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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**

References are made to the Profit Warning announcement dated 28 July 2010 of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and the announcement dated 23 August 2010 in relation to the interim results of the Group for the six months ended 30 June 2010.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a substantial decrease in revenue and profit for the year ending 31 December 2010 (“FY2010”) as compared to the year ended 31 December 2009, mainly due to the same reasons as stated in the Profit Warning announcement dated 28 July 2010, namely, i) the European financial crisis since early 2010 which led to the deterioration of confidence in the global financial market and consequently slowdown global infrastructure projects, including pipeline projects and as a result, a number of export contracts that the Group initially expected did not materialize; ii) 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.

The Board is continually reviewing the Group’s strategies and operations with a view to improving its future business performance. The Group will proactively participate in new project tenders and explore stable income source by capitalizing its advantage in possessing the core production technology of offshore welded steel pipes. Despite the significant decrease in the Group’s profit for FY2010, 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.

Information contained in this announcement is only based on a preliminary assessment by the Board with reference to the management accounts of the Group and the currently available information which have not yet been confirmed or reviewed by the auditors or audit committee of the Company. Audited financial information of the Group for FY2010 will be announced by the Company on or before 31 March 2010 pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

***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 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, 24 December 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.*