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

ANNUAL GENERAL MEETING TO BE HELD ON 27 OCTOBER 2021
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

PEC Ltd ("PEC") would like to thank all Shareholders who submitted their questions in advance of our Annual General Meeting ("AGM") to be held virtually via "live webcast" at 3:00 p.m. on Wednesday, 27 October 2021.

Please refer to our responses to these substantial and relevant questions in the following pages.

By The Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary
25 October 2021

	Responses to Substantial and Relevant Questions
1	The Group has $145m of cash and short term deposits. Will the Board consider it appropriate to distribute a portion of this cash to shareholders if this cash is not being put into optimum use? This cash works out to $0.57 per share, higher than PEC's share price of $0.55 as at 11 Oct 21.
Reply:	The Board has proposed a final cash dividend of 2.5 cents per ordinary share to be approved by shareholders at the forthcoming AGM. In managing our cash flows, we strive to strike a balance taking into consideration capex, working capital requirements and contingencies. A further consideration is prudence, particularly as the market is still in a recovery phase from the COVID-19 pandemic.
2	What measures has PEC taken to ensure that the impairment of receivables seen in 2020 will not recur?
Reply:	We continue to follow up closely on the overdue payments from our clients and conduct suitable and sufficient risk assessments before accepting new clients.
3	With the rebound in oil prices in 2021, do you expect that the projects in the oil & gas / petrochemicals sector that are available for PEC to bid on will recover to pre-Covid levels in the near future?
4	There was a big draw down in projects over the past 2 years and it look like the drop will continue to the next 1 to 2 years. But in the Executive Chairman and CEO's statement, both are cautiously optimistic over the medium term. Please share the company view on how deep is the current down turn (oil & gas, petrochemical) and is what kind of light both are seeing at the end of the tunnel.
Reply:	The downturn in the global oil & gas and petrochemical industries was severe. The petrochemical industry recovery started ahead and we are now also seeing an upturn in the oil & gas industry as a result of the higher oil & gas prices. The energy sector is changing and the oil and gas sector is facing pressure to act on climate change. However, the demand for oil and gas will not change overnight, even as oil and gas majors work toward a lower-carbon future. The level of enquiries has picked up in recent months and we are cautiously optimistic of the outlook for new projects and maintenance works in our key markets over the medium term. We are pursuing these opportunities to build on our orderbook. Major spending is expected to rise in 2022, but it might not reach pre-pandemic levels in the near term.

5	Does PEC has any short- or long-term projections or targets for alternative energy-related projects/maintenance as a percentage of PEC's revenue?
Reply:	As climate change is pushing more investments into the 'green' energy sector, the Group will continue to expand its engineering and construction capabilities for the new energy business especially where it involves facilities for the manufacturing, handling and storage of 'green' energy gases. We will continue to build up this new business to capture opportunities presented by this energy transition and we believe it will contribute to the orderbook in the near to medium term.
6	How have PEC's business and operations in Vietnam been affected by the increase in Covid-19 cases in 2021?
Reply:	Our Vietnam operations in the Nghi Son district have not been significantly impacted. We have implemented safe management measures to safeguard the health and safety of our employees including split team arrangements.
7	What are PEC's plans for the renewal of the Board, including the Lead Independent Director?
Reply:	Since October 2017, we have appointed 2 new independent directors. The Board, through the Nominating Committee (NC), will review yearly the size and composition of the Board, to ensure that the size of the Board is appropriate in facilitating effective decision-making taking into account the scope and nature of the Group's operations, and that the Board has a strong independent element. The Board and NC will ensure an orderly succession for retiring directors to comply with regulations and to maintain an appropriate balance of skills and experience. Dr Foo Fatt Kah continues to demonstrate strong independence in character and judgment in the discharge of his responsibilities as a Director of the Company and provided valuable contributions to the Board through his integrity, objectivity and professionalism, notwithstanding his years of service. The Board has considered and determined that Dr Foo Fatt Kah, having over time developed significant insights into the Group's business and operations and gained an in-depth understanding of the business/operating environment of the Group, continues to provide the Company and the Board with much needed experience and knowledge. The NC has reviewed, amongst others, his contributions at meetings of the Board and Committees and has assessed him to be able to act independently and in the best interests of the Company.

8	The Group took a substantial amount impairment on trade receivables in FY2020. There was a reversal FY2021 but as at FY2021 year end, about SGD10M of is for a single customer in UAE. The Group is in and well established in Middle East for years, so my question is what had gone wrong with this project(s).
Reply:	Whilst the project has been completed as announced earlier, the customer had delayed payment issues.
9	Is the low Capex in FY2021 a “new normal”?
Reply:	The oil & gas industry is picking up though it might not reach the pre-pandemic levels in the near term. We expect the capex spending to increase accordingly.
10	With the retirement of Wong Peng and zero information on next in line management and the only information that I can see from the annual report is that the Group paid executive directors about 2X more than all other key management personnel combined. My question is on succession planning. Please share.
Reply:	As part of the Company's succession planning, we have over the last few years, recruited several senior management staff with subject matter expertise as well as identified, developed the skills and knowledge of our existing pool of employees These key management staff have since taken on key roles and responsibilities in the organisation. Mr Wong Peng continues to act as an advisor for the Group and plays a key role in advising and mentoring the management.