

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 by Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**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 the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that solely based on the information currently available and a preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2013 by the Group’s management, it is expected that the Group’s consolidated net profit for the year ended 31 December 2013 may significantly decrease as compared to the year ended 31 December 2012, which is mainly attributable to the decrease in both domestic and export sales orders in 2013, an increase in operational expenses and finance costs associated with the Group’s new production bases.

The Company’s management believes that the decrease in sales orders was due to the delay in the opening of the bidding process of a number of pipeline projects in the PRC and overseas. As such, the number of contracts actually made available for bidding in 2013 was less than expected. Nevertheless, in light of the strong demand of steel pipes driven by the 12th Five-Year Plan in the PRC and overseas energy projects, the Board remains optimistic that the delay in the opening of the bidding process for these pipeline projects should be temporary and the sales orders will ultimately restore to a higher level.

In addition, as disclosed in the Company’s interim report for the six months ended 30 June 2013, the Group’s new production bases in Zhuhai and Lianyungang had commenced full commercial operation in June and September 2012, respectively. The capital expenditure associated with these new production bases were financed partly by bank borrowings. As a

result, the Group's operating expenses and finance costs for 2013 increased significantly as compared with those for 2012. It is expected that these new production bases will have considerable contribution to the Group's future growth, but the economies of the enlarged scale of operations are yet to be reflected in the Group's financial results for 2013.

The Board will review the Group's strategies and operations regularly with a view to improving its future business performance. Despite expecting to report a significant lower net profit for 2013, the Board considers that the Group's overall operational and financial positions are solid and remains positive on the Group's prospect.

The information contained in this announcement represents a preliminary assessment made by the Board solely based on the information currently available to the Board and the preliminary review of the consolidated management accounts of the Group for the year ended 31 December 2013 by the Group's management, which are subject to finalization and necessary adjustments and have not yet been audited, confirmed or reviewed by the Company's auditors or its audit committee. Shareholders and potential investors are advised to carefully consider the financial information of the Group to be disclosed in the Company's final results announcement for the year ended 31 December 2013, which is expected to be published by the end of March 2014.

Shareholders 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, 24 January 2014

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.