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Hilong Holding Limited

海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1623)

**CONTINUING CONNECTED TRANSACTIONS
(1) 2025 RENEWED TENANCY CCT AGREEMENTS; AND
(2) 2025 HILONG ENERGY CCT AGREEMENTS**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

2025 RENEWED TENANCY CCT AGREEMENTS

Reference is made to the announcement of the Company dated 18 July 2024 and the clarification announcement dated 19 July 2024 in relation to the 2024 Supplemental Beijing Huashi Tenancy Agreements, the 2024 Supplemental Shine New Material Tenancy Agreement and the 2024 Supplemental Pipeline Tenancy Agreements, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2024, the Group and the relevant counterparties entered into the following agreements:

- (1) the 2025 Renewed Beijing Huashi Tenancy Agreements entered into between Beijing Huashi Investment (as lessor) and Hilong Oil Service (as lessee) in relation to the lease of premises for office use and lease of car park spaces for a term of a one year commencing from 1 January 2025 to 31 December 2025;
- (2) the 2025 Renewed Shine New Material Tenancy Agreement entered into between Hilong Group of Companies Ltd. (as lessor) and Hilong Shine New Material (as lessee) in relation to the lease of the premises for a manufacturing plant for a term of a one year commencing from 1 January 2025 to 31 December 2025; and

- (3) the 2025 Renewed Pipeline Tenancy Agreements entered into between (i) Hilong Group of Companies Ltd. (as lessor) and Hilong Pipeline (as lessee); (ii) Hilong Group of Companies Ltd. (as lessor) and Shenglong Oil and Gas (as lessee); (iii) Technomash (as lessor) and Drilling Technology (as lessee); and (iv) Pipeline Surgut (as lessor) and Longhai Petroleum (as lessee) in relation to the leases of premises for office use and/or manufacturing plant for a term of one year commencing from 1 January 2025 to 31 December 2025.

The Board further announces that on 9 December 2024, Longshi Investment (as lessor) and Hilong Petroleum Offshore Engineering (as lessee) entered into the 2025 Longshi Investment Tenancy Agreement in relation to the lease of premises for office use for a term of a one year commencing from 1 January 2025 to 31 December 2025.

Listing Rules Implications

As of the date of this announcement, the counterparties under the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Shine New Material Tenancy Agreement, the 2025 Renewed Pipeline Tenancy Agreements and the 2025 Longshi Investment Tenancy Agreement are all companies of which a majority of their interests are controlled by Mr. Zhang, a controlling shareholder and a Director. Therefore, the said counterparties are associates of Mr. Zhang and thus connected persons of the Company under Chapter 14A of the Listing Rules.

Given that the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Shine New Material Tenancy Agreement, the 2025 Renewed Pipeline Tenancy Agreements and the 2025 Longshi Investment Tenancy Agreement are entered into by the Group and the counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules. The aggregate proposed annual caps for the transactions contemplated under the 2025 Renewed Tenancy CCT Agreements for the financial year ending 2025 are RMB42,789,000.

As the highest applicable percentage ratio of the aggregate proposed annual caps for the 2025 Renewed Tenancy CCT Agreements exceeds 5%, the continuing connected transactions and the aggregate annual caps contemplated thereunder are subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2025 HILONG ENERGY CCT AGREEMENTS

Reference is made to the announcement of the Company dated 27 February 2024 in relation to the 2024 Supplemental Coating Services and Hardbanding Services Agreement and the 2024 Welding Wire Supply Agreement, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2024, the Group and the relevant counterparties entered into the following agreements:

- (1) the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement for a term of a one year commencing from 1 January 2025 to 31 December 2025, pursuant to which Hilong Pipeline Group shall provide Hilong Energy Group with coating services, hardbanding services and spraying and packaging services as and when requested by Hilong Energy Group during the term of the agreement; and
- (2) the 2025 Welding Wire Supply Agreement for a term of a one year commencing from 1 January 2025 to 31 December 2025 pursuant to which Hilong Energy Group shall supply welding wires and related products to Hilong Pipeline Group as and when requested by Hilong Pipeline Group during the term of the agreement.

Listing Rules Implications

As of the date of this announcement, the counterparties under the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement are all companies of which a majority of their interests are controlled by Mr. Zhang. Therefore, the said counterparties are associates of Mr. Zhang and thus connected persons of the Company under Chapter 14A of the Listing Rules.

Given that the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement are entered into by the Group and the counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules. The aggregate proposed annual caps for the transactions contemplated under the 2025 Hilong Energy CCT Agreements for the financial year ending 2025 are RMB379,822,000.

As the highest applicable percentage ratio of the aggregate proposed annual caps for the 2025 Hilong Energy CCT Agreements exceeds 5%, the continuing connected transactions and the aggregate annual caps contemplated thereunder are subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. 2025 RENEWED TENANCY CCT AGREEMENTS

Reference is made to the announcement of the Company dated 18 July 2024 and the clarification announcement dated 19 July 2024 in relation to the 2024 Supplemental Beijing Huashi Tenancy Agreements, the 2024 Supplemental Shine New Material Tenancy Agreement and the 2024 Supplemental Pipeline Tenancy Agreements, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2024, the Group and the relevant counterparties entered into (i) the 2025 Renewed Beijing Huashi Tenancy Agreements; (ii) the 2025 Renewed Shine New Material Tenancy Agreement; and (iii) the 2025 Renewed Pipeline Tenancy Agreements. Furthermore, on 9 December 2024, Longshi Investment (as lessor) and Hilong Petroleum Offshore Engineering (as lessee) entered into the 2025 Longshi Investment Tenancy Agreement in relation to the lease of premises for office use for a term of a one year commencing from 1 January 2025 to 31 December 2025.

PRINCIPAL TERMS OF THE 2025 RENEWED TENANCY CCT AGREEMENTS

The principal terms of each of the 2025 Renewed Tenancy CCT Agreements are set out below.

(A) 2025 RENEWED BEIJING HUASHI TENANCY AGREEMENTS

Date:	9 December 2024				
Term:	1 January 2025 to 31 December 2025				
	2025 Renewed Beijing Huashi Tenancy Agreement No. 1	2025 Renewed Beijing Huashi Tenancy Agreement No. 2	2025 Renewed Beijing Huashi Tenancy Agreement No. 3	2025 Renewed Beijing Huashi Tenancy Agreement No. 4	2025 Beijing Huashi Car Park Lease Agreement
Lessor:	Beijing Huashi Investment	Beijing Huashi Investment	Beijing Huashi Investment	Beijing Huashi Investment	Beijing Huashi Investment
Lessee:	Hilong Oil Service	Hilong Oil Service	Hilong Oil Service	Hilong Oil Service	Hilong Oil Service
Leased premises:	20/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	Room 502, 5/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	Room 503-1, 5/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	Room 501, 5/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	20 car park spaces on B2/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC
Leased area:	1,850.32 square meters	476.99 square meters	126.12 square meters	276.74 square meters	100 square meters

Monthly rental:	RMB644,412.49 per month excluding utility and management fees	RMB160,608.50 per month excluding utility and management fees	RMB30,650.84 per month excluding utility and management fees	RMB93,434.34 per month excluding utility and management fees	RMB30,000.00 per month
Rental deposits:	RMB1,288,824.98	RMB321,217	RMB61,301.68	RMB186,868.68	Nil
Usage:	Office	Office	Office	Office	Car park
Payment:	The rental of 2025 Renewed Beijing Huashi Tenancy Agreements are payable by Hilong Oil Service in every six months period. Hilong Oil Service is required to pay the first six months of rental with the rental deposits on the date of the 2025 Renewed Beijing Huashi Tenancy Agreements. Thereafter, Hilong Oil Service is required to pay the second six months of rental 15 days prior to the start of the second six months period.				
Renewal of leases:	Prior to the expiration of the term of the 2025 Renewed Beijing Huashi Tenancy Agreements, the parties may enter into renewal agreement(s) subject to negotiations of the parties upon Hilong Oil Service's request to renew the 2025 Renewed Beijing Huashi Tenancy Agreements and compliance with all the rules and requirements set out in the applicable laws and regulations (including the Listing Rules).				
Historical transaction amounts:	For the financial year ended 31 December 2023 ⁽¹⁾		For the ten months ended 31 October 2024 ⁽¹⁾		
	<i>RMB</i>		<i>RMB</i>		
	11,149,274		9,291,062		
Annual cap:	Existing annual cap for the financial year ending 31 December 2024 ⁽¹⁾		Proposed annual cap for the 2025 Renewed Beijing Huashi Tenancy Agreements		
	<i>RMB'000</i>		<i>RMB'000</i>		
	11,150		11,509		

Note:

- (1) The historical transaction amounts for the financial year ended 31 December 2023 and the ten months ended 31 October 2024 and the existing annual cap for the financial year ending 31 December 2024 do not include the 2025 Beijing Huashi Car Park Lease Agreement.

