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CHU KONG PETROLEUM AND NATURAL GAS STEEL PIPE HOLDINGS LIMITED

珠江石油天然氣鋼管控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 1938

PROFIT WARNING

This announcement is made in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to inform the shareholders of the Company and potential investors that based on the information currently available and the preliminary review of the consolidated management accounts of the Group for the five months ended 31 May 2013 by the management of the Group, it is expected that the Group’s unaudited consolidated net profit for the six months ended 30 June 2013 (“**1H-2013**”) may significantly decrease as compared to the same period of the previous year.

The expected decrease in the Group’s profit for 1H-2013 as compared to the same period in the previous year is mainly attributable to the decrease in both domestic and export sales orders received by the Group and the increase in the operational expenses of the new production bases of the Group.

The Company’s management believes the decrease in orders received by the Group is due to the delay in the opening of the bidding process of a number of pipeline projects in the PRC and overseas. As such, a number of contracts that the Group initially expected to bid for had not been made available for the bidding process.

In addition, as disclosed in the recently published annual report of the Company, the Group’s new production bases in Zhuhai and Lianyungang commenced full commercial operation in June and September 2012 respectively. As a result, the Group’s operating expenses for 1H-2013 increased significantly as compared with the same period in 2012, but the economies of the enlarged scale of operations from such new production bases

cannot be reflected on the financial results for 1H-2013. It is expected that new production bases in Zhuhai and Lianyungang will considerably contribute to the Group in future.

The Board remains cautiously optimistic that in light of the strong demand of steel pipes driven by the 12th Five Year Plan in the PRC and overseas energy projects, the delay in the opening of the bidding process of these pipeline projects should be temporary and the sales orders would resume to a satisfactory level. As a positive sign of the strong global demand of steel pipes and prospect of securing the orders from overseas, the Group received letter of award for orders amounted to approximately USD46 million (or equivalent to RMB294 million) from an overseas customer (located in Asia) in June 2013 for the supply of approximately 29,000 tonnes of longitudinal welded steel pipes, which will be mainly used in a gas project in Asia.

The Board will constantly review the Group's strategies and operations with a view to improving its future business performance. Despite the expected significant decrease in the Group's profit in 1H-2013, the Board considers that the overall operational and financial positions of the Group are solid and the Board remains positive on the long-term prospect of the Group.

The information contained in this announcement is based on the information currently available and the preliminary review of the consolidated management accounts of the Group for the five months ended 31 May 2013 by the management of the Group, which have not yet been audited, confirmed or reviewed by the Company's auditors or the audit committee of the Company as at the date of this announcement. Shareholders of the Company and investors are advised to peruse the financial results for 1H-2013 with care when it is released. Detailed financial information of the Group for the 1H-2013 will be disclosed in the interim result announcement of the Group for the six months ended 30 June 2013, which is expected to be published before the end of August 2013.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
**Chu Kong Petroleum and Natural Gas
Steel Pipe Holdings Limited**
Chen Chang
Chairman

Guangdong Province, the PRC, 21 June 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Chang, Ms. Chen Zhao Nian and Ms. Chen Zhao Hua; and three independent non-executive Directors, namely Mr. Chen Ping, Mr. Liang Guo Yao and Mr. See Tak Wah.