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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

AUDITED FINANCIAL RESULTS

Reference is made to the announcement of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the “Company”) dated 30 March 2022 in connection with the unaudited annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 (the “Unaudited Annual Results Announcement”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

The Board of the Company is pleased to announce that the Group’s auditor, KTC Partners CPA Limited (“KTC”), has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2021. The audited annual results for the year ended 31 December 2021 were approved by the Board on 29 April 2022, details of which are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2021 RMB’000	2020 <i>RMB’000</i>
REVENUE	5	1,813,370	1,141,807
Cost of sales		(1,617,854)	(935,120)
Gross profit		195,516	206,687
Other income and gains	5	1,580,778	1,911,272
Selling and distribution expenses		(52,906)	(34,808)
Administrative expenses		(263,635)	(287,638)
Exchange loss, net		(33,476)	(120,098)
Finance costs	7	(144,253)	(475,384)
Fair value loss on investment properties		(17,000)	(20,000)
Impairment of property, plant and equipment		(596,765)	–
Other expenses	8	(376,014)	(300,702)
Share of loss of a joint venture		(15,020)	(2,668)
PROFIT BEFORE TAX	6	277,225	876,661
Income tax expense	9	(371,579)	(253,750)
(LOSS)/PROFIT FOR THE YEAR, ATTRIBUTABLE TO OWNERS OF THE COMPANY		(94,354)	622,911

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(94,354)</u>	<u>622,911</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>67,149</u>	<u>189,906</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		<u>67,149</u>	<u>189,906</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company's financial statements into the presentation currency		<u>(3,974)</u>	<u>(11,091)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		<u>(3,974)</u>	<u>(11,091)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>63,175</u>	<u>178,815</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(31,179)</u>	<u>801,726</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	<i>10</i>	<u>RMB(0.09)</u>	<u>RMB0.62</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,874,309	2,530,037
Investment properties		370,000	387,000
Right-of-use assets		661,172	1,031,276
Long term prepayments and deposits		61,494	75,679
Investment in a joint venture		–	10,510
		<hr/>	<hr/>
Total non-current assets		2,966,975	4,034,502
		<hr/>	<hr/>
CURRENT ASSETS			
Properties under development		2,255,293	2,064,560
Completed properties held for sale		385,203	365,422
Inventories		416,885	415,709
Trade and bills receivables	<i>11</i>	503,106	511,538
Prepayments, other receivables and other assets		1,125,353	1,003,330
Due from a related party		–	84,522
Pledged and restricted bank balances		249,719	22,712
Cash and cash equivalents		20,588	19,466
		<hr/>	<hr/>
		4,956,147	4,487,259
Assets classified as held for sale		–	19,767
		<hr/>	<hr/>
Total current assets		4,956,147	4,507,026
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	1,289,635	614,511
Other payables and accruals		693,026	782,666
Contract liabilities		1,351,558	1,286,986
Fixed rate bonds and notes		88,930	33,903
Interest-bearing bank and other borrowings		881,394	2,178,336
Due to a director		449,111	80,768
Tax payable		25,844	417,928
Provision		30,488	54,579
		<hr/>	<hr/>
		4,809,986	5,449,677
Liabilities directly associated with the assets classified as held for sale		–	7,552
		<hr/>	<hr/>
Total current liabilities		4,809,986	5,457,229
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		146,161	(950,203)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,113,136	3,084,299
		<hr/>	<hr/>

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Due to a director		–	50,000
Fixed rate bonds and notes		–	114,608
Interest-bearing bank and other borrowings		839,905	1,373,109
Deferred tax liabilities		349,578	353,876
Long term tax payable		767,930	–
Government grants		330,207	336,011
		<hr/>	<hr/>
Total non-current liabilities		2,287,620	2,227,604
		<hr/>	<hr/>
Net assets		825,516	856,695
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		88,856	88,856
Reserves		736,660	767,839
		<hr/>	<hr/>
Total equity		825,516	856,695
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 9 January 2008 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are involved in the following principal activities:

- manufacture and sale of welded steel pipes and the provision of related manufacturing services
- property development and investment

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Bournam Profits Limited (“Bournam”), which was incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 9, IAS 39, IFRS7,
IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)

The nature and the impact of the new and revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

- (b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment to IFRS 16 on 1 January 2021. However, the Group has not received COVID-19 related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable and operating segments, as follows:

- (a) the steel pipes segment engages in the manufacture and sale of welded steel pipes and the provision of related manufacturing services; and
- (b) the property development and investment segment engages in development of properties for sale and property investment for its rental income potential.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There was no intersegment sales during the years ended 31 December 2021 and 2020.

