

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent property valuer, in connection with its opinion of value of the property interests of our Group as at February 28, 2011.



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April 11, 2011

The Board of Directors
Hilong Holding Limited
No. 1825, Luodong Road
Baoshan Industrial Zone
Shanghai, the PRC

Dear Sirs,

In accordance with your instructions to value the properties in which Hilong Holding Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), Republic of Kazakhstan and Ecuador, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at February 28, 2011 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Due to the nature of the typical buildings and structures of the property interests in Group I and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interests have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interest in Group III which is currently under construction, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Groups IV, V and VI, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

We have attributed no commercial value to the property interest in Group II, which has not been assigned to the Group as at the date of valuation, thus the title of the property is not vested in the Group.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors; HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers—King & Wood, the Company's Republic of Kazakhstan legal advisers—Salans LLP and the Company's Ecuador legal advisers—Pérez Bustamante & Ponce, concerning the validity of the property interests in the PRC, Kazakhstan and Ecuador.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of

Jones Lang LaSalle Sallmanns Limited

Paul L. Brown
B.Sc. FRICS FHKIS
Chief Valuation Adviser

Sam B. Q. Zhu
MRICS
Director

Notes:

1. *Paul L. Brown is a Chartered Surveyor who has 28 years' experience in the valuation of properties in the PRC and 31 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region, and relevant valuation experience in certain South American and Central Asian countries.*
2. *Sam B. Q. Zhu is a Chartered Surveyor who has 13 years' experience in the valuation of properties in the PRC.*

SUMMARY OF VALUES

No.	Property	Capital value in existing state as at February 28, 2011	Interest attributable to the Group	Capital value attributable to the Group as at February 28, 2011
		RMB		RMB
Group I—Property interests held and occupied by the Group in the PRC				
1.	A parcel of land, 16 buildings and various structures No. 1825 Luodong Road Baoshan District Shanghai The PRC	173,824,000	100%	173,824,000
2.	A parcel of land, 8 buildings and various structures No. 669 Jinle Road Yuepu Industry Park Baoshan District Shanghai The PRC	No commercial value	51%	No commercial value
3.	A parcel of land, 6 buildings and various structures located at Group 3 Xinhua Village Baimi Town Jiangyan City Jiangsu Province The PRC	13,223,000	100%	13,223,000
	Sub-total:	187,047,000		187,047,000
Group II—Property interest contracted to be acquired by the Group in the PRC				
4.	A parcel of land located at No. 1825 Luodong Road Baoshan District Shanghai The PRC	No commercial value	99%	No commercial value
	Sub-total:	Nil		Nil
Group III—Property interest held under development by the Group in the PRC				
5.	A parcel of land and 7 buildings under construction located at North aviation airports industrial Gaoping District Nanchang City Sichuan Province The PRC	No commercial value	100%	No commercial value
	Sub-total:	Nil		Nil

No.	Property	Capital value in existing state as at February 28, 2011	Capital value attributable to the Group as at February 28, 2011
		RMB	RMB
Group IV—Property interests rented and occupied by the Group in the PRC			
6.	Units 02 and 03 on the 26th Floor Shanghai Tian An Centre No. 338 West Nanjing Road Shanghai The PRC	No commercial value	No commercial value
7.	No. 13 Dong Qian Zhai Shen Xiang Village Baoshan District Shanghai The PRC	No commercial value	No commercial value
8.	Unit 204 on the 2nd Floor Block 4 Ma Jing Qiao Er Village Baoshan District Shanghai The PRC	No commercial value	No commercial value
9.	Unit 602 on the 6th Floor Block 46 Lane 58 Tayuan Road Baoshan District Shanghai The PRC	No commercial value	No commercial value
10.	A parcel of land and 2 buildings located at Shuguang Industry Park Baimi Town Jiangyan City Jiangsu Province The PRC	No commercial value	No commercial value
11.	A parcel of land and 2 buildings No. 217 Xitai Road Wuxi City Jiangsu Province The PRC	No commercial value	No commercial value
12.	Unit 601 on the 6th floor Beijing Fortune Plaza No. 7 Dong San Huan Road Beijing The PRC	No commercial value	No commercial value

