THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hilong Holding Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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;
(2) 2025 PIPELINE CLEANING AND INSPECTION AGREEMENT;
AND
(3) NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

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

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

A letter from the Board is set out on pages 6 to 23 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 24 of this circular. A letter from Rainbow Capital (HK) Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 38 of this circular.

A notice convening the 2025 second extraordinary general meeting ("**EGM**") of Hilong Holding Limited (the "**Company**") to be held at Conference Room, 6th Floor, Hilong Group of Companies Ltd., No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, China on Monday, 25 August 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hilonggroup.com). Whether or not you are able to attend the EGM, you are requested to read the notice of the EGM and to complete and sign the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. not later than 10:00 a.m. on Saturday, 23 August 2025 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

* *For identification purpose only*

4 August 2025

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NOTICE OF EGM EGM-1

In this circular, unless the context otherwise requires, the following expressions shall 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 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
"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 on 25 August 2025 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
"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

"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)
"Latest Practicable Date"	1 August 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"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 Independent Client and 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)
"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*

Hilong Holding Limited
海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1623)

Executive Director:
Mr. ZHANG Jun

Non-executive Directors:
Ms. ZHANG Shuman
Dr. YANG Qingli
Mr. CAO Hongbo
Dr. FAN Ren Da Anthony

Independent non-executive Directors:
Mr. WANG Tao
Mr. WONG Man Chung Francis
Mr. SHI Zheyan

Registered Office:
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Room 1910, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

4 August 2025

To the Shareholders:

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS (1) REVISED HILONG ENERGY ANNUAL CAP; (2) 2025 PIPELINE CLEANING AND INSPECTION AGREEMENT; AND (3) NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to:

(i) 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; and

* *For identification purpose only*

(ii) the announcement of the Company dated 1 August 2025 in relation to 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.

The purpose of this circular is to provide you with, among other things, (i) further details of the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement (including the respective transactions contemplated thereunder and the proposed annual caps related thereto); (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from 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.

2. CONTINUING CONNECTED TRANSACTIONS

(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 (including the independent non-executive Directors) 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 circular, 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 (including the independent non-executive Directors) 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

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.

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 (including the independent non-executive Directors) 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 circular, 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.

3. 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.

4. 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 Latest Practicable Date, 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. As at the Latest Practicable Date, 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. As at the Latest Practicable Date, 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 Latest Practicable Date, 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.

5. LISTING RULES IMPLICATIONS

As of the Latest Practicable Date, 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 highest annual cap 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 of the Latest Practicable Date, 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 Latest Practicable Date, 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.

6. EGM

The EGM will 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 transactions contemplated thereunder and the proposed annual caps related thereto.

The Independent Board Committee comprising Mr. WANG Tao, Mr. WONG Man Chung Francis and Mr. SHI Zheyan, being all the independent non-executive Directors, has been established 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.

A notice convening the EGM to be held at Conference Room, 6th Floor, Hilong Group of Companies Ltd., No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, China on Monday, 25 August 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Ordinary resolutions will be proposed at the EGM for the purpose of considering and, if thought fit, 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. The voting on the ordinary resolutions to be proposed at the EGM will be taken by way of poll and an announcement will be made by the Company after the EGM on the result of the EGM with respect to whether or not the proposed ordinary resolutions have been passed by the Independent Shareholders.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to read the notice of EGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 10:00 a.m. on Saturday, 23 August 2025 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

7. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 August 2025 to Monday, 25 August 2025, both days inclusive, during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members of the Company on Monday, 25 August 2025, the record date, are entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 19 August 2025.

8. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee on page 24 of this circular, which contains its recommendation to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser on pages 25 to 38 of this circular which contains its advice to the Independent Board Committee and 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.

Having considered the principal factors and reasons stated in the letter of advice from the Independent Financial Adviser, the Independent Board Committee considers that 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 are fair and reasonable and on normal commercial terms or better, and such transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolutions to be proposed 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.

9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I to this circular.

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

Hilong Holding Limited
海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1623)

4 August 2025

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS (1) REVISED HILONG ENERGY ANNUAL CAP; AND (2) 2025 PIPELINE CLEANING AND INSPECTION AGREEMENT

We refer to the circular of the Company dated 4 August 2025 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed by the Board to form the Independent Board Committee to advise you in connection with 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, details of which are set out in the letter from the Board which is on pages 6 to 23 of the Circular.

