

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

**Responses to Queries from SGX RegCo on the Full Year Results
for the Financial Year ended 30 June 2022**

The Board of Directors ("**Board**") of PEC Ltd. ("**Company**") and together with its subsidiaries, ("**Group**"), refers to its announcement dated 29 August 2022 and wishes to provide its responses to the queries raised by the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 6 September 2022, as reproduced below.

Queries by SGX RegCo

We refer to PEC Ltd's full yearly results announced on SGXNet on 29 August 2022.

The Group disclosed that increase in impairment loss recorded at (S\$27.1 million) was due to assessment of the overall expected credit loss for the receivables and contract assets, of which an additional specific impairment of S\$22 million (approximately) was provided for a long overdue amount (in respect of which no payment was received for the current FY) relating to a completed overseas project.

Please disclose:

- (i) *the Group's plans to recover the long overdue amount;*

Company's response: The Group has continuously engaged with the relevant customer ("**Customer**") to discuss and seek settlement of the overdue amount on an ongoing basis, and had obtained various assurances from the Customer on the settlement. It is also relevant to note that the Group had received partial payments from the Customer from time to time. The Group believed this to indicate the Customer's intention to settle the overdue amount. However, the Customer did not make further payments during the financial year ended 30 June 2022. The Group is presently engaged in discussions with the Customer on a repayment schedule towards settlement of the outstanding amount.

- (ii) *whether they are major customer(s) and whether the Group continues to transact with these customer(s) and if so, what are the commercial reasons in doing so;*

Company's response: While the Customer is considered a major customer of the Group, there is currently no outstanding project work with the Customer, save for ongoing contractual commitments of the Group during the defects liability period for completed projects.

- (iii) *reasons why the customer is unable to repay the Group and whether there will be other costs associated with this impairment that will impact the Company; and*

Company's response: The Customer has requested for extension of time to settle the outstanding balance, citing business challenges affecting its cash flow. The Group continues to be engaged in discussions with the Customer over the settlement of the outstanding amount. Barring any unforeseen circumstances, there are no other significant costs associated with the impairment which will materially impact the Group.

(iv) *how long are the debts outstanding and when were the sales reported.*

Company's response: The receivables have been outstanding for about 5 years, although the Customer had made payments towards the outstanding amount from time to time. Sales were reported in the financial year ended 30 June 2018.

By Order of the Board
Abdul Jabbar Bin Karam Din
Company Secretary
9 September 2022