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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) REVISED HILONG ENERGY ANNUAL CAP; AND
# (2) 2025 PIPELINE CLEANING AND INSPECTION AGREEMENT

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

RAINBOW CAPITAL (HK) LIMITED
泓 博 資 本 有 限 公 司

## REVISED HILONG ENERGY ANNUAL CAP

Reference is made to the announcement of the Company dated 9 December 2024 in relation to 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 and the clarification announcement dated 18 December 2024 in relation to the revision of the proposed annual cap of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement for the financial year ending 31 December 2025.

Hilong USA and TIPC had entered into the 2025 Drill Pipe Inspection and Coating Services Agreement for a term of five months commencing from 1 August 2025 to 31 December 2025, pursuant to which TIPC shall provide drill pipe inspection and coating services to Hilong USA as and when requested by Hilong USA during the term of the agreement. The demand for drill pipe inspection and coating services arises from occasional urgent needs to repair a batch of Hilong USA's drill pipes. Therefore, the transaction contemplated under the 2025 Drill Pipe Inspection and Coating Services Agreement was not anticipated when determining the Existing Hilong Energy Annual Cap. In view of the above, the Company has therefore decided to revise the Existing Hilong Energy Annual Cap. Save for the revision of the Existing Hilong Energy Annual Cap, all other terms and conditions under the 2025 Hilong Energy CCT Agreements remain the same.

**2025 PIPELINE CLEANING AND INSPECTION AGREEMENT**

Hilong Oil Service Ltd. (Libya Branch) and Shenglong Oil and Gas had entered into the 2025 Pipeline Cleaning and Inspection Agreement for a term of one year and seven months commencing from 1 August 2025 to 28 February 2027, pursuant to which Shenglong Oil and Gas shall provide Hilong Oil Service Ltd. (Libya Branch) with pipeline cleaning and inspection services as and when requested by Hilong Oil Service Ltd. (Libya Branch) with reference to the needs of Independent Client under the Pipeline and Truckline Cleaning and Inspection Survey Agreement during the term of the agreement.

**Listing Rules Implications**

As of the date of this announcement, the counterparties under the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement 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 Drill Pipe Inspection and Coating Services Agreement and the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services 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. The proposed annual cap for the transactions contemplated under the 2025 Drill Pipe Inspection and Coating Services Agreement is USD250,000 (equivalent to approximately RMB1,797,000) and the Existing Hilong Energy Annual Cap is RMB406,048,000. Therefore, the aggregate proposed revised annual caps in relation to the transactions under 2025 Hilong Energy CCT Agreements and the 2025 Drill Pipe Inspection and Coating Services Agreement for the financial year ending 31 December 2025 is RMB407,845,000.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the existing annual caps for the transactions contemplated under the 2025 Hilong Energy CCT Agreements, the Company will have to re-comply with the applicable requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of (i) the Revised Hilong Energy Annual Cap; and (ii) the proposed annual caps for the transactions contemplated under the 2025 Pipeline Cleaning and Inspection Agreement exceed 5%, 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.

## INTRODUCTION

Reference is made to the announcement of the Company dated 9 December 2024 in relation to 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 and the clarification announcement dated 18 December 2024 in relation to the revision of the proposed annual cap of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement for the financial year ending 31 December 2025.

## (A) REVISED HILONG ENERGY ANNUAL CAP

**Background:**

Hilong USA requires services for measuring the concentricity and angular deviation of drill pipes in compliance with industry standards, as well as coating services for drill pipes that need repairs to ensure compliance with relevant standards. TIPC possesses all required capabilities, resources, experience and equipment for drill pipe inspection and coating services.

Hilong Energy and Hilong Pipeline has entered into the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement on 9 December 2024. The demand for drill pipe inspection and coating services arises from occasional urgent needs of an independent third party client. Such client conducted spot check in measuring the concentricity and angular deviation of a batch of Hilong USA's drill pipes and required that any drill pipes pending delivery and identified with qualify defects be repaired to ensure compliance with relevant standards. Prior to this demand, no similar defects had been identified in prior transactions. Therefore, the transaction contemplated under the 2025 Drill Pipe Inspection and Coating Services Agreement was not anticipated when determining the Existing Hilong Energy Annual Cap. Taken into consideration of the immediate necessity for drill pipes repair and the capabilities and resources of TIPC, Hilong USA and TIPC entered into the 2025 Drill Pipe Inspection and Coating Services Agreement, details of which are set out in this subsection below.

