Hilong Holding Limited
海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1623)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB2,355.9 million for the six months ended 30 June 2026, representing an increase of approximately 1.4% as compared with the same period in 2025.
- Gross profit was approximately RMB642.7 million for the six months ended 30 June 2026, representing an increase of approximately 60.1% as compared with the same period in 2025.
- The Board resolved to declare an interim dividend of HKD0.003 per share for the six months ended 30 June 2026.

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Directors**") of Hilong Holding Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**Hilong**" or "**us**") prepared according to the HKFRS Accounting Standards ("**HKFRSs**") for the six months ended 30 June 2026 (the "**Interim Period**") as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		(Unaudited) Six months ended 30 June	
	Notes	**2026**	2025
		RMB'000	*RMB'000*
Revenue	*3(a)*	**2,355,902**	2,322,537
Cost of sales and provision of services		**(1,713,181)**	(1,921,092)
Gross profit		**642,721**	401,445
Selling and marketing expenses		**(48,308)**	(43,404)
Administrative expenses		**(299,444)**	(243,831)
Research and development expenses		**(27,399)**	(9,246)
Net provision for impairment losses on receivables and contract assets		**(11,702)**	(11,623)
Other income	*6*	**2,592**	8,095
Other losses – net	*7*	**(111,747)**	(283,863)
Operating profit/(loss)		**146,713**	(182,427)
Finance income	*8*	**7,117**	7,886
Finance costs	*8*	**(60,848)**	(108,898)
Finance costs – net		**(53,731)**	(101,012)
Profit/(loss) before income tax		**92,982**	(283,439)
Income tax expense	*9*	**(42,771)**	(41,431)
Profit/(loss) for the period		**50,211**	(324,870)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME (continued)
For the six months ended 30 June 2026

		(Unaudited) Six months ended 30 June	
	Notes	**2026**	2025
		RMB'000	*RMB'000*
Other comprehensive (expenses)/income:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(124,569)**	14,641
Other comprehensive (expenses)/income for the period, net of tax		**(124,569)**	14,641
Total comprehensive expenses for the period		**(74,358)**	(310,229)
Profit/(loss) for the period attributable to			
Equity owners of the Company		**59,896**	(324,236)
Non-controlling interests		**(9,685)**	(634)
		50,211	(324,870)
Total comprehensive expenses for the period attributable to			
Equity owners of the Company		**(66,155)**	(309,581)
Non-controlling interests		**(8,203)**	(648)
		(74,358)	(310,229)
Earnings/(loss) per share attributable to equity owners of the Company for the period (expressed in RMB per share)			
Basic earnings/(loss) per share	*10*	**0.0365**	(0.1911)
Diluted earnings/(loss) per share	*10*	**0.0359**	N/A

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2026

	Notes	**(Unaudited) 30 June 2026** ***RMB'000***	(Audited) 31 December 2025 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,201,958**	1,244,091
Right-of-use assets		**46,973**	49,811
Intangible assets		**136,116**	136,841
Deferred income tax assets		**135,735**	120,047
Contract costs		**39,326**	55,747
Prepayments		**86,865**	38,616
		1,646,973	1,645,153
Current assets			
Inventories		**1,106,114**	1,059,871
Contract assets		**75,803**	18,890
Financial assets at fair value through other comprehensive income		**11,349**	25,523
Financial assets at fair value through profit or loss ("**FVPL**")		**34,055**	176,590
Contract costs		**36,006**	41,696
Trade and other receivables	*4*	**2,683,607**	3,445,444
Prepayments		**452,899**	298,672
Current income tax recoverable		**62,204**	47,195
Restricted cash		**148,058**	112,135
Cash and cash equivalents		**605,063**	777,622
		5,215,158	6,003,638
Total assets		**6,862,131**	7,648,791
EQUITY			
Capital and reserves attributable to equity owners of the Company			
Share capital		**141,976**	141,976
Other reserves		**1,258,192**	1,257,532
Currency translation differences		**(548,693)**	(422,642)
Retained earnings		**2,052,374**	1,992,478
		2,903,849	2,969,344
Non-controlling interests		**(10,784)**	(2,581)
Total equity		**2,893,065**	2,966,763

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (continued)
As at 30 June 2026

	Notes	**(Unaudited) 30 June 2026** *RMB'000*	(Audited) 31 December 2025 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**1,932,370**	–
Contract liabilities		**20,447**	31,281
Lease liabilities		**14,730**	14,588
Deferred income tax liabilities		**47,807**	38,275
Deferred income		**15,261**	17,749
		2,030,615	101,893
Current liabilities			
Trade and other payables	*5*	**1,605,613**	2,036,797
Contract liabilities		**76,517**	98,665
Current income tax liabilities		**46,820**	84,951
Borrowings		**200,815**	2,349,051
Lease liabilities		**8,686**	10,671
		1,938,451	4,580,135
Total liabilities		**3,969,066**	4,682,028
Total equity and liabilities		**6,862,131**	7,648,791

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**").

The interim condensed consolidated financial information does not include all the notes normally included in an annual financial report. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025, and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the new and revised standards and amendments that are effective for the Group's current accounting period that are expected to be reflected in the 2026 annual financial statements set out in note 2 below.