Basis of consideration

In arriving at the monthly rental, the Directors have considered (i) the historical rental amounts payable by Hilong Oil Service under the 2024 Supplemental Beijing Huashi Tenancy Agreements for the six months ending 31 December 2024 with the unit rental price of approximately RMB340.31 per square meter per month, decreasing to approximately RMB338.89 per square meter per month by 0.42%; (ii) superior location of the premises and car park to be leased under the 2025 Renewed Beijing Huashi Tenancy Agreements in Sanlitun (三里屯), which is a popular destination for shopping and dining in Beijing with high rental demand; (iii) the condition of the premises and car park to be leased including the interior design and decorations; (iv) rental levels of similar properties and car parks in the vicinity of the leased premises (taking into account factors such as leased areas and floor levels); (v) discount and credit term on property management fee; (vi) naming right of the building, being the right of use granted by the lessor for free; and (vii) the prevailing market rents with respect to the premises and car park to be leased, which are obtainable as public information from the online rental platforms.

(B) 2025 RENEWED SHINE NEW MATERIAL TENANCY AGREEMENT

Date:	9 December 2024
Term:	1 January 2025 to 31 December 2025
Lessor:	Hilong Group of Companies Ltd.
Lessee:	Hilong Shine New Material
Leased premises:	Factory premises located at No. 1825, Luodong Road, Baoshan District, Shanghai, PRC
Leased area:	22,260.58 square meters
Monthly rental:	RMB428,654.36 per month. Accordingly, the total rental to be received by Hilong Group of Companies Ltd under the agreement is RMB5,143,852.33.
Utility fees:	RMB166,666.67 per month, which consists of water and electricity fees. Accordingly, the total utility fees to be received by Hilong Group of Companies Ltd. under the agreement is RMB2,000,000.04.
Usage:	Manufacturing plant

Payment: The total rental and utility fees in the amount of RMB7,143,852.37 are payable by Hilong Shine New Material within 15 days from the date of the 2025 Renewed Shine New Material Tenancy Agreement.

Renewal of leases: Subject to compliance with all the rules and requirements set out in the applicable laws and regulations (including the Listing Rules) and negotiation of the parties, Hilong Shine New Material has the option to renew the 2025 Renewed Shine New Material Tenancy Agreement by giving 60 days' prior written notice to Hilong Group of Companies Ltd. before the expiration of the 2025 Renewed Shine New Material Tenancy Agreement. New tenancy agreements or renewal agreements may be entered into by the parties.

Historical transaction amounts:	For the financial year ended 31 December 2023	For the ten months ended 31 October 2024
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RMB

RMB

3,305,178

5,577,539

Annual cap:	Existing annual cap for the financial year ending 31 December 2024	Proposed annual cap for the 2025 Renewed Shine New Material Tenancy Agreement
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RMB'000

RMB'000

6,721

7,144

Basis of consideration

The terms of the 2025 Renewed Shine New Material Tenancy Agreement are determined on an arm's length basis and normal commercial terms taking into account: (i) the historical rental amounts payable by Hilong Shine New Material under the 2024 Supplemental Shine New Material Tenancy Agreement for the six months ending 31 December 2024 with the unit rental price of approximately RMB17.63 per square meter per month, increasing to approximately RMB19.26 by 9.25% under the 2025 Renewed Shine New Material Tenancy Agreement. The increase in rental amounts is due to the increase in leased area and increase in unit rental price because of prevailing market rents as disclosed in (vii). Due to the stabilisation of the real estate market, it is expected that rental prices in the market will steadily rise; (ii) the maintenance costs of the premises to be leased, such as the costs of roof reinforcement and cost of waterproofing, which will be borne by the lessee; (iii) the location of the premises to be leased, which is relatively remote and is inconvenient in traffic; (iv) low customized requirements, being no stringent requirements for air cleanliness and green coverage rate; (v) the floor area, structure and type of the premises to be leased; (vi) construction cost of the premises to be leased; and (vii) the prevailing market rents with respect to the premises to be leased, which is obtainable as public information from the surrounding rental market and after consulting the advices of several reputable local real estate agents. The utility fees are determined by reference to the latest charging rates of the respective utilities as set by the government or the utilities suppliers and the estimated consumption level of Hilong Shine New Material.

(C) 2025 RENEWED PIPELINE TENANCY AGREEMENTS

Date: 9 December 2024

Term: 1 January 2025 to 31 December 2025

	2025 Renewed Pipeline Tenancy Agreement No. 1	2025 Renewed Pipeline Tenancy Agreement No. 2	2025 Renewed Pipeline Tenancy Agreement No. 3	2025 Pipeline Tenancy Agreement No. 4
Lessor:	Hilong Group of Companies Ltd	Hilong Group of Companies Ltd	Technomash	Pipeline Surgut
Lessee:	Hilong Pipeline	Shenglong Oil and Gas	Drilling Technology	Longhai Petroleum
Leased premises:	Premises in D plant, F plant, 4th floor of main building and 3rd floor of dining hall, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC	Premises in F plant, G plant, 4th floor of main building and 3rd floor of dining hall, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC	Premises in 47/1, Building 10A, 10B and 10C, Demyan Bedny Street, Nev'yansk, Sverdlovsk Region, Russian Federation	Premises in Building 1, 6 Imeni Glukhov Street, Yugra, Surgut City, Khanty-Mansiysk Autonomous Okrug Region, Russian Federation

Leased area:	15,713.21 square meters	2,674.30 square meters	19,640.87 square meters	1,311.80 square meters
Monthly rental:	RMB300,939.50 per month	RMB42,387.37 per month	RUB10,825,687.92 per month (equivalent to approximately RMB757,570.88) (inclusive of water and electricity fees)(**)	RUB1,027,788 per month (equivalent to approximately RMB71,923.58) (inclusive of water and electricity fees)(**)
Utility fees:	RMB666,666.67 per month, which consists of water and electricity fees. Accordingly, the total utility fees to be received by Hilong Group of Companies Ltd. under the agreement is RMB8,000,000.04.	RMB12,500 per month, which consists of water and electricity fees. Accordingly, the total utility fees to be received by Hilong Group of Companies Ltd. under the agreement is RMB150,000.		
Usage:	Office use and manufacturing plant	Office use and manufacturing plant	Office use and manufacturing plant	Maintenance and manufacturing
Payment:	The total rental and utility fees in the amount of RMB11,611,274.05 is payable in full by the lessee to the lessor within 15 days from the date of the agreement.	The total rental and utility fees in the amount of RMB658,648.44 is payable in full by the lessee to the lessor within 15 days from the date of the agreement.	The monthly rental is payable on a monthly basis by the end of the preceding month. The total rental under the agreement is RUB129,908,255.04 (equivalent to approximately RMB9,090,850.60)(**).	At the end of calendar month, but not later than the fifth day of the month following the reporting month, the lessor sends the lessee the invoice for payment. The amount of rental fees on the invoice is payable by the lessee to the lessor within 90 days upon receiving the invoice. The total rental under the agreement is RUB12,333,456 (equivalent to approximately RMB863,083)(**).
Renewal of leases:	Subject to compliance with all the rules and requirements set out in the applicable laws and regulations (including the Listing Rules), the lessee has the option to renew the leases by giving 60 days' prior written notice to the lessor before the expiration of the lease. New tenancy agreements or renewal agreements may be entered into by the parties.			

