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

ANNOUNCEMENT IN RELATION TO LITIGATION AND CLAIMS INVOLVING A SUBSIDIARY OF THE COMPANY

The board of directors (the "**Board**" or the "**Directors**") of PEC Ltd. ("**Company**" and together with its subsidiaries and associated companies, the **"Group"**) wishes to announce that:

1. on 18 June 2021, Plant General Services Pte. Ltd. ("**Subsidiary**"), a wholly-owned subsidiary of the Company, was issued a statutory demand under Section 125 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) ("**Statutory Demand**") by the solicitors acting for McKnight Engineering Pte. Ltd. ("**McKnight**"); and

2. on 22 June 2021, the Subsidiary was also served with a writ of summons and statement of claim filed in the High Court of Singapore ("**SOC**") by McKnight.

According to the Statutory Demand and the SOC, the claims are being made by McKnight against the Subsidiary for an aggregate sum of S$832,247.85 for provision of services by McKnight to the Subsidiary for two separate projects and in the case of the SOC, damages (on the alternative) plus interests and cost to be ordered.

The Subsidiary has appointed Rajah & Tann Singapore LLP as its legal advisors. In this regard:

1. The Subsidiary is disputing McKnight's entitlement to issue the Statutory Demand and has demanded that the same be withdrawn; and

2. The Subsidiary has entered a memorandum of appearance in relation to the SOC on 25 June 2021 and filed a defence and counterclaim on 5 July 2021.

The Board is of the view that the potential financial exposure relating to the aforementioned claims are not expected to have a material impact on the Group's earnings per share and net tangible assets per share for the current financial year ending 30 June 2022.

The Company will keep the shareholders informed of the progress of this matter and will make further announcements on any material developments in relation to the aforesaid as and when appropriate.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company, which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary
13 July 2021