



**HILONG 2014 INTERIM RESULTS SEE NET PROFIT ATTRIBUTABLE TO
EQUITY OWNERS UP 73% TO RMB179 MILLION**

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BEGAN A NEW DEVELOPMENT ERA ENTERING THE OFFSHORE BUSINESS AREA

Financial Highlights (Unaudited)

<i>RMB Million</i>	For the Six Months Ended 30 June		
	2014	2013	Change
Revenue	1,181.6	1,165.2	+1.4%
Gross Profit	448.0	481.0	-6.9%
Gross Profit Margin (%)	37.9%	41.3%	-3.4ppt
Profit Attributable to Equity Owners of the Group	179.3	103.4	+73.4%
Basic Earnings Per Share (RMB)	0.1057	0.0634	+66.7%

(Hong Kong, 24 August 2014) – **Hilong Holding Limited** (“Hilong” or “the Group,” stock code: 1623), a leading PRC-based integrated oilfield equipment and services provider, today announced its unaudited interim results for the six months ended 30 June 2014 (“Period”).

During the period, the Group achieved stable operational results. Hilong recorded a total revenue of RMB1,182 million, representing a slight increase over the corresponding period of last year. Profit attributable to equity owners of the Group significantly increased by 73% year-on-year to RMB179 million.

Mr. Zhang Jun, Chairman and Chief Executive Officer of Hilong, said, “Although the slowdown of demand in the PRC domestic market has brought challenges to Hilong’s operation in the first half of 2014, the Group was still able to achieve stable operational results in the period with the joint efforts of Hilong’s management team and staff. During the period, the Group further propelled the development of new businesses and expanded into new markets in an active and steady manner. At the same time, it effectively executed the established strategy of developing offshore engineering services business, which will lay a solid foundation for the Group’s development in the next stage.”

During the period, the Group restructured its existing business segments, moving OCTG coating services from the original coating materials and services segment to drill pipe and related products segment in order to create an integrated oilfield equipment manufacturing and services segment; forming a line pipe technology and services segment comprising coating materials, line pipe coating services, Corrosion Resistant Alloy (“CRA”) lined pipe, Concrete Weighted Coating (“CWC”) services and line pipe inspection services. After the restructuring, the Group has four core business segments: Oilfield Services, Line Pipe Technology and Services, Oilfield Equipment Manufacturing and Services as well as Offshore Engineering Services. During the first half of 2014, offshore engineering services remained in the preparatory stage, but not yet generated revenue. During the period, Oilfield Services, Line Pipe Technology and Services, and Oilfield Equipment Manufacturing and Services accounted for 40%, 10% and 50% of the total revenue, respectively. Revenue generated in domestic markets accounted for 36% of total revenue, while the overseas market accounted for 64% of total revenue.

Oilfield Services

In the first half of 2014, Hilong’s Oilfield Services segment entered into a new stage of development. During the period, sales of this segment increased by 13% to RMB473 million. The growth was mainly attributable to the increase of day-rate revenue generated by the additional drilling rigs and the development of comprehensive services. The increase of day-rate revenue from the new rigs was primarily derived from the drilling services provided to Shell in Nigeria by HL-27, the 3,000HP high temperature and high pressure drilling rig. The successful operation of HL-27 and the outstanding performance of the drilling team have established a higher benchmark for Hilong’s drilling services and brought valuable opportunities to partner with respected customers around the globe. In addition, the two drilling rigs starting operation in Pakistan during the second half of last year also contributed considerable revenue during the period.

Meanwhile, Hilong has also introduced comprehensive services in a planned manner. OCTG trading and related services business realized a remarkable revenue growth in the first half of 2014. Other comprehensive services including mud engineering service are also under development, reflecting Hilong’s future development potential in this field.

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Line Pipe Technology and Services

After the business segment restructuring, Line Pipe Technology and Services segment consists of coating materials, line pipe coating services, CRA, CWC and line pipe inspection services. As compared with the same period in 2013, total revenue of the segment decreased by 31% to RMB120 million in the first half of 2014. The delay of line pipe construction projects in China resulted in the decreased demand for line pipe coating materials and services in the domestic market. Given the uncertain prospects for line pipe construction projects in China in the short term, Hilong continued to explore overseas markets in 2014 in search of new growth drivers for the traditional line pipe coating services. During the period, Hilong was involved in several overseas line pipe coating services projects such as the APA project in Australia, demonstrating notable progress in overseas market expansion. Regarding the recently launched CRA and CWC businesses, Hilong has already secured several CRA projects from China National Petroleum Corporation's Tarim Oilfields and Sichuan Oil and Gas Construction Engineering Company Ltd. (四川石油天然气建设工程有限责任公司), and obtained the CWC portion of the APA project in Australia jointly with Baosteel. With a stronger market position, Hilong has also achieved remarkable revenue increases in these businesses, which will provide a new impetus for the segment's future growth.

