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

Hilong Holding Limited
海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1623)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE VESSEL

THE DISPOSAL AND THE MOA

On 11 August 2025 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the MOA, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Vessel at the Consideration of US$100 million according to the terms and conditions set out therein.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM to approve the MOA and the transactions contemplated thereunder. A circular containing, among other things, information relating to the MOA and on the Disposal, a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 1 September 2025.

Completion of the Disposal is conditional upon the satisfaction of the conditions precedent set out in the section headed "The Disposal and the MOA – Conditions Precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 11 August 2025 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the MOA, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Vessel at the Consideration of US$100 million according to the terms and conditions set out therein.

THE DISPOSAL AND THE MOA

Principal terms of the MOA are summarized below:

Date: 11 August 2025

Parties: (1) the Vendor; and

(2) the Purchaser

Subject Matter: Pursuant to the MOA, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Vessel named "HAI LONG 106" with the following particulars:

Flag: Hong Kong

Place of registration: Hong Kong

IMO Number: 8674182

Year built: 2012

Consideration and payment: The Consideration for the Disposal, pursuant to the MOA, is US$100 million, and shall be payable by the Purchaser to the Vendor in the following manner:

(i) Subject to the approval of the EGM and Purchaser's EGM, the Purchaser shall pay a downpayment of 55% of the Consideration (the "**Downpayment**") to the Vendor by (a) paying US$30 million in cash; and (b) issuing a promissory note (with conversion option) in the amount of US$25 million in favour of the Vendor followed by transfer of the title of the Vessel from the Vendor to the Purchaser on the same date of the Purchaser's EGM; and

(ii) Following the Downpayment and transfer of title of the Vessel on the Title Transfer Date, 45% of the Consideration in the amount of US$45 million and all other sums payable by the Purchaser to the Vendor shall be paid in full on or before 31 December 2025 (the "**Purchase Price**").

The above promissory note shall include a conversion option which entitles the Vendor, at their sole discretion, to convert all of the outstanding principal amount into equity of the Purchaser and the Vendor's representative shall be appointed to the Purchaser's board of directors.

Basis of the Consideration:

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things:

(1) fair value of the Vessel, being US$101,458,755.15, based on the valuation of the market value of the Vessel as at 31 May 2025 stated in the Valuation Report;

(2) recent technological developments and shifts in the offshore vessel market have led to a strong preference for high-specification vessels, particularly those equipped with dynamic positioning (DP) systems. As the Vessel does not possess such features, its appeal in the current market is diminished, resulting in a more limited pool of potential purchasers;

(3) prevailing market price for vessel of similar type, size, maintenance condition, and year of build; and

(4) the location and time of delivery to the Purchaser.

The Directors consider that the Consideration in respect of the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

In respect of the valuation of the Vessel, the Directors have reviewed the Valuation Report and discussed with the Valuer about the valuation approach and methodology adopted in the valuation of the Vessel. As advised by the Valuer, the cost approach has been adopted in the valuation of the Vessel for the following reason:

Civilian vessels are generally classified into two categories: transport vessels and engineering and special-purpose vessels. Transport vessels typically include passenger ships, cargo ships, container ships, and roll-on/roll-off ships. The Vessel is a pipe-laying crane vessel, which falls under the category of engineering and special-purpose vessels. Compared to transport vessels, engineering and special-purpose vessels are often highly specialized and custom-built. In recent years, there have been very few publicly available transactions involving vessels of similar type or specifications, such limited availability does not provide sufficient basis and is unsuitable for the Valuer to adopt the market approach. As a result, market approach was not selected by the Valuer for valuation of the Vessel.

According to the Valuation Report, the cost approach is applied using the following formula:

Valuation = Gross current replacement cost × Composite depreciation rate

1. Gross Current Replacement Cost

   This includes material costs (based on market prices for steel plates, welding materials, paint, cables, and other auxiliary materials), equipment costs (based on quotations from manufacturers and the Valuer's industry experience), labor costs, production-specific expenses, period costs, and profit. Among these, material, equipment, and labor costs are considered direct costs and form the core of gross current replacement cost.

2. Composite Depreciation Rate

   Depreciation is determined by combining two factors:

- Theoretical Depreciation Rate (40%), calculated as:

$$\text{Theoretical depreciation rate} = \frac{\text{Remaining Useful Life}}{\text{Used Life + Remaining Useful Life}} \times 100\%$$

- Technical Appraisal Depreciation Rate (60%), assessed using a scoring method based on the vessel's physical and operational condition.

