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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)

**(1) ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025;
(2) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR;
AND
(3) CHANGE IN COMPOSITION OF AUDIT COMMITTEE,
NOMINATION COMMITTEE AND REMUNERATION COMMITTEE**

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB4,875.2 million, representing an increase of approximately 4.4% as compared with 2024.
- Gross profit was approximately RMB1,198.9 million, representing an increase of approximately 6.9% as compared with 2024. Gross profit margin was 24.6% in 2025.
- Loss for the year was approximately RMB320.0 million, representing a decrease of 1,163.1% as compared to the profit for the year of RMB30.1 million in 2024. Loss attributable to equity owners of the Company for the year was approximately RMB323.6 million, representing a decrease of 1,243.5% as compared to the profit attributable to equity owners of RMB28.3 million in 2024.

The Board resolved not to recommend any dividend for the year ended 31 December 2025.

* *For identification purposes only*

The board (the “**Board**”) of directors (the “**Directors**”) of Hilong Holding Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**” or “**Hilong**” or “**us**”) prepared according to the HKFRS Accounting Standards (“**HKFRS**”) for the year ended 31 December 2025 (the “**Reporting Period**”) with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	3(a)	4,875,156	4,668,332
Cost of sales and provision of services		<u>(3,676,231)</u>	<u>(3,546,567)</u>
Gross profit		1,198,925	1,121,765
Selling and marketing expenses		(90,242)	(92,913)
Administrative expenses		(730,365)	(551,147)
Research and development expenses		(66,159)	(24,800)
Net provision for impairment losses on receivables and contract assets		(5,827)	(27,188)
Impairment losses on property, plant and equipment	10	(325,094)	–
Other income	6	30,662	14,145
Other loss – net	7	<u>(13,871)</u>	<u>(68,091)</u>
Operating (loss)/profit		(1,971)	371,771
Finance income	8	22,762	31,159
Finance costs	8	<u>(188,004)</u>	<u>(287,057)</u>
Finance costs – net		(165,242)	(255,898)
(Loss)/profit before income tax		(167,213)	115,873
Income tax expense	9	<u>(152,788)</u>	<u>(85,801)</u>
(Loss)/profit for the year		<u>(320,001)</u>	<u>30,072</u>
Other comprehensive income/(expenses):			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income		1	19
Currency translation differences		<u>35,354</u>	<u>(99,983)</u>
Other comprehensive income/(expenses) for the year, net of tax		35,355	(99,964)
Total comprehensive expenses for the year		<u>(284,646)</u>	<u>(69,892)</u>

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME (CONT.)
For the year ended 31 December 2025

	<i>Notes</i>	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
(Loss)/profit for the year attributable to			
Equity owners of the Company		(323,554)	28,275
Non-controlling interests		<u>3,553</u>	<u>1,797</u>
		<u>(320,001)</u>	<u>30,072</u>
Total comprehensive (expenses)/income			
for the year attributable to			
Equity owners of the Company		(286,474)	(71,621)
Non-controlling interests		<u>1,828</u>	<u>1,729</u>
		<u>(284,646)</u>	<u>(69,892)</u>
(Loss)/earnings per share attributable to			
the equity owners of the Company for the year			
(expressed in RMB per share)			
– Basic (loss)/earnings per share	<i>11</i>	(0.1926)	0.0167
– Diluted (loss)/earnings per share	<i>11</i>	<u>(0.1926)</u>	<u>0.0167</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2025

	<i>Notes</i>	As at 31 December	
		2025	2024
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,244,091	2,366,346
Right-of-use assets		49,811	50,946
Intangible assets		136,841	132,970
Deferred income tax assets		120,047	150,531
Contract costs		55,747	141,069
Prepayments		38,616	69,829
		<u>1,645,153</u>	<u>2,911,691</u>
Current assets			
Inventories		1,059,871	1,095,842
Contract assets		18,890	38,039
Financial assets at fair value through other comprehensive income		25,523	212,583
Financial assets at fair value through profit or loss ("FVPL")		176,590	–
Contract cost		41,696	–
Trade and other receivables	4	3,445,444	2,620,792
Prepayments		298,672	363,565
Current income tax recoverable		47,195	68,873
Restricted cash		112,135	44,705
Cash and cash equivalents		777,622	721,631
		<u>6,003,638</u>	<u>5,166,030</u>
Total assets		<u>7,648,791</u>	<u>8,077,721</u>
EQUITY			
Capital and reserve attributable to equity owners of the Company			
Share capital		141,976	141,976
Other reserves		1,257,532	1,262,126
Currency translation differences		(422,642)	(459,721)
Retained earnings		1,992,478	2,319,537
		<u>2,969,344</u>	<u>3,263,918</u>
Non-controlling interests		<u>(2,581)</u>	<u>(4,794)</u>
Total equity		<u>2,966,763</u>	<u>3,259,124</u>

CONSOLIDATED BALANCE SHEET (CONT.)*As at 31 December 2025*

		As at 31 December	
	<i>Notes</i>	2025	2024
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Contract liabilities		31,281	62,520
Lease liabilities		14,588	17,548
Deferred income tax liabilities		38,275	33,804
Deferred income		17,749	17,803
		<hr/> 101,893	<hr/> 131,675
Current liabilities			
Trade and other payables	5	2,036,797	1,737,743
Contract liabilities		98,665	121,441
Current income tax liabilities		84,951	131,496
Borrowings		2,349,051	2,686,464
Lease liabilities		10,671	9,778
		<hr/> 4,580,135	<hr/> 4,686,922
Total liabilities		<hr/> 4,682,028	<hr/> 4,818,597
Total equity and liabilities		<hr/> 7,648,791	<hr/> 8,077,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 GENERAL INFORMATION OF THE GROUP

Hilong Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on 15 October 2008 as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in Hong Kong is Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in manufacturing and distribution of oil and gas drilling equipment, oilfield and offshore engineering services.

The Company completed its global initial public offering and listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 21 April 2011.

The consolidated financial statements are presented in Renminbi thousand (RMB’000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 27 March 2026.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all HKFRS Accounting Standards (“**HKFRSs**”), which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2.1 Application of amendments to HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group’s financial annual period beginning on or after 1 January 2025, to the consolidated financial statements for the current accounting year:

Amendments to HKAS 21	Lack of Exchangeability
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The Group has not applied any new standards and amendments to HKFRS Accounting Standards that are not yet mandatorily effective for the current accounting period. The application of the Amendments to HKAS 21 in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as senior executive management. Senior executive management reviews the Group's internal reporting in order to assess performance and allocate resources. Senior executive management has determined the operating segment based on these reports.

Senior executive management considers the business from a business perspective, and assesses the performance of the business segment based on profit before income tax without allocation of finance income, finance costs, share of profit of associates and corporate overheads, which is consistent with that in the consolidated financial statements.

The corporate overheads are not considered as business segment expenses as such expenses are general management expenses and incurred by the headquarters of the Group, and are not specifically attributable to individual segments.

The amount provided to senior executive management with respect to total assets is measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segments.

The amount provided to senior executive management with respect to total liabilities is measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segments.

The Group's operations are mainly organised under the following business segments:

- Oilfield equipment manufacturing and services provision, including the production of oilfield equipment;
- Oilfield services provision, including the provision of well drilling services, integrated comprehensive services, oil country tubular goods ("OCTG") trading and related services to oil and gas producers; and
- Offshore engineering services provision, including the provision of offshore engineering services and offshore design services.

Sales between segments are based on terms mutually agreed.