Hilong also seized a unique opportunity by launching the line pipe inspection services business. Winning the external inspection project for Shanghai Natural Gas Pipeline and the internal inspection projects for CNPC Shanjing Pipeline Phase III and Datang Coal Gas Pipeline secured Hilong the first-mover advantage. This will enable Hilong to further extend and improve its value chain for line pipe technology and services, which will lay a solid foundation for providing one-stop solutions in the future.

Oilfield Equipment Manufacturing and Services

After the business restructuring, drill pipe and related products and OCTG coating services have been merged into the newly established Oilfield Equipment Manufacturing and Services segment. Revenue of the segment has slightly increased to RMB589 million in the first half of 2014. The business of drill pipe and related products realized a total revenue of RMB464 million during the period. In particular, Hilong has achieved a significant breakthrough in overseas market expansion with sales from overseas markets increasing by 48% to RMB284 million and accounting for 66% of the total drill pipe sales. This performance indicated recognition from more international customers and the Group's capability of capturing greater global market shares in the future. During the period, new Non-API products including gas seal drill pipe and efficient cuttings bed clean drill pipe were successfully developed and introduced, generating a positive response from the customers during the marketing process. The orders for premium products such as sour service drill pipe, slip-protected drill pipe and non-slip-crush drill pipe also recorded notable growth over the corresponding period of last year.

In the first half of this year, Hilong also launched drilling tools related services and completed specific preparatory work, such as establishing the operational entity for the subsequent development of the business.

The revenue from OCTG coating services amounted to RMB126 million. During the period, Hilong further boosted its global capacity. In the first half of 2014, Hilong successfully acquired Texas Internal Pipe Coating, LLC. The transaction will not only significantly expanded the Group's OCTG coating services capacity, but also further promote the application of the advanced powder-based coating materials and the relevant coating service technology in the industry and especially in China while strengthening Hilong's competitiveness in the international OCTG coating services industry.

Offshore Engineering Services

The Offshore Engineering Services segment established in 2014 will focus on providing offshore pipe laying and lifting and installation services at the initial stage, supplemented by offshore engineering design service. The segment is based on the operation and maintenance of the offshore pipe-laying vessel Hilong 106. In the first half of 2014, Hilong completed the key preparatory work including setting up the operational entity, building up the core team and reaching out to the customers. Meanwhile, Hilong also obtained the approval from the American Bureau of Shipping and a number of other certifications, demonstrating its qualifications as a vessel manager. The modification work on Hilong 106 was completed and the vessel is expected to be put into service soon. Hilong has also recruited top international talent and established an elite team for offshore engineering design services. In fact, Hilong has already signed a cooperation agreement with a customer to provide independent third-party technical consultation and has secured relevant design contracts.

Mr. Zhang concluded, "Looking ahead, Hilong is confident it can continue its steady growth. Hilong entered into a new development era by marching into the offshore business area with the official launch of its offshore engineering services segment. The Group has also restructured its existing business and continued to integrate products with services as it gradually advances to the higher end of the value chain. The overseas expansion also saw fruitful results particularly in the aspects of global capacity redeployment and market expansion. We strongly believe that, with our constant endeavors to improve our business, Hilong will continue to generate substantial returns to shareholders."

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About Hilong Holding Limited

Hilong Holding Limited is a leading PRC-based integrated oilfield equipment manufacturer and service provider with market leadership position in the fields of drill pipes, line pipe and OCTG coatings and oilfield services. It is China's largest and the world's second largest supplier of drill pipes and OCTG coatings, and a key supplier of line pipe coating materials in China. The Group continuously expands its business horizon and marched into offshore engineering services field in 2014. Hilong follows the business philosophy of integrating products together with services and strives to become a top service provider with strong support from its high-end equipment.

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