As of 31 May 2025, the book value of the Vessel is US$150.2 million, which is based on the fact that the Group will continue to own and operate the Vessel, thereby generating economic benefits through self-use. With over a decade of experience in the offshore engineering services sector, the Group is well regarded and possesses deep market knowledge in both domestic and international markets, enabling it to identify niche segments and projects, thereby enhancing the Vessel's operational efficiency and reducing idle time. In addition, the Company's vessel management team, with its deep familiarity and expertise, helps reduce daily operating costs, which maximizes the Vessel's value under the Company's ownership.

As advised by the Valuer, given the purpose of the Disposal is the sale of the Vessel, the valuation is therefore based on market value under a change of ownership, which differs fundamentally from the value derived from continued use by the Company in ongoing operations. Potential purchaser does not possess the same operation advantages as the Company, and is unlikely to achieve similar utilization efficiency as the Company within their respective niche markets. Instead, purchasers primarily focus on factors such as the Vessel's condition and age, replaceability, replacement cost, operational scope, and the prevailing market price for similar vessels.

Completion and Delivery:	The title of the Vessel is transferred on the Title Transfer Date and the Purchaser will take physical delivery of the Vessel between 1 July 2026 to 31 July 2026. Notice of readiness is served to the Purchaser by the Vendor when the Vessel is at the place of delivery and physically ready. Vendor shall provide the Purchaser with twenty (20), ten (10), five (5) and three (3) days' notice of the date the Vendor intends to tender notice of readiness and of the intended place of delivery.
Conditions Precedent:	Completion of the Disposal is conditional on the parties having obtained their respective requisite shareholders' approval in respect of the MOA and the Disposal in accordance with the Listing Rules.
Cancellation:	Cancellation by the Vendor: Should the Downpayment not be paid by the Purchaser in accordance with the terms and conditions of the MOA, the Vendor has the right to cancel the MOA and should be entitled to claim compensation for the losses and for all expenses incurred together with interest. Should the Purchase Price not be paid in accordance with the terms and conditions of the MOA, the Vendor has the right to cancel the MOA, in which case the Downpayment together with interest earned, if any, less a fixed penalty US$15 million shall be paid back to the Vendor immediately, the mortgage pursuant to the MOA be discharged and released, and the title of the Vessel shall be retained by the Vendor. Cancellation by the Purchaser: If the Vendor anticipates that, notwithstanding the exercise of due diligence, the Vessel will not be ready for delivery by the Cancelling Date, the Vendor may notify the Purchaser in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Purchaser shall have the option of either cancelling the MOA within three Banking Days of receipt of notice or accepting a new date as the new Cancelling Date. If the Purchaser has not declared the option within three Banking Days of receipt of the Vendor's notification or if the Purchaser accepts the new date, the date proposed in the Vendor's notification shall be deemed to be the new Cancelling Date.

Should the Vendor fail to give notice of readiness in accordance with the terms and conditions of the MOA or fail to be ready to validly complete a legal transfer by the Cancelling Date for physical delivery, the Purchaser shall have the option to cancel the MOA. If after notice of readiness has been given but before the Purchaser has taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new notice of readiness given, the Purchaser shall retain the option to cancel the MOA. In the event that the Purchaser elects to cancel the MOA, the Downpayment together with interest earned, if any, shall be fully returned by the Vendor to the Purchaser immediately and the Vendor shall pay a fixed penalty of US$15 million.

Should the Vendor fail to give notice of readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer in accordance with the terms of the MOA, the Vendor shall make due compensation to the Purchaser for the loss and for all expenses together with interest if the failure is due to proven negligence and whether or not the Purchaser cancel the MOA.

The Promissory Note

The principal terms of the Promissory Note issued pursuant to the MOA are summarized below:

Issue Date:	Date on which the Purchaser obtained the requisite shareholders' approval for the MOA (the "**Issue Date**")
Issuer:	The Purchaser
Holder:	The Vendor
Maturity Date:	twelve (12) months of the date of the MOA or as otherwise agree in writing by the Parties (the "**Maturity Date**")
Principal amount:	US$25,000,000
Interest rate:	3% per annum, payable on the last day of each of the twelve (12) months period
Repayment:	On Maturity Date, the Purchaser shall repay the outstanding principal amount of US$25,000,000 and accrued interest. All outstanding principal amounts will become immediately due and payable in the event of default
Conversion Period:	Commences from the Issue Date until the Maturity Date

Conversion Price: Means the average closing price of the shares of the Purchaser as stated on the website of the Indonesia Stock Exchange for 30 consecutive trading days immediately preceding the date of the conversion, subject to adjustment which shall be agreed upon by the parties after arm's length negotiations and taking into account the provisions of the applicable regulatory authority

