CIRCULAR DATED 10 OCTOBER 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Circular or the action you should take, you should consult your stockbroker or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility whatsoever for the correctness and accuracy of any statements made, opinions expressed or reports contained in this Circular.

If you have sold or transferred all your shares in the capital of PEC Ltd., you should immediately hand this Circular and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.



PEC LTD.

(Company Registration No. 198200079M)
(Incorporated in the Republic of Singapore on 8 January 1982)

CIRCULAR TO SHAREHOLDERS
IN RELATION TO

(1) THE PROPOSED GRANT OF AWARD TO A CONTROLLING SHAREHOLDER UNDER THE PEC PERFORMANCE SHARE PLAN

(2) THE PROPOSED GRANT OF AWARD TO AN ASSOCIATE OF A CONTROLLING SHAREHOLDER UNDER THE PEC PERFORMANCE SHARE PLAN

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	25 October 2017 at 4.00 p.m.
Date and time of Extraordinary General Meeting	:	27 October 2017 at 4.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM to be held at 3.00 p.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Anson II Level 2, M Hotel, 81 Anson Road, Singapore 079908

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

"2013 Circular"	:	The Company's circular dated 9 October 2013 and issued to Shareholders to seek approval for, among others, the proposed adoption of the Plan, the proposed participation by Edna Ko Poh Thim in the Plan, and the proposed participation by Robert Dompeling in the Plan
"2013 EGM"	:	The extraordinary general meeting of the Company held at Shenton Room, Basement 1, M Hotel, 81 Anson Road, Singapore 079908 on 25 October 2013
"2016 Circular"	:	The Company's circular dated 11 October 2016 and issued to Shareholders to seek approval for the proposed grant of award of up to 199,177 Shares to Edna Ko Poh Thim and the proposed grant of award of up to 199,177 Shares to Robert Dompeling
"2016 EGM"	:	The extraordinary general meeting of the Company held at Anson III, Level 2, M Hotel, 81 Anson Road, Singapore 079908 on 27 October 2016
"AGM"	:	The annual general meeting of the Company
"Associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"Award"	:	A contingent award of fully paid Shares granted under the Plan
"Award Shares"	:	Shares over which are the subject of any Award
"Board"	:	The board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	The circular to Shareholders dated 10 October 2017
"Committee"	:	A committee constituted in accordance with Rule 14 of the Plan, comprising Directors duly authorised and appointed by the Board to administer the Plan, being as at the Latest Practicable Date, Edna Ko Poh Thim, Robert Dompeling, Wong Peng, Dr Foo Fatt Kah, Chia Kim Huat, and David Wong Cheong Fook. For the purposes of the proposed grant of the EK Award and the RD Award, the Committee comprises Wong Peng, Dr Foo Fatt Kah, Chia Kim Huat, and David Wong Cheong Fook
"Company"	:	PEC Ltd.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore as amended or modified from time to time

"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over a company
"Director(s)"	:	A director of the Company for the time being
"EGM"	:	The extraordinary general meeting of the Company, notice of which is set out on pages 14 to 15 of this Circular
"EK Award"	:	The proposed grant of an award of up to 154,222 Shares to Edna Ko Poh Thim, terms of which are set out in paragraph 2.1 of the Letter to Shareholders
"FY"	:	The financial year ending 30 June
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	19 September 2017, being the latest practicable date prior to the printing of this Circular
"Letter to Shareholders"	:	The letter from the Directors to the Shareholders as set out on pages 4 to 13 of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Month"	:	Calendar month
"Notice of EGM"	:	The notice of the EGM as set out on pages 14 to 15 of this Circular
"Participant"	:	A person who holds an Award
"Plan" or "PEC Performance Share Plan"	:	The PEC Performance Share Plan, as amended or modified from time to time
"Proposed Resolutions"	:	The proposed resolutions to be adopted at the EGM, being: (a) the proposed grant of the EK Award to Edna Ko Poh Thim; and (b) the proposed grant of the RD Award to Robert Dompeling
"RD Award"	:	The proposed grant of an award of up to 154,222 Shares to Robert Dompeling, terms of which are set out in paragraph 3.1 of the Letter to Shareholders
"Rules of the Plan"	:	The rules of the Plan as set out in Appendix A to the 2013 Circular
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Issued shares in the capital of the Company
"Shareholders"	:	Persons who are registered as holders of the Shares, or where CDP is the registered holder, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares
"Substantial Shareholder"	:	Shall have the same meaning in relation to the Company as ascribed to the term in the Companies Act
"S$"	:	Singapore dollars, the lawful currency of the Republic of Singapore
"%"	:	Per centum