Year ended 31 December 2021

	Steel pipes RMB'000	Property development and investment RMB'000	Total RMB'000
Segment revenue: (note 5)			
Sales to external customers	<u>1,802,568</u>	<u>10,802</u>	<u>1,813,370</u>
Segment results	400,289	(70,843)	329,446
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(9,486)
Unallocated finance costs			<u>(42,735)</u>
Profit before tax			<u>277,225</u>
Segment assets	3,061,158	6,117,547	9,178,705
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(1,607,400)
Corporate and other unallocated assets			<u>351,817</u>
Total assets			<u>7,923,122</u>
Segment liabilities	4,617,796	3,897,520	8,515,316
<i>Reconciliation:</i>			
Elimination of intersegment payables			(1,607,400)
Corporate and other unallocated liabilities			<u>189,690</u>
Total liabilities.			<u>7,097,606</u>
Other segment information			
For the year ended 31 December 2021			
Gain on resumption of land use rights			
by the local authorities	1,540,336	–	1,540,336
Gain on disposal of a subsidiary	11,728	–	11,728
Compensation	(3,072)	(6,674)	(9,746)
Loss on disposal of right-of-use assets	(292,780)	–	(292,780)
Loss on disposal of property, plant and equipment	(10,635)	–	(10,635)
Provision of claim arising from litigation	(29,290)	–	(29,290)
Write-down of inventories to net realisable value	(11,443)	–	(11,443)
Impairment of trade receivables	(7,183)	–	(7,183)
Finance costs	(137,368)	(6,885)	(144,253)
Depreciation and amortisation	(78,118)	(22)	(78,140)
Share of loss of a joint venture	(15,020)	–	(15,020)
Capital expenditure*	83,148	–	83,148

Year ended 31 December 2020

	Steel pipes RMB'000	Property development and investment RMB'000	Total RMB'000
Segment revenue: (note 5)			
Sales to external customers	1,125,851	15,956	1,141,807
Segment results			
	987,220	(67,910)	919,310
<u>Reconciliation:</u>			
Corporate and other unallocated expenses			(14,056)
Unallocated finance costs			(28,593)
Profit before tax			876,661
Segment assets			
	4,831,520	5,701,932	10,533,452
<u>Reconciliation:</u>			
Elimination of intersegment receivables			(2,553,323)
Corporate and other unallocated assets			561,399
Total assets			8,541,528
Segment liabilities			
	6,479,771	3,415,310	9,895,081
<u>Reconciliation:</u>			
Elimination of intersegment payables			(2,553,323)
Corporate and other unallocated liabilities			343,075
Total liabilities			7,684,833
Other segment information			
For the year ended 31 December 2020			
Gain on resumption of land use rights			
by the local authorities	1,864,709	–	1,864,709
Reversal of impairment of trade receivables	12,884	–	12,884
Compensation	(204,377)	–	(204,377)
Loss on disposal of property, plant and equipment	(11,962)	–	(11,962)
Provision of claim arising from litigation	(52,533)	(2,046)	(54,579)
Impairment of other receivables	(27,222)	–	(27,222)
Finance costs	(465,322)	(10,062)	(475,384)
Depreciation and amortisation	(128,126)	(199)	(128,325)
Share of loss of a joint venture	(2,668)	–	(2,668)
Capital expenditure*	61,328	20	61,348

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Information about steel pipe products and services

The revenue from the major products and services is analysed as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Manufacture and sale of steel pipes:		
LSAW steel pipes	1,351,040	655,108
SSAW steel pipes	129,359	121,354
Steel pipe manufacturing services:		
LSAW steel pipes	158,640	152,322
SSAW steel pipes	90,617	131,981
Others*	72,912	65,086
	<u>1,802,568</u>	<u>1,125,851</u>
Sale of properties	10,802	15,956
	<u>1,813,370</u>	<u>1,141,807</u>

* Others mainly include the manufacture and sale of steel fittings, screw-thread steels and scrap materials, and the trading of equipment and steel plates.

Geographical information

(a) The revenue information based on the locations of the customers is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales to external customers:		
Mainland China	965,305	1,014,108
Africa	490,831	105,246
Europe	46,967	–
Middle East	78,924	3,249
Asia and other Asian countries	159,515	19,204
South America	71,828	–
	<u>1,813,370</u>	<u>1,141,807</u>

(b) Over 90% of the Group's non-current assets and capital expenditure are located in Mainland China.