(a) Revenue

The revenue of the Group for the years ended 31 December 2025 and 2024 are set out as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Oilfield equipment manufacturing and services	1,325,079	2,124,700
Oilfield services	2,090,277	1,579,862
Offshore engineering services	1,459,800	963,770
	<u>4,875,156</u>	<u>4,668,332</u>

(b) **Segment information**

The segment information provided to senior executive management for the reportable segments for the year ended 31 December 2025 and 2024 is as follows:

Business segment	Year ended 31 December 2025			
	Oilfield equipment manufacturing and services RMB'000	Oilfield services RMB'000	Offshore engineering services RMB'000	Total RMB'000
Revenue				
Segment revenue	1,388,281	2,094,999	1,536,296	5,019,576
Inter-segment sales	(63,202)	(4,722)	(76,496)	(144,420)
Revenue from external customers	<u>1,325,079</u>	<u>2,090,277</u>	<u>1,459,800</u>	<u>4,875,156</u>
Revenue from contracts with customers:				
– at a point in time	1,321,780	761,736	13,029	2,096,545
– over time	<u>2,837</u>	<u>1,307,632</u>	<u>1,419,385</u>	<u>2,729,854</u>
	<u>1,324,617</u>	<u>2,069,368</u>	<u>1,432,414</u>	<u>4,826,399</u>
Revenue from other sources:				
– rental income – operating lease payments that are fixed	<u>462</u>	<u>20,909</u>	<u>27,386</u>	<u>48,757</u>
	<u>1,325,079</u>	<u>2,090,277</u>	<u>1,459,800</u>	<u>4,875,156</u>
Results				
Segment gross profit/(loss)	<u>373,732</u>	<u>832,291</u>	<u>(7,098)</u>	<u>1,198,925</u>
Segment profit/(loss)	<u>206,885</u>	<u>272,950</u>	<u>(388,319)</u>	<u>91,516</u>
Corporate overheads				<u>(93,487)</u>
Operating loss				(1,971)
Finance income				22,762
Finance costs				<u>(188,004)</u>
Loss before income tax				<u>(167,213)</u>

	Year ended 31 December 2024			
Business segment	Oilfield equipment manufacturing and services RMB'000	Oilfield services RMB'000	Offshore engineering services RMB'000	Total RMB'000
Revenue				
Segment revenue	2,146,537	1,583,500	966,935	4,696,972
Inter-segment sales	(21,837)	(3,638)	(3,165)	(28,640)
Revenue from external customers	<u>2,124,700</u>	<u>1,579,862</u>	<u>963,770</u>	<u>4,668,332</u>
Revenue from contracts with customers:				
– at a point in time	2,100,282	718,367	25,544	2,844,193
– over time	<u>17,632</u>	<u>849,717</u>	<u>938,226</u>	<u>1,805,575</u>
	<u>2,117,914</u>	<u>1,568,084</u>	<u>963,770</u>	<u>4,649,768</u>
Revenue from other sources:				
– rental income – operating lease payments that are fixed	<u>6,786</u>	<u>11,778</u>	<u>–</u>	<u>18,564</u>
	<u>2,124,700</u>	<u>1,579,862</u>	<u>963,770</u>	<u>4,668,332</u>
Results				
Segment gross profit	<u>559,371</u>	<u>472,691</u>	<u>89,703</u>	<u>1,121,765</u>
Segment profit	<u>319,639</u>	<u>156,775</u>	<u>185</u>	<u>476,599</u>
Corporate overheads				<u>(104,828)</u>
Operating profit				371,771
Finance income				31,159
Finance costs				<u>(287,057)</u>
Profit before income tax				<u>115,873</u>

4 TRADE AND OTHER RECEIVABLES

Trade and other receivables of RMB3,445,444,000 (2024: RMB2,620,792,000) included gross amounts of trade receivables of RMB2,423,326,000 (2024: RMB2,054,535,000).

The following table sets forth an aging analysis of trade receivables from sales of products and provision of services to third parties and related parties as at the end of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables, gross		
– Within 90 days	1,247,954	1,307,989
– Over 90 days and within 180 days	546,423	374,921
– Over 180 days and within 360 days	202,437	61,613
– Over 360 days and within 720 days	253,530	157,615
– Over 720 days	172,982	152,397
	<u>2,423,326</u>	<u>2,054,535</u>

5 TRADE AND OTHER PAYABLES

Trade and other payables of RMB2,036,797,000 (2024: RMB1,737,743,000) included trade payables of RMB1,259,711,000 (2024: RMB1,261,029,000).

Trade payables represent payables due to third party suppliers and related parties suppliers. The following table sets forth an aging analysis of trade payables due to third parties suppliers and related parties suppliers as at the end of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables		
– Within 90 days	698,225	785,331
– Over 90 days and within 180 days	142,767	322,212
– Over 180 days and within 360 days	75,779	32,818
– Over 360 days and within 720 days	258,872	116,201
– Over 720 days	84,068	4,467
	<u>1,259,711</u>	<u>1,261,029</u>

6 OTHER INCOME

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other government grants	11,140	10,622
Rental and utility income	19,287	–
Release of deferred government grant	–	3,523
Others	235	–
	<u>30,662</u>	<u>14,145</u>

7 OTHER LOSS – NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Inventory written off	(17,250)	–
Fair value loss on financial asset mandatorily measured at FVPL	(16,248)	–
Loss on disposal of property, plant and equipment – net	(5,602)	(3,484)
Impairment loss on prepayment	–	(4,002)
Net foreign exchange gain/(loss)	11,939	(40,919)
Write-off of other receivables	(5,342)	(13,667)
Write-off of other payable	2,299	–
Others	16,333	(6,019)
	<u>(13,871)</u>	<u>(68,091)</u>

8 FINANCE COSTS – NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Finance income:		
– Interest income derived from bank deposits	<u>22,762</u>	<u>31,159</u>
Finance costs:		
– Interest expense on 2024 Notes and bank and other borrowings	(234,157)	(258,360)
– Net foreign exchange gain/(loss)	50,202	(26,749)
– Interest expense on lease liabilities	(4,049)	(1,948)
	<u>(188,004)</u>	<u>(287,057)</u>
Finance costs – net	<u>(165,242)</u>	<u>(255,898)</u>

9 INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax	123,360	91,374
Deferred income tax	29,428	(5,573)
Income tax expense	<u>152,788</u>	<u>85,801</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Enterprises incorporated in British Virgin Islands, Dubai, Abu Dhabi and Labuan are not subject to any income tax according to relevant rules and regulations.

In accordance with the two-tiered profits tax regime, Hong Kong profits tax was calculated on 8.25% of the first HKD2,000,000 and 16.5% of the remaining balance of the estimated assessable profits from 1 April 2018 for one subsidiary of the Group.

Enterprises incorporated in other places (other than the Mainland China) are subject to income tax rates ranging from 15% to 35% prevailing in the places in which these enterprises operated for the years ended 31 December 2025 and 2024.

The income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable corporate tax rate on the estimated assessable profits based on existing legislations, interpretations and practices. The corporate income tax rate applicable to the Group's subsidiaries located in the Mainland China is 25%.

Certain subsidiaries are qualified for new/high-tech technology enterprises status or incorporated in the western region of the Mainland China and engaged in encouraged industries, and therefore enjoy a preferential income tax rate of 15%.

Pursuant to the PRC Corporate Income Tax Law (“**CIT Law**”), a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the Mainland China in respect of their earnings generated from 1 January 2008.

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respects to Taxes on Income, a lower 5% withholding tax rate can be applied if the immediate holding companies of the PRC subsidiaries are established in Hong Kong and can be considered as a “beneficial owner”. Hilong Energy Limited (“**Hilong Energy**”) is a Hong Kong registered company and is the immediate holding company of the PRC subsidiaries, which has successfully applied for and been qualified as a “beneficial owner”. Given the above, the local tax authority approved Hilong Group of Companies Ltd., the PRC holding company of other subsidiaries in the PRC, to use a 5% withholding tax rate when it distributed its profits to Hilong Energy from 2019 to 2025.

Additional deduction expenses

Pursuant to the CIT Law, an additional tax deduction expenses (including research and development expenses incurred) is allowed, after the approval by the tax authorities is obtained. This additional allowed deduction is calculated at 100% of the actual research and development expenses incurred from 1 January 2021.