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. We wish to draw your attention to their letter of advice which is on pages 25 to 38 of the Circular.

Having considered the principal factors and reasons stated in the letter of advice from the Independent Financial Adviser, we consider that 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 are fair and reasonable and on normal commercial terms or better, and such transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the resolutions to be proposed 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.

Yours faithfully,
Independent Board Committee

Mr. WANG Tao	**Mr. WONG Man Chung Francis**	**Mr. SHI Zheyan**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

* *For identification purpose only*

The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement, which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

4 August 2025

To the Independent Board Committee and the Independent Shareholders

Hilong Holding Limited
Room 1910, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS (1) REVISED HILONG ENERGY ANNUAL CAP; AND (2) 2025 PIPELINE CLEANING AND INSPECTION AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company dated 4 August 2025 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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. 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.

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. 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.

As at the Latest Practicable Date, 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.

The Independent Board Committee comprising Mr. WANG Tao, Mr. WONG Man Chung Francis and Mr. SHI Zheyan, being all the independent non-executive Directors, has been established 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. We, 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.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and Mr. Zhang that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the independent board committee and the Independent Shareholders of the Company in relation to (i) the continuing connected transactions in relation to the supplemental coating services and hardbanding services agreement and the renewal of the welding wire supply agreement, details of which are set out in the circular of the Company dated 4 March 2024; (ii) the continuing connected transactions in relation to the renewal of tenancy agreements and the equipment lease agreement, details of which are set out in the circular of the Company dated 25 July 2024; and (iii) the continuing connected transactions in relation to the renewal of tenancy agreements and the 2025 Hilong Energy CCT Agreements, details of which are set out in the circular of the Company dated 20 December 2024. Other than that, there was no engagement or connection between the Group or Mr. Zhang and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or Mr. Zhang. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and therefore are qualified to give independent advice in respect of the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the

Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the counterparties or their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on 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, we have taken into account the principal factors and reasons set out below:

1. Information of the Group and the relevant counterparties

(i) Information of 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 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 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.

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

(ii) Information of the relevant counterparties

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 Shanghai Hilong Shine New Material Co., Ltd.

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

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 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.

2. Reasons for and benefits of entering into the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement

2025 Drill Pipe Inspection and Coating Services Agreement and the Revised Hilong Energy Annual Cap

As stated in the Letter from the Board, the Group requires inspection and coating services for drill pipes that need repairs to ensure compliance with relevant standards.

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 the 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 the Letter from the Board, 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 sale of drill pipes.

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 and the Independent Client requires pipeline cleaning and inspection services as part of the Pipeline and Truckline Cleaning and Inspection Survey Agreement. 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.

As stated in the Letter from the Board, 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 has 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 the Letter from the Board, 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 the Independent Client could potentially secure more business opportunities and potential cooperation.

Based on the above, we concur with the Board that the entering into of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement

Details of the terms of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement are set out in the Letter from the Board. Set out below are the principal terms of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement:

(i) 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.

As advised by the management of the Company, the Group did not purchase any drill pipe inspection and coating services from TIPC in the past.

In assessing whether the terms of the 2025 Drill Pipe Inspection and Coating Services Agreement are fair and reasonable, we have obtained from the Group and reviewed (1) a quotation of approximately US$230,000 from TIPC to the Group; and (2) two quotations from independent suppliers to the Group for drill pipe inspection and coating services in 2025 (the "**Drill Pipe Quotations**"). Given that (1) as the Group did not previously have demand for such services, the Drill Pipe Quotations represent all quotations obtained by the Group for drill pipe inspection and coating services; and (2) the Group had followed its internal control measures to obtain at least two quotations from independent suppliers, we consider the Drill Pipe Quotations to be sufficient and representative. We noted that (1) the price offered by TIPC is approximately 20% lower than that offered by the independent suppliers; and (2) the independent suppliers offered credit terms of 30 days or 35 days from the invoice date, whereas TIPC offered 60 days. As such, the price and the payment term offered by TIPC are more favourable than that offered by the independent suppliers. The Group will enter into a formal agreement with TIPC after the Revised Hilong Energy Annual Cap is approved by the Shareholders at the EGM.

As such, we consider that the terms of the 2025 Drill Pipe Inspection and Coating Services Agreement are on normal commercial terms which are fair and reasonable.