2 MATERIAL ACCOUNTING POLICIES INFORMATION

Application of new and amendments to HKFRS Accounting Standards ("HKFRSs")

In the current period, the Group has applied the following amendments to HKFRSs as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026, for the preparation of the Group's interim condensed consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The Group has not applied any new standard or amendment that is not yet effective for the current accounting period. The application of the above amendments in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and on the disclosures set out in these interim condensed consolidated financial statements.

3 SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") 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 segment from a business perspective, and assesses the performance of the business segment based on profit/(loss) before income tax without allocation of finance income, finance costs, and corporate overheads, which is consistent with that in the interim condensed consolidated financial information.

The corporate overheads are not considered as business segment expenses as such expenses are general management expenses and incurred by the headquarter 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 interim condensed consolidated financial information. 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 interim condensed consolidated financial information. These liabilities are allocated based on the operations of the segments.

The Group's operations are mainly organized 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 six months ended 30 June 2026 and 2025 are set out as follows:

	(Unaudited) Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Oilfield equipment manufacturing and services	**694,597**	716,643
Oilfield services	**1,308,793**	843,740
Offshore engineering services	**352,512**	762,154
	2,355,902	2,322,537

(b) Segment information

The segment information provided to senior executive management for the reportable segments for the six months ended 30 June 2026 and 2025 is as follows:

	Six months ended 30 June 2026 (Unaudited)			
Business segment	**Oilfield equipment manufacturing and services** *RMB'000*	**Oilfield services** *RMB'000*	**Offshore engineering services** *RMB'000*	**Total** *RMB'000*
Revenue				
Segment revenue	**713,515**	**1,310,939**	**352,512**	**2,376,966**
Inter-segment sales	**(18,918)**	**(2,146)**	**–**	**(21,064)**
Revenue from external customers	**694,597**	**1,308,793**	**352,512**	**2,355,902**
Revenue from contracts with customers:				
– at a point in time	**692,997**	**429,061**	**–**	**1,122,058**
– over time	**1,312**	**869,571**	**352,512**	**1,223,395**
	694,309	**1,298,632**	**352,512**	**2,345,453**
Revenue from other sources:				
– rental income				
– operating lease payments that are fixed	**288**	**10,161**	**–**	**10,449**
	694,597	**1,308,793**	**352,512**	**2,355,902**
Results				
Segment gross profit	**218,564**	**361,603**	**62,554**	**642,721**
Segment profit/(loss)	**77,816**	**193,094**	**(14,216)**	**256,694**
Corporate overheads				**(109,981)**
Operating profit				**146,713**
Finance income				**7,117**
Finance costs				**(60,848)**
Profit before income tax				**92,982**

Business segment	Six months ended 30 June 2025 (Unaudited) Oilfield equipment manufacturing and services *RMB'000*	Oilfield services *RMB'000*	Offshore engineering services *RMB'000*	Total *RMB'000*
Revenue				
Segment revenue	744,589	843,740	762,154	2,350,483
Inter-segment sales	(27,946)	–	–	(27,946)
Revenue from external customers	716,643	843,740	762,154	2,322,537
Revenue from contracts with customers:				
– at a point in time	710,798	253,477	–	964,275
– over time	2,062	584,619	762,154	1,348,835
	712,860	838,096	762,154	2,313,110
Revenue from other sources:				
– rental income				
– operating lease payments that are fixed	3,783	5,644	–	9,427
	716,643	843,740	762,154	2,322,537
Results				
Segment gross profit	177,859	183,079	40,507	401,445
Segment profit/(loss)	109,380	91,162	(335,686)	(135,144)
Corporate overheads				(47,283)
Operating loss				(182,427)
Finance income				7,886
Finance costs				(108,898)
Loss before income tax				(283,439)

4 TRADE AND OTHER RECEIVABLES

Trade and other receivables of RMB2,683.6 million (31 December 2025: RMB3,445.4 million) included trade receivables of RMB2,105.4 million (31 December 2025: RMB2,423.3 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 based on invoice date, before provision for loss allowance as at the end of reporting period:

	(Unaudited) 30 June 2026 ***RMB'000***	(Audited) 31 December 2025 *RMB'000*
Trade receivables, gross		
– Within 90 days	**1,565,823**	1,247,954
– Over 90 days and within 180 days	**224,537**	546,423
– Over 180 days and within 360 days	**48,007**	202,437
– Over 360 days and within 720 days	**146,568**	253,530
– Over 720 days	**120,426**	172,982
	2,105,361	2,423,326

5 TRADE AND OTHER PAYABLES

Trade and other payables of RMB1,605.6 million (31 December 2025: RMB2,036.8 million) included trade payables of RMB1,227.9 million (31 December 2025: RMB1,259.7 million).