10 IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Plant and machinery	2,778	–
Vessel (<i>Note</i>)	322,316	–
	<u>325,094</u>	<u>–</u>

Note: In June 2025, the management of the Group resolved to dispose of the vessel within the Offshore engineering service segment. The vessel was built in 2012 and has been in operation for nearly ten years. In alignment with the Group's strategic transformation to further strengthen the financial focus on high-value engineering, procurement, construction and installation services with less operational dependence on the vessel, together with the immediate cash inflow that can be generated from the disposal to enhance the Company's financial flexibility and support its future strategic development, the Group resolved to dispose of the vessel in its present condition within one year from June 2025. Accordingly, the vessel was reclassified as "Asset classified as held for sale" during the year ended 31 December 2025 prior to the disposal.

An impairment loss of RMB322,316,000 by writing down the carrying amount of the vessel of RMB1,043,545,000 to its fair value less costs to sell of RMB721,229,000 has been recognized.

11 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is computed by dividing the net (loss)/profit for the year attributable to ordinary equity owners of the Company by the weighted-average number of ordinary shares outstanding during the year.

	2025	2024
(Loss)/profit attributable to equity owners of the Company (<i>RMB'000</i>)	<u>(323,554)</u>	<u>28,275</u>
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)		
Issued ordinary shares at 1 January	1,696,439	1,696,439
Effect of shares held by the Group under share award scheme	<u>(16,258)</u>	<u>–</u>
Weighted average number of ordinary shares at 31 December	<u>1,680,181</u>	<u>1,696,439</u>
Basic (loss)/earnings per share (<i>RMB per share</i>)	<u>(0.1926)</u>	<u>0.0167</u>

The weighted average number of ordinary shares for the purpose of calculation of basic (loss)/earnings per share had been adjusted for the effect of the ordinary shares held by the trustee on behalf of the Group pursuant to the share award scheme.

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion or exercise of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share award scheme.

The calculation of the diluted (loss)/earnings per share attributable to equity owners of the Company is based on the following data:

	2025	2024
(Loss)/profit		
(Loss)/profit for the year attributable to equity owners of the Company for the purpose of calculation of diluted (loss)/earnings per share (RMB'000)	<u>(323,554)</u>	<u>28,275</u>
	2025	2024
Number of shares (thousand of shares)		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,680,181	1,696,439
Effect of dilutive potential ordinary shares		
– Share options	–	–
– Share award scheme	–	–
	<u>1,680,181</u>	<u>1,696,439</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>1,680,181</u>	<u>1,696,439</u>

The calculation of diluted loss per share for the year ended 31 December 2025 did not assume the vesting of award shares granted by the Company, since their exercise would result in a decrease in the loss per share.

The computation of diluted earnings per share for the year ended 31 December 2024 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for the Company's shares for the year.

12 DIVIDENDS

The Directors have determined that no dividend will be proposed for the year ended 31 December 2025 (2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The following table sets forth our revenue by business segment for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Oilfield equipment manufacturing and services				
– Drill pipes	1,194,765	24.5	1,995,105	42.7
– Drill pipe components	22,499	0.5	9,601	0.2
– Others	107,815	2.2	119,994	2.7
Subtotal	1,325,079	27.2	2,124,700	45.6
Oilfield services	2,090,277	42.9	1,579,862	33.8
Offshore engineering services	1,459,800	29.9	963,770	20.6
Total revenue	4,875,156	100.0	4,668,332	100.0

Revenue increased by RMB206.9 million, or 4.4%, from RMB4,668.3 million in 2024 to RMB4,875.2 million in 2025. Such increase was mainly due to the increase in revenue from the oilfield services and offshore engineering services segment.

Oilfield equipment manufacturing and services. Revenue from the oilfield equipment manufacturing and services segment decreased by RMB799.6 million, or 37.6%, from RMB2,124.7 million in 2024 to RMB1,325.1 million in 2025. Such decrease primarily reflected the decrease in revenue derived from sales of drill pipes.

The following table sets forth the revenue analysis of the drill pipe sales for the years indicated:

	Year ended 31 December	
	2025	2024
Sales of drill pipes		
– International market		
– volume (<i>tonnes</i>)	45,035	63,851
– unit price (<i>RMB/tonne</i>)	23,307	28,620
	<hr/>	<hr/>
Subtotal (RMB'000)	1,049,623	1,827,419
– The PRC market		
– volume (<i>tonnes</i>)	7,781	8,115
– unit price (<i>RMB/tonne</i>)	18,653	20,663
	<hr/>	<hr/>
Subtotal (RMB'000)	145,142	167,686
	<hr/>	<hr/>
Total (RMB'000)	1,194,765	1,995,105
	<hr/>	<hr/>

Revenue from sales of drill pipes in the international market decreased by RMB777.8 million, or 42.6%, from RMB1,827.4 million in 2024 to RMB1,049.6 million in 2025. The decrease reflected not only a decrease of 29.5% in the volume of drill pipes sold from 63,851 tonnes in 2024 to 45,035 tonnes in 2025, but also a decrease of 18.6% in the average selling price of drill pipes sold from RMB28,620 in 2024 to RMB23,307 in 2025. Such decrease in the sales volume and the average selling price reflected much more intense market competition in the Middle East market.

Revenue from sales of drill pipes in the PRC market decreased by RMB22.5 million, or 13.4%, from RMB167.7 million in 2024 to RMB145.1 million in 2025. The decrease reflected not only a decrease of 4.1% in the volume of drill pipes sold from 8,115 tonnes in 2024 to 7,781 tonnes in 2025, but also a decrease of 9.7% in the average selling price of drill pipes sold from RMB20,663 in 2024 to RMB18,653 in 2025. Such decrease in the sales volume and the average selling price reflected the decreased demands and fierce price competition from domestic markets.

Oilfield services. Revenue from the oilfield services segment increased by RMB510.4 million, or 32.3%, from RMB1,579.9 million in 2024 to RMB2,090.3 million in 2025. Such increase primarily reflected the increase in revenue from tubing and casing trading business and the integrated drilling and completion technology service in 2025 as compared to 2024.

Offshore engineering services. Revenue from the offshore engineering service segment increased by RMB496.0 million, or 51.5%, from RMB963.8 million in 2024 to RMB1,459.8 million in 2025. The increase primarily reflected revenue increase due to the three key segments: subsea pipeline laying, offshore drilling platform construction, and offshore platform transportation and installation.

Cost of Sales and Provision of Services

Cost of sales/services increased by RMB129.6 million, or 3.7%, from RMB3,546.6 million in 2024 to RMB3,676.2 million in 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit increased by RMB77.1 million, or 6.9%, from RMB1,121.8 million in 2024 to RMB1,198.9 million in 2025. Gross profit margin was 24.6% in 2025, increased by 0.6% from that in 2024.

Selling and Marketing Expenses

Selling and marketing expenses decreased by RMB2.7 million, or 2.9%, from RMB92.9 million in 2024 to RMB90.2 million in 2025. These expenses, amounting to 1.9% of revenue in 2025, were lower than 2.0% in 2024.

Administrative Expenses

Administrative expenses increased by RMB179.3 million, or 32.5%, from RMB551.1 million in 2024 to RMB730.4 million in 2025. Such increase primarily reflected the increase in staff costs and service charge.

Impairment losses on property, plant and equipment

The Group recognized impairment loss of RMB322 million on the remeasurement of the Vessel.

Other Losses – Net

The Group recognized net loss of RMB13.9 million in 2025 and net loss of RMB68.1 million in 2024. The net loss recognized in 2025 primarily reflected the fair value loss on financial asset mandatorily measured at FVPL and Inventory written off.

Finance Costs – Net

Finance costs – net decreased by RMB90.7 million, or 35.4%, from RMB255.9 million in 2024 to RMB165.2 million in 2025. Such decrease is primarily due to the decrease of RMB24.2 million interest expenses due to decline of the balance of borrowings and the increase in net foreign exchange gain of RMB77.0 million from the financing activities resulting from the depreciation of USD compared with that of 2024.