Given that the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services 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 the 2025 Drill Pipe Inspection and Coating Services Agreement shall be aggregated with the transactions of the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement. In view of the above, the Company has therefore decided to revise the Existing Hilong Energy Annual Cap. Save for the revision of the Existing Hilong Energy Annual Cap, all other terms and conditions under the 2025 Hilong Energy CCT Agreements remain the same.

*2025 DRILL PIPE INSPECTION AND COATING SERVICES AGREEMENT*

**Date:** 1 August 2025

**Parties:** (i) Hilong USA; and

(ii) TIPC

**Subject matter:** TIPC shall provide drill pipe inspection and coating services to Hilong USA as and when requested by Hilong USA during the term of the agreement.

**Term:** The 2025 Drill Pipe Inspection and Coating Services Agreement will commence on 1 August 2025 and end on 31 December 2025, subject to renewal upon mutual agreement of both parties and compliance with the Listing Rules.

**Payment:** Hilong USA shall pay TIPC within 60 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. Drill pipe sorting and inspection services pricing policy

(a) 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; and

(b) costs to be incurred by TIPC for drill pipe sorting and inspection services with reasonable profit margin of approximately 15%. 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.

ii. Drill pipe coating services 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 by comparing quotations obtained from TIPC and Independent Third-Party providers.

iii. Other related processing services are determined based on prevailing market rates.

The prices and conditions (including payment terms) for drill pipe inspection and coating services offered by TIPC to Hilong USA shall be no less favorable to Hilong USA than those quotations obtained from Independent Third Parties.

**Condition precedent:** The 2025 Drill Pipe Inspection and Coating Services Agreement is conditional upon the Independent Shareholders approving the 2025 Drill Pipe Inspection and Coating Services Agreement, the transactions contemplated thereunder and the proposed annual cap related thereto.

**Basis of consideration:** The proposed annual cap of USD250,000 (equivalent to approximately RMB1,797,000) in respect of the 2025 Drill Pipe Inspection and Coating Services Agreement is determined with reference to (i) the anticipated demand for inspection and coating services required by Hilong USA, which is based on the quantity of drill pipes require repairing; (ii) the prevailing market quotations with respect to the drill pipe inspection and coating services provided by Independent Third Parties in the region; and (iii) the quotation of approximately USD230,000 (equivalent to approximately RMB1,652,504) provided by TIPC for providing drill pipe inspection and coating services regarding the inspection service for approximately 9,000 units of drill pipe and coating service for approximately 250 units of drill pipe.

The terms of the 2025 Drill Pipe Inspection and Coating Services Agreement were reached after arm's length negotiation between Hilong USA and TIPC. Taking into consideration (i) the 2025 Drill Pipe Inspection and Coating Services Agreement is non-exclusive in nature; and (ii) Hilong USA will only procure drill pipe inspection and coating services from TIPC when the price offered by TIPC is no less favourable 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, considers that the 2025 Drill Pipe Inspection and Coating 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.

**Existing Hilong Energy Annual Cap and the Revised Hilong Energy Annual Cap:**

The actual transaction amounts for transactions contemplated under the Hilong Energy CCT Agreements for the four months ended 30 April 2025 is approximately RMB86,339,538 (inclusive of VAT).

The Existing Hilong Energy Annual Cap is revised to aggregate the transactions contemplated under the 2025 Drill Pipe Inspection and Coating Services Agreement as set out below:

| **Existing Hilong Energy Annual Cap for the financial year ending 31 December 2025** *RMB'000* | **Revised Hilong Energy Annual Cap for the financial year ending 31 December 2025** *RMB'000* |
|---|---|
| 406,048 (inclusive of VAT) | 407,845 (inclusive of VAT) |

The Revised Hilong Energy Annual Cap is determined with reference to (i) the actual transaction amounts incurred by the parties for the four months ended 30 April 2025; and (ii) the proposed annual cap under the 2025 Drill Pipe Inspection and Coating Services Agreement.