Names used in Circular		Names in National Registration Identity Card
Edna Ko	:	Edna Ko Poh Thim
Mark Ko	:	Mark Ko Teong Hoon

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Words importing persons include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall have the meaning ascribed to it under the Companies Act or the Listing Manual or any statutory or regulatory modification, unless the context otherwise requires.

Any reference to a time and date in this Circular shall be a reference to Singapore time and date unless otherwise stated.

All discrepancies in the tables included in this Circular between the listed amounts and the totals are thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

PEC LTD.

(Company Registration No. 198200079M)
(Incorporated in the Republic of Singapore on 8 January 1982)

Directors:

Edna Ko Poh Thim (*Executive Chairman*)
Robert Dompeling (*Group Chief Executive Officer*)
Dr Foo Fatt Kah (*Lead Independent Director*)
Chia Kim Huat (*Independent Director*)
David Wong Cheong Fook (*Independent Director*)
Wong Peng (*Non-Executive and Non-Independent Director*)

Registered Office:

21 Shipyard Road
Singapore 628144

10 October 2017

To: The Shareholders of PEC Ltd.

Dear Sir/Madam

1. INTRODUCTION

1.1. On 25 October 2013, at the 2013 EGM, the Plan was approved by Shareholders and adopted by the Company. The purpose of the implementation of the Plan was to serve the Company's objectives in rewarding, retaining and motivating employees. Details of the Plan can be found in the 2013 Circular. At the 2013 EGM, the Shareholders had also approved, under two (2) separate resolutions, the participation of each of Edna Ko and Robert Dompeling in the Plan.

1.2. On 27 October 2016, at the 2016 EGM, the Shareholders had approved (a) the grant of an award of up to 199,177 Shares to Edna Ko; and (b) the grant of an award of up to 199,177 Shares to Robert Dompeling, details of which can be found in the 2016 Circular.

1.3. The Company intends to grant an award of Shares under the Plan in FY2018 to all eligible Participants (including Edna Ko and Robert Dompeling).

1.4. The grant of an award of Shares under the Plan to:

(a) Edna Ko, a Controlling Shareholder of the Company; and

(b) Robert Dompeling, the spouse of Edna Ko and accordingly, an Associate of a Controlling Shareholder of the Company,

is subject to the approval by independent Shareholders.

1.5. This Circular sets out information relating to, and the reasons for:

(a) the proposed grant of the EK Award to Edna Ko; and

(b) the proposed grant of the RD Award to Robert Dompeling,

(collectively, the "**Proposed Resolutions**").

1.6. As at the Latest Practicable Date, the Committee administering the Plan comprises Edna Ko, Robert Dompeling, Wong Peng, Dr Foo Fatt Kah, Chia Kim Huat, and David Wong Cheong Fook. However, Edna Ko and Robert Dompeling have abstained from participating in the Committee's deliberations for the proposed grant of the EK Award and the RD Award.

1.7. The SGX-ST assumes no responsibility whatsoever for the correctness and/or accuracy of any of the statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED GRANT OF THE EK AWARD TO EDNA KO

2.1. EK Award

The Company proposes to grant the EK Award to Edna Ko, subject to the approval by independent Shareholders for the grant of the EK Award, on the following terms:

Number of Shares:	Up to 154,222 Shares[1]
Release and vesting of the Award[2]:	40.0% in 2018[3] 30.0% in 2019[4] 30.0% in 2020[5]

Notes:

(1) The aggregate number of Shares to be finally awarded to Edna Ko will be based on the achievement of certain predetermined performance conditions as determined by the Committee or otherwise in accordance with the Rules of the Plan.

(2) The Award Shares will be released to Edna Ko after the vesting period if certain predetermined performance conditions as determined by the Committee are achieved or otherwise in accordance with the Rules of the Plan.

