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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 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 and potential investors of the Company that, based on the information currently available and a preliminary review of the Group's unaudited consolidated management accounts for the year ended 31 December 2016 by the management of the Group, it is expected that the Group may record a consolidated net loss for the year ended 31 December 2016 as compared to the consolidated net profit of RMB25.5 million recorded for the year ended 31 December 2015, which is mainly attributable to (i) the drop in both domestic and overseas sales due to the slowdown in the rolling out of major oil and gas projects ; and (ii) a decrease in fair value gains on the Group's investment properties.

The Board remains cautiously optimistic on light of the "13th Five Year Plan - Oil Development" and "13th Five Year Plan – Natural Gas Development" recently announced by the National Development and Reform Commission of the PRC, pursuant to which a total of 17,000km of crude and refined oil pipelines and 40,000km of gas pipelines are targeted to be constructed by 2020; the "13th Five Year Plan – Wind Power Development" issued by the National Energy Administration", pursuant to various construction projects of offshore wind power facilities are planned for the four provinces and number of first-tier cities; the "One Belt One Road Strategy" and the development of offshore engineering equipment manufacturing industry, plus those construction projects of offshore platforms, offshore windmills, offshore structure pipes and bridges in China, which will likely drive up the demand of pipes of the Group and restore the level of domestic sales orders to a more satisfactory level.

The Board will review the Group's strategies and operations regularly with a view to improving its future business performance. Despite that the Company is expecting to report a net loss for the year ended 2016, 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 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 2016 by the Group's management, which are subject to finalisation and necessary adjustments and have not yet been audited, confirmed or reviewed by the auditors or the audit committee of the Company as at the date of this announcement. Shareholders and potential investors of the Company are advised to carefully consider the financial information of the Group to be disclosed in the final results announcement of the Company for the year ended 31 December 2016, which is expected to be published by the end of March 2017.

Shareholders and potential investors of the Company 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, 3 March 2017

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. See Tak Wah and Mr. Tian Xiao Ren.