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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)

PROPERTY SALES UPDATE

Reference is made to the announcements of the Company dated 7 December 2012, 24 June 2013, 10 September 2015, 31 March 2016, the annual result of the Company dated 31 March 2015, the annual report of the Company for the year ended 31 December 2014 and 2015 and the interim result announcement for the Company for the six months ended 30 June 2015 and 2016 (collectively the “**Prior Announcements**”) in relation to the change of the permitted use of a piece of land situated at east of intersection of Changsha Road and Qinghe Road, Shiji Town, Panyu, Guangzhou, the PRC* (中國廣州番禺區石基鎮清河路與長沙路交匯處以東) (the “**Land**”) from industrial to commercial uses and the development plans of the Land (the “**Development**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Prior Announcements.

As stated in the Prior Announcements, the change of the permitted use of the Land from industrial to commercial uses has become effective from 31 May 2013. Land area of the Land accounted for approximately 25% of total land area of Panyu’s factory. The Group has formulated plans to develop the Land into a large scale of integrated commercial complex of offices, shops, serviced apartments and villas, to be named as “Golden Dragon City Fortune Plaza (金龍城財富廣場)”. The first phase of the Development will have a permitted construction area (including the underground construction area) of approximately 135,000 m². The total permitted construction area of the Land (including underground construction area) is approximately 550,000 m².

As at the date of this announcement, over 800 units of the first phase of the Development had been pre-sold and the total contracted sales was approximately RMB514 million.

The Board also planned to develop the second phase of the Development. The construction of second phase of the Development has commenced. It will have a permitted construction area (including the underground construction area) of approximately 191,000 m² and accounted for approximately 35% of the total permitted construction area of the Land. The second phase is mainly composed of serviced apartments and shopping centers, and pre-sale is expected to commenced in mid-2017. The Group expects to generate income from the second phase of the Development starting from 2017. The Group will finance the second phase of the Development through sales proceeds of the first phase and bank borrowings.

Please be informed that the update on property sales has not been audited or reviewed by external auditors, and as such the data contained therein is for investors' information only. Such data may differ from the figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or interim basis.

Apart from the formulated plan and sold units, the remaining of the Development is currently under planning and subject to further changes. The Company will keep the Shareholders and potential investors of the Company informed of any material development as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

** Unofficial transliteration from Chinese name for identification purposes only*

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

Guangdong Province, the PRC, 26 October 2016

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.