Historical transaction amounts:	For the financial year ended 31 December 2023 ⁽²⁾	For the ten months ended 31 October 2024 ⁽²⁾
	<i>RMB</i>	<i>RMB</i>
	6,033,171	17,127,920
Annual cap:	Existing annual cap for the financial year ending 31 December 2024 ⁽²⁾	Proposed annual cap for the 2025 Renewed Pipeline Tenancy Agreements
	<i>RMB'000</i>	<i>RMB'000</i>
	20,900	23,136

Note:

- (2) The historical transaction amounts for the financial year ended 31 December 2023 and the ten months ended 31 October 2024 and the existing annual cap for the financial year ending 31 December 2024 do not include the 2025 Pipeline Tenancy Agreement No. 4.

Basis of consideration

The terms of the 2025 Renewed Pipeline Tenancy Agreement No. 1, the 2025 Renewed Pipeline Tenancy Agreement No. 2 and the 2025 Renewed Pipeline Tenancy Agreement No. 3 are determined on an arm's length basis and normal commercial terms taking into account: (i) the historical rental amounts payable by Hilong Pipeline and Shenglong Oil and Gas to Hilong Group of Companies Ltd. and Drilling Technology to Technomash under the 2024 Supplemental Pipeline Tenancy Agreement No. 1, the 2024 Supplemental Pipeline Tenancy Agreement No. 2 and the 2024 Supplemental Pipeline Tenancy Agreement No. 3 with the unit rental price of approximately RMB16.52, RMB13.53 and RMB37.71 per square meter per month, respectively. The proposed unit rental price of the 2025 Renewed Pipeline Tenancy Agreement No. 1 increases to approximately RMB19.15 per square meter per month by 15.92% because of prevailing market rents as disclosed in (vii). The proposed unit rental price of the 2025 Renewed Pipeline Tenancy Agreement No. 2 increases to approximately RMB15.85 per square meter per month by 17.15% as part of the rental area is no longer leased by Shenglong Oil and Gas and because of prevailing market rents as disclosed in (vii). The proposed unit rental price of the 2025 Renewed Pipeline Tenancy Agreement No. 3 increases to approximately RMB38.57 per square meter per month by 2.28% due to fluctuation in market price and exchange rate from RUB to RMB; (ii) the maintenance costs of the premises to be leased, such as the costs of roof reinforcement and cost of waterproofing, which will be borne by the lessee; (iii) the location of the premises to be leased, which is relatively remote and is inconvenient in traffic; (iv) low customized requirements, being no stringent requirements for air cleanliness and green coverage rate; (v) the floor area, structure and type of the premises to be leased; (vi) construction cost of the premises to be leased; and (vii) the prevailing market rents with respect to the premises to be leased, which is obtainable as public information from the surrounding rental market and after

consulting the advices of several reputable local real estate agents. The utility fees are determined by reference to the latest charging rates of the respective utilities as set by the government or the utilities suppliers and the estimated consumption level of Hilong Pipeline and Shenglong Oil and Gas.

The terms of the 2025 Pipeline Tenancy Agreement No. 4 are determined on arm's length basis and normal commercial terms taken into account: (i) the prevailing market rents with respect to the premises to be leased, which is obtainable as public information from the surrounding rental market; (ii) rental levels of similar properties in the vicinity of the leased premises (taking into account factors such as leased areas and floor levels); (iii) the conditions of the leased premises; and (iv) the availability of properties with similar sizes and in similar locations.

(D) 2025 LONGSHI INVESTMENT TENANCY AGREEMENT

Date:	9 December 2024
Term:	1 January 2025 to 31 December 2025
Lessor:	Longshi Investment
Lessee:	Hilong Petroleum Offshore Engineering
Leased premises:	Premises in 5/F and 6/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC
Leased area:	1,006.94 square meters
Monthly rental:	RMB76,569.40 per month excluding utility fees and management fees
Rental deposits:	RMB153,138.80
Usage:	Office
Payment:	The rental of the 2025 Longshi Investment Tenancy Agreement is payable by Hilong Petroleum Offshore Engineering in every six months period. Hilong Petroleum Offshore Engineering is required to pay the first six months of rental with the rental deposits on the date of the 2025 Longshi Investment Tenancy Agreement. Thereafter, Hilong Petroleum Offshore Engineering is required to pay the second six months of rental 15 days prior to the start of the second six months period.

Renewal of leases: Subject to compliance with all the rules and requirements set out in the applicable laws and regulations (including the Listing Rules) and negotiation of the parties, Hilong Petroleum Offshore Engineering has the option to renew the 2025 Longshi Investment Tenancy Agreement by giving 60 days' prior written notice to Longshi Investment before the expiration of the 2025 Longshi Investment Tenancy Agreement. New tenancy agreements or renewal agreements may be entered into by the parties.

Annual cap: Proposed annual cap for the 2025 Longshi Investment Tenancy Agreement

RMB'000

1,000

Basis of consideration

The terms of the 2025 Longshi Investment Tenancy Agreement are determined on arm's length basis and normal commercial terms taken into account: (i) the prevailing market rents with respect to the premises to be leased, which is obtainable as public information from the surrounding rental market and after consulting the advices of several reputable local real estate agents; (ii) rental levels of similar properties in the vicinity of the leased premises (taking into account factors such as leased areas and floor levels); (iii) the conditions of the leased premises; and (iv) the availability of properties with similar sizes and in similar locations.

Accounting Treatment with respect to the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Pipeline Tenancy Agreement No. 3, the 2025 Pipeline Tenancy Agreement No. 4 and the 2025 Longshi Investment Tenancy Agreement

According to applicable accounting standards, generally, the Group as the lessee shall recognize a lease as a right-of-use asset in the consolidated statement of financial position of the Group according to HKFRS 16. Since the term of each of the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Pipeline Tenancy Agreement No. 3, the 2025 Pipeline Tenancy Agreement No. 4 and the 2025 Longshi Investment Tenancy Agreement is no more than 12 months, the Group may elect not to recognize assets and liabilities for the leases contemplated under the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Pipeline Tenancy Agreement No. 3, the 2025 Pipeline Tenancy Agreement No. 4 and the 2025 Longshi Investment Tenancy Agreement in its consolidated statement of financial position according to HKFRS 16. Accordingly, the rental payable by the Group pursuant to the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Pipeline Tenancy Agreement No. 3, the 2025 Pipeline Tenancy Agreement No. 4 and the 2025 Longshi Investment Tenancy Agreement

Agreement will be recognized as expenses in the Group's profit and loss accounts in the period in which they are incurred, and the payment of such rental will be regarded as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

ANNUAL CAPS FOR THE 2025 RENEWED TENANCY CCT AGREEMENTS

The existing aggregate annual caps (rounded up to the nearest thousand RMB) for the financial year ending 31 December 2024 are renewed for the period from 1 January 2025 to 31 December 2025 to cover the financial year ending 31 December 2025 under the 2025 Renewed Tenancy CCT Agreements:

Existing annual cap for the financial year ending 31 December 2024 <i>RMB'000</i>	Proposed annual cap for the financial year ending 31 December 2025 <i>RMB'000</i>
38,782	42,789

In arriving at the proposed annual cap of RMB42,789,000 for the period from 1 January 2025 to 31 December 2025, which comprises (i) the aggregate amount of the rental payable by the Group to Beijing Huashi Investment under the 2025 Renewed Beijing Huashi Tenancy Agreements, (ii) the amount of the rental and utility fees payable by Hilong Shine New Material to the Group under the 2025 Renewed Shine New Material Tenancy Agreement, (iii) the aggregate amount of rental and utility fees payable by Hilong Pipeline and Shenglong Oil and Gas to the Group and the rental payable by the Group to Technomash and Pipeline Surgut under the 2025 Renewed Pipeline Tenancy Agreements and (iv) the rental payable by the Group to Longshi Investment under the 2025 Longshi Investment Tenancy Agreement, the Directors have taken into account the historical transaction amounts and aggregate estimated amounts payable or to be received by the Group under the such agreements.