## REASONS FOR AND BENEFITS FOR ENTERING INTO THE 2025 DRILL PIPE INSPECTION AND COATING SERVICES AGREEMENT AND THE REVISED HILONG ENERGY ANNUAL CAP

The Group requires inspection and coating services for drill pipes that need repairs to ensure compliance with relevant standards.

The Company considers that TIPC is specialized and experienced in coating and possesses necessary capabilities and resources, including but not limited to personnel, advanced coating technology equipment and sites for drill pipe testing and storage, ensuring modified drill pipes meet all industry standards.

Furthermore, since the sites of TIPC and Hilong USA are in close proximity to each other, cooperation with TIPC will be faster, easier and costs of transactions will be reduced. As set out in the section headed "Internal Controls for the Group's Continuing Connected Transactions" in this announcement, service providers of drill pipe inspection and coating services will be selected and determined by comparing quotations obtained from TIPC and Independent Third Party providers.

The purpose of increasing the Existing Hilong Energy Annual Cap to the Revised Hilong Energy Annual Cap is to enable Hilong USA to obtain the required services for the repair and sale of drill pipes. Based on the above reasons, the Directors (excluding the independent non-executive Directors, whose opinion on the 2025 Drill Pipe Inspection and Coating Services Agreement and the transactions contemplated thereunder will be set forth in the circular by reference to the advice from the Independent Financial Adviser in this regard) considers that the 2025 Drill Pipe Inspection and Coating 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.

## (B) 2025 PIPELINE CLEANING AND INSPECTION AGREEMENT

The principal terms of The 2025 Pipeline Cleaning and Inspection Agreement are set out below.

**Date:** 1 August 2025

**Parties:** (i) Hilong Oil Service Ltd. (Libya Branch); and

(ii) Shenglong Oil and Gas

**Background:** Hilong Oil Service Ltd. (Libya Branch) has entered into the Pipeline and Truckline Cleaning and Inspection Survey Agreement with Independent Client on 15 April 2025. The Independent Client requires pipeline cleaning and inspection services under the Pipeline and Truckline Cleaning and Inspection Survey Agreement and the Group needs to collaborate with a qualified supplier to perform relevant services for Independent Client.

| | |
|---|---|
| **Subject matter:** | Shenglong Oil and Gas shall provide Hilong Oil Service Ltd. (Libya Branch) with pipeline cleaning and inspection services as and when requested by Hilong Oil Service Ltd. (Libya Branch) with reference to the needs of Independent Client under the Pipeline and Truckline Cleaning and Inspection Survey Agreement during the term of the agreement. |
| **Term:** | The 2025 Pipeline Cleaning and Inspection Agreement will commence on 1 August 2025 and end on 28 February 2027, subject to renewal upon mutual agreement of both parties and compliance with the Listing Rules. |
| **Payment:** | Hilong Oil Service Ltd. (Libya Branch) shall pay Shenglong Oil and Gas within 60 days from the date of invoice. |
| **Pricing policy:** | Prices are determined after arm's length negotiations between the parties with references to (i) the prevailing market prices based on comparing quotations obtained from other Independent Third Parties for similar types, specifications, techniques, and standards of services; (ii) the final contract price of the Pipeline and Truckline Cleaning and Inspection Survey Agreement determined with reference to actual measurement of work conducted; (iii) cost to be incurred by Hilong Oil Service Ltd. (Libya Branch) under the 2025 Pipeline Cleaning and Inspection Agreement; and (iv) reasonable profit margin to be retained by Hilong Oil Service Ltd. (Libya Branch) in the range of approximately 5% to 6%, which is determined after arm's length negotiation between Hilong Oil Service Ltd. (Libya Branch) and Shenglong Oil and Gas. The actual profit retained by Hilong Oil Service Ltd. (Libya Branch) will be determined with reference to the transaction amounts to be received from Independent Client for the transactions contemplated under the Pipeline and Truckline Cleaning and Inspection Survey Agreement.<br><br>The prices and conditions (including payment terms) for pipeline cleaning and inspection services offered by Shenglong Oil and Gas shall be no less favorable to Hilong Oil Service Ltd. (Libya Branch) than any of those quotations obtained from Independent Third Parties. |

**Condition precedent:** The 2025 Pipeline Cleaning and Inspection Agreement is conditional upon the Independent Shareholders approving the 2025 Pipeline Cleaning and Inspection Agreement, the transactions contemplated thereunder and the proposed annual cap related thereto at the EGM.