Information about major customers

Revenue of approximately RMB490,831,000 (2020: RMB105,246,000) was derived from sales by the steel pipe segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the invoiced value of goods sold and services rendered, net of value-added tax (“VAT”) and other sales taxes, after allowances for returns and discounts during the year.

An analysis of the Group’s revenue, other income and gains is as follows:

	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Revenue from contracts with customers		
Manufacture and sale of seam welded steel pipes and the provision of related manufacturing services	1,802,568	1,125,851
Sale of properties	10,802	15,956
	<u>1,813,370</u>	<u>1,141,807</u>
Other income and gains		
Bank interest income	2,576	715
Subsidy income from the PRC government*	13,193	14,092
Gain on resumption of land use rights by the local authorities**	1,540,336	1,864,709
Reversal of impairment of trade receivables	–	12,884
Gain on disposal of a subsidiary	11,728	–
Gain on disposal of property, plant and equipment	1,210	–
Rental income	2,690	–
Others	9,045	18,872
	<u>1,580,778</u>	<u>1,911,272</u>

* The subsidy income represents subsidies granted by the local finance bureaus to PCKSP, Lianyungang Kaidi Heavy Equipment Technology Co. Ltd* (連雲港凱帝重工科技有限公司), Nanjing Rongyu Group Co.Ltd* (南京鎔裕集團有限公司) and PCKSP (Zhuhai) as awards for their products. There are no unfulfilled conditions or contingencies relating to such subsidies.

** During the year ended 31 December 2020, a piece of land held by PCKSP located at Qinghe East Road, Shiji Town in Panyu District of Guangzhou, the PRC, was resumed by the local authority with a compensation amount of RMB4,144 million, of which a compensation amount received or receivable of RMB2,072 million and a net gain of RMB1,865 million was recognised. During the year ended 31 December 2021, the remaining compensation amount received or receivable of RMB2,072 million and a net gain of RMB1,540 million was recognised.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Cost of inventories sold		1,608,617	921,216
Cost of properties sold		9,237	13,904
Auditor's remuneration		1,064	2,227
Depreciation of property, plant and equipment		50,051	98,748
Depreciation of right-of-use assets		28,089	29,577
Employee benefit expenses (including directors' remuneration):			
Fees, wages and salaries		140,789	114,704
Retirement benefit scheme contributions		9,375	7,889
Impairment/(reversal of impairment) of trade receivable, net		7,183	(12,884)
Impairment of property, plant and equipment		596,765	–
Impairment of other receivables		–	27,222
Fair value loss on investment properties		17,000	20,000
Research and development costs		64,526	44,050

7. FINANCE COSTS

An analysis of finance costs is as follows:

		2021 RMB'000	2020 <i>RMB'000</i>
Interest on bank and other borrowings (including bonds and notes, excluding lease liabilities)		205,320	543,808
Interest on lease liabilities		109	654
Interest on discounted bills		3,427	1,388
Total interest expense on financial liabilities not at fair value through profit or loss		208,856	545,850
Less: Interest capitalised		(64,603)	(70,466)
		144,253	475,384

8. OTHER EXPENSES

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Compensation*		9,746	204,377
Loss on disposal of right-of-use assets		292,780	–
Loss on disposal of property, plant and equipment		10,635	11,962
Provision of claim arising from litigation		29,290	54,579
Write-down of inventories to net realisable value		11,443	–
Impairment of trade receivables		7,183	–
Impairment of other receivables		–	27,222
Others		14,937	2,562
		<u>376,014</u>	<u>300,702</u>

* Compensation in 2020 represented a compensation fee paid or payable to Yuecai Trust pursuant to the PCKSP Disposal Supplemental Agreements.

9. INCOME TAX

The major components of the income tax expense/(credit) for the year are as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
Current – Mainland China		
PRC CIT charge for the year	375,877	77,182
PRC CIT overprovision in prior years	–	(25,160)
PRC LAT	–	2,088
Deferred	(4,298)	199,640
	<u>371,579</u>	<u>253,750</u>

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares of 1,011,142,000 (2020: 1,011,142,000) in issue during the year.

The Group had no potentially ordinary shares in issue during the years ended 31 December 2021 and 2020.