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No.	Property	Capital value in existing state as at February 28, 2011	Capital value attributable to the Group as at February 28, 2011
		RMB	RMB
13.	A parcel of land and 2 building No. 168 Fenglei Street Southern of Houma City Shanxi Province The PRC	No commercial value	No commercial value
14.	A parcel of land and 3 building No. 168 Fenglei Street South of Houma City Shanxi Province The PRC	No commercial value	No commercial value
15.	3 buildings located at Binjiang Avenue Taicang Port Development Zone Taicang City Jiangsu Province The PRC	No commercial value	No commercial value
Sub-total:		Nil	Nil

Group V—Property interests rented and occupied by the Group in Ecuador

16.	Office No. 402 on the 4th floor and parking plot No. 30 Edificio Parque Central Quito Ecuador	No commercial value	No commercial value
17.	Office No. 403 on the 4th floor, parking plots Nos.16, 25 and 26, and Storage room No. 4 Edificio Parque Central Quito Ecuador	No commercial value	No commercial value
18.	A parcel of land located at Matriz Parish CoCa Lote 7-B1 Orellana Province Ecuador	No commercial value	No commercial value
Sub-total:		Nil	Nil

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No.	Property	Capital value in existing state as at February 28, 2011	Capital value attributable to the Group as at February 28, 2011
		RMB	RMB
Group VI—Property interests rented and occupied by the Group in Kazakhstan			
19.	An office unit on the 2nd floor No. 110 Jubanova Street Aktobe Republic of Kazakhstan	No commercial value	No commercial value
20.	An office building located at the quarter of the Isolation Hospital Kyzylorda City Republic of Kazakhstan	No commercial value	No commercial value
	Sub-total:	Nil	Nil
	Grand total:	187,047,000	187,047,000

VALUATION CERTIFICATE

Group I—Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
1.	A parcel of land, 16 buildings and various structures No. 1825 Luodong Road Baoshan District Shanghai The PRC	<p>The property comprises a parcel of land with a site area of approximately 194,751.1 sq.m., 16 buildings and various structures erected thereon which were completed in 2007 and 2010.</p> <p>The buildings have a total gross floor area of approximately 84,391.55 sq.m.</p> <p>The buildings mainly include industrial buildings, office buildings and guard houses, etc.</p> <p>The structures mainly include boundary fences and roads.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on October 31, 2055 for industrial use.</p>	The property is currently occupied by the Group for production, office and ancillary purposes.	<p>173,824,000</p> <p>100% interest attributable to the Group:</p> <p>RMB173,824,000</p>

Notes:

- Pursuant to a Real Estate Title Certificate—Hu Fang Di Bao Zi (2009) Di No. 046821 dated September 14, 2009, the land use rights of a parcel of land with a site area of approximately 194,751.1 sq.m. have been granted to Hilong Group of Companies Ltd. (“Hilong Group”, 海隆石油工業集團有限公司), a wholly-owned subsidiary of the Company, for a term of 50 years expiring on October 31, 2055 for industrial use and 10 buildings with a total gross floor area of approximately 45,529.21 sq.m. are owned by Hilong Group.
- Pursuant to a Construction Work Planning Permit—Jian Zi Di Hu Bao Jian (2008) No. 13081224P03270 in favor of Hilong Group, 8 buildings with a total gross floor area of approximately 40,375 sq.m. have been approved for construction.
- Pursuant to a Construction Work Commencement Permit—0802BS0086D01 310113200806031001 in favor of Hilong Group, permission by the relevant local authority was given to commence the construction work.
- We have attributed no commercial value to the 6 buildings with a total gross floor area of approximately 38,862.34 sq.m. which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land) as at the date of valuation would be RMB57,970,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
- Pursuant to a Maximum Amount Mortgage Contract dated June 23, 2010, the property is subject to a mortgage in favor of China Merchants Bank Shanghai Branch Baoshan Sub-branch (the “Mortgagee”) as security for a loan with maximum amount of RMB156,000,000 for a term of a year commencing from July 2, 2010 and expiring on July 1, 2011.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Hilong Group has legally obtained the land use rights and the building ownership rights of the property and is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the property;
 - b. The buildings and land use rights of the property are subject to mortgage in favor of the Mortgagee; and
 - c. There is no material impediment in obtaining the Building Ownership Certificate once the buildings stated in note 4 passed the completion acceptance check.