The terms of each of the 2025 Renewed Tenancy CCT Agreements are negotiated by the parties on arm's length basis, taking into account prevailing market rates but in any event at leasing terms and rental rates no less favourable than those offered to the Group by independent third parties for the same or similar types of leased premises and car park, and with reference to the latest charging rates of the respective utilities as set by the government or the utilities suppliers. Based on the above reasons, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, are of the view that the terms of the continuing connected transactions contemplated under each of 2025 Renewed Tenancy CCT Agreements and the aggregate annual caps contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE 2025 RENEWED TENANCY AGREEMENTS

The Group has been leasing premises from Beijing Huashi Investment for use as offices, and has practical needs to continue to lease such office premises. The leases of the office premises under the 2024 Supplemental Beijing Huashi Tenancy Agreements will expire on 31 December 2024. The Company believes that it is time and cost efficient for the Group to continue to lease the premises under the 2025 Renewed Beijing Huashi Tenancy Agreements rather than seeking for alternative locations, which would incur unnecessary moving costs and cause potential disruption to the daily operations of the Group. The arrangement of upfront payment of rent of six months with additional deposits aligns with normal market practice for similar properties and car parks in the vicinity of the leased premises. The Board also considers that the upfront payment of rent of six months is economically sensible and will not have material impact on the cash flow of the Group.

The lease of the factory premises under the 2024 Supplemental Shine New Material Tenancy Agreement will expire on 31 December 2024. The Company believes that through the leasing of the factory premises to Hilong Shine New Material, the Group is able to continue to achieve use of their resources in a more efficient manner. The rental income received by Hilong Group of Companies Ltd. under the 2025 Renewed Shine New Material Tenancy Agreement also provides a steady source of revenue to the Group. The arrangement of upfront payment of rental and utility fees from Hilong Shine New Material can mitigate potential risks associated with late or non-payment with upfront payment of entire rents and provide the Group with stable and consistent cash flow without allocating additional resources to search for new lessees.

The 2024 Supplemental Pipeline Tenancy Agreements will expire on 31 December 2024. Hilong Pipeline and Shenglong Oil and Gas have been long-term lessees of the Group. The Company believes that through the leasing of the premises to Hilong Pipeline and Shenglong Oil and Gas, the Group is able to continue to achieve use of their resources in a more efficient manner. The rental income received by Hilong Group of Companies Ltd. under the 2025 Renewed Pipeline Tenancy Agreements also provides a steady source of revenue to the Group. The arrangement of upfront payment of rental and utility fees from Hilong Pipeline and Shenglong Oil and Gas can mitigate potential risks associated with late or non-payment with upfront payment of entire rents and provide the Group with stable and consistent cash flow without allocating additional resources to search for new lessees. The Group has been leasing the premises from Technomash since 2020. The Company believes that it is beneficial for the Group to continue to lease the relevant premises from Technomash to maintain the stability of the Group's daily operations rather than seeking alternative locations and lessors. Longhai Petroleum is expanding its manufacturing capacity in the region and requires premises dedicated to maintenance and manufacturing activities. Given the close proximities of Longhai Petroleum's operations to Pipeline Surgut and its desirable location, the Company believes it is beneficial to lease such premises from Pipeline Surgut.

The Group has been leasing other premises from Longshi Investment for use as offices. The Group is in need for more office spaces and believes it is time and cost efficient to lease additional premises rather than to seek for alternative locations, which would incur unnecessary moving costs and cause potential disruption to the daily operations.

II. 2025 HILONG ENERGY CCT AGREEMENTS

Reference is made to the announcement of the Company dated 27 February 2024 in relation to the 2024 Supplemental Coating Services and Hardbanding Services Agreement and the 2024 Welding Wire Supply Agreement, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2024, the Group and the relevant counterparty entered into (i) the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and (ii) the 2025 Welding Wire Supply Agreement.

PRINCIPAL TERMS OF THE 2025 HILONG ENERGY CCT AGREEMENTS

The principal terms of each of the 2025 Hilong Energy CCT Agreements are set out below.

(E) 2025 COATING SERVICES, HARDBANDING SERVICES AND SPRAYING AND PACKAGING SERVICES AGREEMENT

Date:	9 December 2024
Parties:	(i) Hilong Energy; and (ii) Hilong Pipeline
Subject matter:	Hilong Pipeline Group shall provide Hilong Energy Group with coating services, hardbanding services and spraying and packaging services as and when requested by Hilong Energy Group during the term of the agreement.
Term:	The 2025 Coating Services, Hardbanding Service and Spraying and Packaging Services Agreement will commence on 1 January 2025 and end on 31 December 2025, subject to renewal upon mutual agreement of both parties and compliance with the Listing Rules.
Payment:	Hilong Energy Group shall pay Hilong Pipeline Group within 90 days from the date of invoice.

Pricing policy:

Prices are determined after arm's length negotiations between the parties with references to prevailing market prices within the industry and considering regional price differences, with reference to:

- i. Coating services pricing policy
 - a. PRC Market: the reference prices formulated by China National Petroleum Corporation (CNPC) and China Petroleum & Chemical Corporation (Sinopec Corp.) for similar types, specifications, techniques, and standards of services on an annual basis. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the above reference prices.
 - b. Overseas Market: (i) the prevailing market prices based on comparing quotations obtained from other Independent Third Parties for similar types, specifications, techniques, and standards of services; and (ii) costs to be incurred by Hilong Pipeline Group for coating services with a reasonable profit margin in the range of 40% to 50%. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period; while the actual profit margin will be based on the specifications, techniques and standards of drill-pipes. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the prevailing market prices.
- ii. Hardbanding services pricing policy
 - a. The prevailing market prices are based on comparing quotations obtained from other Independent Third Party suppliers in the market for similar types, specifications, techniques, and standards of services; and

- b. costs to be incurred by Hilong Pipeline Group for hardbanding services with a reasonable profit margin in the range of 30% to 40%. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period; while the actual profit margin will be determined with reference to the specifications, techniques and standards of drill-pipes. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the prevailing market prices.
- iii. Spraying and packaging services pricing policy
 - a. The prevailing market prices based on comparing quotations obtained from other Independent Third Party suppliers in the market for similar types, specifications, techniques, and standards of services; and
 - b. costs to be incurred by Hilong Pipeline Group for spraying and packaging services with a reasonable profit margin in the range of 20% to 35%. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period; while the actual profit margin will be based on the specifications, techniques and standards of drill-pipes. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the prevailing market prices.

In any event, the prices and conditions (including payment and settlement terms) for coating services, hardbanding services and spraying and packaging services offered by Hilong Pipeline Group shall be no less favorable to Hilong Energy Group than any of those available from Independent Third Parties.

Condition precedent: The 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement is conditional upon the Independent Shareholders approving the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement, the transactions contemplated thereunder and the proposed annual cap related thereto at the EGM.

Historical transaction amounts: For the financial year ended 31 December 2023⁽³⁾⁽⁴⁾ For the ten months ended 31 October 2024⁽³⁾⁽⁴⁾

<i>RMB</i>	<i>RMB</i>
313,993,000	224,882,621
(exclusive of VAT)	(exclusive of VAT)

Notes:

- (3) The historical transaction amounts for the financial year ended 31 December 2023 and the ten months ended 31 October 2024 do not include spraying and packaging services.
- (4) The historical transaction amounts for the financial year ended 31 December 2023 and the ten months ended 31 October 2024 inclusive of VAT is RMB362,121,421 and RMB260,708,284, respectively.

Annual Caps

The existing annual cap (rounded up to the nearest thousand RMB) for the financial year ending 31 December 2024 is renewed for the period of the financial year ending 31 December 2025 under the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement:

Existing annual cap for the financial year ending 31 December 2024⁽⁵⁾	Proposed annual cap for the financial year ending 31 December 2025
<i>RMB'000</i>	<i>RMB'000</i>

278,000 (exclusive of VAT)	355,822 (inclusive of VAT)
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Note:

- (5) The annual cap for the financial year ending 31 December 2024 inclusive of VAT is RMB318,807,000 and does not include spraying and packaging services.