(3) Within three (3) months after the issuance of the Group's audited financial statements for FY2018.

(4) Within three (3) months after the issuance of the Group's audited financial statements for FY2019.

(5) Within three (3) months after the issuance of the Group's audited financial statements for FY2020.

The aggregate number of Shares under the EK Award has been determined after taking into account, among others, Edna Ko's rank, job performance, leadership and management capabilities, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance conditions within the performance period.

The Award Shares will be released to Edna Ko after the vesting period if certain predetermined performance conditions as determined by the Committee are achieved or otherwise in accordance with the Rules of the Plan.

Awards granted under the Plan are principally performance-based with performance conditions to be set over a performance period. Performance conditions set are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance conditions will be set according to the specific roles of each Participant, and may differ from Participant to Participant. Nonetheless, all eligible Participants (including Edna Ko) will be treated equally and all deserving and eligible participants are equally entitled to take part in and benefit from what the Directors believe is a fair and equitable system of remuneration. The performance conditions are stretched targets aimed at sustaining long-term growth. These targets will be tied in with the Company's corporate key performance indicators.

The performance conditions for Edna Ko will be based on, among others:

(a) the Group's net profits for FY2018; and

(b) various qualitative non-financial performance conditions.

As soon as reasonably practicable after the end of the relevant performance period, the Committee will review the performance conditions and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that Edna Ko has continued to be in the employment of the Group from the award date up to the end of the relevant performance period, will release to Edna Ko all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the performance conditions) of the Award Shares in accordance with the release schedule specified in respect of the EK Award. In the event that the performance conditions are satisfied, Edna Ko will be receiving Award Shares which represent the same number of months of payout as other eligible Participants.

In accordance with the Listing Manual and the Rules of the Plan, the proposed grant of the EK Award to Edna Ko is subject to the approval of independent Shareholders at the EGM.

2.2. Rationale for the grant of the EK Award to Edna Ko

Edna Ko is the Executive Chairman and a Controlling Shareholder of the Company. She is in charge of the overall management of the Group and is responsible for the Group's overall business strategy and development. As at the Latest Practicable Date, Edna Ko has a direct interest in 35,012,338 Shares representing approximately 13.75% of the total number of issued Shares (excluding treasury shares) and is deemed to have an interest in 85,750,000 Shares held by Tian San Company (Pte.) Limited (in which she holds 36.71% of its issued shares), representing approximately 33.68% of the total number of issued Shares (excluding treasury shares).

Edna Ko has more than 25 years of experience in the industry and more than 20 years of service with the Group. Edna Ko and Robert Dompeling, together with the key executives of the Company, have helped expand the business of the Group. Under the leadership and guidance of the Board led by Edna Ko and Robert Dompeling, despite the competitive operating environment and challenging market conditions in the global process industry due to, *inter alia*, the continued volatility in crude oil prices, the Group was able to maintain its revenue above S$400 million and remain profitable.

The proposed grant of the EK Award is consistent with the Company's objectives to motivate its key employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Edna Ko is already a Controlling Shareholder of the Company, the grant of the EK Award to her will ensure that she is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing her long term commitment to the Company. Furthermore, as the EK Award may not be released until after the vesting period and the achievement of certain predetermined performance conditions as determined by the Committee or otherwise in accordance with the Rules of the Plan, the rewards to be reaped from the grant of the EK Award would not be immediate. The value of the EK Award would be best realised only when the results and prospects of the Group's long term performance and growth translate directly into higher share price and higher shareholders' wealth.

In view of the above reasons, the Company proposes to grant to Edna Ko the EK Award of up to 154,222 Shares, subject to the approval by independent Shareholders for the grant of the EK Award.

The aggregate number of Award Shares to be finally awarded to Edna Ko will be based on the achievement of certain predetermined performance conditions as determined by the Committee or otherwise in accordance with the Rules of the Plan. The total number of Shares which may be delivered pursuant to Awards granted under the Plan, when added to the number of Shares issued or issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant award date, which limit is equivalent to 38,192,668 Shares as at the Latest Practicable Date. Additionally, under the Rules of the Plan, (a) the aggregate number of Shares available to eligible Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the Plan, and (b) the aggregate number of Shares available to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the Plan. As at the Latest Practicable Date, the total number of issued Shares (excluding treasury shares and subsidiary holdings) was 254,617,792. The maximum number of Shares which may be granted under the EK Award represents approximately 0.06% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) and approximately 0.40% of the maximum number of Shares available under the Plan, based on 254,617,792 issued Shares as at the Latest Practicable Date (excluding the 154,222 Shares which are the subject of the EK Award).