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No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
2.	A parcel of land, 8 buildings and various structures No. 669 Jinle Road Yuepu Industry Park Baoshan District Shanghai The PRC	<p>The property comprises a parcel of land with a site area of approximately 31,415 sq.m., 8 buildings and various structures erected thereon which were completed in 2004.</p> <p>The buildings have a total gross floor area of approximately 8,284.07 sq.m.</p> <p>The buildings mainly include an industrial building, warehouses and an office building, etc.</p> <p>The structures mainly include boundary fences and roads.</p> <p>The collectively-owned land use rights of the property were held by Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd. for a term expiring on March 7, 2052 for industrial use (Please refer to note 1).</p>	The property is currently occupied by the Group for production, office and ancillary purposes.	No commercial value

Notes:

- Pursuant to a Real Estate Title Certificate—Hu Fang Di Bao Zi (2006) Di No. 000838 dated December 26, 2005, the collectively-owned land use rights of the property with a site area of approximately 31,415 sq.m. are held by Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd. (“Shanghai Tube”), a 51% interest owned subsidiary of the Company, for a term expiring on March 7, 2052 for industrial use and 8 buildings with a total gross floor area of approximately 8,284.07 sq.m. are owned by Shanghai Tube.
- In the valuation of this property, we have attributed no commercial value to the property as the land is collectively-owned land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land) as at the date of valuation would be RMB13,704,000 assuming all relevant title certificates have been obtained and the building could be freely transferred.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:

Shanghai Tube has legally obtained the land use rights and the building ownership rights of the property, and is entitled to occupy and use the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
3.	A parcel of land, 6 buildings and various structures located at Group 3 Xinhua Village Baimi Town Jiangyan City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 29,920 sq.m., 6 buildings and various structures erected thereon which were completed in various stages between 2006 and 2007.</p> <p>The buildings have a total gross floor area of approximately 5,222.47 sq.m.</p> <p>The buildings mainly include an industrial building, an office building and a guard house, etc.</p> <p>The structures mainly include boundary fences and roads.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on December 25, 2056 for industrial use.</p>	The property is currently occupied by the Group for production, office and ancillary purposes.	13,223,000 100% interest attributable to the Group: RMB13,223,000

Notes:

- Pursuant to a State-owned Land Use Rights Certificate—Jiang Tu Guo Yong (Ji 03) Di No. 2007013 dated February 12, 2007, the land use rights of the property with a site area of approximately 29,920 sq.m. have been granted to Jiangsu Hilong Drill Pipe Co., Ltd. (“Jiangsu Hilong Drill”), a wholly-owned subsidiary of the Company, for a term of 50 years expiring on December 25, 2056 for industrial use.
- Pursuant to 2 Building Ownership Certificates—Jiang Fang Quan Zheng Jiang Yan Zi Di Nos. 50000690 and 80023691 dated August 31, 2007 and March 3, 2011, 3 buildings with a total gross floor area of approximately 4,992.47 sq.m. are owned by Jiangsu Hilong Drill.
- We have attributed no commercial value to the 3 buildings with a total gross floor area of approximately 230 sq.m. which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land) as at the date of valuation would be RMB254,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
- Pursuant to a Maximum Amount Mortgage Contract dated September 12, 2007, the land use rights of the property as described in note 1 and the building ownership rights of the 2 buildings erected thereon as described in note 2 are subject to a mortgage in favor of China Agricultural Bank Co., Ltd. Jiangyan Sub-branch (the “Mortgagee”) as security for a loan with maximum amount of RMB7,000,000 for a term commencing from September 12, 2007 and expiring on September 11, 2012.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - Jiangsu Hilong Drill has legally obtained the land use rights and the building ownership rights of the property except for the buildings state in note 3 and is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the property except for the buildings state in note 3;
 - The buildings and land use rights of the property are subject to mortgage in favor of the Mortgagee; and
 - Jiangsu Hilong Drill has not obtained any construction permits for the buildings stated in note 3 and may be asked to demolish these buildings by the local authorities. Since these buildings are used for staff canteen, it will not cause adverse effects on Jiangsu Hilong Drill’s business.

