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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF LAND USE RIGHTS OF A LAND PARCEL IN YUNFU CITY**

The Board is pleased to announce that on 4 June 2021, CKSP (Yunfu), the Company's wholly owned subsidiary, entered into the Confirmation with the Yun'an District Natural Resources Bureau after making a successful bid for the land use right of the Land through a public tender at a Consideration of RMB30.25 million. It is intended that the Land will be used for the construction of a steel pipe production line

As one or more of the relevant applicable percentage ratios as referred to in Chapter 14 of the Listing Rules for the Land Acquisition is more than 5% but all are less than 25%, the Land Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

THE LAND ACQUISITION

The Board is pleased to announce that on 4 June 2021, CKSP (Yunfu), the Company's wholly owned subsidiary, entered into the Confirmation with the Yun'an District Natural Resources Bureau after making a successful bid for the land use right of the Land through a public tender (掛牌出讓) held by the Yun'an District Natural Resources Bureau at a Consideration of RMB30.25 million. It is intended that the Land will be used for the construction of a steel pipe production line.

The Land Use Right Transfer Agreement, the terms of which is expected to be the same as those set out in the Confirmation, shall be entered into between CKSP (Yunfu) and the Yun'an District Natural Resources Bureau within 15 days of the signing of the Confirmation.

The major terms of the Confirmation are set out as follows:

Date : 4 June 2021

Parties : (i) CKSP (Yunfu), a wholly owned subsidiary of the Company; and

- (ii) Yun'an District Natural Resources Bureau, a PRC governmental body responsible for the administration of land and mineral resources in Yun'an District of Yunfu City

Information on the Land : The Land is situated at the lot of Dakeng Village, Huangwan Village Committee, Liudu Town, Yun'an District, Yunfu City, Guangdong Province, the PRC (中國廣東省雲浮市雲安區六都鎮黃灣村委大坑村地段), with a total site area of approximately 129,402 square metres.

The duration of the land use right of the Land is 50 years commencing from the date of delivery of the Land to CKSP (Yunfu) upon signing of the Land Use Right Transfer Agreement.

The permitted usage of the Land is industrial. The Land is intended to be used for the construction of a steel pipe production line.

Consideration : The total Consideration for the Land is approximately RMB30.25 million.

CKSP (Yunfu) shall pay the Consideration in cash within 30 days after the signing of the Land Use Right Transfer Agreement.

The Consideration represents the successful bid price made by CKSP (Yunfu) at the public tender held in accordance with the relevant PRC laws and regulations, which was made by Yun'an District Natural Resources Bureau after taking into account the location and size of the Land.

The Consideration will be funded by the net proceeds from bank borrowings and/or internal resources of the Group.

INFORMATION ABOUT THE GROUP AND THE YUN'AN DISTRICT NATURAL RESOURCES BUREAU

The Company is an investment holding company and through its subsidiaries, including CKSP (Yunfu), is principally engaged in the manufacture and sales of welded steel pipes.

The Yun'an District Natural Resources Bureau is a PRC governmental body responsible for the administration of land and mineral resources in Yun'an District, Yunfu City.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Yun'an District Natural Resources Bureau and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR THE LAND ACQUISITION

The Group currently has two steel pipe production bases in the PRC, which are located in Zhuhai and Lianyungang. In order to enhance the Group's competitiveness in the western part of Guangdong Province and extend its business to the mid-lower end of the steel pipe market, the Group has decided to establish a production base in Yunfu, using part of the production

facilities to be relocated from the Group's previous production base in Panyu.

The Board believes that the Land Acquisition is consistent with the Company's objectives of accelerating the growth of its steel pipe business and achieving sustainable growth in the long run. The Directors are of the view that the Land Acquisition is in the interests of the Company, and the terms of the Land Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios as referred to in Chapter 14 of the Listing Rules for the Land Acquisition are more than 5% but all are less than 25%, the Land Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“CKSP (Yunfu)”	Chu Kong Steel Pipe (Yunfu) Company Limited* (珠江鋼管(雲浮)有限公司), a company established under the laws of the PRC and a wholly owned subsidiary of the Company
“Company”	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), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed and traded on the Stock Exchange
“Confirmation”	the land use right bid confirmation (成交確認書) dated 4 June 2021 in respect of the Land and entered into between CKSP (Yunfu) and the Yun'an District Natural Resources Bureau
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Land Acquisition pursuant to the Confirmation, being RMB30.25 million
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“Land”	a piece of land situated at the lot of Dakeng Village, Huangwan Village Committee, Liudu Town, Yun'an District, Yunfu City, Guangdong Province, the PRC (中國廣東省雲浮市雲安區六都鎮黃灣村委大坑村地段)

“Land Acquisition”	the acquisition of land use right of the Land as contemplated under the Confirmation
“Land Use Right Transfer Agreement”	the land use right transfer agreement to be entered into between CKSP (Yunfu) and the Yun’an District Natural Resources Bureau in respect of the Land pursuant to the Confirmation
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yun’an District Natural Resources Bureau”	Yunfu City’s Yun’an District Natural Resources Bureau (雲浮市雲安區自然資源局), a PRC governmental body responsible for the administration of land and mineral resources in Yun’an District of Yunfu City
“Yunfu City”	Yunfu City (雲浮市), Guangdong Province, the PRC
“%”	per cent

** Unofficial translation or 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, 4 June 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Chang, Mr. Chen Guo Xiong and Ms. Chen Zhao Nian; and three independent non-executive Directors, namely Mr. Chen Ping, Mr. Tian Xiao Ren and Mr. Au Yeung Kwong Wah.