**Annual cap:**

| For the financial year ending 31 December 2025 | For the financial year ending 31 December 2026 |
|---|---|
| USD1,870,000 (equivalent to approximately RMB13,436,000 (VAT not applicable)) | USD1,630,000 (equivalent to approximately RMB11,711,000 (VAT not applicable)) |

**Basis of consideration:** The proposed annual cap in respect of the 2025 Pipeline Cleaning and Inspection Agreement is determined with reference to (i) the prevailing market quotations with respect to the pipeline cleaning and inspection services to be provided by Independent Third Parties in the region; (ii) the demand for pipeline cleaning and inspection services based on the Pipeline and Truckline Cleaning and Inspection Survey Agreement from Independent Client; and (iii) the estimated contract price for pipeline cleaning and inspection services under the Pipeline and Truckline Cleaning and Inspection Survey Agreement with Independent Client of approximately USD3,620,000 (equivalent to approximately RMB26,008,976), which is subject to the adjustment based on the actual workload with reasonable profit margin to be retained by Hilong Oil Service Ltd. (Libya Branch).

The annual fees payable by Hilong Oil Service Ltd. (Libya Branch) to Shenglong Oil and Gas are estimated based on the completion of service milestones according to the needs of the Independent Client. Therefore, the proposed annual cap for the financial year ending 31 December 2025 is higher than that for the financial year ending 31 December 2026, as a substantial portion of services is expected to be delivered in 2025. The pipeline cleaning and inspection services are expected to be completed by the end of the financial year ending 31 December 2026. The period from 1 January 2027 to 28 February 2027 will serve as a grace period for payments, during which no services will be provided under the 2025 Pipeline Cleaning and Inspection Agreement.

The terms of the 2025 Pipeline Cleaning and Inspection Agreement were reached after arm's length negotiation between Hilong Oil Service Ltd. (Libya Branch) and Shenglong Oil and Gas. Taking into consideration (i) the entering into of the 2025 Pipeline Cleaning and Inspection Agreement is in the ordinary and usual course of business of the Group; (ii) the 2025 Pipeline Cleaning and Inspection Agreement is non-exclusive in nature; and (iii) Hilong Oil Service Ltd. (Libya Branch) will only procure pipeline cleaning and inspection services from Shenglong Oil and Gas with reference to the needs of Independent Client under the Pipeline and Truckline Cleaning and Inspection Survey Agreement when the price offered by Shenglong Oil and Gas 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, considers that the 2025 Pipeline Cleaning and Inspection 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 PIPELINE CLEANING AND INSPECTION AGREEMENT

The Group has engaged with an Independent Client for the provision of pipeline and truckline cleaning and inspection survey services under the Pipeline and Truckline Cleaning and Inspection Survey Agreement. The Independent Client requires pipeline cleaning and inspection services as part of the Pipeline and Truckline Cleaning and Inspection Survey Agreement provided by Hilong Oil Service Ltd. (Libya Branch) in Libya. However, Hilong Oil Service Ltd. (Libya Branch) does not possess the specific qualifications and capacities to conduct pipeline cleaning and inspection services in the region. Therefore, the Group needs to collaborate with a qualified supplier for pipeline cleaning and inspection services when performing its services with the Independent Client under the Pipeline and Truckline Cleaning and Inspection Survey Agreement.