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 based on invoice date as at the end of reporting period:

	(Unaudited) 30 June 2026 ***RMB'000***	(Audited) 31 December 2025 *RMB'000*
Trade payables		
– Within 90 days	**525,459**	698,225
– Over 90 days and within 180 days	**226,944**	142,767
– Over 180 days and within 360 days	**163,391**	75,779
– Over 360 days and within 720 days	**274,436**	258,872
– Over 720 days	**37,674**	84,068
	1,227,904	1,259,711

6 OTHER INCOME

	(Unaudited) Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Other government grants	**2,592**	7,450
Release of deferred government grant	**–**	645
	2,592	8,095

7 OTHER LOSSES – NET

	(Unaudited) Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Impairment loss on property, plant and equipment	**(6,500)**	(6,948)
Impairment loss on write-down of non-current asset classified as held for sale	**–**	(329,287)
Gains on disposal of property, plant and equipment – net	**287**	428
Net foreign exchange (loss)/gain	**(103,341)**	52,567
Others	**(2,193)**	(623)
	(111,747)	(283,863)

8 FINANCE COSTS – NET

	(Unaudited) Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Finance income:		
– Interest income derived from bank deposits	**7,117**	7,886
Finance costs:		
– Interest expense on Existing Notes and bank and other borrowings	**(108,503)**	(117,926)
– Net foreign exchange gains	**48,455**	9,440
– Interest expense on lease liabilities	**(800)**	(412)
	(60,848)	(108,898)
Finance costs – net	**(53,731)**	(101,012)

9 INCOME TAX EXPENSE

	(Unaudited) Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current income tax	**48,927**	30,377
Deferred income tax	**(6,156)**	11,054
Income tax expense	**42,771**	41,431

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 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 six months ended 30 June 2026 and 2025.

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 the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect 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. As at 30 June 2026, Hilong Energy is in the process of renewal of the qualification.

10 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

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

	(Unaudited) Six months ended 30 June	
	2026	2025
Profit/(loss) attributable to equity owners of the Company *(RMB'000)*	**59,896**	(324,236)
Issued ordinary shares at 1 January	**1,696,439**	1,696,439
Effect of share held by the Group under share award scheme	**(55,721)**	–
Weighted average number of ordinary shares at 30 June	**1,640,718**	1,696,439
Basic earnings/(loss) per share *(RMB per share)*	**0.0365**	(0.1911)

Diluted earnings/(loss) per share

Diluted earnings/(loss) 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 one category of dilutive potential ordinary shares: share award scheme.

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

	(Unaudited) Six months ended 30 June	
	2026	2025
Profit/(loss)		
Profit/(loss) for the period attributable to equity owners of the Company for the purpose of calculation of diluted earnings/(loss) per share *(RMB'000)*	**59,896**	(324,236)

	(Unaudited) Six months ended 30 June	
	2026	2025
Number of shares (thousands of shares)		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,640,718**	1,696,439
Effect of dilutive potential ordinary shares		
– Share award scheme	**28,046**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**1,668,764**	1,696,439
Diluted earnings/(loss) per share *(RMB per share)*	**0.0359**	N/A

No diluted loss per share for the six months ended 30 June 2025 is presented as there was no potential ordinary share in issue for the period.

11 DIVIDENDS

The Board resolved to declare an interim dividend of HKD0.003 per share for the six months ended 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

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

	Six months ended 30 June			
	2026		2025	
	RMB'000	*%*	*RMB'000*	*%*
Oilfield equipment manufacturing and services				
– Drill pipes	**582,017**	**24.7**	675,329	29.1
– Drill pipe components	**19,951**	**0.8**	580	–
– Others	**92,629**	**4.0**	40,734	1.8
Subtotal	**694,597**	**29.5**	716,643	30.9
Oilfield services	**1,308,793**	**55.6**	843,740	36.3
Offshore engineering services	**352,512**	**14.9**	762,154	32.8
Total revenue	**2,355,902**	**100.0**	2,322,537	100.0

Revenue increased by RMB33.4 million, or 1.4%, from RMB2,322.5 million for the six months ended 30 June 2025 to RMB2,355.9 million for the Interim Period. Such increase was mainly due to increase in revenue of Oilfield services from tubing and casing trading business and the integrated drilling and completion technology service for the Interim Period as compared to the same period in 2025.

Oilfield equipment manufacturing and services. Revenue from the oilfield equipment manufacturing and services segment decreased by RMB22.1 million, or 3.1%, from RMB716.7 million for the six months ended 30 June 2025 to RMB694.6 million for the Interim Period. 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 periods indicated:

	Six months ended 30 June	
	2026	2025
Sales of drill pipes		
– International market		
– volume *(tonnes)*	**23,520**	24,687
– unit price *(RMB/tonne)*	**24,488**	24,880
Subtotal *(RMB'000)*	**575,955**	614,233
– The PRC market		
– volume *(tonnes)*	**368**	4,134
– unit price *(RMB/tonne)*	**16,459**	14,777
Subtotal *(RMB'000)*	**6,062**	61,096
Total *(RMB'000)*	**582,017**	675,329

Revenue from sales of drill pipes in the international market decreased by RMB38.2 million, or 6.2%, from RMB614.2 million for the six months ended 30 June 2025 to RMB576.0 million for the Interim Period. The decrease primarily reflected a decrease of 4.7% in the volume of drill pipes sold from 24,687 tonnes for the six months ended 30 June 2025 to 23,520 tonnes for the Interim Period. Such decrease in the sales volume primarily reflected much more intense market competition in the Middle East market.

