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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)**

### **PLACING OF EXISTING SHARES**



On 19 December 2019 (after trading hours), the Board was informed that the Vendor and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to act as agent for the Vendor to place, on a best effort basis, and APL agreed to sell, a total of up to 50,000,000 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\$1.23 per Placing Share, upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represent approximately 5.4% of the existing issued share capital of the Company of 920,000,000 Shares as at the date of this announcement.

**Completion of the Placing is subjected 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.**

# **THE PLACING AGREEMENT**

## **Date**

19 December 2019

## **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 holds an aggregate of 690,000,000 Shares, representing 75% 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 2.5% 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 agreed to place, through the Placing Agent, up to 50,000,000 Placing Shares to the Placees at a price of not less than HK\$1.23 per Placing Share.

Details of the Placing is set out below:

## **1. *Placing***

### *Placee(s)*

The Placing Agent agreed to place the Placing Shares to no 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 completion of the Placing, the maximum number of up to 50,000,000 Placing Shares under the Placing represent approximately 5.4% 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\$1.23 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 2.5% 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 (or such other time or date as the parties to the Placing Agreement may agree in writing).

## **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 as below:

	<b>Shareholding as at the date of this announcement</b>		<b>Shareholding immediately upon the completion of the Placing (assuming fully placed)<sup>(1)</sup></b>	
	<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:				
APL <sup>(2)</sup>	690,000,000	75%	640,000,000	69.6%
Placee(s)	—	—	50,000,000	5.4%
Other public Shareholders	230,000,000	25%	230,000,000	25%
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) Since (i) Ms. Oh Lay Guat is the spouse of Mr. Michael Shi and (ii) APL is wholly-owned by Mr. Michael Shi, Ms. Oh Lay Guat was deemed to be interested in all the Shares held by Mr. Michael Shi pursuant to the SFO.

**Completion of the Placing is subjected 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:

“APL”	Astute Prosper Limited, a company incorporated under the laws of the British Virgin Islands with limited liability wholly-owned by Mr. Michael Shi, and is the controlling shareholder of the Company
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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”	Michael Shi Guan Wah, the chairman, chief executive officer, an executive Director and the 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 19 December 2019 in relation to the Placing
“Placing Completion Date”	no later than 5 p.m. on or before 24 February 2020, or such other time and date agreed between the Vendor and the Placing Agent in writing
“Placing Price”	not less than HK\$1.23 (to be determined by Placing Agent at its sole and absolute discretion) per Placing Share
“Placing Share(s)”	up to 50,000,000 Shares by APL 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)”	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 and Share Buy-backs issued by the SFC

“Vendor” APL

“%” per cent.

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

Hong Kong, 19 December 2019

*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.*