

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

**REPLY TO SGX QUERY ON THE SECOND QUARTER RESULTS FOR PERIOD
ENDED 31 DECEMBER 2018 (“Results Announcement”)**

In response to queries by the SGX in its notification on 21 February 2019, the Board of Directors of PEC Ltd. (the “**Company**”) would like to provide the following explanations in relation to the Results Announcement:-

SGX’s Query no. 1:

Elaborate on the project works and maintenance services which contributed to the Group’s increase in revenue in 1H FY2019.

Company’s response:

The increase in revenue was mainly the result of an increase in maintenance activities (for example, plant shutdowns and turnarounds etc) from existing clients, as well as new projects, in 1H FY2019.

SGX’s Query no. 2:

Disclose and elaborate the factors which resulted in the higher operating cost in 1H FY2019 affecting gross profit margins.

Company’s response:

The higher operating costs are a result of an increase in manpower, materials and equipment costs, subcontractor charges and related expenses to support the increased maintenance activities and new projects.

SGX’s Query no. 3:

It is noted that the Group’s Trade receivables amounted to S\$107.9 million as at 31 December 2018 which is approximate to the Group’s Revenue for second quarter at S\$107.4 million. Please elaborate whether there are any difficulties faced by the Company in collecting payments for its revenue generated.

Company’s response:

Of the S\$107.9 million Trade Receivables as at 31 December 2018, approximately S\$44.0 million relates to current receivables that are not overdue, while \$63.9 million relates to past due receivables. As at 22 February 2019, the Group has collected a further S\$9.3 million of the S\$63.9 million which are past due. The overdue balances are not in dispute, and the Group is working closely with its customers to ensure that the remaining past dues balances are settled and is confident that collections will continue.

Submitted by Edna Ko Poh Thim, Executive Chairman on 25 February 2019 to the Singapore Exchange Securities Trading Limited.