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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

The board of directors (the “**Board**”) 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 according to the preliminary calculations by the management during the course of reviewing the management accounts of the Company for the purpose of compiling its interim report for the six months ended 30 June 2010 (“**1H-2010**”), it is expected that the Group’s unaudited consolidated net profit for 1H-2010 may decrease by approximately 50% compared to the same period of the previous year. The expected decrease in the financial results of the Group for 1H-2010 compared to the previous year is mainly attributable to the decrease in our export sales during 1H-2010 which the Company’s management believes is due to the European financial crisis since early 2010 which led to deterioration of confidence in the global financial market and consequently slowdown in global infrastructure projects, including pipeline projects. As such, a number of export contracts that the Group initially expected in 1H-2010 did not materialise. Moreover, the Group’s domestic sales in 1H-2010 also decreased compared to that of last year, but in a smaller extent compared to the decrease in export sales, which was mainly due to the tightening measures adopted by the PRC Government and its efforts to curb spending since 2010 which resulted in the procrastination of a number of pipeline construction projects in the PRC and therefore delayed the delivery schedule for some of our domestic sales orders on hand.

As the shares of the Company commenced trading in February 2010 and its prospectus dated 28 January 2010 only contained audited figures for the eight months ended 31 August 2009, for comparison purpose, the Group recorded an audited combined profit of approximately RMB401.0 million for the year ended 31 December 2009 and an audited combined profit of approximately RMB301.1 million for the eight months ended 31 August 2009.

The information contained in this announcement is based only on a preliminary assessment by the Company's management during the course of reviewing the management accounts of the Company for the purpose of compiling the interim report of the Company for 1H-2010, which have not yet been finalised or reviewed by the Company's auditors or the audit committee of the Company as at the date of this announcement. The Company will announce its financial results for 1H-2010 (the "**Interim Result**") in due course. Investors are advised to read with care the Interim Results as and when it is published. Detailed financial information of the Group will be disclosed in the Interim Result, which is expected to be published before the end of August 2010.

The Board is continually reviewing the Group's strategies and operations with a view to improving its future business performance. Despite the significant decrease in the Group's profit in 1H-2010, the Board considers that the overall operational and financial positions of the Group remain solid and the Board remains positive on the long-term prospect of the Group.

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

This announcement is made in accordance with paragraph (1) of Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

By order of the Board
**Chu Kong Petroleum and Natural Gas
Steel Pipe Holdings Limited**
Chen Zhao Nian
Executive Director

Guangdong Province, the PRC, 28 July 2010

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