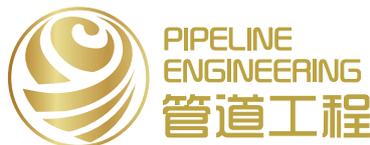


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Pipeline Engineering Holdings Limited
管道工程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1865)

VOLUNTARY ANNOUNCEMENT

(I) ISSUANCE OF BONDS

AND

(II) THE ENTERING INTO OF THE SALES AGENCY AGREEMENT

(I) ISSUANCE OF BONDS

On 24 January 2021, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber agreed to subscribe for the Bonds according to the terms of the Subscription Agreement and the Bond Instrument with the principal amount of HK\$40,000,000.

(II) THE ENTERING INTO OF THE SALES AGENCY AGREEMENT

On 24 January 2021, Pioneer Galaxy, a wholly-owned subsidiary of the Company, entered into the Sales Agency Agreement with the Subscriber, pursuant to which the Subscriber agreed to appoint Pioneer Galaxy as the non-exclusive agent for the sale of Subscriber's machines and equipment for a term of one year, commencing from the date of the Sales Agency Agreement.

This is a voluntary announcement made by the Company in relation to the issuance of the Bonds by the Company and the entering into of the Sales Agency Agreement in order to provide the Shareholders and the potential investors of the Company with the latest business development of the Group.

(I) ISSUANCE OF BONDS

The Board wishes to announce that on 24 January 2021, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue, the Bonds with principal amount of HK\$40,000,000, bearing an interest rate of 6% per annum due in 2022.

The principal terms of the Bonds are set out below:

Issuer:	the Company
Subscriber:	Haina Intelligent Equipment International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 1645), which is an Independent Third Party
Principal amount:	HK\$40,000,000. The Subscriber shall subscribe for the Bonds at par value of the Bonds which is equal to the principal amount of the Bonds of HK\$40,000,000 and payable on Completion in cash
Maturity Date:	The first anniversary of the issue date of the Bonds
Interest:	The Bonds will bear interest on the principal amount from and including the date of issue at the rate of 6% per annum accrued on a daily basis of a 365-day payable on maturity date
Early redemption:	Unless any of the event of default as described in the terms and conditions of the Bond Instrument occurs, neither the Company nor the Subscriber has the right to request for the redemption of the Bonds at any time prior to the maturity date in whole or in part of the outstanding principal amount of the Bonds
Status:	the Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank equally with all its other present and future unsecured and unsubordinated obligations

Transferability: the Bonds are freely transferrable to any transferee (other than to a connected person of the Company which will be subject to the Company's prior written consent)

Listing: No application will be made for the listing of the Bonds on the Stock Exchange or any stock or securities exchange

Conditions precedent

The Completion of the Subscription is conditional upon fulfilment of the following conditions:

- (i) all necessary consents and approvals to be obtained on the part of the Company in respect of the issue of the Bonds having been obtained, and the Company is in compliance with all relevant laws and regulations (including but not limited to the laws of Hong Kong and the Listing Rules);
- (ii) all necessary consents and approvals to be obtained on the part of the Subscriber in respect of the issue of the Bonds having been obtained, and the Subscriber is in compliance with all relevant laws and regulations (including but not limited to the laws of Hong Kong and the Listing Rules); and
- (iii) the warranties given by the Company remaining true and accurate in any material respects and not misleading in any material respect, and there has not been any event or condition that may result in the Company in breach of the warranties or any other terms of the Subscription Agreement in any material respect.

Save for the condition (iii) above which can be waived by the Subscriber, other conditions are incapable of being waived. If the conditions set out above have not been satisfied (or as the case may be, waived) on or before the Long Stop Date, the Subscription Agreement shall cease and determine, and no party shall have any claim against the other in respect of the Subscription Agreement or any events or matters contemplated therein, save for any antecedent breaches of the Subscription Agreement.

Completion

Completion shall take place on the third Business Day after the fulfilment or waiver (as the case may be) of all conditions under the Subscription Agreement (or such other date as may be agreed in writing between the parties) but in any event shall be no later than 14 Business Days after the date of the execution of the Subscription Agreement.

REASONS FOR THE ISSUANCE OF BONDS AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in the provision of infrastructural pipeline construction and related engineering services mainly to private and public utilities companies in the gas, water, telecommunications and power industries in Singapore. The Board has considered various ways of raising funds to develop its businesses and consider that the issue of bond represents a suitable opportunity to raise capital for the Group.

The Board considers that the issue of bond will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors are of the view that the issue of the Bonds provides a good opportunity to strengthen the Company's financial position and the terms of the Bond are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company intends to use the proceeds from the issue of the Bonds for development of infrastructural pipeline construction business and related engineering services in the PRC and for general working capital of the Group.

(II) THE SALES AGENCY AGREEMENT

The Board is also pleased to announce that, on 24 January 2021, Pioneer Galaxy, a wholly-owned subsidiary of the Company, entered into the Sales Agency Agreement with the Subscriber, pursuant to which the Subscriber agreed to appoint Pioneer Galaxy to be the non-exclusive agent for the sale of the Subscriber's machines and equipment for a term of one year, commencing from the date of the Sales Agency Agreement.

Pursuant to the Sales Agency Agreement, Pioneer Galaxy will act as an intermediary to identify and refer potential customers to the Subscriber for purchase of the machines and equipment of the Subscriber and to provide pre-sales services, such as arranging meetings and factory visits, etc. In return, Pioneer Galaxy will be entitled to a fee which amounts to 10% of the sale proceeds of the machines and equipment sold pursuant to the Sales Agency Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Bonds”	the 6% coupon unlisted bonds with a term of one year, to be issued by the Company in the principal amount of HK\$40,000,000 pursuant to the Subscription Agreement
“Bond Instrument”	the instrument by way of deed poll to be executed by the Company creating and constituting the Bonds
“Business Day”	any day (excluding Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which banks generally are open for business in Hong Kong during normal working hours
“Completion”	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Company”	Pipeline Engineering Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1865)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the director(s) of the Company
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	a date falling the fourteenth days from the date of the Subscription Agreement or such other late date as the Company and the Subscriber may mutually agree in writing

“Pioneer Galaxy”	Pioneer Galaxy Holdings Limited, a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sales Agency Agreement”	the sales agency agreement dated 24 January 2021 entered into between Pioneer Galaxy and the Subscriber
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Haina Intelligent Equipment International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1645)
“Subscription”	the subscription of the Bonds by the Subscriber
“Subscription Agreement”	the subscription agreement dated 24 January 2021 entered into between the Company and the Subscriber in relation to the Subscription
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Pipeline Engineering Holdings Limited
Michael Shi Guan Wah and Feng Jiamin
Joint Chairmen

Hong Kong, 25 January 2021

As at the date of this announcement, the Board comprises Mr. Michael Shi Guan Wah, Ms. Feng Jiamin and Mr. Lok Ka Ho as executive directors; Mr. Shek Jun Chong, Mr. Qiu Yue, Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan); Mr. Choo Chih Chien Benjamin and Mr. Tong Wing Chi as independent non-executive directors.