Basis of consideration

The proposed annual cap in respect of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement is determined with reference to (i) historical transaction amount; (ii) the anticipated demand for coating services, hardbanding services and spraying and packaging services required by Hilong Energy based on drill-pipe production plans of the Group for the financial year ending 31 December 2025 and the strategic drill-pipe projects with key clients of the Group; (iii) the VAT rates in China and Russia of approximately 13% and 20%, respectively; and (iv) the implementation of the “2023-2025 Action Plan for Accelerating the integration of Oil and Gas Exploration and Development with New Energy” (加快油氣勘探開發與新能源融合發展行動方案(2023-2025)年) which was launched and promoted by the National Energy Administration (國家能源局).

The terms of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement are reached after arm’s length negotiation between Hilong Energy and Hilong Pipeline. Taking into consideration (i) the entering into of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement is in the ordinary and usual course of business of the Group; (ii) the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement is non-exclusive in nature; and (iii) Hilong Energy Group will only procure coating services, hardbanding services and spraying and packaging services from Hilong Pipeline Group when the price offered by Hilong Pipeline Group is no less favorable to the Group as compared to other quotations received from Independent Third Parties. Based on the above reasons, the Directors, whereby the independent non-executive Directors’ opinion will be subject to the advice of the Independent Financial Adviser, consider that the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement, the transactions contemplated thereunder and the proposed annual cap related thereto are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE 2025 COATING SERVICES, HARDBANDING SERVICES AND SPRAYING AND PACKAGING SERVICES AGREEMENT

The Group requires coating services, hardbanding services and spraying and packaging services for drill pipes production and sales during its ordinary and usual course of business. The Group needs to collaborate with a qualified coating services supplier when participating in the bidding process for the sale of drill pipes.

The Company considers that Hilong Pipeline Group is specialized and experienced in coating services through years of cooperation between the Group and Hilong Pipeline Group. Hilong Pipeline is one of the recognized suppliers by market leaders such as CNPC, Sinopec Corp., ADNOC Drilling company PJSC (ADNOC) and Ensign. In terms of the global market, certain drill pipe clients also designate Hilong Pipeline as the coating services provider for its capability to provide high-performance coatings under extremely harsh exploration conditions. Drill pipe clients which have a long-standing relationship with the Company such as PetroChina Company Limited (中國石油天然氣股份有限公司), Sinopec Corp., ADNOC also recognized Hilong Pipeline as an approved coating services supplier.

Furthermore, since both parties are familiar with each other's background, communication between parties would be faster and easier, risks and costs for transaction will also be reduced. Hilong Pipeline Group is also familiar with the business needs, quality standards and operation requirements of the Group. Moreover, since the Group's drill-pipe production facility and Hilong Pipeline's coating manufacturing plant are located close to each other, cooperating with Hilong Pipeline will save the Group considerable transportation costs. As set out in the section headed "Internal Controls for the Group's Continuing Connected Transactions" in this announcement, service providers of coating services, hardbanding services and spraying and packaging services will be selected and determined by comparing quotations obtained from Hilong Pipeline and Independent Third Party providers. The entering into of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement could provide flexibility to the Group in securing reliable coating services, hardbanding services and spraying and packaging services in 2025.

Therefore, Hilong Energy and Hilong Pipeline decided to enter into the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement to meet the Group's business needs in 2025.

(F) 2025 WELDING WIRE SUPPLY AGREEMENT

Date:	9 December 2024
Parties:	(i) Hilong Energy; and (ii) Hilong Pipeline
Subject matter:	Hilong Energy Group shall supply welding wires and related products to Hilong Pipeline Group as and when requested by Hilong Pipeline Group during the term of the agreement.
Term:	The 2025 Welding Wire Supply Agreement will commence on 1 January 2025 and end on 31 December 2025, subject to renewal upon mutual agreement of both parties and compliance with the Listing Rules.
Payment:	Hilong Pipeline Group shall pay Hilong Energy Group within 90 days from the date of invoice.

Pricing policy: Prices are determined after arm’s length negotiations between the parties with references to (i) the final price of welding wires and related products sold by Hilong Energy Group to Independent Third Parties in the current financial year, and (ii) the costs of the welding wires produced by Hilong Energy Group with a reasonable profit margin in the range of 80% to 90%, with additional costs of tariffs and exchange rate considered for overseas market. The profit margin is determined after arm’s length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period taken into account the uniqueness and extensively patented welding wire formula, and the relatively lower cost attributable to the high productivity of the welding wire equipment of Hilong Energy Group. Prior to determining the price of welding wires before transactions, the marketing department of Hilong Energy Group is required to conduct research on the prices of welding wires offered to the Independent Third Parties of the Group in similar transactions, or the market prices of similar products under similar sales terms and conditions if no similar transactions have occurred within the Group. After preliminary pricing discussions with cost center and financial department, the marketing department will submit pricing proposals to management of Hilong Energy Group and relevant departments for review and approval before entering into transactions.

In any event, the prices and conditions (including payment and settlement terms) for welding wire and related products offered by Hilong Energy Group to Hilong Pipeline Group shall be no more favorable than those offered by Hilong Energy Group to Independent Third Parties.

Condition precedent: The 2025 Welding Wire Supply Agreement is conditional upon the Independent Shareholders approving the 2025 Welding Wire Supply Agreement, the transactions contemplated thereunder and the proposed annual caps related thereto at the EGM.

Historical transaction amounts:

For the financial year ended
31 December 2023⁽⁶⁾

For the ten months ended
31 October 2024⁽⁶⁾

RMB

RMB

21,691,000
(exclusive of VAT)

11,441,079
(exclusive of VAT)

Note:

- (6) The historical transaction amounts for the financial year ended 31 December 2023 and the ten months ended 31 October 2024 inclusive of VAT is RMB25,053,815 and RMB13,640,000, respectively.

Annual Caps

The existing annual cap (rounded up to the nearest thousand RMB) for the financial year ending 31 December 2024 is renewed for the period from 1 January 2025 to 31 December 2025 to cover the financial year ending 31 December 2025 under the 2025 Welding Wire Supply Agreement:

Existing annual cap for the financial year ending 31 December 2024⁽⁷⁾	Proposed annual cap for the financial year ending 31 December 2025
<i>RMB'000</i>	<i>RMB'000</i>

19,060 (exclusive of VAT)

24,000 (inclusive of VAT)

Note:

- (7) The annual cap for the financial year ending 31 December 2024 inclusive of VAT is RMB22,302,000.

Basis of consideration

The proposed annual cap in respect of the 2025 Welding Wire Supply Agreement is determined with reference to (i) historical transaction amount in relation to the supply of welding wires by Hilong Energy Group to Hilong Pipeline Group; (ii) the anticipated demand for welding wires required by Hilong Pipeline Group in 2025; (iii) Hilong Pipeline Group's demand for welding wires as communicated to the Group in 2025, based on the existing projects obtained by Hilong Pipeline Group that commence in 2025, which accounts for approximately 30% of the proposed annual cap; and (iv) the VAT rates in China and Russia of approximately 13% and 20%, respectively.

The terms of the 2025 Welding Wire Supply Agreement are reached after arm's length negotiation between Hilong Energy and Hilong Pipeline, taking into consideration (i) the entering into of the 2025 Welding Wire Supply Agreement is in the ordinary and usual course of business of the Group, and (ii) the 2025 Welding Wire Supply Agreement is non-exclusive in nature and the Group has other existing welding wires clients who are Independent Third Parties. Based on the above reasons, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, consider that the 2025 Welding Wire Supply Agreement, the transactions contemplated thereunder and the proposed annual cap related thereto are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE 2025 WELDING WIRE SUPPLY AGREEMENT

In the past, Hilong Pipeline Group has constantly procured the welding wires produced by the Hilong Energy Group, which are processed into hardbanding and sold to customers as part of the coating services. With years of stable and long-term relationship between Hilong Energy and Hilong Pipeline, Hilong Energy Group is familiar with the business needs and quality standards of Hilong Pipeline Group while Hilong Pipeline is familiar with Hilong Energy's production capability and qualification for welding wires, which promotes higher work efficiency. As the Group currently focuses its resources on drill-pipe related and oilfield services, it does not intend to expand the operation size and sales force of the Group's welding wire business given it is already a highly competitive market and it is relatively difficult for the Group to promote its welding wire products into international markets. The sales to Hilong Pipeline Group shall provide a stable stream of revenue to the Group, enhancing the Group's profitability and bringing better returns to Shareholders. The Group also hopes to capitalize on Hilong Pipeline's geographical coverage in both domestic and overseas markets and to further promote the Group's market presence.