Revenue from sales of drill pipes in the PRC market decreased by RMB55.0 million, or 90.1%, from RMB61.1 million for the six months ended 30 June 2025 to RMB6.1 million for the Interim Period. The decrease primarily reflected a 91.1% decrease in the volume of drill pipes sold from 4,134 tonnes for the six months ended 30 June 2025 to 368 tonnes for the Interim Period. Such decrease in the sales volume primarily reflected the decreased demands from domestic markets.

Oilfield services. Revenue from the oilfield services segment increased by RMB465.1 million, or 55.1%, from RMB843.7 million for the six months ended 30 June 2025 to RMB1,308.8 million for the Interim Period. Such increase was mainly reflected in the increase in revenue from tubing and casing trading business and the integrated drilling and completion technology service for the Interim Period as compared to the same period in 2025.

Offshore engineering services. Revenue from the offshore engineering service segment decreased by RMB409.6 million, or 53.8%, from RMB762.2 million for the six months ended 30 June 2025 to RMB352.6 million for the Interim Period. The decrease primarily reflected that, despite a substantial backlog, lengthy project cycles require more time for execution and conversion. The Interim Period mainly involved preliminary preparations for major projects, leading to limited progress and the decline in revenue.

Cost of Sales and Provision of Services

Cost of sales and provision of services decreased by RMB207.9 million, or 10.8%, from RMB1,921.1 million for the six months ended 30 June 2025 to RMB1,713.2 million for the Interim Period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit increased by RMB241.3 million, or 60.1%, from RMB401.4 million for the six months ended 30 June 2025 to RMB642.7 million for the Interim Period. Gross profit margin was 27.3% for the Interim Period, increased by 10.0% from that for the six months ended 30 June 2025.

Selling and Marketing Expenses

Selling and marketing expenses increased by RMB4.9 million, or 11.3%, from RMB43.4 million for the six months ended 30 June 2025 to RMB48.3 million for the Interim Period. These expenses, amounting to 2.1% of revenue for the Interim Period, were higher than 1.9% for the six months ended 30 June 2025.

Administrative Expenses

Administrative expenses increased by RMB55.6 million, or 22.8%, from RMB243.8 million for the six months ended 30 June 2025 to RMB299.4 million for the Interim Period. Such an increase primarily reflected the increase in staff costs and service charge.

Other Losses – Net

The Group recognized a net loss of RMB111.7 million for the Interim Period and a net loss of RMB283.9 million for the six months ended 30 June 2025. The net loss recognized for the Interim Period mainly due to the exchange loss of RMB103.3 million from the operating activities as a result of the depreciation of the USD compared with that of 2025.

Finance Costs – Net

Finance costs – net decreased by RMB47.3 million, or 46.8%, from RMB101.0 million for the six months ended 30 June 2025 to RMB53.7 million for the Interim Period. Such decrease primarily reflected the net foreign exchange gain of RMB48.5 million from the financing activities resulting from the depreciation of USD compared with that of 2025.

(Loss)/Profit before Income Tax

As a result of the foregoing, the Group recognized loss before income tax of RMB283.4 million for the six months ended 30 June 2025 and profit before income tax of RMB93.0 million for the Interim Period.

Income Tax Expense

The Group recognized income tax expense of RMB41.4 million for the six months ended 30 June 2025 and RMB42.8 million for the Interim Period. The effective tax rate was approximately -14.6% for the six months ended 30 June 2025 and 46.0% for the Interim Period, the increase of the 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)/Profit for the Period Attributable to Equity Owners of the Company

As a result of the foregoing, the Group recognized loss for the period attributable to equity owners of the Company of RMB324.2 million for the six months ended 30 June 2025 and profit of RMB59.9 million for the Interim Period.

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 periods indicated:

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Inventory	**1,106,114**	1,059,871
Turnover days of inventory (in days)[1]	**115**	107

(1) Turnover days of inventory for a period or a year equals average inventory divided by total cost of sales and then multiplied by 182 for the Interim Period and by 365 for the year ended 31 December 2025. Average inventory equals inventory balance at the beginning of the period or year plus inventory balance at the end of the period or year, divided by two.

The increase in inventories from 31 December 2025 to 30 June 2026 reflected the increase of reserves for new orders in the overseas market.

Trade and Other Receivables

Trade and other receivables of RMB2,683.6 million (31 December 2025: RMB3,445.4 million) included trade receivables of RMB2,105.4 million (31 December 2025: RMB2,423.3 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 trade receivables as at the dates indicated:

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Trade receivables, gross		
– Within 90 days	**1,565,823**	1,247,954
– Over 90 days and within 180 days	**224,537**	546,423
– Over 180 days and within 360 days	**48,007**	202,437
– Over 360 days and within 720 days	**146,568**	253,530
– Over 720 days	**120,426**	172,982
	2,105,361	2,423,326
Turnover days of trade receivables(1)	**175**	168

(1) Turnover days of trade receivables for a period or a year equals average trade receivables divided by total revenue and then multiplied by 182 for the Interim Period and by 365 for the year ended 31 December 2025. Average trade receivables balance of trade receivables at the beginning of the period or year plus balance at the end of the period or year, divided by two.

The increase in turnover days of trade receivables from 168 days as at 31 December 2025 to 175 days as at 30 June 2026 primarily reflected the settlement for trade receivables due from certain oil and gas companies in the international market was less active and slowed down in 2026.