The Company considers that Shenglong Oil and Gas is specialized and experienced in the provision of pipeline cleaning and inspection services. Shenglong Oil and Gas holds the special equipment inspection and testing qualification certificate issued by the Shanghai Municipal Administration for Market Regulation, the China Corrosion Control Qualification Certificate issued by the China Industry Anticorrosion Technology Association* (中國腐蝕控制技術協會), the ATEX certification, as well as certificates such as ISO9001, ISO14001, and ISO45001. Shenglong Oil and Gas has over a decade of industry experience and provided pipeline testing and related services for companies such as National Pipe Network Group Beijing Pipeline Co., Ltd.* (國家管網集團北京管道有限公司), National Pipe Network Group United Pipeline Co., Ltd.* (國家管網集團聯合管道有限責任公司) and PetroChina Company Limited (中國石油天然氣股份有限公司).

Since the Group and Shenglong Oil and Gas are familiar with each other's background, communication between parties would be more efficient. In addition, Shenglong Oil and Gas possesses more comprehensive qualification, personnel, technology and equipment in comparison with other third party suppliers. As set out in the section headed "Internal Controls for the Group's Continuing Connected Transactions" in this announcement, service providers of pipeline cleaning and inspection services will be selected and determined by comparing quotations obtained from Shenglong Oil and Gas and Independent Third Party providers. The entering into of the 2025 Pipeline Cleaning and Inspection Agreement and provision of high quality of pipeline cleaning and inspection services to Independent Client could potentially secure more business opportunities and potential cooperation.

Therefore, Hilong Oil Service Ltd. (Libya Branch) and Shenglong Oil and Gas decided to enter into the 2025 Pipeline Cleaning and Inspection Agreement to satisfy the demand of the Independent Client in relation to pipeline cleaning and inspection services under the Pipeline and Truckline Cleaning and Inspection Survey Agreement. Based on the above reasons, the Directors (excluding the independent non-executive Directors, whose opinion on the 2025 Pipeline Cleaning and Inspection Agreement and the transactions contemplated thereunder will be set forth in the circular by reference to the advice from the Independent Financial Adviser in this regard) considers that the 2025 Pipeline Cleaning and Inspection 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.

## INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The Company has established internal control measures to ensure that (i) terms of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement 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 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement.

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.

Before entering into the transactions under the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement, the relevant staff of the marketing department will obtain at least two quotations from Independent Third Party service providers selected from a list of pre-approved drill pipe inspection and coating service and pipeline cleaning and inspection service providers maintained by the Group from time to time ("**Pre-approved Supplier List**") respectively. 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 includes 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 drill pipe inspection and coating services and pipeline cleaning and inspection services provided by TIPC and Shenglong Oil and Gas will be no less favorable to the Group as compared to other quotations received from Independent Third Party service providers.

To ensure the transactions contemplated under each of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement do not exceed the respective proposed annual caps, the financial department of the Company will regularly monitor the actual transaction amount on a monthly basis and submit monthly reports to the CCT IC Committee to evaluate and review each of the 2025 Hilong Energy CCT Agreements, the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement and implementation progress of the continuing connected transactions. If the financial department notices that the transactions under the 2025 Hilong Energy CCT Agreements, the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement 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 Hilong Energy CCT Agreements, the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection 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 each of the 2025 Hilong Energy CCT Agreements, the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement 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 Hilong Energy CCT Agreements, the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement 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 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement 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 Drill Pipe Inspection and Coating Services Agreement and the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services 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. The proposed annual cap for the transactions contemplated under the 2025 Drill Pipe Inspection and Coating Services Agreement is USD250,000 (equivalent to approximately RMB1,797,000) and the Existing Hilong Energy Annual Cap is RMB406,048,000. Therefore, the aggregate proposed revised annual caps in relation to the transactions under 2025 Hilong Energy CCT Agreements and the 2025 Drill Pipe Inspection and Coating Services Agreement for the financial year ending 31 December 2025 is RMB407,845,000.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the existing annual caps for the transactions contemplated under the 2025 Hilong Energy CCT Agreements, the Company will have to re-comply with the applicable requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of (i) the Revised Hilong Energy Annual Cap; and (ii) the proposed annual caps for the transactions contemplated under the 2025 Pipeline Cleaning and Inspection Agreement exceed 5%, 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 Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, 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 Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, the transactions contemplated thereunder and the proposed annual caps related thereto.

Pursuant to 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement shall abstain from voting to approve the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, 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 Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, the transactions contemplated thereunder and the proposed annual caps related thereto accordingly.