Group II—Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
4.	A parcel of land located at No. 1825 Luodong Road Baoshan District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 80,524.9 sq.m.	The property is currently vacant.	No commercial value

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 6 December 2010 entered into between Shanghai Hilong Special Oil Pipe Co., Ltd. (“Hilong Special Pipe”, 上海海隆特種鋼管有限公司) and Shanghai Baishan District Planning and State-owned Land Resources Administrative Bureau (上海市寶山區規劃和土地管理局), the land use rights of the property were contracted to be granted to Hilong Special Pipe for a term of 50 years for industrial use. The land premium was RMB 39,240,000.
- As at the date of valuation, the property has not been assigned to the Group and thus the title of the property is not vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB41,551,000, on condition that the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:

There is no material legal impediment in obtaining the Land Use Rights Certificate.

Group III—Property interest held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
5.	A parcel of land and 7 buildings under construction located at North aviation airports industrial GaoPing District Nanchong City Sichuan Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 29,752 sq.m. and 7 buildings (the “CIPs”) which are being constructed thereon.</p> <p>The property is scheduled to be completed in 2011. Upon completion, the buildings of the property will have a total gross floor area of approximately 15,075 sq.m.</p>	The property is currently under construction.	No commercial value

Notes:

- Pursuant to a State-owned Land Use Rights Purchase Confirmation Letter (國有土地使用權成交確認書) dated February 11, 2011 entered into between Sichuan Hilong Petroleum Technology Co., Ltd. (“Sichuan Hilong”, 四川海隆石油技術有限公司), a wholly-owned subsidiary of the Company, and Nanchong State-owned Land Resources Administrative Bureau, Gaoping Sub Bureau (南充市國土資源局高坪分局), the land use rights of the property with a site area of 44.628 Mu (equal to approximately 29,752 sq.m.) was confirmed to be granted to Hilong Group.
- As advised by the Group, the total construction cost of the CIPs is estimated to be approximately RMB14,894,502, of which RMB12,602,993.72 had been paid up to the date of valuation.
- As at the date of valuation, the property has not been assigned to the Group and thus the title of the property is not vested in the Group. Therefore we have attributed no commercial value to the property.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - There is no material legal impediment for the Group to obtain the land use right certificate with respect to such land in Sichuan Province; and
 - The likelihood for the local authority to impose any fine or penalty as a result of such lack of land use right certificate or commencement of construction on such land in Sichuan Province is remote.

Group IV—Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
6.	Units 02 and 03 on the 26th Floor Shanghai Tian An Centre No. 338 West Nanjing Road Shanghai The PRC	The property comprises 2 units on the 26th floor of a 30-storey office building completed in about 2004. The property has a gross floor area of approximately 308.85 sq.m. The property is leased to the Group from an independent third party for a term of 3 years commencing from September 25, 2010 and expiring on September 24, 2013, at an annual rent of RMB901,842 exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated August 3, 2007 and a Supplemental Agreement entered into between Hilong Group of Companies Ltd. (“Hilong Group”, 海隆石油工業集團有限公司), a wholly-owned subsidiary of the Company, and Shanghai Tian An Centre Ltd. (上海天安中心大廈有限公司), an independent third party, the property with a gross floor area of approximately 308.85 sq.m. is leased to Hilong Group for a term of 3 years commencing from September 25, 2010 and expiring on September 24, 2013, at an annual rent of RMB901,842 exclusive of management fees, water and electricity charges.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. The Tenancy Agreement is valid, binding and enforceable; and
 - b. Hilong Group has rights to occupy and use the property according to the Tenancy Agreement.