Profit before Income Tax

As a result of the foregoing, the Group recognized profit before income tax of RMB115.9 million in 2024 and loss before income tax of RMB167.2 million in 2025.

Income Tax Expense

The Group recognized income tax expense of RMB85.8 million in 2024 and RMB152.8 million in 2025. Effective tax rate was approximately 74.0% in 2024 and -91.4% in 2025, the decrease of effective tax rate mainly reflected the unbalanced distribution of profit among the Group's subsidiaries and the increase of tax losses of subsidiaries that did not recognize deferred income tax.

Loss for the year attributable to equity owners of the Company

As a result of the foregoing, the Group recognized profit for the year attributable to equity owners of the Company of RMB28.3 million in 2024 and loss for the year attributable to equity owners of the Company of RMB323.6 million in 2025.

Inventories

Inventories generally consist of raw materials, work-in-progress and finished goods, as well as packing materials and low value consumables. The following table sets forth the inventory balances as of the dates indicated as well as the turnover days of average inventory for the years indicated:

	As at/for the year ended	
	31 December	
	2025	2024
	RMB'000	RMB'000
Inventory	1,059,871	1,095,842
Turnover days of inventory (in days) ⁽¹⁾	107	112

(1) Turnover days of inventory for a year equals average inventory divided by total cost of sales and then multiplied by 365 for each of the years ended 31 December 2024 and 2025. Average inventory equals inventory balance at the beginning of the year plus inventory balance at the end of the year, divided by two.

The decrease in turnover days of inventory from 112 days as at 31 December 2024 to 107 days as at 31 December 2025 primarily reflected (i) a decrease in inventory balance for the oilfield equipment manufacturing and services segment, and (ii) higher revenue derived from provision of services, which generally requires lesser consumption of inventory compared to that from sales of goods.

Trade and Other Receivables

Trade and other receivables of RMB3,445.4 million (2024: RMB2,620.8 million) included gross trade receivable of RMB2,423.3 million (2024: RMB2,054.5 million).

The following table sets forth an aging analysis of trade receivables from sales of products and provision of services to third parties and related parties as at the dates indicated and turnover days of the gross trade receivables for the years indicated:

	As at/for the year ended	
	31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables		
– Within 90 days	1,247,954	1,307,989
– Over 90 days and within 180 days	546,423	374,921
– Over 180 days and within 360 days	202,437	61,613
– Over 360 days and within 720 days	253,530	157,615
– Over 720 days	172,982	152,397
	2,423,326	2,054,535
Turnover days of trade receivables ⁽¹⁾	168	154

- (1) Turnover days of trade receivables for a year equals average trade receivables divided by revenue and then multiplied by 365 for each of the years ended 31 December 2024 and 2025. Average trade receivables equals balance of trade receivables at the beginning of the year plus balance at the end of the year, divided by two.

The increase in turnover days of trade receivables from 154 days as at 31 December 2024 to 168 days as at 31 December 2025 primarily reflected that the settlement for trade receivables due from certain oil and gas companies in the international market was less active and slowed down in 2025.

- (i) During the period from January to February 2026, the Group received the subsequent settlement of approximately RMB622,261,000 from the overseas customers, which accounted for 31% of the Other Than China Receivables as at 31 December 2025.
- (ii) The increase in accounts receivable past due within one year is mainly due to i) the increase in business scale of overseas operations, including establishment of certain new overseas subsidiaries together with the commencement of business relationship with new customers in overseas, resulting in an increase in accounts receivable balance; ii) in general the global economic performance in 2025 was still impacted by the high interest rates and geopolitical conflicts which created the challenges to overseas customers, resulting in the slowdown of settlement and it was common that customers usually settle the trade receivables after the agreed credit terms; and iii) certain customers requested the Group to provide the bank guarantee to secure the Group's performance obligations under the contracts, which the Group was at the progress of application of the bank guarantee at 31 December 2025, resulting in the holding of payment by the customers.

The increase in accounts receivable past due within 1-2 years is mainly due to i) the global economic performance in 2025 was still impacted by high interest rates and geopolitical conflicts which created challenges to overseas customers, resulting in the slowdown of settlement and it was common that the customers usually settle the trade receivables after the agreed credit terms; and ii) long project cycles with some customers resulting in the incentive for these customers to slowdown the settlement to the Group.

For those major customers with outstanding balances as at 28 February 2026, the Company has made collection calls for the payments and is maintaining ongoing follow-up.

- (iii) In addition, the Group adopted the following measures to strengthen accounts receivable management:
 - i) identify and analyze aged receivables, prioritizing significant aged balances, and establish dedicated collection teams for top 10 customers;
 - ii) enhance finance and business departments collaboration to accelerate receivable recovery;
 - iii) reinforce credit controls through stricter approval thresholds and regular credit reviews; and
 - iv) pursue legal action for long-overdue receivables, including formal demand letters and litigation.
- (iv) The Group measured the expected credit loss (“**ECL**”) for trade receivables in accordance with HKFRS 9 Financial Instruments. The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL, which is estimated using a provision matrix based on the Group’s historical credit loss experience and an assessment of both the current and forecast general economic conditions at the reporting date.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the “Gross Domestic Product” (“**GDP**”) and “Rule of Law” (“**RoL**”) of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For the preparation of the Group’s consolidated financial statements for the year ended 31 December 2025, the Group engaged an independent professional valuer to assist in estimation of the ECL for the trade receivables including the Other Than China Receivables.

In the valuation of ECL, the valuer adopted the below 2 key valuation assumptions:

- i) Loss rate: The loss rate is calculated based on historical default record of the portfolio of receivable. Loss rates are calculated with a provision matrix which historical data are categorized based on 1) nature of debtor (i.e. state owned/ privately owned); 2) geographical location of the debtors; and 3) aging of the receivables.
- ii) Forward-looking adjustment: Estimated by countries using in-house model of the valuer, taking into account macroeconomic factor forecast such as GDP and RoL index.

As stated in the valuer’s report, most of the market data adopted in the valuation are obtained from S&P Capital IQ as well as other public sources.

The expected credit loss rates are determined by historical loss rate and then adjusted for the forward-looking adjustment for each country. The range of ECL for the overseas countries for each ageing category is as below:

	As at 31 December 2025	2024
Current	0.03% to 0.06%	0.04% to 0.08%
Past due within 1 year	0.11% to 0.25%	0.17% to 0.32%
Past due 1-2 years	0.99% to 2.15%	1.17% to 2.14%
Past due 2-3 years	2.19% to 4.73%	2.20% to 4.03%
Past due more than 3 years	11.29% to 24.41%	13.5% to 43.01%

Based on the above, the range of ECL for receivables under “current,” “Past due within 1 year” and “past due more than 3 years” for 2025 decreased as compared to that of 2024, reflected the fact that though the recovery slowed down in 2025, certain long aged receivables of Past due more than 3 years were recovered by the Group from the customers, resulting the slightly drop in historical loss rate for receivables that are “current” and “past due within 1 years”.

With the combination effect of i) more receivables are past due within 1 year and 1 to 2 years for 2025; and ii) the increase in receivables for 2025, which is offset by the effect of i) drop in receivables past due more than 3 years; and ii) decrease in ECL rates for receivables that are “current” and “past due within 1 years”, the loss allowance for Other Than China Receivables slightly increased from RMB5.8 million at 31 December 2024 to RMB6.0 million at 31 December 2025, which for presentation in the consolidated financial statements it is about 0.4% and 0.3% of the overall gross carrying amount of Other than China Receivables for 2025 and 2024.

