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

ANNUAL GENERAL MEETING TO BE HELD ON 28 DECEMBER 2020
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

PEC Ltd ("PEC") would like to thank all Shareholders who submitted their questions in advance of our Annual General Meeting ("AGM") to be held virtually via "live webcast" at 3:00 p.m. on Monday, 28 December 2020.

We trust that Shareholders will understand that because of the overlapping questions received, we will not be responding to each and every question individually. Please refer to our responses to these substantial and relevant questions in the following pages.

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary
24 December 2020

Responses to Substantial and Relevant Questions	
1.	Are there any Lead ID renewal plans?
	The Board, through the Nominating Committee (NC), will review yearly the size and composition of the Board, to ensure that the size of the Board is appropriate in facilitating effective decision-making taking into account the scope and nature of the Group's operations, and that the Board has a strong independent element. The Company has a formal and transparent process for the appointment and reappointment of directors taking into account the need for progressive renewal of the Board. The Board and NC will ensure an orderly succession for retiring directors to comply with regulations and to maintain an appropriate balance of skills and experience.
2.	Given smaller impairment and $108mm of receivables being collected, why the large amount of excess cash in-place of a special dividend. Company did not engage in buybacks despite share price going below previous buyback price in April 2020. Why did it not exercise this mandate despite sufficient cash?
	The full impact of this epidemic on businesses and supply chains is still unknown with a global recovery still lagging depending on how other geographies are ultimately affected by the virus. During the COVID-19 crisis, a core priority is preserving cash and ensuring that the Group has sufficient liquidity to sustain its operations and ride through this severe economic downturn. The Group will continue to manage its cashflow diligently and if need be tap on our banking facilities to support the continuity of its business operations.
3.	Are there any improvements in financial controls to manage aged receivables and cash movement to avoid further situations like China subsidiary theft?
	The Company has taken steps to enhance the necessary internal controls for the PEC PRC companies and has engaged its internal auditors to review and ensure the effectiveness and completeness of the enhanced internal controls. The internal controls of PEC CEL will also be reviewed by the Group's Finance team and the Audit and Risk Management Committee periodically and measures will be taken to continuously strengthen these controls and ensure segregation of duties.
4.	Any business updates regarding Singapore petrochemical maintenance or new builds?
	The refinery, petrochemical and chemical industries are highly integrated in Singapore. It is our belief that the petrochemical and chemical industries will continue to recover and be able to sustain their operations. Meanwhile, the refineries will focus more on the supply of the necessary feedstocks and less on transportation fuels. Against this backdrop, we believe that Singapore will continue to remain a refinery/petrochemical/chemical hub of significance.
5.	Please Provide an Update on 14 International Business Park. What is the Intention and when will Company move in?
	The new regional Centre of Excellence (CoE) at IBP plays a critical role in supporting PEC's

	expansion and in building the next generation of engineers and leaders in the Company. PEC's new regional CoE is the heart of deep-skilled engineering centre, supporting all the EPC projects, revamping projects and A&A projects execution in the region. The continuous development of the deep-skilled engineering centre will enable PEC to capture projects in S.E.A., China, India and the Middle East. The new regional CoE will also house the ICT department which manages all the ICT software and hardware purchased or developed by the company. These ICT assets are critical to the delivery of the engineering expertise without which it is impossible to get everyone connected across different organizations and over different geographical areas working effectively and productively. We expect to complete the move by June/July 2021.
6.	Has the Company been impacted by recent announcements from Shell on capacity reductions?
	Shell Singapore has recently announced the reduction of crude refining capacity in the next year or two. The Company continues to serve Shell providing maintenance services, plant turnaround and project services and the volume of work will depend on Shell's operational needs.
8.	Pipeline was S$191 million at 30 Jun 2020. Please provide and update on this. Is it higher or lower?
	As of 30 June 2020, the order book was S$ 191 million. Further updates will be provided in financial results for the half year ended December 2020.
9.	How much of your operations in Singapore have resumed currently, compared to pre-Covid?
	The Group's business operations have been classified as a provider of essential services to the PCM sector and we were allowed to continue to operate during the pandemic but subject to the MTI-approved manning levels for PCM contractors. Even though operations have resumed, the manning levels and schedules were affected as Company has to comply with worker cohorting arrangements (e.g. submission of worker details, worksite team/zone, transport and accommodation arrangements) and abide by Safe Management Measures as required by the MOM had some impact on the Group's productivity.
10.	What is the rough percentage decrease in the number of projects currently available/suitable for PEC to bid on, compared to 6 months ago and compared to 1 year ago? How has the type of projects available (e.g. sub-sectors) changed?
	The number and size of investments have yet to recover to pre-COVID level. The low oil prices and COVID-19 will provide both opportunities and challenges. We do see opportunities in growing our maintenance business and modular process solutions. The Group continues to rely on its strong engineering knowledge and focus on customer services to win these limited opportunities and execute them to enhance its profitability.

11.	In your Annual Report, you mentioned that "armed with a thorough understanding of the process industries and a sturdy network of strategic business alliances", PEC continues to "explore fresh channels into adjacent industries such as the clean energy-related and power generation sectors". a) Can you provide more details on which parts of these sectors PEC has experience in and highlight specifically which are the most promising areas for PEC? b) What percentage of your orderbook do you expect to be from these areas (i.e. non-oil & gas or petrochemicals) in the next 2 years?
	a) There is a growing demand for safe, clean, affordable and reliable energy that contributes to global decarbonization. Green hydrogen is emerging as a cheaper alternative for cleaner fuel. We intend to leverage on our modular fabrication capabilities to pursue opportunities in the clean hydrogen market. b) The Company is building up this new business and we believe it will contribute to the orderbook in the near to medium term.
12.	PEC made provision of S$10.7m for the long standing receivables due from a customer for a completed overseas project. a) What amount of receivables is still outstanding from this customer currently (i.e. at November/December 2020)? What measures are PEC taking to recover these receivables? b) Is PEC still engaged in any work for this customer? If so, why? c) Did PEC sign any new contracts with this customer in the last 18 months?
	a) With respect to receivables please refer to the Annual Report FY2020 and our recent SGX announcements. We continue to closely follow up with the customer to recover the outstanding debts. Further updates will be provided in financial results for the half year ended December 2020. b) Yes, we have a project which is still ongoing. c) No.
13.	When would the internal investigations on the case of employee misappropriation at PEC Construction Equipment Leasing Company (Huizhou) be completed? What is the amount of total assets and total liabilities of PEC CEL?
	The internal investigations have been completed and the follow-up actions are described in our reply to Question 3. The total assets and total liabilities of PEC CEL are not material to the Group.