

[For Immediate Release]



HILONG ANNOUNCES 2011 INTERIM RESULTS

REVENUE UP 32.0% TO RMB755.1 MILLION
PROFIT ATTRIBUTABLE TO EQUITY OWNERS SURGED 106.5% TO
RMB116.2 MILLION

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SUCCESSFULLY EXPANDS INTERNATIONAL MARKET
FURTHER SOLIDIFIES INDUSTRY LEADING POSITION

Financial Highlight

| <i>RMB'000</i> | For the Six Months Ended 30 June | | |
|--|---|-------------|---------------|
| | 2011 | 2010 | Change |
| Revenue | 755,141 | 571,974 | +32.0% |
| Gross Profit | 331,798 | 224,049 | +48.1% |
| Gross Profit Margin | 43.9% | 39.2% | +4.7ppt |
| Profit Attributable to Equity Owners of the Company | 116,235 | 56,289 | +106.5% |
| Basic and Diluted Earnings Per Share (RMB Cents) | 8.80 | 4.92 | +78.9% |

(Hong Kong, 29 August 2011) – **Hilong Holding Limited** (“Hilong” or the “Group” ; stock code: 1623), a leading PRC-based non-state owned integrated oilfield equipment and service provider, today announced its first interim results for the six months ended 30 June 2011 after its listing on the Main Board of the Stock Exchange of Hong Kong in April this year.

During the review period, the Group recorded revenue of RMB755.1 million, representing a year-on-year increase of 32.0%, from RMB 572.0 million in the same period in 2010. Gross profit increased by 48.1% to RMB331.8 million from RMB 224.0 million, while gross profit margin climbed 4.7 percentage points year-on-year to 43.9%. Profit attributable to equity owners of the Company more than doubled over the same period last year to RMB116.2 million (2010 1H: RMB56.3 million). Net profit margin notably increased by 5.6 percentage points, from 9.8% in the first half of 2010 to 15.4% in the same period in 2011. Basic and diluted earnings per share were RMB8.80 cents. The directors resolved not to declare the payment of an interim dividend in respect of the six months ended 30 June 2011.

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Mr Zhang Jun, Chairman and Chief Executive Officer of Hilong, said, “Our market leadership in key oilfield equipment products and services paved the road for us to further expand international markets. Key factors contributing to our fruitful results included our technology advantages in our products and services, along with our established relationships with major international oil and gas companies. This success was also ample testimony that our efforts and the strategies we adopted to focus on high end products and to expand international markets are correct”.

The Group has three core business segments, drill pipe and related products, line pipe and OCTG coating materials and services, and oilfield services. During the review period, the three segments accounted for 47.0%, 29.8% and 23.2% respectively of the total revenue. 48.4% of the revenue is generated in overseas market in the first half of 2011, 16.5 percentage points higher than the same period in 2010.

Revenue from the sales of drill pipes and related products segment increased by 22.4% to RMB355.1 million (2010 1H: RMB290.2 million) for the first half of 2011. This increase was contributed by 68.4% higher sales of drill pipes in the international market to RMB144.1 million (2010 1H: RMB85.6 million), as a result of Hilong’s continuous efforts to increase its overseas market share, especially in the Middle East, and an increased level of capital spending by international oil and gas companies in drilling activities. At the same time, revenue from sales of drill pipe components surged by 754.7% to RMB54.7 million (2010 1H: RMB6.4 million). The rise here was due to the increase in volume of steel pipes and joints sold to its jointly controlled entity in the Middle East, which commenced its manufacturing in 2011, as its principal material in manufacturing drill pipes. For the PRC market, revenue of drill pipes and related products decreased by 29.1% to RMB125.9 million (2010 1H: RMB177.6 million). The decrease primarily reflected a decrease in the volume of drill pipes sold in the PRC market partially offset by an increase in the average selling price. The decrease in the sales volume is mainly caused by a reduced level of demand of drill pipes and capital spending by PRC oil and gas companies due to the reduced expansion of their overseas drilling activities. However, the Group was still able to increase its average selling price upward as we focused on producing customized high end drill pipe products with a higher profit margin.

During the review period, revenue from the coating materials and services segment grew by 17.6% to RMB225.7 million (2010 1H: RMB192.0 million). Revenue from oil and gas line pipe coating materials and services increased by 15.3% to RMB161.8 million, as a result of the increasing capital spending in oil and gas line construction activities in China, which in turn led to a surging demand of relevant coating materials and services. Revenue from OCTG coating materials and services increased from RMB51.6 million in the first half of 2010 to RMB63.8 million in the same period in 2011, representing a 23.7% growth. The increase primarily reflected an increase in our manufacturing capacity and utilization rate in providing OCTG coating services and production of materials coupled with a higher demand for the services in the review period, as well as the rising of the average selling price.

Revenue from the oilfield services segment increased significantly by 94.0% to RMB174.4 million (2010 1H: RMB89.9 million) in the first half of 2011. This increase was mainly attributable to income generated from the oilfield service projects in West Africa, Middle East and Ecuador.

Looking ahead, Mr Zhang said, “We remain optimistic about the future outlook of the market and expect active drilling activities and strong capital investments in this sector. In order to capture these opportunities, we will continue to focus on the R&D and marketing of high end products and services, solidify our leadership through capacity upgrades and further vertical integration, and actively expand our global footprint. We aim to become a leading integrated global oilfield equipment and service provider while striving to bring the best returns to our shareholders.”

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About Hilong Holding Limited

Hilong Holding Limited is a leading PRC-based non-state owned 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, Gazprom and Weatherford.

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