(i) During the Interim Period, the Group received the subsequent settlement of approximately RMB1,922,259,000 from the overseas customers, which accounted for 97% of the Other Than China Receivables as at 31 December 2025.

(ii) The increase in accounts receivable past due within 90 days 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 2026 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.

For those major customers with outstanding balances as at 30 June 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 analyse aged receivables, prioritising 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 Interim Period, the Group maintains the ECL accounting policies consistent with those applied in the prior financial year.

As of the date of this announcement, the Company's management team considers that the level of loss allowance at 30 June 2026 was adequate based on the below reasons:

i) about 100% of the Other Than China Receivables at 31 December 2025 were already settled by the overseas customers up to 31 July 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 RMB1,605.6 million (31 December 2025: RMB2,036.8 million) included trade payables of RMB1,227.9 million (31 December 2025: RMB1,259.7 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 dates indicated:

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Trade payables		
– Within 90 days	**525,459**	698,225
– Over 90 days and within 180 days	**226,944**	142,767
– Over 180 days and within 360 days	**163,391**	75,779
– Over 360 days and within 720 days	**274,436**	258,872
– Over 720 days	**37,674**	84,068
	1,227,904	1,259,711
Turnover days of trade payables[1]	**132**	125

(1) Turnover days of trade payables for a period or a year equals average trade payables divided by total cost of sales and then multiplied by 182 for the Interim Period and by 365 for the year ended 31 December 2025. Average trade payables equals to balance of trade payables at the beginning of the period or year plus balance at the end of the period or year, divided by two.

Liquidity and Financial Resources

As at 30 June 2026, the Group had total cash and cash equivalents amounting to RMB605.1 million (31 December 2025: RMB777.6 million). The Group's net borrowings as at 30 June 2026 was RMB1,528.1 million (31 December 2025: RMB1,571.4 million), being total borrowings of RMB2,133.2 million (31 December 2025: RMB2,349.1 million) less cash and cash equivalents of RMB605.1 million (31 December 2025: RMB777.6 million). After taking into account the restricted cash of RMB148.1 million (31 December 2025: RMB112.1 million), the Group's net borrowings as at 30 June 2026 was RMB1,380.0 million (31 December 2025: RMB1,459.3 million), being total borrowings less cash and cash equivalents and restricted cash.

As at 30 June 2026, cash and cash equivalent were mainly denominated in RMB, USD and RUB. The current ratio of the Group as at 30 June 2026 was 269.0% (31 December 2025: 131.1%), calculated on the basis of current assets of RMB5,215.2 million (31 December 2025: RMB6,003.6 million) over current liabilities of RMB1,938.5 million (31 December 2025: RMB4,580.1 million).

Indebtedness

As at 30 June 2026, the outstanding indebtedness of RMB2,133.2 million was mainly denominated in USD and RMB. The following table sets forth breakdown of the indebtedness as at the dates indicated:

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Non-current		
Existing Notes	**1,986,495**	–
Less: Current portion of Existing Notes	**(54,125)**	–
	1,932,370	–
Current		
Bank borrowings	**130,400**	133,940
Other borrowings	**16,290**	4,230
Existing Notes	**–**	2,210,881
Current portion of Existing Notes	**54,125**	–
	200,815	2,349,051
	2,133,185	2,349,051

As at 30 June 2026, borrowings of RMB2,133.2 million were obtained at a fixed rate (31 December 2025: RMB2,349.1 million).

Reference is made to the announcements of the Company dated 11 December 2025, 13 January 2026, 23 January 2026, 29 January 2026 and 3 February 2026 in relation to, among other things, the proposed offshore debt restructuring of its 9.75% Senior Secured Notes due 2024 (the "**Existing Notes**"), dated as of 18 May 2021 (as supplemented by a first supplemental indenture dated as of 23 October 2025, the "**Existing Indenture**").

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. The Existing Indenture was amended and restated in the form of the Amended and Restated Indenture and the Existing Notes was amended and restated in the form of the Amended and Restated Notes. The maturity date of the Amended and Restated Notes is 5 February 2030.

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

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 30 June 2026 and 31 December 2025 are as follows:

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
Total borrowings	**2,133,185**	2,349,051
Add: Lease Liabilities	**23,416**	25,259
Less: Cash and cash equivalents	**(605,063)**	(777,622)
Restricted cash	**(148,058)**	(112,135)
Net debt	**1,403,480**	1,484,553
Total equity	**2,893,065**	2,966,763
Total capital	**4,296,545**	4,451,316
Gearing ratio	**32.67%**	33.35%

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

Acquisition of Industrial Land Use Rights

Reference is made to the announcement of the Company dated 29 April 2026 in relation to the acquisition of industrial land use rights (the "**Announcement**"). Unless otherwise defined herein, the capitalized terms used herein shall have the same meaning as defined in the Announcement.