As of the date of this announcement, the Company’s management team considers that the level of loss allowance at 31 December 2025 was adequate based on the below reasons:

- i) about 31% of the Other Than China Receivables at 31 December 2025 were already settled by the overseas customers up to 28 February 2026;
- ii) certain customers will settle the outstanding amounts after the banks approved the Group’s application of the bank guarantees in favor of the customers;
- iii) the Group has already taken certain actions to recover the unsettled receivables; and
- iv) the Group’s customers would usually settle all outstanding receivables within 5 years based on the past experience.

Trade and Other Payables

Trade and other payables of RMB2,036.8 million (2024: RMB1,737.7 million) included trade payables of RMB1,259.7 million (2024: RMB1,261.0 million).

Trade payables represent payables due to third party suppliers and related parties. The following table sets forth an aging analysis of trade payables due to third parties and related parties as at the dates indicated and turnover days of trade payables for the years indicated:

	As at/for the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables		
– Within 90 days	698,225	785,331
– Over 90 days and within 180 days	142,767	322,212
– Over 180 days and within 360 days	75,779	32,818
– Over 360 days and within 720 days	258,872	116,201
– Over 720 days	84,068	4,467
	<u>1,259,711</u>	<u>1,261,029</u>
Turnover days of trade payables ⁽¹⁾	<u>125</u>	<u>116</u>

- (1) Turnover days of trade payables for a year equals average trade payables divided by total cost of sales and then multiplied by 365 for each of the years ended 31 December 2024 and 2025. Average trade payables equals to balance of trade payables at the beginning of the year plus balance at the end of the year, divided by two.

Liquidity and Financial Resources

As at 31 December 2025, the Group had total cash and cash equivalents amounting to RMB777.6 million (2024: RMB721.6 million). The Group's net borrowing as at 31 December 2025 was RMB1,571.4 million (2024: RMB1,964.9 million), being total borrowing of RMB2,349.1 million (2024: RMB2,686.5 million) less cash and cash equivalents of RMB777.6 million (2024: RMB721.6 million). After taking into account the restricted cash of RMB112.1 million (2024: RMB44.7 million), the Group's net borrowing as at 31 December 2025 was RMB1,459.3 million (2024: RMB1,920.2 million), being total borrowing less cash and cash equivalents and restricted cash.

As at 31 December 2025, cash and cash equivalent were mainly denominated in RMB, USD and RUB.

The current ratio of the Group as at 31 December 2025 was 131.1% (2024: 110.2%), calculated on the basis of current assets of RMB6,003.6 million (2024: RMB5,166.0 million) over current liabilities of RMB4,580.1 million (2024: RMB4,686.9 million).

Capital Expenditures

Capital expenditures were RMB410.7 million and RMB500.3 million in 2024 and 2025, respectively. The increase in capital expenditures in 2025 was mainly due to the continuous recovery of overseas business in the oilfield segment.

Indebtedness

As at 31 December 2025, the outstanding indebtedness of RMB2,349.1 million was mainly denominated in USD and RMB. The following table sets forth the breakdown of the indebtedness as at the dates indicated:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Bank borrowings	–	429
Less: Current portion of non-current borrowings – secured	–	(429)
	<hr/>	<hr/>
	–	–
	<hr/>	<hr/>
Current		
Bank borrowings	98,990	409,368
Other borrowings	4,230	15,585
2024 Notes	2,210,881	2,261,082
Less: Current portion of non-current borrowings – secured	–	429
	<hr/>	<hr/>
	2,349,051	2,686,464
	<hr/>	<hr/>
	2,349,051	2,686,464
	<hr/>	<hr/>

As at 31 December 2025, borrowings of RMB2,349.1 million were obtained at a fixed rate (31 December 2024: RMB2,645.8 million).

Reference is made to the announcements of the Company dated 30 October 2024, 18 November 2024, 30 December 2024, 30 March 2025, 31 March 2025, 30 June 2025, 31 October 2025, 11 December 2025, 13 January 2026, 23 January 2026 and 29 January 2026, and the 2023 annual report published on 28 November 2024, the 2024 interim report published on 16 December 2024, the 2024 annual report published on 29 April 2025, and the 2025 interim report published on 29 September 2025, in relation to, among other things, the proposed offshore debt restructuring of its 9.75% Senior Secured Notes due 2024 (the “**2024 Notes**”). On 11 December 2025, the Company launched a consent solicitation (the “**Consent Solicitation**”) directed at the holders (the “**Holder**s”) of the 2024 Notes, to amend certain terms of the indenture entered into by and between, among others, the Company and The

Bank of New York Mellon, London Branch, as trustee governing the 2024 Notes, including an extension of the maturity of the 2024 Notes and certain other changes. See “**Other significant events**” in this announcement for details.

Gearing Ratio

The Group’s objectives in capital management are to maintain the Group’s ability to operate as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with peers in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including “current and non-current borrowings” as shown in the consolidated balance sheet) and lease liabilities less cash and cash equivalents and restricted cash. Total capital is calculated as “equity” as shown in the consolidated balance sheet plus net debt.

The gearing ratios as at 31 December 2024 and 31 December 2025 are as follows:

	As at 31 December	
	2025	2024
	RMB’000	RMB’000
Total borrowings	2,349,051	2,686,464
Add: Lease liabilities	25,259	27,326
Less: Cash and cash equivalents	777,622	(721,631)
Restricted cash	112,135	(44,705)
	<hr/>	<hr/>
Net debt	1,484,553	1,947,454
Total equity	2,966,763	3,259,124
	<hr/>	<hr/>
Total capital	4,451,316	5,206,578
	<hr/>	<hr/>
Gearing ratio	33.35%	37.40%
	<hr/>	<hr/>

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

Very Substantial Disposal in relation to the Disposal of the Vessel

On 11 August 2025 (after trading hours), Hilong Shipping Holding Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, and PT CAKRA BUANA RESOURCES ENERGI TBK (the “**Purchaser**”) entered into a written memorandum of agreement dated 11 August 2025, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Vessel named “HAI LONG 106” at the consideration of US\$100 million according to the terms and conditions set out therein (the “**Disposal**”). For details of the Disposal, please refer to the announcement and circular of the Company in relation to the very substantial disposal of the Company dated 11 August 2025 and 25 September 2025, respectively.

Save as disclosed above, the Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the year ended 31 December 2025.

Significant Investments Held

The Group did not make any other significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2025) during the year ended 31 December 2025.

Foreign Exchange

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from recognized assets and liabilities in foreign operations. The conversion of RMB into foreign currencies, including the USD, has been based on rates set by the People's Bank of China. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of RMB to the USD. Under this policy, RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximately 11.3% appreciation of RMB against the USD from 21 July 2005 to 31 December 2025. There remains significant pressure on the PRC government to adopt a more flexible currency policy, which could result in a more fluctuated exchange rate of the RMB against USD. The Group may consider entering into currency hedging transactions to further manage its exposure to fluctuations in exchange rates, or nature hedging by actively matching the currency structure of monetary assets and liabilities. However, the effectiveness of such transactions may be limited. The revenue denominated in USD represented 37.7% and 44.6% of the total revenue of the Group in 2025 and 2024, respectively.

Staff and Remuneration Policy

As at 31 December 2025, the total number of full-time employees employed by the Group was 2,810 (31 December 2024: 2,453). The following table sets forth the number of the Group's full-time employees by area of responsibility as at 31 December 2025:

On-site workers	1,804
Administrative	379
Engineering and technical support	436
Research and development	103
Sales, marketing and after-sales services	70
Company management	18
	<hr/>
	2,810

Employees are encouraged to take training courses or seminars from time to time to enhance their knowledge and skills. The Group offers employees remuneration packages mainly on the basis of individual performance and experience and also pays regard to industrial practice, which include basic wages, performance related bonuses and the social security and benefits. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated based on the relevant statutory percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities.