Further, as set out in the section headed "Internal Controls for the Group's Continuing Connected Transactions" in this announcement, the relevant departments and the CCT IC Committee (to be defined below) will follow the internal control measures such that Hilong Energy will only supply welding wire to Hilong Pipeline when the price and conditions (including payment and settlement terms) offered to Hilong Pipeline are no more favorable than those being offered to Independent Third Party.

Therefore, Hilong Energy and Hilong Pipeline decided to enter into the 2025 Welding Wire Supply Agreement.

INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The Company has established internal control measures to ensure that (i) terms of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements are on normal commercial terms, fair and reasonable, and (ii) the transactions and the pricing policy are conducted in accordance with the terms of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements.

The Company has adopted and implemented a management system on connected transactions ("**Management System**"). Under the Management System, an internal control review committee ("**CCT IC Committee**") is established and comprises the heads of the financial department, the marketing department, the procurement department and the audit department. The CCT IC Committee will report to the Board for all significant matters related to the continuing connected transactions of the Group.

Prior to entering into the 2025 Renewed Tenancy CCT Agreements, the marketing department will closely monitor the prevailing market rent of similar premises in the vicinity of the leased premises. As such, the marketing department of the Group will first obtain quotations from reputable local real estate agents. The CCT IC Committee will then discuss and review the prices and conditions of the leased premises, taking into account other factors such as leased area floor levels and conditions of the leased premises. The financial department of the Company will regularly monitor the 2025 Renewed Tenancy CCT Agreements on a monthly basis and submit monthly reports to the CCT IC Committee to ensure they are conducted in accordance with their respective terms and conditions. The independent non-executive Directors will review the continuing connected transactions under the 2025 Renewed Tenancy CCT Agreements semiannually to check and confirm whether such connected leases have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such connected leases are conducted in accordance with the pricing policies set out by the Group.

For the transactions under the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement, the relevant staff of the marketing department will obtain at least two quotations, on a quarterly basis, from Independent Third Party service providers selected from a list of pre-approved coating services, hardbanding services and spraying and packaging services providers maintained by the Group from time to time (“**Pre-approved Supplier List**”). The criteria of the Pre-approved Supplier List include, among others, production capabilities and quality, qualifications, reputation, experience and location. The Pre-approved Supplier List is then approved by both the heads of the marketing department and procurement department and is subject to review annually. The selection basis of the two Independent Third Party service providers for quotation include their performance in recent completed projects, current service capacity, delivery timeline and competitiveness of pricing terms offered. The quotations together with the relevant supporting documents will then be reviewed by the financial department and then approved by the CCT IC Committee, to ensure that the pricing and terms of the coating services, hardbanding services and spraying and packaging services provided by Hilong Pipeline Group will be no less favorable to the Group as compared to other quotations received from Independent Third Party service providers.

Before entering into the transactions under the 2025 Welding Wire Supply Agreement, the marketing department will closely monitor the prices of the welding wires offered to Hilong Pipeline by evaluating the average price of the welding wires offered to the Independent Third Parties of the Group and the market prices of similar products under similar sales terms and conditions. For the evaluation mentioned above, the marketing department of the Group will first collect market price information available in the public domain. The CCT IC Committee will then discuss and review the prices and conditions of the welding wires offered to Hilong Pipeline (taking into account various factors such as costs, transaction volume, sales channel and market competition). In the event of market fluctuations, the CCT IC Committee will also convene meetings on an urgent basis. If at any time the relevant departments of the Group become aware that the price of welding wires offered to Hilong Pipeline is lower than that offered by the Group to Independent Third Parties and/or the terms of welding wires offered to Hilong Pipeline Group are more favorable than those offered by the Group to Independent Third Parties, such findings shall be reported to the CCT IC Committee immediately. The CCT IC committee shall then discuss with the Board to adjust the price offered to Hilong Pipeline Group and/or amend the relevant terms. Hilong Energy Group will only supply welding wires to Hilong Pipeline Group when the sales prices and conditions offered to Hilong Pipeline Group are no more favorable than those being offered to Independent Third Party and to ensure that all transactions with Hilong Pipeline Group will comply with the terms of the 2025 Welding Wire Supply Agreement.

To ensure the transactions contemplated under the 2025 Hilong Energy CCT Agreements do not exceed the respective proposed annual caps, the financial department of the Company will regularly monitor the actual transaction amount under the 2025 Hilong Energy CCT Agreements on a monthly basis and submit monthly reports to the CCT IC Committee to evaluate and review the implementation progress of the continuing connected transactions. If the financial department notices that the transactions under the 2025 Hilong Energy CCT Agreements will have the possibility of exceeding the respective proposed annual caps, it will notify the business and legal departments of the Group at once, as well as the CCT IC Committee to take next steps to ensure compliance with the relevant Listing Rules.

The audit department of the Company will review the continuing connected transactions under the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement annually to check and confirm (among others) the fairness of the pricing terms, the implementation of continuing connected transactions, and the compliance of contract approval, ensuring that the internal control processes and operational procedures are complied in accordance with the requirements of the Management System and the Listing Rules.

The independent non-executive Directors will review the continuing connected transactions under the 2025 Hilong Energy CCT Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in such relevant agreements.

The Company's external auditors will review the continuing connected transactions under each of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the counterparties under the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements are all companies of which a majority of their interests is controlled by Mr. Zhang, a controlling shareholder and a Director. Therefore, the said counterparties are associates of Mr. Zhang and thus connected persons of the Company under Chapter 14A of the Listing Rules.

Given that the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Shine New Material Tenancy Agreement, the 2025 Renewed Pipeline Tenancy Agreements and the 2025 Longshi Investment Tenancy Agreement are entered into by the Group and counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules respectively. The aggregate proposed annual caps for the transactions contemplated under the 2025 Renewed Tenancy CCT Agreements for the financial year ending 2025 are RMB42,789,000.

Similarly, given that the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement are entered into by the Group and counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules respectively. The aggregate proposed annual caps for the transactions contemplated under the 2025 Hilong Energy CCT Agreements for the financial year ending 2025 are RMB379,822,000.

As the highest applicable percentage ratio of the aggregate proposed annual caps of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements exceeds 5% respectively, each of the above continuing connected transactions is subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhang, who has material interests in the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, and Ms. ZHANG Shuman and Mr. CAO Hongbo, both are associates of Mr. Zhang for the purpose of Chapter 14A of the Listing Rules, abstained from voting on the board resolutions approving the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the transactions contemplated thereunder and the aggregate annual caps related thereto.

Pursuant to 14A.36 of the Listing Rules, any Shareholder who has a material interest in the 2025 Renewed Tenancy CCT Agreements and 2025 Hilong Energy CCT Agreements shall abstain from voting to approve the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the transactions contemplated thereunder and the proposed annual caps related thereto at the EGM. As at the date of this announcement, Hilong Group Limited, Younger Investment Limited, North Violet Investment Limited and LongZhi Investment Limited are interested in an aggregate of 827,761,800 Shares, which are held by Mr. Zhang's trust and family trusts, with Standard Chartered Trust (Singapore) Limited acting as trustee of Mr. Zhang's trust and family trusts. Mr. Zhang is interested in 1,260,000 Shares in his capacity as a beneficial owner, and is the founder of Mr. Zhang's trust and family trusts as well as the sole director of Hilong Group Limited, North Violet Investment Limited and LongZhi Investment Limited. In addition, Ms. ZHANG Shuman is interested in 692,000 Shares in her capacity as a beneficial owner, and is deemed to be interested in the Shares held by Younger Investment Limited of which she is the sole director. Mr. CAO Hongbo is interested in 1,708,000 Shares in his capacity as a beneficial owner. Accordingly, each of Hilong Group Limited, Younger Investment Limited, North Violet Investment Limited, LongZhi Investment Limited, Mr. Zhang, Ms. ZHANG Shuman and Mr. CAO Hongbo, who are interested in an aggregate of 831,421,800 Shares, representing approximately 49.01% of the total issued Shares of the Company as at the date of this announcement, will be required to abstain from voting on the relevant resolutions at the EGM to approve the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the transactions contemplated thereunder and the proposed annual caps related thereto accordingly.

