX Query 3:

Mr Wong Peng, a non-executive and non-independent director of PEC Ltd, is engaged as an advisor to the Company on a yearly service contract.

By Order of the Board
Siau Kuei Lian
Company Secretary
24 October 2023