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No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
7.	No. 13 Dong Qian Zhai Shen Xiang Village Baoshan District Shanghai The PRC	<p>The property comprises a 2-storey residential building completed in about 2008.</p> <p>The property has a gross floor area of approximately 142 sq.m.</p> <p>The property is leased to the Group from an independent third party for a term of a year commencing from August 1, 2010 and expiring on July 31, 2011, at a monthly rent of RMB3,300 exclusive of management fees, water and electricity charges.</p>	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

- Pursuant to a Tenancy Agreement dated August 1, 2010 entered into between Shanghai Hilong Drill Pipe Co., Ltd. ("Shanghai Hilong Drill") (上海海隆石油鑽具有限公司), a wholly-owned subsidiary of the Company, and Qian Jinlong, an independent third party, the property with a gross floor area of approximately 142 sq.m. is leased to Shanghai Hilong Drill for a term of a year commencing from August 1, 2010 and expiring on July 31, 2011, at a monthly rent of RMB3,300 exclusive of management fees, water and electricity charges.
- We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

The Tenancy Agreement may be influenced by a third party due to lack of Building Ownership Certificate.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
8.	Unit 204 on the 2nd Floor Block 4 Ma Jing Qiao Er Village Baoshan District Shanghai The PRC	<p>The property comprises a unit on the 2nd floor of a 6-storey residential building completed in about 1978.</p> <p>The property has a gross floor area of approximately 40 sq.m.</p> <p>The property is leased to the Group from an independent third party for a term of a year commencing from July 1, 2010 and expiring on June 30, 2011, at a monthly rent of RMB800 exclusive of management fees, water and electricity charges.</p>	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated July 1, entered into between Shanghai Hilong Drill Pipe Co., Ltd. ("Shanghai Hilong Drill") (上海海隆石油鑽具有限公司), a wholly-owned subsidiary of the Company, and Xu Gengmin, an independent third party, the property with a gross floor area of approximately 40 sq.m. is leased to Shanghai Hilong Drill for a term of a year commencing from July 1, 2010 and expiring on June 30, 2011, at a monthly rent of RMB800 exclusive of management fees, water and electricity charges.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. The Tenancy Agreement is valid, binding and enforceable; and
 - b. Hilong Group has rights to occupy and use the property according to the Tenancy Agreement.

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No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
9.	Unit 602 on the 6th Floor Block 46 Lane 58 Tayuan Road Baoshan District Shanghai The PRC	<p>The property comprises a unit on the 6th floor of a 7-storey residential building completed in about 2006.</p> <p>The property has a gross floor area of approximately 136 sq.m.</p> <p>The property is leased to the Group from an independent third party for a term of 2 years commencing from March 16, 2010 expiring on March 15, 2012, at a monthly rent of RMB3,600 exclusive of management fees, water and electricity charges.</p>	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

1. Pursuant to 2 Tenancy Agreements dated March 10, 2010 and March 15, 2011, entered into between Shanghai Hilong Drill Pipe Co., Ltd. ("Shanghai Hilong Drill") (上海海隆石油鑽具有限公司), a wholly-owned subsidiary of the Company, and Zhang Li Na), an independent third party, the property with a gross floor area of approximately 136 sq.m. is leased to Shanghai Hilong Drill for a term of 2 years commencing from March 16, 2010 and expiring on March 15, 2012, at a monthly rent of RMB3,600 exclusive of management fees, water and electricity charges.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. The Tenancy Agreement is valid, binding and enforceable; and
 - b. Shanghai Hilong Drill has rights to occupy and use the property according to the Tenancy Agreement.

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No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
10.	A parcel of land and 2 buildings located at Shuguang Industry Park Baimi Town Jiangyan City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 29,988 sq.m., and 2 industrial buildings erected thereon completed in about 2003.</p> <p>The buildings have a total gross floor area of approximately 29,988 sq.m.</p> <p>The property is leased to the Group for a term of 20 years commencing from October 1, 2003 and expiring on September 30, 2023, at an annual rent of RMB720,000 exclusive of water and electricity charges.</p>	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated August 18, 2003 and entered into between Jiangsu Tube-Cote Shuguang Coating Co., Ltd. ("Jiangsu Tube") (江蘇圖博可特曙光塗層有限公司), a 58.18% interest owned subsidiary of the Company, and Jiangsu Shuguang Group Co., Ltd. ("Jiangsu Shuguang", 江蘇曙光集團有限公司), the property with a total gross floor area of approximately 308.85 sq.m. is leased to Jiangsu Tube for a term of 20 years commencing from October 1, 2003 and expiring on September 30, 2023, at an annual rent of RMB720,000 exclusive of water and electricity charges.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Jiangsu Shuguang has no rights to lease the property unless obtained the building ownership rights of the property; and
 - b. The Tenancy Agreement may be influenced by a third party due to lack of Building Ownership Certificate.