On 29 April 2026 (after trading hours), Hilong Marine entered into the Investment Agreements with the Management Committee of Jiangsu Qidong Lvsigang Economic Development Zone (江蘇啟東呂四港經濟開發區管理委員會). Pursuant to the Investment Agreements, the Qidong Project Company will participate in the public listing-and-bidding process for the Acquisition of Industrial Land Use Rights. If the Qidong Project Company successfully bids for the Land, the Qidong City Natural Resources and Planning Bureau (啟東市自然資源和規劃局) will enter into a definitive agreement on the basis of the Investment Agreements. The aggregate consideration for the Land at the starting bid prices amounts to RMB68,000,000 in total. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition of Industrial Land Use Rights exceeds 5% but all are less than 25%, the Acquisition of Industrial Land Use Rights constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Land remains under the public listing-and-bidding process. The Company also would like to clarify that the starting bid price of RMB136,000 (per mu) was determined with reference to Article 9 of the Notice of the General Office of the Municipal People's Government on Forwarding Provisions on Further Strengthening the Administration of Industrial Land Grant (Trial Implementation) Issued by the Municipal Bureau of Land and Resources (市政府辦公室轉發市國土資源局《關於進一步加強工業用地出讓管理若干規定(試行)》的通知), pursuant to which the minimum starting grant price for industrial land within the Qidong High-tech Industrial Development Zone is RMB136,000 (per mu).

Save as disclosed in this announcement, during the six months ended 30 June 2026, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

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 30 June 2026) during the Interim Period.

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 19.1% appreciation of RMB against the USD from 21 July 2005 to 30 June 2026. 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 the 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 55.9% and 57.4% of the total revenue of the Company for the six months ended 30 June 2025 and the Interim Period, respectively.

Staff and Remuneration Policy

As at 30 June 2026, the total number of full-time employees employed by the Group was 3,030 (31 December 2025: 2,810). The following table sets forth the number of the Group's full-time employees by area of responsibility as at 30 June 2026:

On-site workers	1,970
Administrative	421
Engineering and technical support	411
Research and development	121
Sales, marketing and after-sales services	84
Company management	23
	3,030

Employee costs excluding the Directors' remuneration totaled RMB305.3 million for the Interim Period. 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**"). No awards have been granted under the 2023 Award Scheme during the six months ended 30 June 2026. For further details of the 2023 Award Scheme, please refer to the Company's announcement dated 13 September 2023.

BUSINESS REVIEW

In the first half of 2026, Hilong resolutely pushed forward with its transformation towards scientific and digital intelligent management, and achieved good results in key countries and regions such as the United States, Canada and the Middle East. At the same time, the Group enhanced cash flow management and implemented active financial measures, such as strengthening its accounts receivable management and inventory management, which enhanced the overall operating efficiency. As it intensified its market development efforts, the Group also placed strong emphasis on scientific development and technological innovation, and has been gradually developing into an asset-light, digital and high-tech intelligent enterprise. With full workloads across its business units, its three segments, namely oilfield equipment manufacturing and services, oilfield services and offshore engineering services, secured important orders from high-end customers in a number of new and existing markets, establishing a solid foundation for the long-term development of the Group. The Group 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. In the first half of 2026, Hilong maintained relatively stable revenue. During the Interim Period, Hilong recorded a total revenue of RMB2,360 million, representing an increase of 1.4% compared with the first half of 2025.

Oilfield Equipment Manufacturing and Services

During the Interim Period, the revenue of the oilfield equipment manufacturing and services segment was RMB694.6 million, representing a year-on-year decrease of 3.1%. In the first half of 2026, 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, and maintained a strong sales performance despite the complex international market environment, which provided strong support and contribution to the achievement of the oilfield equipment segment's operating results. The Company has successfully established relationships with major strategic clients such as Precision Drilling, and has become a core drilling tool supplier to premium clients including Precision Drilling, SAVANA, and Ensign. The Company's independently developed high-tech products such as HLNST special connections have successfully entered the North American high-end market, securing multiple high value-added orders. In the Middle East market, core products such as high-sulfur-resistance drilling tools have gained high recognition from new customers, significantly enhancing market penetration and further consolidating the Company's industry position and brand influence in the region. Research and development of products such as HL130S/HL135MS high-strength sulfur-resistant, high-strength and high-torque drill pipes, HLU165 large-scale, thick-walled ultra-high-strength special drill pipes, HLNST special connections, drill pipes with radio frequency identification tags for deep wells, and intelligent drill pipes have achieved breakthroughs and field application. During the Interim Period, numerous achievements were made across multiple scientific research projects centered on differentiated products tailored to customer demand, production transformation based on automation and informatization, and forward-looking research. Hilong's sulfur-resistant drilling tools with special connections enabled Hilong to stay ahead in market competition, marking a key milestone resulting from its early market positioning and early 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. The promotion of radio frequency identification tags resulted in secured orders, while Hilong's V150 products also secured drilling tool orders. During the Interim Period, Hilong signed a series of contracts with high-end customers across key regions worldwide for the supply of drilling tools and bottomhole assemblies. In the domestic market, Hilong also secured projects and orders from both important domestic and international partners. Through the deep cultivation of drilling rig supporting services and overseas drilling projects for large state-owned enterprises, 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 to continuously developing new products and expanding into new markets through technological innovation.