(ii) 2025 Pipeline Cleaning and Inspection Agreement

Date:	1 August 2025
Parties:	(i) Hilong Oil Service Ltd. (Libya Branch); and (ii) Shenglong Oil and Gas
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. 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.

As advised by the management of the Company, the Group did not purchase any pipeline cleaning and inspection services from Shenglong Oil and Gas in the past.

In assessing whether the terms of the 2025 Pipeline Cleaning and Inspection Agreement are fair and reasonable, we have obtained from the Group and reviewed (1) a quotation from Shenglong Oil and Gas to the Group; and (2) two quotations from independent suppliers to the Group for pipeline cleaning and inspection

services in 2024 (the "**Pipeline Quotations**"). The Pipeline Quotations were obtained by the Group to assess the potential costs for the provision of pipeline cleaning and inspection services before entering into the Pipeline and Truckline Cleaning and Inspection Survey Agreement with the Independent Client.

Given that (1) as the Group did not previously have demand for such services, the Pipeline Quotations represent all quotations obtained by the Group for pipeline cleaning and inspection services; and (2) the Group had followed its internal control measures to obtain at least two quotations from independent suppliers, we consider the Pipeline Quotations to be sufficient and representative. We noted that (1) the price offered by Shenglong Oil and Gas is approximately 30% lower than that offered by the independent suppliers; and (2) the independent suppliers' quotations required payment in five instalments, while the Shenglong Oil and Gas's quotation required payment in six instalments, thus giving the Group a longer credit term. As such, the price and the payment terms offered by Shenglong Oil and Gas are more favourable than that offered by the independent suppliers. In addition, Shenglong Oil and Gas requires less time to complete the project. The Group will enter into a formal agreement with Shenglong Oil and Gas after the 2025 Pipeline Cleaning and Inspection Agreement is approved by the Shareholders at the EGM.

As such, we consider that the terms of the 2025 Pipeline Cleaning and Inspection Agreement are on normal commercial terms which are fair and reasonable.

4. Internal control measures of the Group

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.

As mentioned in the section headed "3. Principal terms of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement" above, we have obtained and reviewed (i) the quotations for the same services from TIPC and two independent suppliers; and (ii) the quotations for the same services from Shenglong Oil and Gas and two independent suppliers. Taking into account (i) based on our above review, we consider the Company has followed the relevant internal control procedures and the terms of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement are on normal commercial terms which are fair and reasonable; and (ii) the ongoing monitoring of the transactions under the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement, we concur with the Board that appropriate and adequate procedures are in place to ensure that the transactions contemplated under the 2025 Drill Pipe Inspection and Coating Services

Agreement and the 2025 Pipeline Cleaning and Inspection Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Assessment of the proposed annual caps

(i) Revised Hilong Energy Annual Cap

The historical transaction amounts and annual caps under the 2025 Hilong Energy CCT Agreements are set out below:

Historical transaction amount for the four months ended 30 April 2025 *RMB'000*	**Annual cap for the year ending 31 December 2025** *RMB'000*	**Utilisation rate**
86,340	406,048	21.3%

As advised by the management of the Company, the relative low utilisation rate for the four months ended 30 April 2025 was mainly due to the seasonal fluctuation of demand for Coating Services, Hardbanding Services and Spraying and Packaging Services. The Company expects the transaction amount to increase in the second half of 2025.

The Revised Hilong Energy Annual Cap represents the sum of the Existing Hilong Energy Annual Cap and the proposed annual cap of US$250,000 (equivalent to approximately RMB1,797,000) under the 2025 Drill Pipe Inspection and Coating Services Agreement. In assessing the proposed annual cap of US$250,000 under the 2025 Drill Pipe Inspection and Coating Services Agreement, we have discussed the basis of the proposed annual cap with the management of the Company and were advised that the proposed annual cap was determined based on (i) the quotation provided by TIPC for the provision of inspection service for approximately 9,000 units of drill pipe and coating service for approximately 250 units of drill pipe; and (ii) a buffer of approximately 8.7% for unanticipated demand for inspection and coating services for additional drill pipe. We have obtained and reviewed the Drill Pipe Quotations, and noted the price offered by TIPC was approximately US$230,000. Taking into account that (i) the quotation provided by TIPC is more favourable than that provided by independent suppliers; and (ii) recent uncertainty in U.S. tariff policy may bring opportunities to the drill pipe sales business of Hilong USA which is able to offer more competitive prices than international suppliers, and may result in an increased demand for drill pipe inspection and coating services, we consider the buffer, the proposed annual cap under the 2025 Drill Pipe Inspection and Coating Services Agreement and therefore the Revised Hilong Energy Annual Cap to be fair and reasonable.