Save as disclosed above, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting as no other Shareholder has any interest in the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements which are different from the other Shareholders.

EXTRAORDINARY GENERAL MEETING

The Company will convene an EGM to approve the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the transactions contemplated thereunder and the proposed annual caps related thereto. An Independent Board Committee comprising all the independent non-executive Directors (namely Mr. WANG Tao, Mr. WONG Man Chung Francis and Mr. SHI Zheyang) has been established by the Company to advise the Independent Shareholders in respect of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the transactions contemplated thereunder and the proposed annual caps related thereto. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INFORMATION ON THE COMPANY AND THE COUNTERPARTIES

The Group

The Group is principally engaged in the manufacture and distribution of oil and gas drilling equipment and provide oilfield and offshore engineering services worldwide. The Group operates its business through three segments, namely (1) drill pipe-related business, (2) oilfield services business, and (3) offshore-engineering services.

Beijing Huashi Investment

Beijing Huashi Investment is an associate of Mr. Zhang and is principally engaged in investment management and sales of petrochemicals. Beijing Huashi Investment is held as to 98.00% by BHH Petroleum Machine Equipment, 1.00% by Mr. Zhang and 1.00% by Ms. ZHANG Jingying (“**Ms. Zhang**”), the mother of Mr. Zhang. BHH Petroleum Machine Equipment is a company incorporated in the PRC with limited liability and is held as to approximately 95.65% by Mr. Zhang and approximately 4.35% by Ms. Zhang, the mother of Mr. Zhang. BHH Petroleum Machine Equipment is an associate of Mr. Zhang and principally engaged in investment holding and management.

Drilling Technology

Drilling Technology is an indirect wholly-owned subsidiary of the Company incorporated in the Russian Federation in 2018 and is principally engaged in manufacture and distribution of oil and gas equipment.

Hilong Energy

Hilong Energy is incorporated in Hong Kong in 2008 and is principally engaged in investment holding. Hilong Energy is an indirect wholly-owned subsidiary of the Company. Hilong Energy Group consists of Hilong Energy and its subsidiaries.

Hilong Petroleum Offshore Engineering

Hilong Petroleum Offshore Engineering is an indirect wholly-owned subsidiary of the Company incorporated in the PRC and is principally engaged in offshore oilfield service provision.

Hilong Pipeline

Hilong Pipeline is established in the PRC in 2005 and is principally engaged in the provision of coating services. Hilong Pipeline Group (“**Hilong Pipeline Group**”) consists of Hilong Pipeline and its subsidiaries. Hilong Pipeline Group is principally engaged in multi-functional coating materials and coating services, inspection services and maintenance services for various pipes utilized in oil and gas drilling and transmission processes in the PRC and overseas markets. Hilong Pipeline is wholly-owned by Hilong Shine New Material.

Hilong Oil Service

Hilong Oil Service is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of oilfield service.

Hilong Group of Companies Ltd.

Hilong Group of Companies Ltd. is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the distribution of oil and gas equipment.

Hilong Shine New Material

Hilong Shine New Material is an associate of Mr. Zhang and is principally engaged in the manufacture and sales of heavy-duty coating materials. Hilong Shine New Material is held as to:

- (1) approximately 50.31% by BHH Petroleum Machine Equipment;
- (2) approximately 18.18% by Sinopec Group Capital Co., Ltd. (中國石化集團資本有限公司) (“**Sinopec Group Capital**”), a company incorporated under the laws of the PRC. Sinopec Group Capital was held as to 51.00% by China Petrochemical Corp. (中國石油化工集團有限公司) which is a state-owned enterprise and 49.00% by China Petroleum & Chemical Corporation (中國石油化工股份有限公司) which is listed on the Stock Exchange (stock code: 00386) and the Shanghai Stock Exchange (stock code: 600028);
- (3) approximately 6.06% by China Building Material (Anhui) New Materials Industry Investment Fund (Limited Partnership) (中建材(安徽)新材料產業投資基金合夥企業(有限合夥)) (“**CBM Anhui**”), a limited partnership incorporated under the laws of the PRC. The executive partner of CBM Anhui is China Building Materials (Anhui) New materials Fund Management Co., Ltd. (中建材(安徽)新材料基金管理有限公司) which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會);
- (4) approximately 5.33% by Zibo Juncihongchuang No. 1 Equity Investment Fund Partnership (Limited Partnership) (淄博雋賜虹創壹號股權投資基金合夥企業(有限合夥)) (“**Zibo Juncihongchuang**”), a limited partnership incorporated under the laws of the PRC. The executive partner of Zibo Juncihongchuang is Shanghai Junci Investment Co., Ltd. (上海雋賜投資管理有限公司), which is owned as to 51.00% by Zhang Fenglin (張鳳林) and 49.00% by Zhang Liying (張利英) who are Independent Third Parties; and
- (5) other 14 shareholders each holding less than 5.00% of the equity interest in Hilong Shine New Material.

To the best of the Company’s knowledge, information and belief, each of the shareholders of Hilong Shine New Material (other than BHH Petroleum Machine Equipment) and their respective ultimate beneficial owners is an Independent Third Party.

Longhai Petroleum

Longhai Petroleum is an indirect wholly-owned subsidiary of the Company incorporated in the Russian Federation in 2023 and is principally engaged in maintenance and upkeep of rotary guidance.

Longshi Investment

Longshi Investment is held as to 50.00% by Beijing Huashi Investment and 50.00% by Wuxi Hongyuan Enterprise Management Co., Ltd. (無錫虹元企業管理有限公司), an independent third party of the Group. It is principally engaged in investment management, business advisory, property management, and sales of daily articles.

Pipeline Surgut

Pipeline Surgut is incorporated in the Russian Federation in 2017 and is principally engaged in coating services provision. Pipeline Surgut is a wholly-owned subsidiary of Hilong Pipeline.

Shenglong Oil and Gas

Shenglong Oil and Gas is established in the PRC in 2013 and is principally engaged in research, inspection and repairment of oil and gas equipment. Shenglong Oil and Gas is a wholly-owned subsidiary of Hilong Pipeline.

Technomash

Technomash is an investment holding company and is incorporated in the Russian Federation in 2009. Technomash is a wholly-owned subsidiary of Hilong Pipeline.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“2024 Supplemental Beijing Huashi Tenancy Agreements”	collectively, 2024 Supplemental Beijing Huashi Tenancy Agreement No. 1, 2024 Supplemental Beijing Huashi Tenancy Agreement No. 2, 2024 Supplemental Beijing Huashi Tenancy Agreement No. 3 and 2024 Supplemental Beijing Huashi Tenancy Agreement No. 4, as disclosed in the announcement of the Company dated 18 July 2024
“2024 Supplemental Coating Services and Hardbanding Services Agreement”	the Supplemental Coating Services and Hardbanding Services Agreement, as disclosed in the announcement of the Company dated 27 February 2024
“2024 Supplemental Pipeline Tenancy Agreements”	collectively, 2024 Supplemental Pipeline Tenancy Agreement No. 1, 2024 Supplemental Pipeline Tenancy Agreement No. 2 and 2024 Supplemental Pipeline Tenancy Agreement No. 3, as disclosed in the announcement of the Company dated 18 July 2024
“2024 Supplemental Shine New Material Tenancy Agreement”	the 2024 Supplemental Shine New Material Tenancy Agreement as disclosed in the announcement dated 18 July 2024
“2024 Welding Wire Supply Agreement”	the 2024 Welding Wire Supply Agreement as disclosed in the announcement of the Company dated 27 February 2024
“2025 Beijing Huashi Car Park Lease Agreement”	the car park lease agreement dated 9 December 2024 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of 20 car park spaces located at B2/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement”	the renewed agreement dated 9 December 2024 entered into between Hilong Pipeline and Hilong Energy in relation to the provision of coating services, hardbanding services and spraying and packaging services by Hilong Pipeline Group to Hilong Energy Group for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Hilong Energy CCT Agreements”	collectively, the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement

