

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF
100% OF THE REGISTERED CAPITAL OF SHANXI BIBENET INFORMATION TECHNOLOGY
CO., LTD

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Sinopipe Holdings Limited (the “**Company**”) wishes to announce that on 20 February 2019, the Company entered into a memorandum of understanding (the “**MOU**”) with Song Jianjun, an independent third party (the “**Vendor**”) in relation to the proposed acquisition of 100% of the registered capital of Shanxi Bibenet Information Technology Co., Ltd (山西比比网络信息技术股份有限公司) (the “**Target**”) (the “**Sale Shares**”) (the “**Proposed Acquisition**”).

The Proposed Acquisition, if undertaken and completed, is expected to result in a “very substantial acquisition” or a “reverse takeover” of the Company as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”).

Shareholders of the Company (“**Shareholders**”) should note that the MOU is not intended to be legally binding between the Parties, except for certain provisions relating to, *inter alia*, confidentiality, exclusivity and governing law.

2. INFORMATION ON THE TARGET COMPANY AND THE VENDORS

The Target is an investment holding company incorporated in the Peoples’ Republic of China (“**PRC**”). The Target is the holding company of three (3) wholly-owned subsidiaries and two (2) investment companies incorporated in the PRC.

The Target and its subsidiaries (the “**Target Group**”) are principally engaged in the business of providing professional services that focus on the internet bidding and procurement trading.

The Vendor is the Chairman and General Manager of the Target Group. He holds a master’s degree in engineering, he is also a senior engineer, registered project manager and registered tenderer. He has been in tendering business for 24 years and participated in the drafting of the Bidding Law of the People’s Republic of China and many other laws and regulations. He is very proficient in bidding and procurement industry rules, business management, market operations and business model innovation.

As at the date of this announcement, the Vendor holds approximately 85% of the registered capital in the Target. The remainder of the shares in the Target are held by 24 other shareholders (the “**Remaining Shareholders**”), who are employees of the Target Group and other natural persons.

The Vendor and the Remaining Shareholders are not related to any of the Directors or controlling Shareholders of the Company. As at the date of this announcement, to the best of

the knowledge of the Company, the Vendor and the Remaining Shareholders do not hold any shares in the Company.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Company has been deemed to be a cash company under Rule 1018 of the Listing Manual. The Company's shares had been suspended from trading since 2 April 2012. As previously announced, the Company had been sourcing for potential investors in respect of any proposed injection of new business(es).

The Proposed Acquisition, if undertaken and completed, would enable the Company to recommence operations. The Board is of the view that the financial performance and position of the Company will be strengthened by the Proposed Acquisition and thus creating value for Shareholders.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

Pursuant to the MOU, subject to a definitive sales and purchase agreement to be executed in respect of the Proposed Acquisition (the "**Definitive Agreement**"), it is envisaged that the key terms of the Proposed Acquisition are as follows:

Sale and purchase of the Sale Shares

The Vendor shall sell, and procure the sale by the Remaining Shareholders, the Sale Shares to the Company subject to the terms of the Definitive Agreement.

Consideration

The consideration for the Proposed Acquisition shall be determined based on the final valuation to be conducted on the Target Group by an independent valuer (the "**Consideration**") prior to the completion of the Proposed Acquisition. The Consideration shall be satisfied entirely by the issuance of new shares in the ordinary issued and paid up share capital of the Company (the "**Consideration Shares**").

Exclusivity

Pursuant to the terms of the MOU, the Company and the Vendor shall, for the periods described below, be in discussion exclusively with each other in connection with the Proposed Acquisition and shall not solicit any inquiries or proposals from, or continue any discussion with, any third parties with respect to any transaction similar to the Proposed Acquisition. The exclusivity period shall be for a period of six (6) months from the date of the MOU (the "**Exclusivity Period**"). The Company and the Vendor may mutually agree to extend the Exclusivity Period for an additional three (3) months.

Conditions precedent

The Proposed Acquisition shall be conditional upon certain conditions precedent, including but not limited to the following:

- (a) the execution of the Definitive Agreement in respect of the Proposed Acquisition;

- (b) the completion of a restructuring exercise by the Target Group for the purposes of the Proposed Acquisition;
- (c) the Company obtaining such approval from the Directors and Shareholders in connection with the Proposed Acquisition and the transactions contemplated therein as may be necessary;
- (d) the Target obtaining such approval from the Target's board of directors or shareholders in connection with the Proposed Acquisition and the transactions contemplated therein as may be necessary, including but not limited to the transfer of the Sale Shares to the Company;
- (e) the Company being reasonably satisfied with the results of the due diligence exercise conducted on the Target Group;
- (f) the Securities Industry Council of Singapore ("**SIC**") having granted the Vendor and its concert parties (and not having revoked or repealed such grant) a waiver of the Vendor's obligation to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") for the shares in the Company not held by the Vendor and its concert parties and from having to comply with the requirements of Rule 14 of the Code;
- (g) each of the Company and the Vendor having obtained all necessary third party, governmental and regulatory consents, approvals and waivers (including but not limited to, where applicable, approval from the SGX-ST) where required for the Proposed Acquisition and the transactions contemplated therein as may be necessary; and
- (h) such other conditions precedent that are usual and customary for transactions of such nature.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the MOU, save through their respective shareholdings in the Company.

6. FURTHER ANNOUNCEMENTS

Further details of the Proposed Acquisition will be discussed by the Parties upon signing of the MOU. The Company will make further announcements upon the execution of the Definitive Agreement and/or when there are material developments in respect of the Proposed Acquisition.

7. CAUTIONARY STATEMENT

Shareholders should note that there is no certainty or assurance as at the date of this announcement that a definitive sale and purchase agreement in respect of the Proposed Acquisition will be entered into on the terms and conditions set out in the MOU or the Proposed Acquisition will be undertaken at all.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Mr Wang Sen
Non-Executive Chairman

20 February 2019