Oilfield Services

In the first half of 2026, the oilfield services segment recorded a total revenue of RMB1,308.8 million, representing a year-on-year increase of 55.1%. Hilong's oilfield services segment seized the business opportunity to vigorously develop oilfield management and address market demand for production enhancement, which was highly conducive to its development. The Oilfield Service Division adopted multiple approaches focused on transitioning toward an "asset-light and technology-driven" operational model, developing high-tech integrated turnkey operations. Hilong's turnkey business capabilities have reached a new level. Hilong closely monitored market dynamics regarding the transfer of important overseas oil and gas fields and asset mergers and acquisitions, while pursuing suitable opportunities for participation. Key countries and projects included oilfield cooperation projects and market expansion in Nigeria, Brazil, Ecuador, Pakistan, Malaysia, Brunei, Oman, the UAE and Libya. Hilong interacted with local partners, and adhered to market-oriented and technology-driven strategies, to build a "One Body, Two Wings" business development model. Alongside rapid growth, the safety management capabilities of its 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 technologies. Hilong systematically integrated various businesses of drilling and workover services, technical services, and trading services. In addition to 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 the corresponding period of 2025 and achieved new breakthroughs in the tubing and casing trading business.

Offshore Engineering Services

In the first half of 2026, the offshore engineering services segment recorded a total revenue of RMB352.6 million, representing a year-on-year decrease of 53.8%. Hilong Offshore Engineering further enhanced its project management capabilities for both international and domestic projects as well as its overseas project design capabilities, while improving digitalized and systematic management methods and high-tech service experience, laying a solid foundation for its strategic direction toward an asset-light model with integrated turnkey capabilities. By empowering the entire industrial chain with technology, it strove to build a modern offshore engineering comprehensive service provider with core competitiveness. The Company's major ongoing construction projects progressed smoothly. For example, the Congo EPC project was successfully completed, along with the Congo Phase 1 and Phase 2 installation and transportation turnkey projects. Contracts were also signed for projects such as the ASK project in Myanmar with PTTEP. Project deliveries were highly praised by 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. The year 2026 will be a significant year in the development history of Hilong Offshore Engineering, and it will strive to ensure that project economic benefits meet or exceed 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 highly skilled 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 EPCIC 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 a record-high number of projects, which effectively supported both market development and project execution. 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 rapid growth of orders on hand has further consolidated the Company's market share and industry position in the offshore engineering sector.

Technology Research and Development

Hilong has been committed 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-torque drill pipe technology. Based on preliminary high strength sulfur-resistant drill pipe projects, Hilong has developed HL130S/HL135MS high strength sulfur-resistant service drill pipes. The relationship between the microstructure of sulfur-resistant drill pipe materials and their sulfur-resistant performance was studied, 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, as well as the development and promotion of large-scale, thick-walled HLU165 ultra high strength special drill pipes, were completed, laying a solid foundation for the development and promotion of high strength special drill pipes for 10,000-meter ultra-deep wells. The Company completed the development of high pressure-resistant special connections for offshore risers. Based on the existing five types of sulfur-resistant materials, experiments were conducted to evaluate their sulfur-resistant performance from multiple dimensions, quantifying the differences in sulfur-resistant properties among various alloy compositions. Several new materials were also developed through collaboration. 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. The Company completed the development of information management software of drill pipes and drilling tools with radio frequency identification tags, and has currently received orders for drill pipes with radio frequency identification tags from high-end customers, achieving market breakthroughs and broader market rollout. 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 its digital transformation, the Group carried out automation and intelligent transformation of production equipment. In the oilfield services sector, the Company continuously improved its technical service capabilities for drilling and well completion turnkey projects, including the drilling capabilities for extended-reach horizontal wells. The Company also 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, the Company carried out a number of research projects in area such as offshore engineering technology and offshore engineering digital technology.

OUTLOOK

Looking forward to the second half of 2026, the Group will adhere to its high-tech development strategy, and will continue secure high-end orders from new high-end customers in the United States, Middle East, Southeast Asia, South America and other countries and regions. The Company will sustain our growth momentum, break through performance limits, mitigate various risks, and implement intelligent empowerment, striving to make greater breakthroughs in new markets and new businesses and continuously enhance its international market share while enhancing our brand image and service reputation. The Company expects to obtain more orders from oil company owners in overseas countries. In terms of the market, the Group will expand the width and depth of its product offerings, such as acquiring more high-end customers and orders in regions such as the Middle East. Meanwhile, the Company will make improvements to its business model and promote more high-tech businesses and products, striving to achieve better performance in the second half of 2026.