The aggregate number of Award Shares to be awarded under the EK Award and the RD Award does not exceed 25.0% of the Shares available under the Plan and the aggregate number of Shares available to each of Edna Ko and Robert Dompeling does not exceed 10.0% of the Shares available under the Plan. In view of the foregoing, the Company believes that the EK Award is fair and not excessive.

2.3. As at the Latest Practicable Date, Awards in respect of an aggregate of up to 13,347,764 Shares (including the Awards granted to Edna Ko and Robert Dompeling) have been granted under the Plan. As at the Latest Practicable Date, Awards in respect of up to 11,901,797 Shares have been granted to Participants who are employees and who are not Controlling Shareholders or their Associates, of which 1,492,192 Shares have been released. The aggregate number of shares to be finally awarded to the Participants will be based on the achievement of certain pre-determined performance conditions as determined by the Committee administering the Plan or otherwise in accordance with the Rules of the Plan.

Based on 254,617,792 Shares in issue as at the Latest Practicable Date, up to 38,192,668 Shares may be delivered pursuant to Awards granted under the Plan (being 15.0% of the total number of issued Shares (excluding treasury shares) of the Company. Under the Rules of the Plan, (a) the aggregate number of Shares available to eligible Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the Plan, and (b) the aggregate number of Shares available to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the Plan. Accordingly, Awards in respect of an aggregate of up to 9,548,167 Shares may be granted to eligible Controlling Shareholders and their Associates; and an aggregate of 3,819,266 Shares may be granted to each eligible Controlling Shareholder or his Associate. Since the adoption of the Plan, save for the Awards granted to Edna Ko and Robert Dompeling, no Awards have been granted to Participants who are Controlling Shareholders or their Associates.

The details of the Awards that have been granted under the Plan to Participants who are Directors, Controlling Shareholders or their Associates are as follows:

Name	Award Date	Aggregate number of Shares under Awards granted	Aggregate number of Shares released upon vesting
Edna Ko	15 February 2016	Up to 282,812[(1)]	The first tranche of the Award, in respect of 62,338 Shares, has been released on 15 February 2017.
Robert Dompeling	15 February 2016	Up to 282,812[(1)]	The first tranche of the Award, in respect of 62,338 Shares, has been released on 15 February 2017.
Wong Peng	15 February 2016	Up to 282,812[(1)]	The first tranche of the Award, in respect of 57,662 Shares, has been released on 15 February 2017.
Edna Ko	1 December 2016	Up to 199,177[(1)]	The Award has not been released.
Robert Dompeling	1 December 2016	Up to 199,177[(1)]	The Award has not been released.
Wong Peng	1 December 2016	Up to 199,177[(1)]	The Award has not been released.

Note:

(1) The aggregate number of shares to be finally awarded to the Participants will be based on the achievement of certain pre-determined performance conditions as determined by the Committee administering the Plan or otherwise in accordance with the Rules of the Plan.

Under her service agreement, Edna Ko is entitled to a performance bonus based on the Group's consolidated profit before tax and other extraordinary items. In FY2016, Edna Ko received between S$1,750,000 to S$2,000,000 as remuneration for her services to the Group. The remuneration included fixed salary, the aforesaid performance bonus and benefits in kind. The grant of the EK Award will be in addition to Edna Ko's remuneration as set out in her service agreement with the Company and will also be based on a different set of performance conditions as determined by the Committee.

3. THE PROPOSED GRANT OF THE RD AWARD TO ROBERT DOMPELING

3.1. RD Award

The Company proposes to grant the RD Award to Robert Dompeling, subject to the approval by independent Shareholders for the grant of the RD Award, on the following terms:

Number of Shares:	Up to 154,222 Shares[(1)]
Release and vesting of the Award[(2)]:	40.0% in 2018[(3)] 30.0% in 2019[(4)] 30.0% in 2020[(5)]

Notes:

(1) The aggregate number of Shares to be finally awarded to Robert Dompeling will be based on the achievement of certain predetermined performance conditions as determined by the Committee or otherwise in accordance with the Rules of the Plan.