## EXTRAORDINARY GENERAL MEETING

The Company will convene an EGM to approve the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, the respective 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 Zheyan) has been established by the Company to advise the Independent Shareholders in respect of the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, 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) oilfield equipment manufacturing and services; (2) oilfield services; and (3) offshore engineering services.

### 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 Oil Service Ltd.

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

**Hilong Oil Service Ltd. (Libya Branch)**

Hilong Oil Service Ltd. (Libya Branch) is a branch office of Hilong Oil Service Ltd. in Libya.

**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 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. As at the date of this announcement, 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. As at the date of this announcement, 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.

**Hilong USA**

Hilong USA is established in the United States in 2008 and is principally engaged in oil and gas equipment trading. Hilong USA is an indirect wholly-owned subsidiary of the Company.

**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.

**TIPC**

TIPC is established in the United States in 2012 and is principally engaged in the provision of coating services. TIPC is an indirect wholly-owned subsidiary of Hilong Pipeline.

**DEFINITIONS**

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

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| "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 as disclosed in the announcement of the Company dated 9 December 2024 |
| "2025 Drill Pipe Inspection and Coating Services Agreement" | the agreement dated 1 August 2025 entered into between Hilong USA and TIPC in relation to the provision of drill pipe inspection and coating services by TIPC to Hilong USA for a term of five months starting from 1 August 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 Pipeline Cleaning and Inspection Agreement" | the agreement dated 1 August 2025 entered into between Hilong Oil Service Ltd. (Libya Branch) and Shenglong Oil and Gas in relation to the provision of pipeline cleaning and inspection services by Shenglong Oil and Gas to Hilong Oil Service Ltd. (Libya Branch) for a term of one year and seven months starting from 1 August 2025 to 28 February 2027 |

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| "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 as disclosed in the announcement of the Company dated 9 December 2024 |
| "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 as disclosed in the announcement of the Company dated 9 December 2024 |
| "associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "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 |
| "EGM" | the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, the respective transactions contemplated thereunder and the proposed annual caps related thereto |
| "Existing Hilong Energy Annual Cap" | the existing annual cap for the transactions contemplated under the 2025 Hilong Energy CCT Agreements for the financial year ending 31 December 2025 as disclosed in the announcement of the Company dated 9 December 2024 and the clarification announcement dated 18 December 2024 respectively |

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| "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 Oil Service Ltd." | Hilong Oil Service Ltd., a company established in the Malaysia and an indirect wholly-owned subsidiary of the Company |
| "Hilong Oil Service Ltd. (Libya Branch)" | Hilong Oil Service Ltd. (Libya Branch), a branch office of Hilong Oil Service Ltd. in Libya |
| "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 |
| "Hilong USA" | Hilong USA LLC, a company established in the United States and an indirect wholly-owned subsidiary of the Company |
| "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 Zheyan, to be established to make recommendation to the Independent Shareholders in respect of the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, the respective transactions contemplated thereunder and the proposed annual caps related thereto |
| "Independent Client" | An Independent Third Party client which entered into the Pipeline and Truckline Cleaning and Inspection Survey Agreement with Hilong Oil Service Ltd. (Libya Branch) on 15 April 2025 |

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| "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 Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, 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 Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, 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 |
| "Pipeline and Truckline Cleaning and Inspection Survey Agreement" | the agreement dated 15 April 2025 entered into between and Independent Client and by Hilong Oil Service Ltd. (Libya Branch) in relation to the provision of pipeline and truckline cleaning and inspection survey services by Hilong Oil Service Ltd. (Libya Branch) to Independent Client |
| "PRC" | the People's Republic of China |
| "Revised Hilong Energy Annual Cap" | the revised annual cap in respect of the transactions under the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Hilong Energy CCT Agreements in aggregate |
| "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) |

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| "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 |
| "TIPC" | Texas Internal Pipe Coating, LLC, a company incorporated in the United States with limited liability and controlled by Mr. Zhang |
| "USD" | United States Dollar, the lawful currency of the United States |
| "VAT" | Value added tax |
| "%" | percent. |

* *For identification purpose only*

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

Hong Kong, 1 August 2025

*As at 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 Zheyan.*