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PROPERTY VALUATION

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
11.	A parcel of land and 2 buildings No. 217 Xitai Road Wuxi City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 24,470.7 sq.m. and 2 industrial buildings erected thereon completed in about 2005.</p> <p>The buildings have a total gross floor area of approximately 6,477.75 sq.m.</p> <p>The property is leased to the Group from an independent third party for a term of 9 years commencing from December 1, 2007 and expiring on November 30, 2016, at an annual rent of RMB932,796 exclusive of water and electricity charges.</p>	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated November 15, 2007 and entered into between Hilong Drill Pipe (Wuxi) Co., Ltd. (“Hilong Wuxi”, 海隆石油鑽具（無錫）有限公司), a wholly-owned subsidiary of the Company, and Wuxi Hong Teng Construction Co., Ltd. (無錫市泓騰建築有限公司), an independent third party, the property with a total gross floor area of approximately 308.85 sq.m. is leased to Hilong Wuxi for a term of 9 years commencing from December 1, 2007 and expiring on November 30, 2016, at an annual rent of RMB932,796 exclusive of water and electricity charges.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. The Tenancy Agreement is valid, binding and enforceable;
 - b. The Tenancy Agreement has been registered with the relevant authorities; and
 - c. Hilong Wuxi has rights to occupy and use the property according to the Tenancy Agreement.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
12.	Unit 601 on the 6th floor Beijing Fortune Plaza No. 7 Dong San Huan Road Beijing The PRC	<p>The property comprises a unit on the 6th floor of a 47-storey office building completed in about 2005.</p> <p>The buildings have a total gross floor area of approximately 494.14 sq.m.</p> <p>The property is leased to the Group from an independent party for a term of a year commencing from July 8, 2010 and expiring on July 7, 2011, at a monthly rent of RMB113,181.5 exclusive of management fees, water and electricity charges.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated July 7, 2010 and entered into between Hilong Oil Service & Engineering Co., Ltd. ("Hilong Oil Service", 海隆石油技術服務有限公司), a wholly-owned subsidiary of the Company, and Wang Hua Ping (王華平), an independent third party, the property with a gross floor area of approximately 494.14 sq.m. is leased to Hilong Wuxi for a term of a year commencing from July 8, 2010 and expiring on July 7, 2011, at a monthly rent of RMB113,181.5 exclusive of management fees, water and electricity charges
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. The Tenancy Agreement is valid, binding and enforceable;
 - b. The Tenancy Agreement has been registered with the relevant authorities; and
 - c. Hilong Oil Service has rights to occupy and use the property according to the Tenancy Agreement.

APPENDIX III
PROPERTY VALUATION

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011 RMB
13.	A parcel of land and 2 building No. 168 Fenglei Street Southern of Houma City Shanxi Province The PRC	The property comprises a parcel of land with a site area of approximately 28,666 sq.m. and 2 industrial buildings erected thereon completed in about 2008. The buildings have a total gross floor area of approximately 13,742 sq.m. As advised by the Group, the land use rights of the property were leased to the Group.	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. As advised by the Group, the 2 buildings were constructed by Shanxi Tangrong Hilong Drill Tools Co., Ltd. ("Shanxi Tangrong", 山西湯榮海隆鑽具有限公司), a 51% interest owned subsidiary of the Company.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. As advised by Shanxi Tangrong, the land of the property is leased from Shanxi Tangrong Automobile Component Manufacturing Group Co., Ltd. (山西湯榮汽車配件製造集團有限公司); and
 - b. Shanxi Tangrong has not obtained any construction permits for the buildings mentioned in note 1. According to the confirmation from the local authorities, the likelihood for relevant authorities to impose any fine or penalty as a result of lack of construction permits of the abovementioned buildings is remote.

