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

RECEIPT BY MAJOR INSULATION & LINKS (MIL) MARKETING PTE. LTD. OF ORIGINATING SUMMONS

Reference is made to the announcement of PEC Ltd. ("**Company**") on 8 February 2017 ("**8 February Announcement**") in relation to the receipt of a statutory demand ("**Statutory Demand**") by the Company's 51%-owned subsidiary, Major Insulation & Links (MIL) Marketing Pte. Ltd. ("**MIL**") from the solicitors of Nichias (Singapore) Pte Ltd ("**Nichias**").

The Board of Directors of the Company wishes to announce that it was informed on 20 February 2017 that MIL has been served with an originating summons ("**Originating Summons**") issued by the High Court of the Republic of Singapore, taken out by Nichias. The Originating Summons was taken out pursuant to an application by Nichias to wind up MIL in connection with the matters stated in the Statutory Demand.

Further to the 8 February Announcement and consultations with the Company, MIL had approached Nichias on 10 February 2017 with a proposal to resolve the Debt. Nichias, however, did not respond to the said proposal. Given MIL's current financial position and business outlook, the Board of Directors is of the view that it is not in the interests of the Company and its shareholders to provide further funding to support MIL's operations.

The Company and MIL are currently seeking legal advice in respect of the foregoing, and the Company will make further announcements as appropriate in due course and on any other material developments as and when necessary.

Submitted by Edna Ko Poh Thim, Executive Chairman on 22 February *2017 to the SGX-ST.*