The Company adopted a share award scheme on 11 September 2023 (the “**2023 Award Scheme**”). The 2023 Award Scheme is funded solely by the existing Shares and it does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). The Company has granted awards (the “**Awards**”) involving 50,257,216 awarded shares to 107 grantees during the year ended 31 December 2025. For further details of the 2023 Award Scheme and the grant of Awards during the year ended 31 December 2025, please refer to the Company’s announcement dated 19 December 2025.

BUSINESS REVIEW

In 2025, the Group constantly introduced high-end products with new technologies, optimized its production processes and market layout and introduced digital production system. The Group adopted a scientific management approach and enhanced the efficiency of its cash flow management. As it intensified its market development efforts, the Group also placed strong emphasis on scientific development and technological innovation, prioritized international expansion, and enhanced its internal control system. These efforts are driving the Group toward becoming an intelligence-empowered high-tech enterprise with a focus on asset-light, digital and high-tech intelligent operations. The digital and intelligent transformation of Hilong has achieved remarkable results, further empowering the development and growth of its products and businesses. With stable workloads across its business units, the Group achieved breakthroughs with high-end customers in both mature and emerging markets across its three segments, namely oilfield equipment manufacturing and services, oilfield services and offshore engineering services, laying a solid foundation for its long-term development. Throughout 2025, Hilong maintained its stable and efficient scientific operations and adhered to the strategy of scientific and technological innovation, intelligent and high-quality development, which has achieved good results in key countries and regions such as the United States, Canada and the Middle East. The Group implemented active financial measures, such as strengthening its accounts receivable management and inventory management, enhancing the overall operating efficiency and securing relatively stable revenue. Overall performance recorded a slight increase as compared with the same period last year. During the Reporting Period, Hilong recorded a total revenue of RMB4,875.2 million, representing a slight increase of 4.4% compared with 2024.

Oilfield Equipment Manufacturing and Services

During the Reporting Period, the revenue of the oilfield equipment manufacturing and services segment was RMB1,325.1 million, representing a decrease of 37.6% compared with 2024. In 2025, the oilfield equipment manufacturing and services segment has made significant business breakthroughs in markets such as the United States, Canada, the Middle East, and Southeast Asia, achieving outstanding results in the America. The American market achieved strong growth in drilling tool sales revenue throughout the year. Despite the significant tariff increases in the United States and the fluctuating tariff policies in Canada, Hilong adopted proactive planning and inventory arrangements, and increased the sales of drill pipes with special buckles, resulting in excellent sales performance, which provided strong support and contribution to the achievement of the oilfield equipment segment's 2025 operating results. Order realization for key customers was exceptionally good. Following the comprehensive promotion of special buckles in Canada and the United States in 2024, 2025 witnessed a significant surge in drilling tool sales. Hardbanding drill pipes achieved sales, and thickened drill pipes received positive feedback. A customer in the United States planned to trial 200 units of helical hardbanding drill pipes, such that we successfully entered the door of the largest drilling company in the United States, securing substantial orders. Hilong launched high-tech drill tools such as the high-tech sulfur-resistant drill pipe series and drill pipes with radio frequency identification tags, Hilong special buckles, high strength U165 drill pipes designated for 10,000-meter ultra-deep wells, super high-torque drill pipes designated for extended-reach horizontal wells and anti-wear drill pipes. By continuously enhancing the quality of its products and services, Hilong has achieved product performance and service standards that meet or exceed those of its international competitors. Hilong has once again secured important orders from major clients such as Ensign and Precision Drilling, and has become a primary drilling tool supplier to high-end customers such as PD and SAVANA. Hilong's sulfur-resistant drilling tools with special buckles enabled Hilong to remain ahead of the competition in the market, marking a key milestone resulting from its advanced layout and planning in the North American market. This demonstrated that the comprehensive capability of the Group's high-tech and high-end drilling tools is gaining recognition from international high-end customers. Significant breakthroughs were also made in the Middle East market, where Hilong secured more long-term contracts with major customers such as ADNOC Drilling. Hilong also achieved business breakthroughs and entered the Thailand market, laying a solid foundation for further expansion into the Southeast Asia market. The promotion of radio frequency identification tags also resulted in secured orders. Hilong's V150 products also secured drilling tool orders. During the Reporting Period, Hilong signed a series of contracts with major and high-end customers across key regions worldwide for the supply of drilling tools and bottomhole assemblies. In the domestic market, Hilong also received projects and orders from both important domestic and international partners. Through deep cultivation of drilling rig supporting services and overseas drilling projects for large state-owned enterprises, Hilong achieved commendable sales performance despite the overall market downturn. Hilong strengthened the exchange of scientific research achievements, and developed a research team with extensive experience in product technical services and system management, demonstrating Hilong's strategic commitment of continuously developing new products and expanding into new markets through technological innovation. Starting from March 2025, petroleum drill pipes have obtained approval from customs and relevant government departments, allowing products such as drill pipes and heavy-weight drill pipes to enjoy export tax exemptions, deductions, and refunds, which has significantly boosted Hilong's profits.

Oilfield Services

In 2025, the oilfield services segment recorded a total revenue of RMB2,090.3 million, representing an increase of 32.3% compared with 2024. Hilong's oilfield services segment seized the business opportunity to vigorously develop oilfield management and address market demand for increasing production, which was highly conducive to its development. The Oilfield Service Division adopted multiple approaches focused on transitioning toward a "light-asset and technology-driven" operational model, and the Company actively pursued turnkey drilling projects to develop high-tech integrated turnkey business. Hilong's turnkey business capabilities have reached a new level. Hilong closely monitored the dynamic information regarding the transfer of important overseas oil and gas fields and asset mergers and acquisitions, seeking suitable ways to participate. Key countries and projects included projects such as production enhancement in Ecuadorian oil fields, and partnerships for oil fields in Kazakhstan. Hilong interacted with local partners to explore cooperation opportunities in oil field development projects in Libya, cooperated with local companies in Iraq on the Daimah block management project, collaborated with local partners in Brazil on production enhancement and development across 11 blocks, and pursued cooperative development with Nigeria's Globe Energy on two onshore blocks and one offshore block. Clients from Brazil and Oman observed the digital and intelligent oilfield management and on-site automated workover rig operations, and exchanged views on new technologies such as workover operations. Hilong developed an electronic fencing project in Brazil, planning to pilot it based on pump data collection. Hilong adhered to market-oriented and technology-driven strategies, and established a "One Body, Two Wings" business development model. Alongside rapid growth, the safety management capabilities of the drilling fleet were also significantly enhanced. In terms of technical business, Hilong completed a number of applications involving oilfield sludge treatment and pipeline gathering and transportation viscosity reduction technology. Hilong systematically integrated various businesses of drilling and workover services, technical services, and trading services. Apart from conventional well drilling and workover services, the Company also actively promoted other technical service projects and constantly explored new business areas to drive revenue growth for the Group. The Group maintained steady progress in the fields of environmental protection technologies and services, including drilling and workover mud solutions (such as oil-based mud alternative solutions and high-performance water-based mud solutions), rock fragment processing, and well site restoration, coiled tubing operations, production enhancement technologies based on nanofluid flooding, refined managed pressure drilling ("MPD") techniques, RSS directional and horizontal well drilling, and other comprehensive technical services. Hilong further diversified its technical service businesses, covering well completion and production enhancement, drilling speed and efficiency improvement, oilfield environmental protection, rotary steering technology, and the establishment of maintenance bases. In terms of oilfield trading, the trading service business of this segment also improved significantly compared with 2024 and achieved new breakthroughs in the tubing and casing trading business.