APPENDIX III
PROPERTY VALUATION

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
14.	A parcel of land and 3 building No. 168 Fenglei Street South of Houma City Shanxi Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 19,667 sq.m., and 3 industrial buildings erected thereon completed in about 2008.</p> <p>The buildings have a total gross floor area of approximately 5,577 sq.m.</p> <p>As advised by the Group, the land use rights of the property were leased to the Group.</p>	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. As advised by the Group, the 3 buildings were constructed by Tangrong Tube-Cote (Shanxi) Petroleum Pipe Coating Co., Ltd. ("Tangrong Tube", 湯榮圖博可特 (山西) 石油管道塗層有限公司), a 65% interest owned subsidiary of the Company.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. As advised by Shanxi Tangrong, the land of the property is leased from Shanxi Tangrong Automobile Component Manufacturing Group Co., Ltd. (山西湯榮汽車配件製造集團有限公司); and
 - b. Tangrong Tube has not obtained any construction permits for the buildings mentioned in note 1. According to the confirmation from the local authorities, the likelihood for relevant authorities to impose any fine or penalty as a result of lack of construction permits of the abovementioned buildings is remote.

APPENDIX III
PROPERTY VALUATION

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
15.	3 buildings located at Binjiang Avenue Taicang Port Development Zone Taicang City Jiangsu Province The PRC	<p>The property comprises 3 industrial buildings completed in about 2010.</p> <p>The buildings have a total gross floor area of approximately 6,000 sq.m.</p> <p>The property is leased to the Group for a term of 11 years commencing from January 1, 2011 and expiring on December 31, 2021, at an annual rent of RMB1,800,000 exclusive of management fees, water and electricity charges.</p>	The property is currently occupied by the Group for preparing production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated October 20, 2010 entered into between Hilong Anti-Corrosion Technology Engineering (Taicang) Co., Ltd. (“Hilong Taicang”, 海隆防腐技術工程（太倉）有限公司), a 55% interest owned subsidiary of the Company, and Shanghai Jiafang Steel Pipe (Group) Taicang Co., Ltd. (上海佳方鋼管集團太倉有限公司), the property with a gross floor area of approximately 6,000 sq.m. is leased to Hilong Taicang for a term of 11 years commencing from January 1, 2011 and expiring on December 31, 2021, at an annual rent of RMB1,800,000 exclusive of management fees, water and electricity charges.
2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Jiafang Steel Pipe (Group) Taicang Co., Ltd. (the “Lessor”) is in the process of applying for the Building Ownership Certificate of the property; and
 - b. Hilong Taicang will commence the production after the Lessor obtains the Building Ownership Certificate of the property. It will not cause material adverse effects on the Group’s business.

Group V—Property interests rented and occupied by the Group in Ecuador

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
16.	Office No. 402 on the 4th floor and parking plot No. 30 Edificio Parque Central Quito Ecuador	<p>The property comprises an office unit and a parking lot of a 15-storey office building completed in about 2009.</p> <p>The property is leased to the Group from an independent third party for a term expiring on January 1, 2012, at a monthly rent of USD520.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

- Pursuant to a Tenancy Agreement entered into between Hilong Oil Service & Engineering Ecuador Co., Ltd (“Hilong Ecuador”), a wholly-owned subsidiary of the Company, and ARTURO CADENA, an independent third party, the property with a total gross floor area of approximately 50 sq.m. is leased to Hilong Ecuador for a term expiring on January 1, 2012, at a monthly rent of USD520.
- We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company’s Ecuador legal advisers, which contains, inter alia, the following:

The Tenancy Agreement is in full force and effect, and has been registered or is in the process of registration with the relevant land/building authorities in accordance with the Laws, and there is no legal hindrance to such registration.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
17.	Office No. 403 on the 4th floor, parking plots Nos.16, 25 and 26, and Storage room No. 4 Edificio Parque Central Quito Ecuador	<p>The property comprises an office unit, 3 parking lots and a storage room of a 15-storey office building completed in about 2009.</p> <p>The property is leased to the Group from an independent third party for a term of 2 years expiring on January 1, 2012, at a monthly rent of USD1,340.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

