

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hilong Holding Limited

海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1623)

**CLARIFICATION ANNOUNCEMENT
REVISION OF ANNUAL CAP
FOR CONTINUING CONNECTED TRANSACTIONS UNDER
THE 2025 HILONG ENERGY CCT AGREEMENTS**

Reference is made to the announcement of the Company dated 9 December 2024 in respect of, among other things, 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.

The Company hereby clarifies that, in determining the 2025 Coating Services Annual Cap, the unit price in meter for coating services did not include the VAT rate in Russia. Accordingly, the Company proposes to revise the 2025 Coating Services Annual Cap to RMB382,048,000 (inclusive of VAT). Save for the Revised 2025 Coating Services Annual Cap, all terms and conditions of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement shall remain unchanged.

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 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. Accordingly, the aggregate proposed annual caps for the transactions contemplated under the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement of RMB382,048,000 and the 2025 Welding Wire Supply Agreement of RMB24,000,000 for the financial year ending 31 December 2025 is revised to RMB406,048,000.

As the highest applicable percentage ratio of the revised 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.

REVISION OF ANNUAL CAP IN RESPECT OF THE 2025 COATING SERVICES, HARDBANDING SERVICES AND SPRAYING AND PACKAGING SERVICES AGREEMENT

Hilong Energy and Hilong Pipeline entered into the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement on 9 December 2024 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.

The Company hereby clarifies that, in determining the 2025 Coating Services Annual Cap, the unit price in meter for coating services did not include the VAT rate in Russia. Based on the historical transaction amount with Hilong Pipeline and 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, the Company anticipates the 2025 Coating Services Annual Cap will not be sufficient to meet the demand of the Group. Accordingly, the Company proposes to revise the 2025 Coating Services Annual Cap to RMB382,048,000 (inclusive of VAT).

Save for the Revised 2025 Coating Services Annual Cap, all terms and conditions of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement shall remain unchanged. For the avoidance of doubt, no other revisions are proposed to be made to the 2025 Renewed Tenancy CCT Agreements and the 2025 Welding Wire Supply Agreement.

Principal terms and details of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements are disclosed in the announcement of the Company dated 9 December 2024.

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 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. Accordingly, the aggregate proposed annual caps for the transactions contemplated under the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement of RMB382,048,000 and the 2025 Welding Wire Supply Agreement of RMB24,000,000 for the financial year ending 31 December 2025 is revised to RMB406,048,000.

As the highest applicable percentage ratio of the revised aggregate proposed annual caps of the 2025 Hilong Energy CCT Agreements exceeds 5%, each of 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement is subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things: (i) further details of the 2025 Renewed Tenancy CCT Agreements and the 2025 Hilong Energy CCT Agreements (including the respective transactions contemplated thereunder and the proposed annual caps related thereto and the Revised 2025 Coating Services Annual Cap); (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules is expected to be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hilonggroup.com) and will be despatched to the Shareholders, where applicable, accordingly no later than 20 December 2024.

DEFINITIONS

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

“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 Coating Services Annual Cap”	the proposed annual cap of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement of RMB355,822,000 (inclusive of VAT) for the financial year ending 31 December 2025, as disclosed in the announcement of the Company dated 9 December 2024
“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 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
“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

“EGM”	the extraordinary general meeting of the Company to be convened and held on 10 January 2025 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 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
“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
“Mr. Zhang”	Mr. ZHANG Jun (張軍), the chairman of the Board, an executive Director and a controlling shareholder of the Company
“Revised 2025 Coating Services Annual Cap”	the proposed revised annual cap of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement for the financial year ending 31 December 2025 of RMB382,048,000 (inclusive of VAT)
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	Value added tax
“%”	percentage

* For identification purpose only

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

Hong Kong, 18 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.