(ii) 2025 Pipeline Cleaning and Inspection Agreement

The Group does not have historical transaction with Shenglong Oil and Gas in relation to pipeline cleaning and inspection services. In assessing the proposed annual caps of US$1,870,000 and US$1,630,000 for the two years ending 31 December 2026, respectively, under the 2025 Pipeline Cleaning and Inspection Agreement, we have discussed the basis of the proposed annual caps with the management of the Company and were advised that the proposed annual caps were determined based on the estimated transaction amount under the Pipeline and Truckline Cleaning and Inspection Survey Agreement entered into between Hilong Oil Service Ltd. (Libya Branch) and the Independent Client in relation to provision of pipeline cleaning and inspection services. We have obtained and reviewed the Pipeline and Truckline Cleaning and Inspection Survey Agreement, and noted that the estimated contract price for the works under such agreement is approximately US$3,620,000, which is subject to the adjustment based on the actual workload. As stated in the Letter from the Board, 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 Shenglong Oil and Gas, 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. We have further obtained and reviewed the Pipeline Quotations, which were obtained by the Group to assess the potential costs for the provision of pipeline cleaning and inspection services before entering into the Pipeline and Truckline Cleaning and Inspection Survey Agreement with the Independent Client.

According to the pricing policy of the 2025 Pipeline Cleaning and Inspection Agreement, Hilong Oil Service Ltd. (Libya Branch) expects to deduct the necessary costs and expenses from the actual amount collected from the Independent Client, retain a profit of approximately 5% to 6%, and then pay the remainder to Shenglong Oil and Gas. Taking into account that (i) the actual workload of a large-scale engineering project is often difficult to estimate accurately, so the management of the Company expects that the final contract price under the Pipeline and Truckline Cleaning and Inspection Survey Agreement to exceed US$3,620,000, which represents approximately 103.4% of the aggregate of the proposed annual caps of US$3,500,000 under the 2025 Pipeline Cleaning and Inspection Agreement and ensures that the Group will still make a profit after deducting necessary costs incurred by the Group and the service fee paid to Shenglong Oil and Gas under the 2025 Pipeline Cleaning and Inspection Agreement; (ii) the proposed annual cap for each of the two years ending 31 December 2026 and the period from 1 January 2027 to 28 February 2027 is estimated based on the planned project progress under the Pipeline and Truckline Cleaning and Inspection Survey Agreement. The pipeline cleaning and inspection services are expected to be completed by the end of the year ending 31 December 2026. The period from 1 January 2027 to 28 February 2027 is expected to be a grace period for payments under the 2025 Pipeline Cleaning and Inspection Agreement; and (iii) the quotation provided by Shenglong Oil and Gas which we have obtained and reviewed as mentioned above is more favourable than

that provided by independent suppliers, we consider the proposed annual caps under the 2025 Pipeline Cleaning and Inspection Agreement to be fair and reasonable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the 2025 Drill Pipe Inspection and Coating Services Agreement and the 2025 Pipeline Cleaning and Inspection Agreement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the Revised Hilong Energy Annual Cap and the 2025 Pipeline Cleaning and Inspection Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, save as disclosed below, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**"):

(a) Long positions in the Shares of the Company

Name	Capacity	Number of Shares interested	Approximate percentage in the issued share capital of the Company
Directors			
Mr. Zhang Jun	Founder and beneficiary of Mr. Zhang's trust/Interest of controlled corporation	715,461,000[(1)]	
	Founder and beneficiary of three Mr. Zhang's family trusts/Interest of controlled corporation	112,300,800[(2)]	
	Beneficial owner	1,260,000	
		829,021,800	48.87%
Ms. Zhang Shuman	Interest of controlled corporation	24,300,000[(3)]	
	Beneficial owner	692,000	
		24,992,000	1.473%
Mr. Cao Hongbo	Beneficial owner	1,708,000	0.101%
Mr. Wong Man Chung Francis	Beneficial owner	1,288,000	0.076%
Dr. Yang Qingli	Interest of spouse	77,000[(4)]	0.005%
Chief Executive			
Mr. Gao Zhihai	Beneficial owner	1,395,000	0.08%

Notes:

(1) These shares are held by Hilong Group Limited, the entire share capital of which is held by SCTS Capital Pte. Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as the trustee of Mr. Zhang's trust. As Mr. Zhang Jun is the founder and beneficiary of Mr. Zhang's trust as well as the sole director of Hilong Group Limited, he is deemed to be interested in these shares.