“2025 Longshi Investment Tenancy Agreement”	the tenancy agreement dated 9 December 2024 entered into between Longshi Investment as lessor and Hilong Petroleum Offshore Engineering as lessee in respect of the premise in 5/F and 6/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC for office use for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Pipeline Tenancy Agreement No. 4”	the tenancy agreement dated 9 December 2024 entered into between Pipeline Surgut as lessor and Longhai Petroleum as lessee in respect of the premises in Building 1, 6 Imeni Glukhov Street, Yugra, Surgut City, Khanty-Mansiysk Autonomous Okrug Region, Russian Federation for office use for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Renewed Beijing Huashi Tenancy Agreement No. 1”	the renewed tenancy agreement dated 9 December 2024 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at 20/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Renewed Beijing Huashi Tenancy Agreement No. 2”	the renewed tenancy agreement dated 9 December 2024 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at Room 502, 5/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Renewed Beijing Huashi Tenancy Agreement No. 3”	the renewed tenancy agreement dated 9 December 2024 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at Room 503-1, 5/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Renewed Beijing Huashi Tenancy Agreement No. 4”	the tenancy agreement dated 9 December 2024 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at Room 501, 5/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2025 to 31 December 2025

“2025 Renewed Beijing Huashi Tenancy Agreements”	collectively, 2025 Renewed Beijing Huashi Tenancy Agreement No. 1, 2025 Renewed Beijing Huashi Tenancy Agreement No. 2, 2025 Renewed Beijing Huashi Tenancy Agreement No. 3, 2025 Renewed Beijing Huashi Tenancy Agreement No. 4 and 2025 Beijing Huashi Car Park Lease Agreement
“2025 Renewed Pipeline Tenancy Agreement No. 1”	the renewed tenancy agreement dated 9 December 2024 entered into between Hilong Group of Companies Ltd. as lessor and Hilong Pipeline as lessee in respect of the premises in D plant, F plant, 4th floor of main building and 3rd floor of dining hall, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC for office use and manufacturing plant for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Renewed Pipeline Tenancy Agreement No. 2”	the renewed tenancy agreement dated 9 December 2024 entered into between Hilong Group of Companies Ltd. as lessor and Shenglong Oil and Gas as lessee in respect of the premises in F plant, G plant, 4th floor of main building and 3rd floor of dining hall, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC for office use and manufacturing plant for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Renewed Pipeline Tenancy Agreement No. 3”	the renewed tenancy agreement dated 9 December 2024 entered into between Technomash as lessor and Drilling Technology as lessee in respect of the premises in 47/1, Building 10A, 10B and 10C, Demyan Bedny Street, Nevyansk, Sverdlovsk Region, Russian Federation for office use and manufacturing plant for a term of a one year starting from 1 January 2025 to 31 December 2025
“2025 Renewed Pipeline Tenancy Agreements”	collectively, 2025 Renewed Pipeline Tenancy Agreement No. 1, 2025 Renewed Pipeline Tenancy Agreement No. 2, 2025 Renewed Pipeline Tenancy Agreement No. 3 and 2025 Pipeline Tenancy Agreement No. 4
“2025 Renewed Shine New Material Tenancy Agreement”	the renewed tenancy agreement dated 9 December 2024 entered into between Hilong Group of Companies Ltd. as lessor and Hilong Shine New Material as lessee in respect of the factory premises located at No. 1825, Luodong Road, Baoshan District, Shanghai, the PRC for use as a manufacturing plant for a term of a one year starting from 1 January 2025 to 31 December 2025

“2025 Renewed Tenancy CCT Agreements”	collectively, 2025 Renewed Beijing Huashi Tenancy Agreements, 2025 Renewed Shine New Material Tenancy Agreement, 2025 Renewed Pipeline Tenancy Agreements and 2025 Longshi Investment Tenancy Agreement
“2025 Welding Wire Supply Agreement”	the renewed agreement dated 9 December 2024 entered into between Hilong Energy and Hilong Pipeline in relation to the provision of welding wires and related products by Hilong Energy Group to Hilong Pipeline Group for a term of a one year starting from 1 January 2025 to 31 December 2025
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Huashi Investment”	Beijing Huashi Hailong Oil Investment Co., Ltd.* (北京華實海隆石油投資有限公司), a company established in the PRC, and an associate of Mr. Zhang
“BHH Petroleum Machine Equipment”	Beijing Huashi Hailong Petroleum Machinery Equipment Co., Ltd.* (北京華實海隆石油機械設備有限公司), an entity controlled by Mr. Zhang, a controlling shareholder and director of the Company
“Company”	Hilong Holding Limited (海隆控股有限公司*) (stock code: 1623), a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Drilling Technology”	Drilling Technology Limited liability Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto
“Group”	the Company and its subsidiaries

“Hilong Energy”	Hilong Energy Limited (海隆能源有限公司), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“Hilong Energy Group”	Hilong Energy and its subsidiaries
“Hilong Group of Companies Ltd.”	Hilong Group of Companies Ltd.* (海隆石油工業集團有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Hilong Oil Service”	Hilong Oil Service and Engineering Co., Ltd.* (海隆石油技術服務有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Hilong Petroleum Offshore Engineering”	Hilong Petroleum Offshore Engineering Limited* (海隆石油海洋工程有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Hilong Pipeline”	Hilong Pipeline Engineering Technology Service Co., Ltd.* (海隆管道工程技術服務有限公司)
“Hilong Pipeline Group”	Hilong Pipeline and its subsidiaries
“Hilong Shine New Material”	Shanghai Hilong Shine New Material Co., Ltd.* (上海海隆賽能新材料有限公司), a company incorporated in the PRC with limited liability and controlled by Mr. Zhang
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the board committee of the Company comprising all independent non-executive Directors, namely Mr. WANG Tao, Mr. WONG Man Chung Francis and Mr. SHI Zheyang, to be established to make recommendation to the Independent Shareholders in respect of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto

“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto
“Independent Shareholders”	the Shareholders, other than Mr. Zhang and his associates, who are entitled to vote at the EGM in respect of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longhai Petroleum”	Longhai Petroleum Technology Service Center Limited Liability Company
“Longshi Investment”	Shanghai Longshi Investment Management Company Limited* (上海隆視投資管理有限公司), an associate of Mr. Zhang
“Mr. Zhang”	Mr. ZHANG Jun (張軍), the chairman of the Board, an executive Director and a controlling shareholder of the Company
“Pipeline Surgut”	Hilong Petroleum Pipeline Service (Surgut) LLC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“RUB”	Russian Ruble, the lawful currency of the Russian Federation
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)

“Shenglong Oil and Gas”	Shenglong Oil and Gas Pipeline Inspection Technology Co., Ltd. (盛隆石油管檢測技術有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technomash”	Technomash LLC
“VAT”	Value added tax
“%”	percent.

* *For identification purpose only*

** *For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 to RUB14.29 has been used, where applicable, for purpose of illustration only and such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.*

For and on behalf of the Board
Hilong Holding Limited
ZHANG Jun
Chairman

Hong Kong, 9 December 2024

As of the date of this announcement, the executive director of the Company is Mr. ZHANG Jun; the non-executive directors of the Company are Ms. ZHANG Shuman, Dr. YANG Qingli, Mr. CAO Hongbo and Dr. FAN Ren Da Anthony; and the independent non-executive directors of the Company are Mr. WANG Tao, Mr. WONG Man Chung Francis and Mr. SHI Zheyang.