In terms of the international drill pipe market, we will deepen market and customer cultivation, with a focus on bidding for key customers in key countries such as ADNOC in the Middle East, to further enhance the market reputation of Hilong's drill pipe products. The Company will focus on developing major customers in the United States, intensify market development in Mexico, and expand sales coverage to Central and South America. In coordination with oilfield services, the Company will strengthen sales efforts in markets such as Nigeria and Ecuador. The Company will expand diversified business and service transformation, conduct market research on drill pipe full lifecycle management needs in the Middle East, plan and develop information systems, and carry out supporting technical research and feasibility analysis, striving to realize drill pipe full lifecycle management service business in the Middle East, including collaborations with ADNOC. We will vigorously promote 130S/135MS and HLU165 ultra high strength special drill pipes, high pressure-resistant special connections for offshore riser, HLNST special connections, 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 establishing the presence of its intelligent drill pipes in major markets. The Company will also strengthen the research and development and promotion of the automated transformation of production lines, 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 oilfield services business, the Company will fully advance the drilling turnkey project in Nigeria and expand into markets in Africa, Central and South America, the Middle East, and Europe. The Company will build a technology system and core competitiveness based on "intelligent drilling + high-end downhole tools + digital oilfield services". The Company will also actively promote the implementation of digital-intelligent unified construction projects and self-developed business systems for oilfield services. The Company will maintain a relatively high 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 an advanced level in the industry as soon as possible. The Company will strive to develop new business growth points in Brazil, Libya, and Nigeria, and continue developing trading, oilfield environmental protection and other related businesses to generate profits; and leverage our market development and management capabilities to identify social resources, reduce business risks, expand scale, and generate value. The Company will make every effort to improve its technical capabilities and scientific research standards and build the core competitiveness of Hilong's oilfield service business. The Company will seek sales opportunities for existing drilling rigs, align with customer needs for drilling rig replacement and upgrading, and optimize the age profile of our rig fleet to enhance market competitiveness and overall efficiency. The Company 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 businesses such as trade and oilfield environmental protection and generate profits. The Company will adhere to scientific and technological innovation, asset-light model and digital management transformation, break through the bottleneck of traditional business development, and demonstrate strong technical and management capabilities. The Company 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, the Company will actively explore the sales of drilling and workover rig equipment and spare parts, and tubing and casing trading business.

In offshore engineering services, the Company will strengthen its overseas market staffing, enabling sales teams to reach the front lines and engage closely with customers. While maintaining existing customers, active steps will be taken to acquire new customers, pursue more bidding opportunities, and expand into project types such as decommissioning and platform maintenance. Project reviews will be conducted for completed operations to form organizational assets for guiding the bidding and execution of new projects, with particular emphasis placed process management focusing on safety, quality, resources, budgets, procurement, costs, and risks. The Company will strive to reduce costs and enhance efficiency to achieve comprehensive operational targets. Strategic planning will be implemented at the departmental execution level to further refine the Company's internal control systems and build a compliant and efficient operational management system centered on its core business while integrating high technology to implement the Group's cost reduction and efficiency enhancement management. Each business center will strengthen capacity building. Companies under the Group 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. Continued efforts will also be dedicated to the Middle East, leveraging the Saudi branch as a base to actively seek bidding opportunities. To speed up the layout and construction in Southeast Asia and West Africa, the Company will leverage its offshore engineering experience to focus on strengthening the digital delivery and management capabilities of offshore engineering. Efforts will also be made to actively pursue and execute projects such as engineering commissioning, digital and intelligent operations in the international market. Particular focus will be placed on areas such as pipeline laying, jacket installation and decommissioning, and block floating, with continuous efforts to improve 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 its priorities. Meanwhile, market development and construction will be reinforced to expand key projects in key areas of the market and improve profitability.

Subsequent Events

The Company is not aware of any material subsequent events since the end of the Interim Period to the date of this interim results announcement.

CHANGES SINCE 31 DECEMBER 2025

Save as disclosed in this announcement, there were no other material changes in the Group's financial position or in the information disclosed under the management discussion and analysis section in the Company's 2025 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 Interim 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 inquiries to all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Interim Period.

REVIEW OF INTERIM RESULTS

The audit committee of the Company, consisting of Mr. YU Chung Leung, Mr. SHI Zheyan and Ms. ZHANG Shuman, has reviewed the interim results for the Interim Period before the results were submitted to the Board for approval.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Interim 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.

During the Interim Period, the trustee of the 2023 Award Scheme purchased a total of 9,190,310 existing shares for the purpose of granting awards to eligible participants under the 2023 Award Scheme. For details of the 2023 Award Scheme, please refer to the Company's announcement dated 13 September 2023.

As of 30 June 2026, there were no treasury shares (as defined under the Listing Rules) held by the Company.

DIVIDENDS

The Board resolved to declare an interim dividend of HKD0.003 per share for the six months ended 30 June 2026. Based on the total number of shares in issue as of the date of this announcement, the total amount of interim dividend to be paid by the Company is approximately HKD5.09 million. The interim dividend will be paid in cash on 30 September 2026 to the Company's shareholders whose names appear on the register of members of the Company as at 16 September 2026.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the shareholders of the Company to the interim dividend, the register of members of the Company will be closed from Monday, 14 September 2026 to Wednesday, 16 September 2026, both days inclusive, during which period no transfer of shares will be registered, and the record date will be Wednesday, 16 September 2026. 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 Friday, 11 September 2026.

PUBLICATION OF INTERIM RESULTS

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

The interim report for the Interim Period containing all the information required by the Listing Rules will be published on the same websites (and will be dispatched to shareholders of the Company, where applicable) in due course.

APPRECIATION

The Board wishes to express its sincerest gratitude to the shareholders and business partners of the Company for their continued support, and to the Group's employees for their dedication and hard work.

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

Hong Kong, 29 August 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. YU Chung Leung, Mr. SHI Zheyan and Mr. YAN Jiantao.