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中國管業集團有限公司
CHINA PIPE GROUP LIMITED

(Incorporated in the Bermuda with limited liability)

(Stock Code: 380)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

GF Securities (Hong Kong) Brokerage Limited

PLACING OF NEW SHARES

On 5 August 2010 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 1 billion new Shares to not less than six Placées at a price of HK\$0.0616 per Placing Share.

The maximum of 1 billion Placing Shares represent approximately (i) 7.50% of the issued share capital of the Company as at the date of this announcement; and (ii) 6.98% of the issued share capital of the Company as enlarged by the issue of a maximum of 1 billion Placing Shares.

The Placing Price represents (i) a discount of approximately 20% to the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 18.7% to the average closing price of HK\$0.0758 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of this announcement.

The maximum gross proceeds from the Placing will be approximately HK\$61 million. The Company intends to use the net proceeds of approximately HK\$57 million from the Placing for settlement of refundable deposit of the Possible Acquisition and the Group's general working capital.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

5 August 2010

Issuer

The Company

Placing Agent

GF Securities (Hong Kong) Brokerage Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the fact that the Placing Agent holds a number of Shares which represent in aggregate less than 5% of the total issued share capital of the Company as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

Placees

The Placing Shares will be placed to not less than six Placees, who are independent institutional, professional and/or individual investors and not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial shareholder (if any) of the Company or its subsidiaries and their respective associates. It is expected that none of the Placees and their respective associates will become a substantial Shareholder as a result of the Placing.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for a maximum of 1 billion Placing Shares at the Placing Price. The maximum of 1 billion Placing Shares represent approximately (i) 7.50% of the issued share capital of the Company as at the date of this announcement; and (ii) 6.98% of the issued share capital of the Company as enlarged by the issue of a maximum of 1 billion Placing Shares. The aggregate nominal value of the maximum number of 1 billion Placing Shares is HK\$2 million.

Placing Price

The Placing Price represents (i) a discount of approximately 20% to the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 18.7% to the average closing price of HK\$0.0758 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of this announcement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Placing Agreement

Completion of the Placing is conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

The Placing Agreement shall automatically become null and void and of no effect if the condition set forth above remain unfulfilled on 31 August 2010 or such later date mutually agreed by both the Company and the Placing Agent and in such event both party shall be released from all rights and obligations pursuant to the Placing Agreement.

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Placing Agreement, there occurs:

- (i) in the reasonable opinion of the Placing Agent, the success of the Placing would be adversely affected by the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) in the reasonable opinion of the Placing Agent, the success of the Placing would be adversely affected by the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency or other nature (whether or not of the same nature with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, materially and adversely

affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (iii) any material adverse change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (iv) in the reasonable opinion of the Agent, any change in the business, financial or trading position of the Company or any member of the Group which may materially and adversely affect the prospect of the Group taken as a whole; or
- (v) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed under the Placing Agreement; or
- (vi) the Placing Agent shall receive notification, or shall otherwise become aware of the fact that any of the representations or warranties or undertaking contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated and the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a material prejudicial effect on the Placing.

Completion

Completion of the Placing shall take place on the second Business Days after all the conditions as set out in the Placing Agreement are fulfilled (or such later date to be agreed between the Company and the Placing Agent).

General Mandate

The maximum of 1 billion Placing Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 2,666,540,000 Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion of the Placing, assuming a maximum of 1 billion Placing Shares are successfully placed by the Placing Agent.

	As at the date of this announcement		Upon the completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Singapore Zhongxin Investment Company Limited (<i>Note</i> ¹)	7,705,521,207	57.79	7,705,521,207	53.76
Mr. Yu Ben Ansheng and King Jade Holdings Limited (<i>Note</i> ²)	1,490,000,000	11.18	1,490,000,000	10.40
Public Shareholders				
The Placees (<i>Note</i> ³)	–	–	1,000,000,000	6.98
Other public Shareholders	<u>4,137,178,793</u>	<u>31.03</u>	<u>4,137,178,793</u>	<u>28.86</u>
Total	<u><u>13,332,700,000</u></u>	<u><u>100</u></u>	<u><u>14,332,700,000</u></u>	<u><u>100</u></u>

*Note*¹:

Singapore Zhongxin Investment Company Limited is wholly and beneficially owned by Mr. Lai Guanglin, a non-executive Director.

*Note*²:

The 1,490,000,000 Shares comprised of 30,000,000 Shares held by Mr. Yu Ben Ansheng, an executive Director and 1,460,000,000 Shares held by King Jade Holdings Limited, which is wholly and beneficially owned by Mr. Yu Ben Ansheng.

*Note*³:

Pursuant to the Placing Agreement, the Placing Shares shall be offered to the Placees who are not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.

REASONS FOR THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in the trading of construction materials, mainly pipes and fittings, and manufacturing and sale of seamless pipes. As disclosed in the 2009 annual report of the Company, in order to further improve return to the Shareholders, the Company is actively seeking investment opportunities in the Asia Pacific region. Pursuant to the announcement of the Company dated 28 April 2010, the Company entered into a non-legally binding memorandum of understanding in relation to the Possible Acquisition of Dynamic Event Limited, which together with its subsidiaries, are involved or interested in the business of exploration, exploitation, processing, smelting and marketing of tin in the Bangka Belitung province of the Republic of Indonesia.

The maximum gross proceeds from the Placing will be approximately HK\$61 million. The Company intends to use the net proceeds of approximately HK\$57 million from the Placing for settlement of refundable deposit of the Possible Acquisition and the Group's general working capital. The net Placing price will be approximately HK\$0.057 per Share.

The Placing will also strengthen the financial position of the Group. The net proceeds of the Placing will be substantially used for settlement of the refundable deposit of the Possible Acquisition. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday and Sunday) on which banks generally are open for business in Hong Kong
“Company”	China Pipe Group Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 26 May 2010 to issue and allot up to 2,666,540,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Placee(s)”	any independent institutional, professional and/or individual investors who are not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing”	the best effort placing of up to 1 billion Placing Shares
“Placing Agent”	GF Securities (Hong Kong) Brokerage Limited, a corporation licensed to carry on type 1 (dealing in securities) (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 5 August 2010 in respect of the Placing
“Placing Price”	HK\$0.0616 per Placing Share
“Placing Shares”	a maximum of 1 billion Shares to be issued under the Placing
“Possible Acquisition”	possible acquisition of the equity interest in Dynamic Event Limited by the Group (details of which were disclosed in the announcement of the Company dated 28 April 2010)
“Share(s)”	the ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholders”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board
China Pipe Group Limited
Lai Guanglin
Chairman

Hong Kong, 5 August 2010

As at the date of this announcement, the Board consists of Mr. Yu Ben Ansheng, Mr. Sam Ming Choy and Mr. Lai Fulin as executive directors; Mr. Lai Guanglin, Mr. U Kean Seng, Mr. Zhao Yue and Dr. Zia Samuel as non-executive directors; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Ms. Wu Xiuru as independent non-executive directors.