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

PURCHASE OF PROPERTY AT 11 NEYTHAL ROAD SINGAPORE 628577

A. Introduction

The Board of Directors of PEC Ltd. (the "**Company**") wishes to announce that its subsidiary, EBT Engineering Pte Ltd ("**EBT**"), has on 23 September 2014 exercised an Option to Purchase (the "**Option**") granted by Best Safety-Glass Manufacturing (S) Pte Ltd ("**Vendor**"), relating to the purchase of the property located at 11 Neythal Road Singapore 628577 ("**Property**").

B. Information on the Property

The Property is a leasehold property with a 30-year lease commencing from 16 August 2010. The Property has a total land area of approximately 56,349 square feet, and comprises a factory equipped with overhead cranes and an ancillary office building.

C. Consideration

The total purchase consideration for the Property is S$8,250,000 ("**Consideration**"), exclusive of goods and services tax. The Consideration was arrived at on a willing-buyer willing-seller basis after arm's length negotiations between the Vendor and EBT, and after taking into account the indicative market value of the Property based on independent sources. EBT has not commissioned a separate valuation of the Property for purposes of the purchase of the Property.

The Consideration is to be paid in the following manner:

(i) 1% of the Consideration was paid to the Vendor on the grant of the Option;

(ii) 9% of the Consideration was paid to the Vendor upon the exercise of the Option; and

(iii) 90% of the Consideration is to be paid to the Vendor upon completion of the purchase of the Property ("**Completion**").

The Consideration payable by EBT for the Property will be funded through internal resources and bank borrowings.

D. Salient Terms of the Option

The purchase of the Property ("**Purchase**") is subject to, amongst others, the following terms:-

(i) the sale and purchase of the Property is subject to "The Singapore Law Society's Conditions of Sale 2012" (the "**Conditions**"), insofar as the Conditions and the terms and conditions of the Option are not contrary to or in conflict with the Conveyancing & Law of Property (Conveyancing) Rules 2011 and the Singapore Academy of Law (Conveyancing Money) Rules 2011 (if applicable);

(ii) the written approval from Jurong Town Corporation ("**JTC**") for the sale and purchase of the Property and the approval of JTC for the use of the Property by EBT for the

purposes of manual grit blasting in a grit blasting chamber, with blasting within a boxed up area with air suction and spray painting within a spray booth; and

(iii) satisfactory replies being received by EBT's solicitors to their legal requisitions to the various government departments (including the Land Transport Authority, MRTC).

Completion shall take place on the latest of the following dates:

(a) 12 weeks from the date of exercise of the Option; or

(b) 8 weeks from the date JTC's written approval to the sale and purchase of the Property is received; or

(c) (in the event JTC requires an Environmental Baseline Study ("**EBS**") to be undertaken) 8 weeks from the date JTC accepts in writing and is satisfied with the decontamination report or the EBS report submitted to JTC.

E. Rationale for the Purchase of the Property

The Board of Directors of the Company is of the view that the Purchase is in the best interest of EBT and the Group.

The Purchase will increase EBT's existing capacity to undertake larger projects and expand its scope of work to include work for non-ferrous materials. In addition, subject to the approvals from the relevant authorities to use part of the Property for workers' dormitory being obtained, part of the Property will be used to provide accommodation to house EBT's workers in Singapore so as to reduce exposure to the shortage and rising costs of accommodation for its workers.

F. Financial Effects

The financial effects of the Purchase set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Purchase nor a projection of the future financial performance or position of the Group after the Completion. The financial effects of the Purchase set out below are based on the Company's unaudited financial statements for the financial year ended 30 June 2014 ("**FY2014**").

(i) Net tangible assets ("**NTA**") per share

Assuming the Purchase had been effected on 30 June 2014, the NTA per share of the Group would be as follows:

	Before the Purchase	**After the Purchase**
NTA (S$'000)	223,326	223,011
Number of issued shares ('000)	255,157	255,157
NTA per share (Singapore cents)	87.5	87.4

(ii) Earnings per share ("**EPS**")

Assuming the Purchase had been effected on 1 July 2013, the EPS of the Group would be as follows:

	Before the Purchase	After the Purchase
Net profit/(loss) after tax (S$'000)	9,059	8,886
Weighted average number of issued shares ('000)	255,157	255,157
EPS (Singapore cents)	3.6	3.5

G. Relative Figures Pursuant to Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are as follows:

Rule	Bases of computation	Size of relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	Not applicable as this is an acquisition
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable as there is no net profit attributable to the Property
1006(c)	Aggregate value of consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares[(2)]	6.0%[(1)]
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities of the Company will be issued as consideration for the Purchase
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable as this is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

(1) Based on the aggregate value of consideration of S$8,250,000 and the market capitalisation of the Company of S$137,784,780 (determined by multiplying the existing number of shares in issue by S$0.540, being the weighted average price of the Company's shares transacted on 22 September 2014, being the market day preceding the date of exercise of the Option).

Based on the relative figures computed above, the Purchase constitutes a discloseable transaction under Rule 1010 of the Listing Manual of the SGX-ST. As none of the relative figures exceeds 20%, the Purchase does not constitute a major transaction under Rule 1014, and accordingly, shareholders' approval is not required for the Purchase.

H. Interest of Directors and Controlling Shareholders

Save for their shareholding interests in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Purchase.

I. Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Purchase. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

J. Documents for Inspection

A copy of the Option is available for inspection during normal business hours at the registered office of the Company at 21 Shipyard Road Singapore 628144 for a period of three (3) months from the date of this announcement.

Submitted by Edna Ko Poh Thim, Executive Chairman on 24 September 2014 to the SGX-ST.