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Pipeline Engineering Holdings Limited

管道工程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1865)

PROFIT WARNING

This announcement is made by Pipeline Engineering Holdings Limited (the “**Company**” and, together with its subsidiary, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the Board and the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 March 2020 (the “**FY2020 Management Accounts**”), which is subject to further review, it is expected that the Group may record a decrease in the net profit to approximately S\$0.4 million for the year ended 31 March 2020 as compared with the net profit of approximately S\$0.7 million for the year ended 31 March 2019. If the listing expenses incurred for the year ended 31 March 2019 were excluded, the Group would record an adjusted net profit (excluding listing expenses) of approximately S\$4.5 million for the year ended 31 March 2019, as compared with the unaudited net profit of approximately S\$0.4 million for the year ended 31 March 2020. Based on the information available to the Company immediately preceding the publication of this announcement, the Board considers that the expected decrease during the year ended 31 March 2020 was mainly attributable to (i) a decrease in revenue as compared to that for the year ended 31 March 2019 as a result of the substantial completion of certain projects brought forward from previous years which outweighs the revenue generated from newly secured projects; (ii) a decrease in gross profit mainly due to (a) the decrease in revenue, and (b) certain projects incurred additional costs towards the completion stage or due to new work site safety requirement; and (iii) an increase in staff costs, mainly attributable to revisions of employees’ remuneration package during the year ended 31 March 2020.

As the Company is still under the process of finalising the FY2020 Management Accounts, the information contained in this announcement is only based on the Board's preliminary assessment of the FY2020 Management Accounts and the information currently available. Such FY2020 Management Accounts have not been confirmed or reviewed by the audit committee of the Company nor the auditors of the Company. The actual financial results of the Group for the year ended 31 March 2020 may differ from what is disclosed in this announcement. Further details of the annual results for the year ended 31 March 2020 will be disclosed in the annual results announcement of the Company, which is expected to be published by the end of June 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Pipeline Engineering Holdings Limited
Michael Shi Guan Wah
Chairman

Singapore, 9 June 2020

As at the date of this announcement, the Board comprises Mr. Michael Shi Guan Wah, Mr. Shi Guan Lee and Mr. Shi Hong Sheng (Xu Hongsheng) as executive directors; Ms. Feng Jiamin as non-executive director; Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin as independent non-executive directors.