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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)

INSIDE INFORMATION PLACING OF EXISTING SHARES BY CONTROLLING SHAREHOLDER

Sole Placing Agent



This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the SFO.

On 12 August 2020 (after trading hours), the Board was informed by the Vendor that the Vendor and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to act as agent for the Vendor to place, on a best efforts basis, and the Vendor has agreed to sell, a total of up to 150,000,000 Shares to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of and not acting in concert (as defined under the Takeovers Code) with the Vendor, the Company and their respective associates and connected persons, at the Placing Price of not less than HK\$1.00 per Placing Share, upon the terms and subject to the conditions set out in the Placing Agreement. Completion of the Placing is currently expected to take place on the Placing Completion Date.

The Placing Shares represent approximately 16.31% of the existing issued share capital of the Company of 920,000,000 Share as at the date of this announcement. The Company does not expect that the Placing to have any adverse effect on the operations of the Company and its subsidiaries.

Completion of the Placing is subject to the satisfaction of the conditions in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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THE PLACING AGREEMENT

The principal terms of the Placing Agreement are set out below:

Date

12 August 2020

Parties involved

The Vendor and the Placing Agent

The Vendor

As at the date of this announcement and immediately prior to completion of the Placing Agreement, the Vendor beneficially owned an aggregate of 681,872,000 Shares, representing approximately 74.12% of the existing issued share capital of the Company.

Placing

The Placing Agent has agreed to act as agent to the Vendor to place, on a best effort basis, the Placing Shares at the Placing Price and will receive a placing commission of 1.0% of the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent. The placing commission was arrived at after arm's length negotiation between the Vendor and the Placing Agent.

To the best of the knowledge, information and belief of the Vendor, having made all reasonable enquiries, each of the Placees and its ultimate beneficial owner will be independent of and not connected with the Vendor, the Company and their respective associates and connected persons, and are not acting in concert with the Vendor (or parties acting in concert with it) or associates.

Pursuant to the Placing Agreement, the Vendor has agreed to place, through the Placing Agent, up to 150,000,000 Placing Shares to not less than six Placees at a price of not less than HK\$1.00 per Placing Share.

Details of the Placing is set out below:

Placee(s)

The Placing Agent agreed to place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons (as defined under the Listing Rules) and that the Placees are not acting in concert in relation to the control of the Company within the meaning of Takeovers Code. It is not expected that any individual Placee will become a substantial shareholder of the Company immediately after the Placing. In the event any of the Placees becomes a substantial shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Placing Completion Date, the maximum number of up to 150,000,000 Placing Shares under the Placing represent approximately 16.31% of the existing issued share capital of the Company of 920,000,000 Shares as at the date of this announcement.

Rights of Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances, claims, options or other third-party rights and together with the rights attaching to them, including the right to receive all dividends declared, made or paid on or after the Placing Completion Date.

Placing Price

The Placing Price will be not less than HK\$1.00 per Placing Share.

The Placing Price was determined by the Vendor with reference to the prevailing market price of the Shares.

Placing commission and Expenses

The Vendor will be responsible for the placing commission of 1.0% of the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent.

The Vendor and the Placee(s) will each bear their own share of Hong Kong stamp duty, brokerage, trading fee, transaction levy in relation to the Placing, any and all fees payable to the Stock Exchange and SFC, and all charges, fees and expenses of the Company's branch share registrar in Hong Kong.

Completion of the Placing

Subject to the provision of evidence to the Placing Agent's reasonable satisfaction that the Vendor can effectively transfer the Placing Shares, the Placing is expected to take place on the Placing Completion Date.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out below:

	Shareholding as at the date of this announcement		Shareholding immediately upon the completion of the Placing (assuming fully placed)⁽¹⁾	
	<i>Number of Shares held</i>	<i>Approximate% of Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate% of Shares in issue</i>
The Vendor ⁽²⁾ :	681,872,000	74.12%	531,872,000	57.81%
Placee(s)	—	—	150,000,000	16.31%
Other public Shareholders	238,128,000	25.88%	238,128,000	25.88%
Total	<u>920,000,000</u>	<u>100%</u>	<u>920,000,000</u>	<u>100%</u>

Notes:

- (1) Assuming no other issue of Shares and no repurchase of existing Shares before completion of the Placing.
- (2) The Vendor is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Michael Shi. By virtue of the SFO, Mr. Michael Shi is deemed to be interested in the shares beneficially owned by the Vendor. Ms. Oh Lay Guat is the spouse of Mr. Michael Shi and is deemed to be interested in all the Shares in which Mr. Michael Shi is interested in under the SFO.

The Company does not expect that the Placing to have any adverse effect on the operations of the Company and its subsidiaries.

Completion of the Placing is subject to the satisfaction of the conditions in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange

“Mr. Michael Shi”	Mr. Michael Shi Guan Wah, the chairman, chief executive officer, executive Director and a controlling shareholder of the Company
“Placee(s)”	any professional, institutional, corporate and other investors procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent of the Placing Shares to the Placee(s) on the terms and subject to the conditions pursuant to the Placing Agreement
“Placing Agent”	China Tonghai Securities Limited, a corporation licensed to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional agreement entered into among the Vendor and the Placing Agent dated 12 August 2020 in relation to the Placing
“Placing Completion Date”	no later than 5 p.m. on or before 11 September 2020, or such other time and date agreed between the Vendor and the Placing Agent in writing
“Placing Price”	not less than HK\$1.00 (to be determined by Placing Agent at its sole and absolute discretion) per Placing Share
“Placing Share(s)”	up to 150,000,000 Shares by the Vendor to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the 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
“Takeovers Code”	the Codes on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
“Vendor” or “APL”	Astute Prosper Limited, a company incorporated under the laws of the British Virgin Islands with limited liability which is wholly-owned by Mr. Michael Shi
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 12 August 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.