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

STATUTORY DEMAND BY NICHIAS (SINGAPORE) PTE LTD AGAINST MAJOR INSULATION & LINKS (MIL) MARKETING PTE. LTD.

The Board of Directors of PEC Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company's 51%-owned subsidiary, Major Insulation & Links (MIL) Marketing Pte. Ltd. ("**MIL**") has received a letter dated 26 January 2017 from the solicitors of Nichias (Singapore) Pte Ltd ("**Nichias**") stating that it is a statutory demand pursuant to Section 254(2)(a) of the Companies Act (Cap. 50) ("**Statutory Demand**") for payment of the sum of approximately S$1.25 million ("**Debt**").

The Statutory Demand was received at the office of MIL's company secretary, which was, however, closed from 27 January 2017 to 30 January 2017. The Statutory Demand was subsequently posted to MIL on the afternoon of 2 February 2017 and reached MIL's letterbox on 6 February 2017. This matter was brought to the attention of the Company on 6 February 2017.

The Statutory Demand states that if MIL fails to pay the Debt plus any further interest accrued as at the date of payment or to secure or compound the same to the reasonable satisfaction of Nichias within 3 weeks of MIL's receipt of the Statutory Demand, Nichias would be entitled to file a winding up application for MIL to be wound up, on the grounds that it is unable to satisfy its debts as they fall due.

MIL has approached the Company for assistance, and the Company has made arrangements to resolve issues raised in the Statutory Demand with Nichias.

The principal amount of the Debt had been fully provided for in the Company's financial statements for the first quarter ended 30 September 2016. In view thereof, the Statutory Demand for payment of the Debt is not expected to have any material adverse impact on, *inter alia*, the financial position, business and operations of the Group.

The Company will update shareholders via SGXNET on any further development of the abovementioned matter as and when appropriate.

Submitted by Edna Ko Poh Thim, Executive Chairman on 8 February 2017 to the SGX-ST.