Offshore Engineering Services

In 2025, the offshore engineering services segment recorded a total revenue of RMB1,459.8 million, representing a 51.5% increase from 2024. Hilong Offshore Engineering made remarkable progress in infrastructure management, operational capability and business development, laying a solid foundation for its strategic direction toward a light-asset model with integrated turnkey capabilities. Construction projects at the company-level progressed smoothly, with 8 projects completed, some of which were finished ahead of schedule: for instance, the offshore installation work for the T&I Phase II project was completed one month ahead of plan; the Congo modification project completed its modifications 2 days ahead of the planned shutdown schedule. Project quality management improved by 26% compared to last year; the average welding pass rate and average NDT pass rate exceeded both company and project requirements. Project deliveries were highly praised by the project owners. For example, the Congo WHP4 modification project received an incentive bonus from the project owner, and the Huisheng project received a project award. The safety management of the Congo Phase II project and the Chevron project received written commendations and medals from the project owners. Thorough early-stage preparations ensured smooth project execution. The Company's execution capabilities have been highly recognized by the project owners, who entrusted us with additional projects such as platform renovation. Hilong Offshore Engineering also secured new high-end projects in Southeast Asia and other regions, with continued improvement in its project management capabilities. Projects in key regions such as Africa have been completed. Project deliveries were highly praised by the project owners. Project economic benefits have met or exceeded expectations. Adhering to a professional and youth-oriented talent strategy, the Company introduced high-level and high-quality personnel into core positions, while supplementing junior positions with high-tech talent, resulting in the completion of over 20 scientific research projects. Hilong Offshore Engineering has made significant steps toward becoming a specialized offshore engineering company with integrated EPCI turnkey capabilities, establishing comprehensive business capacity across the entire industry chain. The digital intelligent system integrated with the Group has been in operation and the Intelligent Control Technology Center had record-high number of projects, which effectively supported both market development and project execution. In 2025, the Company successfully applied for recognition as a "Highly Specialized and Innovative" Small and Medium-sized Enterprise and a Comprehensive Service Provider for Digital Transformation, obtained Level 3 qualification for Digital Transformation and won the Second Prize of the 2025 Machinery Industry Science and Technology Award. The Company also applied for low-interest loans as a nationally recognized High-Tech Enterprise and filed for government subsidies, effectively alleviating the Company's financial pressure. The Company was certified as a high-tech technology enterprises, obtained the Level 1 qualification for Electronic and Intelligent Engineering and the Level 2 qualification for General Mechanical and Electrical Contracting, and completed the upgrade of its CMMI Level 5 certificate in the United States.

Technology Research and Development

Hilong has been adhering to leading enterprise transformation through scientific and technological innovation and digitalization, leveraging technology to comprehensively improve the Company's operations and management. In terms of drilling tool products, the Company continued to strengthen research and promote the application of high sulfur-resistant, high-strength and high torsion-resistant drill pipe technology. Based on preliminary high strength sulfur-resistant drill pipe projects, Hilong has developed HL120SS/HL145MS high strength sulfur-resistant service drill pipes. Through process optimization and research into additional sulfur-resistant testing method, the sulfur-resistant performance evaluation system was further refined. By studying existing sulfur-resistant materials and developed new materials, the Company advanced the design and development of HL120SS and HL145MS sulfur-resistant drill pipes. The relationship between the microstructure of sulfur-resistant drill pipe materials and their sulfur-resistant performance was investigated, providing guidance for the subsequent development of sulfur-resistant drill pipe products. For existing sulfur-resistant materials, multiple small-scale heat treatment trial protocols were designed. The physical, chemical, and sulfur-resistant performance of various materials was evaluated, and two materials were identified as meeting the 145MS sulfur-resistant performance requirements. Trials for evaluation using production-scale heat treatment furnace lines are planned. We completed the development of large-scale, thick-walled HLU165 ultra high strength special drill pipes, laying a solid foundation for the development and promotion of high strength special drill pipes for 10,000-meter ultra-deep wells. We completed the development of high pressure-resistant special buckles for offshore risers. Based on the existing five types of sulfur-resistant materials, experiments were conducted to evaluate the sulfur-resistant performance of the materials from multiple dimensions, quantifying the differences in sulfur-resistant properties among various alloy compositions. Several new materials were developed through collaboration, and small-scale heat treatment process trials and preliminary sulfur-resistant performance evaluations were carried out for these new materials, laying the groundwork for the research and development of 120SS. Projects such as the development of HLNST special screw heads have been completed, and orders have been obtained from the North American market which formed large-scale sales with recognition from high-end customers in the United States and Canada. We have completed the software development of information management of drill pipes and drilling tools with radio frequency identification tags, and have currently received orders for drill pipes with radio frequency identification tags from high-end customers, achieving significant breakthroughs. The research and development of intelligent drill pipes is in progress. The production processes, equipment and systems of drilling tools are constantly optimized and upgraded, which improves production efficiency and saves production costs. In conjunction with the Group's digital transformation, we carried out automation and intelligent transformation of production equipment. In the oilfield services sector, we continuously improved our technical service capabilities for drilling and well completion turnkey projects, including the drilling technical ability of extended-reach horizontal wells. We have strengthened the localized development and promotion of key drilling equipment components for refined MPD, the finalization and promotion of MPD managed pressure drilling technology as well as the upgrading, promotion and application of rotary steering technology and nanofluids flooding production enhancement technology. In terms of offshore engineering, in order to enhance the offshore construction capabilities, we have carried out a number of research projects such as offshore engineering technology and offshore engineering digital technology. Several subsidiaries of the Hilong Group were newly granted the qualification of "Highly Specialized and Innovative" (專精特新) enterprise at both the national and Shanghai municipal levels, fully demonstrating Hilong's overall technological advantages and brand competitiveness.

OUTLOOK

Looking forward to 2026, the Group will adhere to its high-tech development strategy, and will continue to develop new high-end customers in the United States, Middle East, Southeast Asia, South America and other countries and regions to secure high-end orders. We will sustain our growth momentum, breakthrough performance ceilings, mitigate various risks, and implement intelligent empowerment, striving to make greater breakthroughs in new markets and new businesses and continuously enhance the international market share and brand service image. We expect to obtain more orders from owners of oil companies in overseas countries. In terms of the market, the Group will expand the reach and depth of its product offerings, such as acquiring more high-end customers and orders in regions such as the Middle East. Meanwhile, we will make improvements to our business model and promote more high-tech businesses and products.

In terms of the international drill pipe market, the Company will continue to promote high value-added products of drilling tools which meet the differentiated needs of high-end customers, pursuing deeper integration of market development with product development more deeply, introduce more versatile talents and professional talents, and conduct focused product development and research on HL120SS and HL145MS high strength sulfur-resistant service drill pipe products. We will further explore develop the high-end demand in the Middle East, the United States and Canada, and further enhance the market reputation of Hilong drilling tools. We will intensify the promotion of large-scale, thick-walled HLU165 ultra high strength special drill pipes, high pressure-resistant special buckle for offshore riser, HLNST special buckles, HL130S and HL135MS high strength sulfur-resistant drill pipes, drill pipes with eco-friendly screws, hardbanding drill pipes, special alloy drill pipes and drill pipes with radio frequency identification tags aiming to secure high-end orders, while strengthening the promotion of intelligent drill pipes and establishing presence in major markets. We will also strengthen the research and development and promotion of the automatic transformation of production line, digitalization of production management system, drill pipe heat treatment technology, thickening and identification inspection technology, and other related products. In the domestic drill pipe market, Hilong will actively pursue existing business opportunities and vigorously develop differentiated markets to provide customers with high-end drilling tool products that meet their differentiated needs.