(2) The Award Shares will be released to Robert Dompeling after the vesting period if certain predetermined performance conditions as determined by the Committee are achieved or otherwise in accordance with the Rules of the Plan.

(3) Within three (3) months after the issuance of the Group's audited financial statements for FY2018.

(4) Within three (3) months after the issuance of the Group's audited financial statements for FY2019.

(5) Within three (3) months after the issuance of the Group's audited financial statements for FY2020.

The aggregate number of Shares under the RD Award has been determined after taking into account, among others, Robert Dompeling's rank, job performance, leadership and management capabilities, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance conditions within the performance period.

The Award Shares will be released to Robert Dompeling after the vesting period if certain predetermined performance conditions as determined by the Committee are achieved or otherwise in accordance with the Rules of the Plan.

Awards granted under the Plan are principally performance-based with performance conditions to be set over a performance period. Performance conditions set are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance conditions will be set according to the specific roles of each Participant, and may differ from Participant to Participant. Nonetheless, all eligible Participants (including Robert Dompeling) will be treated equally and all deserving and eligible participants are equally entitled to take part in and benefit from what the Directors believe is a fair and equitable system of remuneration. The performance conditions are stretched targets aimed at sustaining long-term growth. These targets will be tied in with the Company's corporate key performance indicators.

The performance conditions for Robert Dompeling will be based on, among others:

(a) the Group's net profits for FY2018; and

(b) various qualitative non-financial performance conditions.

As soon as reasonably practicable after the end of the relevant performance period, the Committee will review the performance conditions and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that Robert Dompeling has continued to be in the employment of the Group from the award date up to the end of the relevant performance period, will release to Robert Dompeling all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the performance conditions) of the Award Shares in accordance with the release schedule specified in respect of the RD Award. In the event that the performance conditions are satisfied, Robert Dompeling will be receiving Award Shares which represent the same number of months of payout as other eligible Participants.

In accordance with the Listing Manual and the Rules of the Plan, the proposed grant of the RD Award to Robert Dompeling is subject to the approval of independent Shareholders at the EGM.

3.2. Rationale for the grant of the RD Award to Robert Dompeling

Robert Dompeling is the Group Chief Executive Officer of the Company. He is also the spouse of Edna Ko, the Executive Chairman and a Controlling Shareholder of the Company. As such, he is an Associate of Edna Ko. As at the Latest Practicable Date, Robert Dompeling has a direct interest in 732,338 Shares representing approximately 0.29% of the total number of issued Shares (excluding treasury shares).

Robert Dompeling's responsibilities include managing the Group's operational, commercial and financial divisions, as well as shaping its business development and expansion. He has more than 25 years of experience in the industry and more than 10 years of service with the Group. Robert Dompeling brought with him his expertise in oil and chemical terminal services and his network of clients in the industry when he joined the Group in 2007, allowing the Group to broaden its services into the oil and chemical terminal industry. Additionally, Robert Dompeling and Edna Ko, together with the key executives of the Company, have helped expand the business of the Group. Under the leadership and guidance of the Board led by Edna Ko and Robert Dompeling, despite the competitive operating environment and challenging market conditions in the global process industry due to, *inter alia*, the continued volatility in crude oil prices, the Group was able to maintain its revenue above S$400 million and remain profitable.

The proposed grant of the RD Award is consistent with the Company's objectives to motivate its key employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Robert Dompeling already has a shareholding interest in the Company, the grant of the RD Award to him will ensure that he is equally entitled, with the other employees, to take part in and benefit from this system of remuneration, thereby enhancing his long term commitment to the Company. Furthermore, as the RD Award may not be released until after the vesting period and the achievement of certain predetermined performance conditions as determined by the Committee or otherwise in accordance with the Rules of the Plan, the rewards to be reaped from the grant of the RD Award would not be immediate. The value of the RD Award would be best realised only when the results and prospects of the Group's long term performance and growth translate directly into higher share price and higher shareholders' wealth.

