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

SALE OF PROPERTY AT 27 TUAS AVENUE 3 SINGAPORE 639419

A. Introduction

The Board of Directors of PEC Ltd. (the "**Company**") wishes to announce that its subsidiary, Audex Pte. Ltd. ("**Audex**") has granted an Option to Purchase (the "**Option**") to WIT Engineering Pte. Ltd. (the "**Purchaser**"), an unrelated party, relating to the sale of the property located at 27 Tuas Avenue 3 Singapore 639419 (the "**Property**") and the Purchaser has on 31 March 2015 exercised the Option.

B. Information on the Property

The Property is a leasehold property with a 30-year lease commencing from 1 November 1983 with a further term of 30 years from 1 November 2013. The Property has a total land area of approximately 43,607 square feet and comprises a part single/part 3-storey detached factory.

C. Consideration

The total consideration payable by the Purchaser for the Property is S$7,100,000 ("**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 Audex and the Purchaser, and after taking into account the indicative market value of the Property based on independent sources. Audex has not commissioned a separate valuation of the Property for purposes of the sale of the Property (the "**Sale**").

The Consideration will be satisfied in cash, and was and is to be paid in the following manner:

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

(ii) 4% of the Consideration was paid to Audex's solicitors (acting as stakeholders pending the issuance of the JTC Approval (as defined below)) upon the exercise of the Option. Such amount will be released to Audex within three working days from the issuance of the JTC Approval; and

(iii) 95% of the Consideration is to be paid to Audex upon completion of the sale of the Property ("**Completion**").

D. Salient Terms of the Option

The Sale is subject to, amongst others, the following terms:-

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

(ii) the written in-principle approval from Jurong Town Corporation ("**JTC**") being obtained for the sale and purchase of the Property and the assignment / transfer of the unexpired leasehold term of the Property to the Purchaser (the "**JTC Approval**");

(iii) in the event that clearance is required from the Public Utilities Board, the Pollution Control Department, the Central Building Plan Department and/or such other relevant governmental authorities or statutory boards, the Purchaser being able to obtain all necessary and/or required clearances and approvals (the "**Authorities' Approvals**");

(iv) if JTC requires any Environmental Baseline Study ("**EBS**") to be carried out on the Property, the party on whom JTC imposes the obligation to carry out the EBS shall carry out the same at its own cost; and

(v) if JTC requires any decontamination works to be carried out on the Property, Audex shall carry out the same at its own cost.

Subject to the JTC Approval and the Authorities' Approvals being obtained, Completion shall take place on the latest of the following dates:-

(i) 12 weeks from the date of the Option; or

(ii) 3 weeks from the date of JTC's in-principle approval to the transfer / assignment of the Property to the Purchaser; or

(iii) 3 weeks from the date of JTC's confirmation that (a) JTC accepts the EBS report, or (b) if decontamination works are required by JTC to be carried out, the decontamination works carried out are satisfactory to JTC; or

(iv) 1 week from the date of JTC's confirmation that JTC has no objection (without any other condition) to the execution of the deed of assignment for the assignment / transfer of the unexpired leasehold term of the Property to the Purchaser or the execution and registration of the instrument of transfer (as the case may be); or

(v) such other date as both Audex and the Purchaser may mutually agree.

E. Rationale for the Sale of the Property

The Board of Directors of the Company is of the view that the Sale is in the best interest of the Group.

As announced by the Company on 19 June 2013, the Company completed its purchase of the property at 20 Benoi Lane Singapore 627810 ("**Benoi Property**"), which would expand the Group's existing capacity from 12,000 metric tonne per year to 19,800 metric tonne per year and enable the Group to undertake larger projects and maintenance/turnaround jobs, and provide accommodation for its workers in Singapore. Following such acquisition of the Benoi Property, Audex had relocated its activities / operations undertaken at the Property, which was utilised by Audex as a fabrication plant and office premises, to the Benoi Property. In view of such relocation, the Property is no longer required by the Group.

The Sale will enable the Group to realise the value of the Property and strengthen the working capital position of the Group.

F. Use of Proceeds

The net proceeds from the Sale will be used by the Group for its general working capital requirements.

G. Financial Effects

The financial effects of the Sale 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 Sale nor a projection of the future financial performance or position of the Group after the Completion. The financial effects set out below are based on the Company's audited financial statements for the financial year ended 30 June 2014 ("**FY2014**").

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

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

	Before the Sale	**After the Sale**
NTA (S$'000)	223,326	228,933
Number of issued shares ('000)	255,157	255,157
NTA per share (Singapore cents)	87.5	89.7

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

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

	Before the Sale	**After the Sale**
Net profit/(loss) after tax (S$'000)	9,059	14,667
Weighted average number of issued shares ('000)	255,157	255,157
EPS (Singapore cents)	3.6	5.7

The net book value of the Property as at 31 December 2014 was approximately S$1,355,159. Based on the latest announced unaudited consolidated accounts of the Group for the half year ended 31 December 2014, the Sale will result in an estimated net gain of approximately S$5,600,000 (after deducting related expenses).

H. 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	0.6%[(1)]
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	6.2%[(2)]
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 this is a disposal

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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	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 latest announced unaudited consolidated accounts of the Group for the half year ended 31 December 2014. The net asset value of the Property as at 31 December 2014 is approximately S$1,355,159.

(2) Based on the aggregate value of consideration of S$7,100,000 and the market capitalisation of the Company of S$114,820,650 (determined by multiplying the existing number of shares in issue by S$0.45, being the weighted average price of the Company's shares transacted on the market day preceding the date of exercise of the Option).

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

I. 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 Sale.

J. Directors' Service Contracts

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

K. 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 31 March 2015 to the SGX-ST.