Regarding the oil services business, we will stabilize the existing drilling and workover rig equipment business, maintain a relatively high level of utilization rate of our drilling rigs, adjust the business layout in a timely manner, and ensure effective equipment management and operational safety, and continue to expand our turnkey drilling technical team to attain upstream level in the industry as soon as possible. We will fully leverage our existing business platform to continue developing trading, oilfield environmental protection and other related businesses to generate profits; and leverage our market development and management capabilities to strive to identify social resources, reduce business risks, expand scale, and create value. The Company will make every effort to improve its technical ability and scientific research level and build the core competitiveness of Hilong's oil service business. We will seek sales opportunities for existing drilling rigs, align with customer needs for new and existing drilling rig replacement, introduce new drilling rigs, and optimize the age profile of our rig fleet to enhance market competitiveness and overall efficiency. We will shorten the drilling and well completion cycle, so as to achieve a relatively high profit level. The Company will make full use of its existing business platform, continue to carry out business such as trade and oilfield environmental protection and generate profits. We will make use of the Company's market development and management capabilities, strive to identify social resources, reduce business risks, and amplify the platform effect and economy scale. We will actively develop various types of business, including drilling turnkey, oilfield environmental protection, nanofluids production enhancement, drilling tool repair and trading services, to provide more diversified services on top of traditional drilling and workover services. We will make every effort to improve our technical ability and scientific research level. We will adhere to scientific and technological innovation, light assets and digital management transformation, break through the bottleneck of traditional business development, and demonstrate strong technical and management capabilities. We will actively explore foreign markets, and strive to enter into new businesses and new contracts in new and existing markets such as Nigeria, Ecuador, Brazil and Kuwait. On the basis of consolidating the existing business, the Company will actively expand the directional well and horizontal well technical service capability using the RSS rotary steering system. At the same time, the Company will vigorously develop MPD technical services in the domestic market and develop overseas MPD service markets. Taking nanotechnology used in production enhancement as a breakthrough point, we will actively explore the sales of drilling and workover rig equipment and spare parts, and tubing and casing trading business.

In offshore engineering services, we will strengthen overseas market staffing, enabling sales teams to reach the front lines and engage closely with customers. While maintaining existing customers, we will actively acquire new customers, pursue more bidding opportunities, and expand into project types such as decommissioning and platform maintenance. We will conduct reviews for completed projects to form organizational assets for guiding the bidding and execution of new projects and emphasize process management focusing on safety, quality, resources, budgets, procurement, costs and risks. We aim to reduce costs and enhance efficiency to strive for achieving comprehensive operational targets. Our departments will implement strategic planning at the execution level, further refine the Company's internal control systems, and build a compliant and efficient operational management system centered on the Company's core business while integrating high technology to materialize the Group's cost reduction and efficiency enhancement management. Each business center will strengthen capacity building. Our companies in Southeast Asia will focus on market development, enhancing local market development in existing personnel deployment regions such as Thailand, Brunei, West Africa, and Singapore. We will continue our efforts in the Middle East, leveraging the Saudi branch as a base to actively seek bidding opportunities and speed up the layout and construction in Southeast Asia and West Africa. We will focus on strengthening digital delivery and management capability of offshore engineering by leveraging our offshore engineering experience. We will actively pursue and execute projects such as engineering commissioning, digital and intelligence in the international market. We will focus on areas such as pipeline laying, jacket installation and dismantling and block floating, with continuous efforts to improve our turnkey project integrated service capabilities. Excavating technical hotspots, tracking the latest technological frontiers, and improving the comprehensive technical capabilities of the Company's offshore engineering remain our priorities. We will strengthen market development and construction, expand key projects in key areas of the market and improve profitability.

OTHER SIGNIFICANT EVENTS

(1) Completion of offshore debt restructuring

In connection with the previously announced results of its consent solicitation (the “**Consent Solicitation**”) launched pursuant to the consent solicitation statement dated as of 11 December 2025 (as amended and supplemented by the announcements dated 13 January 2026, 23 January 2026 and 29 January 2026, the “**Consent Solicitation Statement**”), the restructuring effective date has occurred on 5 February 2026. Its offshore debt restructuring was completed.

For details, please refer to the Company's announcement dated 6 February 2026.

(2) Dismissal of Winding-Up Petition

A winding-up petition (the “**Petition**”) dated 27 May 2025 was filed by The Bank of New York Mellon, London Branch (the “**Petitioner**”) against the Company at the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) in relation to the 2024 Notes. Upon the joint application of the Petitioner, the Company and the opposing creditors, the High Court made an order dismissing the Petition on 9 February 2026. For details, please refer to the Company’s announcement dated 9 February 2026.

Save for the matters disclosed above, there were no other important events affecting the Company nor any of its subsidiaries since the end of the Reporting Period and up to the date of this annual results announcement.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules during the Reporting Period, save for deviation from code provision C.2.1 of the CG Code. Pursuant to code provision C.2.1 of the CG Code, the responsibility between the chairman and chief executive officer should be segregated and should not be performed by the same individual. However, Mr. ZHANG Jun (“**Mr. Zhang**”) currently performs these two roles. Mr. GAO Zhihai was appointed as the co-chief executive officer of the Company to assist Mr. Zhang in the overall business operations and strategy formulation of the Company. The Board believes that Mr. Zhang, being the chairman of the Board, is familiar with the Company’s business operation and has excellent knowledge and experience of the Company’s business which will be conducive to improve the efficiency of the Company’s overall strategic planning. Further, the Board is of the view that the balanced composition of the executive, the non-executive and the independent non-executive Directors on the Board and the various committees of the Board in overseeing different aspects of the Company’s affairs would provide adequate safeguards to ensure a balance of power and authority. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Model Code for Securities Transactions by Directors

The Company has established written guidelines for Directors, senior management and employees regarding securities transactions (the “**Securities Transactions Guideline**”) on terms no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

The Company has made specific enquiries to all Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Reporting Period.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company, consisting of Mr. WONG Man Chung Francis, Mr. WANG Tao and Ms. ZHANG Shuman, has reviewed the annual results for the year ended 31 December 2025 before the results were submitted to the Board for approval.

The auditor of the Company, Crowe (HK) CPA Limited, has agreed that the figures in respect of the Group's annual results for the year ended 31 December 2025 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company. The trustee purchased existing Shares under the 2023 Award Scheme, where the corresponding awards were granted to 107 grantees. For details, please refer to the Company's announcement dated 19 December 2025.

As of 31 December 2025, there were no treasury shares (as defined under the Listing Rules) held by the Company.

DIVIDENDS

The Board resolved not to recommend any dividend for the year ended 31 December 2025.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the annual general meeting ("AGM") to be held on Friday, 26 June 2026, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, during which period no transfer of shares will be registered and the record date will be Friday, 26 June 2026. In order to be eligible to attend and vote at the AGM, 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 Monday, 22 June 2026.

PUBLICATION OF ANNUAL RESULTS

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hilonggroup.com).

The annual report for the year ended 31 December 2025 containing all the information required by the Listing Rules will be published on the same websites (and will be despatched to shareholders of the Company, where applicable) in due course.

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board hereby announces that Mr. WANG Tao (“**Mr. Wang**”) has tendered his resignation as an independent non-executive Director of the Company, with effect from 1 April 2026, due to retirement and he would like to focus on enjoying his retirement life. Mr. Wang has confirmed that he has no disagreement with the Board and there are no matters regarding his resignation that need to be brought to the attention of the shareholders of the Company and the Stock Exchange. The Board would like to express its sincere gratitude and appreciation to Mr. Wang for his valuable contributions to the Company during his tenure of services as an independent non-executive Director.

CHANGE IN COMPOSITION OF AUDIT COMMITTEE, NOMINATION COMMITTEE AND REMUNERATION COMMITTEE

The Board further announces that following the retirement of Mr. Wang, Mr. Wang would cease to act as the a member of audit committee of the Company (“**Audit Committee**”), the chairman of the nomination committee of the Company (“**Nomination Committee**”) and the remuneration committee of the Company (“**Remuneration Committee**”) with effect from 1 April 2026, and (i) Mr. SHI Zheyuan (“**Mr. Shi**”) has been appointed as a member of the Audit Committee with effect from 1 April 2026; (ii) Mr. Shi has been appointed as the chairman of the Nomination Committee and Remuneration Committee with effect from 1 April 2026; and (iii) Mr. YAN Jiantao has been appointed as a member of the Nomination Committee and Remuneration Committee with effect from 1 April 2026.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to our shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

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

Hong Kong, 27 March 2026

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, Mr. SHI Zheyuan and Mr. YAN Jiantao.