In view of the above reasons, the Company proposes to grant to Robert Dompeling the RD Award of up to 154,222 Shares, subject to the approval by independent Shareholders for the grant of the RD Award.

The aggregate number of Award Shares to be finally awarded to Robert Dompeling will be based on the achievement of certain predetermined performance conditions as determined by the Committee or otherwise in accordance with the Rules of the Plan. The total number of Shares which may be delivered pursuant to Awards granted under the Plan, when added to the number of Shares issued or issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant award date, which limit is equivalent to 38,192,668 Shares as at the Latest Practicable Date. Additionally, under the Rules of the Plan, (a) the aggregate number of Shares available to eligible Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the Plan, and (b) the aggregate number of Shares available to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the Plan. As at the Latest Practicable Date, the total number of issued Shares (excluding treasury shares and subsidiary holdings) was 254,617,792. The maximum number of Shares which may be granted under the RD Award represents approximately 0.06% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) and approximately 0.40% of the maximum number of Shares available under the Plan, based on 254,617,792 issued Shares as at the Latest Practicable Date (excluding the 154,222 Shares which are the subject of the RD Award).

The aggregate number of Award Shares to be awarded under the EK Award and the RD Award does not exceed 25.0% of the Shares available under the Plan and the aggregate number of Shares available to each of Edna Ko and Robert Dompeling does not exceed 10.0% of the Shares available under the Plan. In view of the foregoing, the Company believes that the RD Award is fair and not excessive.

3.3. As at the Latest Practicable Date, Awards in respect of an aggregate of up to 13,347,764 Shares (including the Awards granted to Edna Ko and Robert Dompeling) have been granted under the Plan. As at the Latest Practicable Date, Awards in respect of up to 11,901,797 Shares have been granted to Participants who are employees and who are not Controlling Shareholders or their Associates, of which 1,492,192 Shares have been released. The aggregate number of shares to be finally awarded to the Participants will be based on the achievement of certain pre-determined performance conditions as determined by the Committee administering the Plan or otherwise in accordance with the Rules of the Plan.

Based on 254,617,792 Shares in issue as at the Latest Practicable Date, up to 38,192,668 Shares may be delivered pursuant to Awards granted under the Plan (being 15.0% of the total number of issued Shares (excluding treasury shares) of the Company. Under the Rules of the Plan, (a) the aggregate number of Shares available to eligible Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the Plan, and (b) the aggregate number of Shares available to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the Plan. Accordingly, Awards in respect of an aggregate of up to 9,548,167 Shares may be granted to eligible Controlling Shareholders and their Associates; and an aggregate of 3,819,266 Shares may be granted to each eligible Controlling Shareholder or his Associate. Since the adoption of the Plan, save for the Awards granted to Edna Ko and Robert Dompeling, no Awards have been granted to Participants who are Controlling Shareholders or their Associates.

The details of the Awards that have been granted under the Plan to Participants who are Directors, Controlling Shareholders or their Associates are as follows:

Name	Award Date	Aggregate number of Shares under Awards granted	Aggregate number of Shares released upon vesting
Edna Ko	15 February 2016	Up to 282,812[(1)]	The first tranche of the Award, in respect of 62,338 Shares, has been released on 15 February 2017.
Robert Dompeling	15 February 2016	Up to 282,812[(1)]	The first tranche of the Award, in respect of 62,338 Shares, has been released on 15 February 2017.
Wong Peng	15 February 2016	Up to 282,812[(1)]	The first tranche of the Award, in respect of 57,662 Shares, has been released on 15 February 2017.
Edna Ko	1 December 2016	Up to 199,177[(1)]	The Award has not been released.
Robert Dompeling	1 December 2016	Up to 199,177[(1)]	The Award has not been released.
Wong Peng	1 December 2016	Up to 199,177[(1)]	The Award has not been released.

Note:

(1) The aggregate number of shares to be finally awarded to the Participants will be based on the achievement of certain pre-determined performance conditions as determined by the Committee administering the Plan or otherwise in accordance with the Rules of the Plan.