For illustration purpose only, the conversion price as of the Latest Practicable Date is IDR70.77 (equivalent to approximately US$0.0043)

Number of Conversion Shares: The Vendor has the option to convert (the "**Conversion Option**") the outstanding principal amount into shares of the Purchaser (the "**Conversion Shares**") by delivering a conversion notice to the Purchaser, which specifies the number of Conversion Shares based on the formulate below:

Conversion Shares = Outstanding principal amount / Conversion Price

The Company will re-comply with the Listing Rules requirements, including the announcement, circular and shareholders' approval requirements under Rule 14.76 of the Listing Rules, if it determines that it is appropriate and in the interests of the Company and its Shareholders to exercise the Conversion Option.

INFORMATION OF THE VESSEL

The Vessel has been owned by the Group since January 2015, and its net book value as at 31 May 2025 was approximately US$150.2 million.

The Vessel has been primarily been used in the Company's offshore-engineering services segment to carry out projects such as subsea pipeline laying, offshore transportation and installation of offshore structures. On this basis, the Board considers that the Vessel is not a revenue-generating asset and as such there is no identifiable income stream originated therefrom.

INFORMATION OF THE GROUP AND THE PARTIES

The Group

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

The Vendor

The Vendor is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong in 2024 and is principally engaged in offshore engineering service provision.

The Purchaser

The Purchaser is a company incorporated in the Indonesia with limited liability and is principally engaged in domestic sea transportation business for general cargo shipping by operating tugboats and five barges. Its maritime transportation services include bulk cargo shipping, such as mining products, construction materials, heavy equipment, agricultural products, and other industrial goods. Additionally, the Purchaser provides vessel charter services based on voyage and time, as well as ship management services. Its shares are listed on the Indonesia Stock Exchange under the stock code: CBRE. According to the annual report of the Purchaser for the year ended 31 December 2024 published on 5 May 2025, the Purchaser recorded revenue of IDR62,173,596,046 and total assets of IDR333,652,847,172 in 2024. As of the Latest Practicable Date, the market capitalization of the Purchaser was IDR458 billion (equivalent to approximately US$27.9 million).

As of the Latest Practicable Date, the controlling shareholder and ultimate beneficial owner of the Purchaser is Mr. Suganto Gunawan through indirect ownership via PT Omudas Investment Holdco.

To the best of the Company's knowledge, information and belief, as of the Latest Practicable Date, the Purchaser and its respective ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Vessel was built in 2012 and has been in operation for nearly 10 years. The Vessel has primarily been used in the Company's offshore-engineering services segment for subsea pipeline laying, offshore transportation and installation of offshore structures projects. The Vessel was deployed to carry out the Company's offshore engineering projects, including but not limited to wind power installation project and offshore platform and pipeline installation projects.

In alignment with the Group's strategic transformation from a vessel-centric installation contractor into a profitable EPCI integrator, we have expanded our business model to offer full life cycle solutions to global clients, including engineering design, commissioning and decommissioning. The Group's core value has shifted towards marketing positing, project management and resource integration through joint ventures. The Company has focused on enhancing its market positioning, project management capabilities, and integration of high-quality domestic and international resources. The shift in operational strategy has also led to a gradual reduction in reliance on the Vessel. For example, in 2024, the offshore-engineering services segment executed over 10 projects, with the Vessel participating in 2 only. Going forward, the Company will source vessel resources externally to support project execution. To ensure stable and reliable support of vessels, the Group has strengthened strategic partnerships with both domestic and international vessel owners, ensuring reliable access to vessel resources for future projects. The Disposal enhances this strategic shift and enables us to further strengthen our financial focus on high-value EPCI services with less operational dependence on the Vessel.

The Vessel was solely operated and utilized by the offshore-engineering segment of the Group. In light of the ongoing strategic transformation and the increasing availability of alternative external vessel resources, there is a gradual reduction in reliance on the Vessel and the Board believes that the Disposal will not have a material impact on the business of the offshore-engineering segment, which will continue to focus on delivering EPCI services to its clients.

The Company currently has no intention or plan to downsize, cease or dispose its existing businesses.

The Disposal is expected to generate immediate cash inflow, which will enhance the Company's financial flexibility and support its future strategic development. Upon Completion, the proceeds will be utilized to reduce outstanding debt, improve liquidity and strengthen the Company's ability to execute its new strategic initiatives. In addition, the Disposal will alleviate the substantial costs associated with maintaining the Vessel, including but not limited to insurance, docking, and upkeep expenses. By mitigating these operational burdens, the Company will benefit from increased efficiency and greater agility in project execution.