- Pursuant to a Tenancy Agreement entered into between Hilong Oil Service & Engineering Ecuador Co., Ltd ("Hilong Ecuador"), a wholly-owned subsidiary of the Company, and Maria Clara Recalde, an independent third party, the property with a total gross floor area of approximately 150 sq.m. is leased to Hilong Ecuador for a term of 2 years commencing from January 1, 2010 and expiring on January 1, 2012, at a monthly rent of USD1,340.
- We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's Ecuador legal advisers, which contains, inter alia, the following:

The Tenancy Agreement is in full force and effect, and has been registered or is in the process of registration with the relevant land/building authorities in accordance with the Laws, and there is no legal hindrance to such registration.

APPENDIX III
PROPERTY VALUATION

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
18.	A parcel of land located at Matriz Parish CoCa Lote 7-B1 Orellana Province Ecuador	The property comprises a parcel of land with a site area of approximately 10,000 sq.m.. The property is leased to the Group from an independent third party for a term of 3 years expiring on January 1, 2013, at a monthly rent of USD2,000.	The property is currently occupied by the Group for open storage purpose.	No commercial value

Notes:

- Pursuant to a Tenancy Agreement entered into between Hilong Oil Service & Engineering Ecuador Co., Ltd ("Hilong Ecuador"), a wholly-owned subsidiary of the Company, and JOSE PEPE ORTIZ QUINONEZ, an independent third party, the property with a site area of approximately 10,000 sq.m. is leased to Hilong Ecuador for a term of 3 years commencing from January 1, 2010 and expiring on January 1, 2013, at a monthly rent of USD2,000.
- We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's Ecuador legal advisers, which contains, inter alia, the following:

The Tenancy Agreement is in full force and effect, and has been registered or is in the process of registration with the competent land/building authorities in accordance with the Laws, and there is no legal hindrance to such registration.

Group VI—Property interests rented and occupied by the Group in Kazakhstan

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
19.	An office unit on the 2nd floor No. 110 Jubanova Street Aktobe Republic of Kazakhstan	<p>The property comprises a 2-storey office building completed in about 1995.</p> <p>The property has a gross floor area of approximately 150 sq.m.</p> <p>The property is leased to the Group from an independent third party for a term expiring on December 31, 2011, at a monthly rent of approximately KZT350,000.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

- Pursuant to a Tenancy Agreement entered into between Hilong Petroleum Technology & Engineering Co., Ltd. ("Hilong Petroleum"), a wholly-owned subsidiary of the Company, and Ms. Ishkeeva S.A., an independent third party, the property with a gross floor area of approximately 150 sq.m. is leased to Hilong Petroleum for a term expiring on December 31, 2011, at a monthly rent of approximately KZT350,000.
- We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's Kazakhstan legal advisers, which contains, inter alia, the following:

The Tenancy Agreement is in full force and effect. The Lease has been approved and registered with the relevant authorities in accordance with Kazakhstan Law (whenever required).

APPENDIX III
PROPERTY VALUATION

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at February 28, 2011
				RMB
20.	An office building located at the quarter of the Isolation Hospital Kyzylorda City Republic of Kazakhstan	<p>The property comprises a 2-storey office building completed in about 2008.</p> <p>The property has a gross floor of approximately 455.5 sq.m.</p> <p>The property is leased to the Group from an independent party for a term expiring on March 1, 2011, at a monthly rent of KZT240,000.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

- Pursuant to a Tenancy Agreement entered into between Hilong Petroleum Technology & Engineering Co., Ltd. ("Hilong Petroleum"), a wholly-owned subsidiary of the Company, and Ms. Nurjanova R.K. an independent third party, the property with a gross floor area of approximately 455.5 sq.m. is leased to Hilong Petroleum for a term expiring on March 1, 2011, at a monthly rent of KZT240,000.
- We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property interest by the Company's Kazakhstan legal advisers, which contains, inter alia, the following:

The Tenancy Agreement, to which Hilong Petroleum is a party is in full force and effect. The Lease has been approved and registered with the relevant authorities in accordance with Kazakhstan Law (whenever required).