Under his service agreement, Robert Dompeling is entitled to a performance bonus based on the Group's consolidated profit before tax and other extraordinary items. In FY2016, Robert Dompeling received between S$1,750,000 to S$2,000,000 as remuneration for his services to the Group. The remuneration included fixed salary, the aforesaid performance bonus and benefits in kind. The grant of the RD Award will be in addition to Robert Dompeling's remuneration as set out in his service agreement with the Company and will also be based on a different set of performance conditions as determined by the Committee.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Shares of the Company as at the Latest Practicable Date:

	Number of Shares			
DIRECTORS	**Direct Interest**	**%(1)**	**Deemed Interest**	**%(1)**
Edna Ko(2)	35,012,338	13.75	85,750,000	33.68
Robert Dompeling	732,338	0.29	–	–
Wong Peng	5,032,662	1.98	–	–
Dr Foo Fatt Kah	–	–	–	–
Chia Kim Huat	50,000	0.02	–	–
David Wong Cheong Fook	20,000	0.01	–	–

	Number of Shares			
SUBSTANTIAL SHAREHOLDERS (OTHER THAN DIRECTORS)	**Direct Interest**	**%(1)**	**Deemed Interest**	**%(1)**
Tian San Company (Pte.) Limited(2)	85,750,000	33.68	–	–
Mark Ko	23,624,475	9.28	–	–

Notes:

(1) The percentage is calculated based on the total issued and paid-up share capital of 254,617,792 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Edna Ko is deemed to have an interest in 85,750,000 Shares held by Tian San Company (Pte) Limited, in which she holds 36.71% of its issued shares, by virtue of Section 7 of the Companies Act.

5. DIRECTORS' RECOMMENDATIONS

5.1. Proposed Grant of EK Award to Edna Ko

The Committee had been tasked to review the proposed grant of the EK Award to Edna Ko under the Plan. The Committee is of the opinion that the proposed grant of the EK Award is in the interests of the Company.

Save for Edna Ko and Robert Dompeling who have abstained from making any recommendation in respect of the proposed grant of the EK Award, the Directors are of the view that the proposed grant of the EK Award is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 1 as set out in the Notice of EGM.

5.2. Proposed Grant of RD Award to Robert Dompeling

The Committee had been tasked to review the proposed grant of the RD Award to Robert Dompeling under the Plan. The Committee is of the opinion that the proposed grant of the RD Award is in the interests of the Company.

Save for Edna Ko and Robert Dompeling who have abstained from making any recommendation in respect of the proposed grant of the RD Award, the Directors are of the view that the proposed grant of the RD Award is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 2 as set out in the Notice of EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 14 to 15 of this Circular, is being convened to be held at Anson II Level 2, M Hotel, 81 Anson Road, Singapore 079908 on 27 October 2017 at 4.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM to be held at 3.00 p.m. on the same day and at the same place).

7. ABSTENTION FROM VOTING

Pursuant to Rule 859 of the Listing Manual, Shareholders who are eligible to participate in the Plan must abstain from voting on any resolution relating to the Plan.

Accordingly, Edna Ko and Robert Dompeling will abstain from voting in respect of Ordinary Resolutions 1 and 2 and will also decline to accept any appointment as proxy to vote at and attend the forthcoming EGM in respect of Ordinary Resolutions 1 and 2 unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

As Mark Ko and Tian San Company (Pte) Limited are Associates of Edna Ko, they are not considered independent Shareholders for the purposes of Rule 853 of the Listing Manual. Accordingly, Mark Ko and Tian San Company (Pte) Limited will abstain from voting in respect of Ordinary Resolutions 1 and 2. Additionally, Mark Ko will decline to accept any appointment as proxy to vote at and attend the forthcoming EGM in respect of Ordinary Resolutions 1 and 2 unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the Proxy Form (attached to this Circular) in accordance with the instructions printed thereon as soon as possible and, in any event. so as to reach the registered office of the Company at 21 Shipyard Road, Singapore 628144 not less than 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting at the EGM in person in place of the proxy if he so wishes.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 21 Shipyard Road, Singapore 628144 during normal business hours from the date hereof up to and including the date of the EGM:

(a) the 2013 Circular;
(b) the 2016 Circular;
(c) the constitution of the Company;
(d) the Annual Report of the Company for FY2017; and
(e) the Rules of the Plan.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully,

For and on behalf of the Board of
PEC LTD.

Edna Ko
Executive Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

PEC LTD.