FINANCIAL IMPACT OF THE DISPOSAL

As at 31 May 2025, the net book value of the Vessel was approximately US$150.2 million. As a result of the Disposal, it is estimated that the Group will realise a loss on disposal of asset of approximately US$50 million. The actual disposal loss which the Group would realise upon Completion will depend on the net book value of the Vessel as at date of delivery in accordance with the Group's impairment and depreciation policy for its vessels as shown in the Company's annual report and the actual costs of Disposal incurred as at the date of delivery in accordance with the MOA, and is also subject to audit to be conducted by the auditors of the Company upon finalization of the consolidated financial statements for the financial year in which the Disposal takes place.

USE OF PROCEEDS

The net cash proceeds from the Disposal after deducting relevant expenses are estimated to be approximately US$74 million, of which

(i) not less than 45.0% of the net cash proceeds, or US$33.3 million, will be used towards reducing the liabilities owed under the Company's 9.75% senior secured notes due on 18 November 2024 (Reg S: ISIN Number: XS2344083139; Common Code: 234408313; Rule 144A: ISIN Number: XS2344082917; Common Code: 234408291; IAI: ISIN Number: XS2344083303; Common Code: 234408330) by 31 December 2026; and

(ii) approximately 55.0% of the net cash proceeds, or US$40.7 million will be used for general working capital of the Group including:

    (a) approximately 40.5%, or US$30 million, will used to settle outstanding payments to suppliers of the offshore engineering services segment by 31 December 2026; and

    (b) approximately 14.5%, or US$10.7 million, will be used for the payment of guarantee deposits for upcoming EPCI projects, expected to be fully-utilized by 31 December 2026.

Taking into consideration of the Group's outstanding liabilities under the senior notes and the need to maintain a stable level of cash and cash equivalent to support ongoing business operations, the Board considers that intended use of proceeds to be appropriate and necessary.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM to approve the MOA and the transactions contemplated thereunder. A circular containing, among other things, information relating to the MOA and the Disposal, a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 1 September 2025.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the section headed "The Disposal and the MOA – Conditions Precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Banking Day(s)"	days on which banks are open both in the country of the currency stipulated for the Consideration and in Hong Kong, the PRC, Singapore and Indonesia
"Board"	the board of Directors
"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 issued shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal in accordance with the terms and conditions of the MOA
"Consideration"	the consideration of US$100 million payable by the Purchaser to the Vendor pursuant to the terms of the MOA
"Cancelling Date"	31 July 2026, the date on which physical delivery of the Vessel may be cancelled pursuant to the terms and conditions of the MOA
"Director(s)"	the directors of the Company
"Disposal"	the disposal of the Vessel from the Vendor to Purchaser subject to the terms and conditions of the MOA
"EGM"	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, the MOA and the transactions contemplated thereunder
"EPCI"	engineering, procurement, construction and installation, a commonly used form of construction contract
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)

"IMO"	International Maritime Organization
"Latest Practicable Date"	6 August 2025, being the latest practicable date for ascertaining certain information in this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MOA"	the written memorandum of agreement dated 11 August 2025 and entered into between the Vendor and the Purchaser in respect of the Disposal
"PRC"	the People's Republic of China which, for the purpose of this announcement, does not include Hong Kong, Macao Special Administrative Region and Taiwan
"Promissory Note"	the interest-bearing convertible promissory note to be issued by the Purchaser in favour of the Vendor in the principal amount of up to US$25,000,000
"Purchaser"	PT CAKRA BUANA RESOURCES ENERGI TBK, a company incorporated in the Indonesia and its shares are listed on the Indonesia Stock Exchange under the stock code: CBRE
"Purchaser's EGM"	an extraordinary general meeting of the Purchaser to be convened and held to consider and, if thought fit, approve, the MOA and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	the registered holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Title Transfer Date"	the date of which the title of the Vessel transfers from the Vendor to the Purchaser pursuant to the terms of the MOA
"Valuation Report"	the valuation report dated 17 July 2025 issued by the Valuer, setting out the appraised market value of the Vessel as of 31 May 2025
"US$"	United States dollar(s), the lawful currency of the United States of America

"Valuer"	Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司), the independent valuer engaged by the Company for the valuation of the Vessel
"Vendor"	Hilong Shipping Holding Limited, a company established in Hong Kong and an indirect wholly-owned subsidiary of the Company
"%"	percent

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

Hong Kong, 11 August 2025

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

* *For identification purposes only*