(2) 24,300,000 shares, 24,000,000 shares and 64,000,800 shares are held by Younger Investment Limited, North Violet Investment Limited and LongZhi Investment Limited respectively, the entire share capital of each of which is held by SCTS Capital Pte. Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as trustees of three Mr. Zhang's family trusts. As Mr. Zhang Jun is the founder and one of the beneficiaries of these three Mr. Zhang's family trusts as well as the sole director of North Violet Investment Limited and LongZhi Investment Limited, he is deemed to be interested in these shares.

(3) These shares are held by Younger Investment Limited of which Ms. Zhang Shuman is the sole director. Ms. Zhang Shuman is therefore deemed to be interested in these shares.

(4) These shares are held by Ms. Gao Chunyi, spouse of Dr. Yang Qingli. Dr. Yang Qingli is therefore deemed to be interested in these shares.

(b) Long positions in the shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares interested	Percentage of the issued share capital of the associated corporation held
Mr. Zhang Jun	Hilong Group Limited	Founder and beneficiary of Mr. Zhang's trust	100	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN THE SECURITIES OF THE COMPANY

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name of substantial shareholder	Capacity	Number of Shares/underlying shares interested	Approximate percentage of the issued share capital of the Company
Hilong Group Limited	Beneficial owner	715,461,000[(1)]	42.17%
SCTS Capital Pte. Ltd.	Nominee	827,761,800[(1)(2)]	48.79%
Standard Chartered Trust (Singapore) Limited	Trustee	827,761,800[(1)(2)]	48.79%
Ms. Gao Xia	Interest of spouse	829,021,800[(3)]	48.87%

Notes:

(1) 715,461,000 shares are held by Hilong Group Limited, the entire share capital of which is held by SCTS Capital Pte. Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as trustee of Mr. Zhang's trust. Mr. Zhang Jun is the founder and beneficiary of Mr. Zhang's trust.

(2) 24,300,000 shares, 24,000,000 shares and 64,000,800 shares are held by Younger Investment Limited, North Violet Investment Limited and LongZhi Investment Limited respectively, the entire share capital of each of which is held by SCTS Capital Pte. Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as trustees of three Mr. Zhang's family trusts. Mr. Zhang Jun is the founder and one of the beneficiaries of these three Mr. Zhang's family trusts.

(3) Ms. Gao Xia is the spouse of Mr. Zhang Jun and is therefore deemed to be interested in the shares and underlying shares of the Company in which Mr. Zhang Jun is interested.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had, or were deemed to have, an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective close associates had any business which competes or may compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, save as disclosed in this circular, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

(A) The Group (as lessee) has entered into tenancy agreements with Shanghai Longshi Investment Management Company Limited (上海隆視投資管理有限公司) (as lessor) for premises on 1 August 2023 and 9 December 2024, respectively;

(B) The Group (as lessee) has entered into tenancy agreements with Beijing Huashi Hailong Oil Investment Co., Ltd.* (北京華實海隆石油投資有限公司) (as lessor) for premises and car par spaces, and tenancy agreements with Technomash Limited Liability Company and Hilong Petroleum Pipeline Service (Surgut) LLC (as lessor) on 9 December 2024, respectively;

(C) The Group (as lessor) has entered into tenancy agreements with Shanghai Hilong Shine New Material Co., Ltd.* (上海海隆賽能新材料有限公司), Hilong Pipeline Engineering Technology Service Co., Ltd. (海隆管道工程技術服務有限公司), Shenglong Oil and Gas Pipeline Inspection Technology Co., Ltd. (盛隆石油管檢測技術有限公司) and Drilling Technology Limited liability Company (as lessees) for premises on 9 December 2024, respectively;

(D) The Group (as lessor) has entered into an equipment lease agreement with Hilong Petroleum Pipeline Service (Surgut) LLC (as lessee) on 1 July 2024;

(E) The Group has entered into coating services, hardbanding services and spraying and packaging services agreement with Hilong Pipeline Engineering Technology Service Co., Ltd. for providing coating services, hardbanding services and spraying and packaging services as and when requested by Hilong Energy Limited and its subsidiaries on 9 December 2024; and

(F) Hilong Pipeline has entered into welding wire supply agreement with the Group for supplying welding wires and related products to Hilong Pipeline as and when requested by Hilong Pipeline on 9 December 2024.

