

[For Immediate Release]



HILONG ANNOUNCES 2011 ANNUAL RESULTS

REVENUE UP APPROXIMATELY 34% TO RMB1,821.2 MILLION
PROFIT ATTRIBUTABLE TO EQUITY OWNERS SURGES 69% TO
RMB 301.7 MILLION

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STRIVES TO GROW THE BUSINESS ALONG THE OILFIELD
EQUIPMENT AND SERVICES VALUE CHAIN
AND MAXIMIZE RETURNS FOR SHAREHOLDERS

Financial Highlight

<i>RMB'000</i>	For the Year Ended 31 December		
	2011	2010	Change
Revenue	1,821,194	1,356,462	+34.3%
Gross Profit	746,610	556,606	+34.1%
Gross Profit Margin	41.0%	41.0%	0
Profit Attributable to Equity Owners of the Company	301,691	178,369	+69.1%
Basic and Diluted Earnings Per Share (RMB)	0.21	0.16	+31.3%

(Hong Kong, 23 March 2012) – **Hilong Holding Limited** (“Hilong” or the “Group” ; stock code: 1623), a leading PRC-based integrated oilfield equipment and service provider, today announced its first annual results after its listing on the Main Board of The Stock Exchange of Hong Kong Limited (in April 2011 for the year ended 31 December 2011 (“the year under review”).

During 2011, the Group recorded revenue of RMB1,821.2 million, representing a year-on-year increase of 34.3%, from RMB1,356.5 million in 2010. Gross profit surged by 34.1% to RMB746.6 million from RMB556.6 million, while gross profit margin maintained at 41.0%. Profit attributable to equity owners of the Company increased by 69.1% over last year to RMB301.7 million (2010: RMB178.4 million). Basic and diluted earnings per share were RMB0.21. The Board of Directors resolved to recommend a final dividend of HK\$6.9 cents per share for 2011, and the payout ratio maintained at the level of around 30% as planned.

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Mr. Zhang Jun, Chairman and Chief Executive Officer of Hilong, said, “The year 2011 is a milestone year in the development of Hilong. We have not only achieved excellent performance in our financial results, but have also made significant progress in various areas such as brand awareness, R&D capability, corporate governance and financing channels. In the past year, we have well executed our growth strategies by focusing on the development of high-end products, maintaining our leading position domestically and enhancing market presence overseas. In 2011, we advanced towards our goal of becoming the integrated global leader of oilfield equipment and services”

During the year under review, the Group achieved significant progress in each of its three core business segments, drill pipes and related products, line pipe and OCTG coating materials and services, and oilfield services. During the year, the three segments accounted for 48.9%, 27.8% and 23.3% respectively of the total revenue. Based on the 2011 sales, according to the industry consultant, Spears & Associates Inc. Hilong is the largest drill pipe provider in China with a 34% market share, and the second largest worldwide with a 13% market share. According to the same source, Hilong is the largest OCTG coating materials and services provider in China with a 72% market share, and ranks the second in the world with around 14% of the total market. Hilong is also the largest line pipe coating materials producer in China occupying more than half of the total market.

Revenue from the sales of drill pipes and related products segment increased by 25.0% to RMB891.4 million (2010: RMB713.1 million) for the year under review, led by the increase from sales of drill pipes. The Group strived to expand its overseas market share, especially in the Middle East and North and South America, successfully securing a number of globally renowned oil and gas companies as customers, such as Shell, Saipem, National Drilling Company and Noble Drilling. Thus, a surge of 16.5% to RMB317.6 million (2010: RMB272.6 million) was recorded for the international sales of drill pipes. Domestic revenue of drill pipes increased by 14.2% to RMB412.6 million (2010: RMB361.2 million), during the year under review. The increase primarily reflected a 13.6% increase in the average selling price as the result of dedicated research and promotion of high end products. The Group, as the first in China, developed and commercialised a series of high-end drill pipes that exactly meet the industry demand, such as the drill pipes for shale gas exploration, the V150 high strength drill pipes for ultra-deep wells, and the large caliber drill pipes for horizontal directional drilling. The new products were very well received by our customers immediately after their launch and the favor of customers converted into sales orders. The success of the new products further testified Hilong’s leading position in the industry and evidenced that its R&D team captured the industry demand accurately.

To maintain the growth momentum of the drill pipe business, Hilong further upgraded the existing facilities in China that have an annual production capacity of 40,600 tons of drill pipes in order for them to be better fitted for high end products production. Also, Hilong acquired an additional 51% equity interests in Almansoori Hilong Petroleum Pipe Company in December and gained effective control over all of its issued share capital. Almansoori Hilong Petroleum Pipe Company is located in Abu Dhabi, which has a production capacity of 10,000 tons of drill pipes per annum. Due to its strategic location, it enjoys the proximity to our customers in the Middle East and adjacent regions, and also enjoys the lower costs. This acquisition is an important step to implement the Group’s overseas expansion strategy.

During the year under review, revenue from the coating materials and services segment increased by 36.0% to RMB505.6 million (2010: RMB371.9 million), and, particularly, rapid growth in the line pipe coating business was recorded. During the past few years, the insufficient capacity of coating services had been the bottleneck of this segment. In 2011, the Group strived to expand its production capacity in China and overseas. The line pipe coating service plant in Taicang commenced operation in June with a capacity of over 1,500,000 square meters per annum, leading to an increase of the annual service capacity to 4,300,000 square meters per annum. For OCTG coating services, the construction of plants in Russia and Canada progressed on schedule, and those plants are expected to start contributing capacity around mid-year 2012.

Revenue from the oilfield services segment increased significantly by 56.2% to RMB424.2 million (2010: RMB271.5 million) in 2011. Hilong increased its drilling equipments from 7 sets in the end of 2010 to 9 sets in 2011, and all of the drilling equipments are engaged in onshore oilfield services overseas. The outstanding service quality of Hilong attracted high quality customers, such as Shell and the national oil companies of Ecuador. During 2011, Hilong also enhanced its capability to provide more comprehensive services such as cementing and OCTG logistics and trading.

Mr. Zhang said, "The demand for energy will continue to grow to sustain the global economic growth. We will closely monitor the industry trends, enhance our competitiveness and continue to progress towards our goal of becoming a leading integrated oilfield equipment and service provider around the globe. Hilong will continue to focus on research and development of high-end products, actively expand our market overseas while maintaining our leadership in China. We firmly believe that through the concerted effort of the entire Group, Hilong will maintain the positive growth momentum and continue to provide high quality products and services to our customers. We endeavor to maximize returns for our shareholders by consistently delivering strong business results and maintaining a healthy dividend policy."

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About Hilong Holding Limited

Hilong Holding Limited is a leading PRC-based integrated oilfield equipment manufacturer and service provider with a focus on 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 the largest supplier of oil and gas line pipe coating materials in China. The Group has established a solid and diverse customer base, including China's largest oil and gas companies, CNPC and Sinopec, and other international oil and gas giants such as Schlumberger, Shell, Gazprom and Weatherford.

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