(Company Registration No. 198200079M)
(Incorporated in the Republic of Singapore on 8 January 1982)

*Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as used in the circular dated 10 October 2017 issued by PEC Ltd. (the "**Circular**").*

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of PEC Ltd. ("**Company**") will be held at Anson II Level 2, M Hotel, 81 Anson Road, Singapore 079908 on 27 October 2017 at 4.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolutions:

RESOLUTION 1: ORDINARY RESOLUTION

TO APPROVE THE PROPOSED GRANT OF THE EK AWARD TO EDNA KO

That:

(a) the proposed grant of the EK Award comprising up to 154,222 Shares to Edna Ko (who is regarded as a Controlling Shareholder) by the Committee administering the PEC Performance Share Plan, be and is hereby approved; and

(b) the Directors of the Company be and are hereby authorised to allot and issue Shares, or transfer existing Shares procured by the Company, upon the release of the EK Award.

RESOLUTION 2: ORDINARY RESOLUTION

TO APPROVE THE PROPOSED GRANT OF THE RD AWARD TO ROBERT DOMPELING

That:

(a) the proposed grant of the RD Award comprising up to 154,222 Shares to Robert Dompeling (who is regarded as an Associate of a Controlling Shareholder) by the Committee administering the PEC Performance Share Plan, be and is hereby approved; and

(b) the Directors of the Company be and are hereby authorised to allot and issue Shares, or transfer existing Shares procured by the Company, upon the release of the RD Award.

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary

10 October 2017
Singapore

NOTES:

(1) A member who is not a relevant intermediary[#] is entitled to appoint not more than two proxies to attend and vote on his/her behalf at the EGM. A proxy need not be a member of the Company.

(2) A member who is a relevant intermediary[#] is entitled to appoint more than two proxies to attend and vote at the EGM. A proxy need not be a member of the Company.

(3) If the appointer is a corporation, the instrument appointing the proxy or proxies must be executed either under its seals or under the hand of its officer or attorney duly authorised.

(4) The instrument appointing a proxy must be deposited at the registered office of the Company at 21 Shipyard Road, Singapore 628144 not less than 48 hours before the time appointed for holding the EGM.

(5) A depositor shall not be regarded as a member of the Company entitled to attend and vote at the EGM unless his/her name appears on the Depository Register not less than 72 hours before the time appointed for holding the EGM.

[#] Relevant intermediary means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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.

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PEC LTD.

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

PROXY FORM

FOR EXTRAORDINARY GENEARL MEETING
(Please see notes overleaf before completing this Form)

IMPORTANT:

CPF Investors

1. For investors who have used their CPF monies to buy PEC Ltd.'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy and/or representative, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 10 October 2017.

I/We, _____

of _____

being a member/members of PEC Ltd. (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No. No. of Shares**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No. No. of Shares**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**Meeting**") of the Company to be held at Anson II Level 2, M Hotel, 81 Anson Road, Singapore 079908 on 27 October 2017 at 4.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM to be held at 3.00 p.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

	For*	**Against***
Ordinary Resolution 1 To approve the proposed grant of the EK Award to Edna Ko		
Ordinary Resolution 2 To approve the proposed grant of the RD Award to Robert Dompeling		

* Please indicate your vote "For" or "Against". If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2017

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

_____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member of the Company who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend and vote in his/her behalf at the EGM. A proxy need not be a member of the Company. Where such member's instrument appointing a proxy or proxies appoints more than one proxy, the proportion of his/her total number of shares concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies. If no proportion of shares is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares and any second named proxy as an alternate to the first named or, at the Company's discretion, to treat this instrument appointing a proxy or proxies as invalid.

   (b) A member of the Company who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend and vote at the EGM. A proxy need not be a member of the Company. The relevant intermediary shall specify the number and class of shares to be represented by each proxy. If the number and class of shares are not specified, the instrument will be treated as invalid.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 21 Shipyard Road, Singapore 628144 not less than 48 hours before the time appointed for the Meeting.

4. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised or in such manner as appropriate under applicable laws. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the registered office, not less than 48 hours before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.

5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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PEC LTD.

(Company Registration Number. 198200079M)

21 Shipyard Road, Singapore 628144

Tel: +65 6268 9788 Fax: +65 6268 9488

www.peceng.com