The counterparties of such agreements are associates of Mr. Zhang. Save as disclosed above, as at the Latest Practicable Date, there were no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company or his or her connected entities had a material interest, whether directly or indirectly.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, so far as the Directors are aware, no material contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Group within the two years immediately and which are, or may be, material to the Group.

9. EXPERTS

The following is the qualification of the expert who has given its opinions or advice which are included in this circular:

Name	Qualifications
Rainbow Capital (HK) Limited	a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Rainbow Capital (HK) Limited:

(i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report (as the case may be) and references to its names, in the form and context in which they respectively appear;

(ii) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(iii) did not have any direct or indirect interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letters and/or report (as the case may be) from the above expert is given as of the date of this circular for incorporation herein.

10. MISCELLANEOUS

(a) Ms. Sham Ying Man is the company secretary of the Company. Ms. Sham Ying Man is a senior manager of Tricor Services Limited, a member of Vistra Group and a global professional service provider specializing in integrated business, corporate and investor services. The company secretary attended sufficient professional training as required under the Listing Rules for the year ended 31 December 2024 to update her skills and knowledge.

(b) The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(c) The principal place of business of the Company in Hong Kong is situated at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

(d) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited, whose address is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hilonggroup.com) for the period of 14 days commencing from the date of this circular:

(a) the 2025 Drill Pipe Inspection and Coating Services Agreement;

(b) the 2025 Pipeline Cleaning and Inspection Agreement;

(c) the letter from the Independent Board Committee, the text of which is set out in this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out in this circular;

(e) the written consent of the expert referred to in the section headed "9. Experts" in this appendix; and

(f) this circular.

Hilong Holding Limited
海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1623)

NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 second extraordinary general meeting (the "**EGM**") of the shareholders of Hilong Holding Limited (the "**Company**") will be held at Conference Room, 6th Floor, Hilong Group of Companies Ltd., No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, China, on Monday, 25 August 2025 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the 2025 Drill Pipe Inspection and Coating Services Agreement and the transactions contemplated thereunder and the proposed annual cap and the Revised Hilong Energy Annual Cap referred to in the sub-section headed "2. (A) Revised Hilong Energy Annual Cap" in the "Letter from the Board" contained in the circular dated 4 August 2025 (the "**Circular**") of the Company of which this notice forms part, be and are hereby approved, confirmed and ratified; and

   (b) any one or more directors of the Company be and is/are hereby authorised to do all such acts and things and sign all such documents (under seal, if necessary) and to take all such steps as he/she/they consider necessary or expedient or desirable to implement and/or give effect to the above agreement and the transactions contemplated thereunder and the Revised Hilong Energy Annual Cap, and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interests of the Company."

2. "**THAT**:

   (a) the 2025 Pipeline Cleaning and Inspection Agreement dated 1 August 2025 referred to in the sub-section headed "2. (B) 2025 Pipeline Cleaning and Inspection Agreement" in the "Letter from the Board" contained in the Circular of which this notice forms part and the transactions contemplated thereunder and the proposed annual cap, be and are hereby approved, confirmed and ratified; and

* *For identification purpose only*

(b) any one or more directors of the Company be and is/are hereby authorised to do all such acts and things and sign all such documents (under seal, if necessary) and to take all such steps as he/she/they consider necessary or expedient or desirable to implement and/or give effect to the above agreement and the transactions contemplated thereunder and the proposed annual cap, and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interests of the Company."

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

Hong Kong, 4 August 2025

Notes:

(1) All resolutions at the EGM will be taken by poll pursuant to article 66 of the articles of association of the Company. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

(3) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Saturday, 23 August 2025 (Hong Kong time)) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM and at any adjournment thereof and, in such event, the form of proxy will be deemed to be revoked.

(4) For the purpose of determining the qualification as shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 20 August 2025 to Monday, 25 August 2025, both days inclusive, during which period no transfer of shares will be registered, and the record date will be Monday, 25 August 2025. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 August 2025.

As at the date of this notice, 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.