11. TRADE AND BILLS RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	508,402	506,570
Impairment	<u>(13,516)</u>	<u>(6,333)</u>
Trade receivables, net	494,886	500,237
Bills receivable	<u>8,220</u>	<u>11,301</u>
	<u>503,106</u>	<u>511,538</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 60 days	248,838	343,253
61 to 90 days	10,810	11,429
91 to 180 days	24,499	19,290
181 to 365 days	105,091	28,418
1 to 2 years	25,019	10,642
2 to 3 years	6,170	14,333
Over 3 years	<u>74,459</u>	<u>72,872</u>
	<u>494,886</u>	<u>500,237</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	6,333	19,434
Impairment losses recognised	7,183	–
Transferred to assets classified as held for sale	–	(217)
Reversal of impairment	–	(12,884)
	<hr/>	<hr/>
At 31 December	<u>13,516</u>	<u>6,333</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
Within 90 days	729,282	423,131
91 to 180 days	45,093	33,100
181 to 365 days	34,126	19,192
1 to 2 years	56,669	56,746
2 to 3 years	75,642	29,517
Over 3 years	62,153	47,882
	<hr/>	<hr/>
Bills payable	1,002,965	609,568
	286,670	4,943
	<hr/>	<hr/>
	<u>1,289,635</u>	<u>614,511</u>

The trade payables are non-interest-bearing and are normally settled within a year. All the bills payable have maturity dates within 365 days.

13. EVENTS AFTER THE REPORTING PERIOD

On 26 April 2022, Panyu Chu Kong Steel Pipe Co., Ltd. (the “PCKSP”), an indirect wholly-owned subsidiary of the Company, entered into the disposal agreement with the joint venture partner, Abdel Hadi Abdullah Al Qahtani & Sons, Co. (the “AHQ”), pursuant to which AHQ has conditionally agreed to purchase, and PCKSP has conditionally agreed to sell, the 50% equity interest in the JV Company. The consideration payable by AHQ is SR41.5 million (or equivalent to approximately RMB70.55 million). Upon Completion, the Group will cease to hold any interests in the JV Company.

For details, please refer to the Company’s announcements dated 26 April 2022.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with KTC as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

Item for the year ended 31 December 2021	Disclosure in this audited results announcement <i>RMB'000</i>	Disclosure in the Unaudited Annual Results Announcement <i>RMB'000</i>	Difference <i>RMB'000</i>	Note
Consolidated statement of Profit or Loss				
Other income and gains	1,580,778	1,582,770	(1,992)	1
Other expenses	376,014	368,831	7,183	1
Consolidated Statement of Financial Position				
Inventories	416,885	408,977	7,908	2
Trade and bills receivables	503,106	512,281	(9,175)	1
Prepayments, other receivables and other assets	1,125,353	1,118,584	6,769	2
Trade and bills payables	1,289,635	1,291,278	(1,643)	2
Other payables and accruals	693,026	725,986	(32,960)	2
Contract liabilities	1,351,558	1,273,094	78,464	2
Due to a director	449,111	465,037	(15,926)	2
Tax payable	25,844	25,777	67	2
Long term tax payable	767,930	781,255	(13,325)	2

Note:

1. Impairment of trade receivables.
2. The difference was mainly due to reclassification of accounts.

Save as disclosed in this announcement and the corresponding adjustments in totals, percentages, ratios related to the above material differences, all other information contained in the Unaudited Annual Results Announcement remain unchanged.

AUDIT COMMITTEE AND REVIEW OF AUDITED RESULTS ANNOUNCEMENT

The Audit Committee has reviewed the audited annual results for the year ended 31 December 2021.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in this announcement of the Group's results for the year ended 31 December 2021 have been agreed by KTC, the Group's auditors. The work performed by KTC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC on the announcement.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at 2/F., 3-5 Golden Dragon City, Yayun Avenue, Panyu District, Guangzhou City, Guangdong Province, The PRC on Wednesday, 29 June 2022 at 10:30 a.m.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022, both days inclusive, during which no transfer of shares of the Company (the "Shares") will be registered. In order to qualify for attending and voting at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 23 June 2022.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is required to be published on the websites of the Stock Exchange at www.hkexnews.hk under “Listed Company Information” and the designated website of the Company at <http://www.pck.com.cn> or <http://www.pck.todayir.com>, respectively. The annual report of the Company for the year ended 31 December 2021 will be despatched to the shareholders and published on the Stock Exchange’s and the Company’s websites on or before end of May 2022.

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

Hong Kong, 29 April 2022

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.

* *The English translation of the Chinese names or words in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names or words.*