



# 海隆控股有限公司\*

## Hilong Holding Limited

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

## TECHNOLOGICAL INNOVATION

# 2026

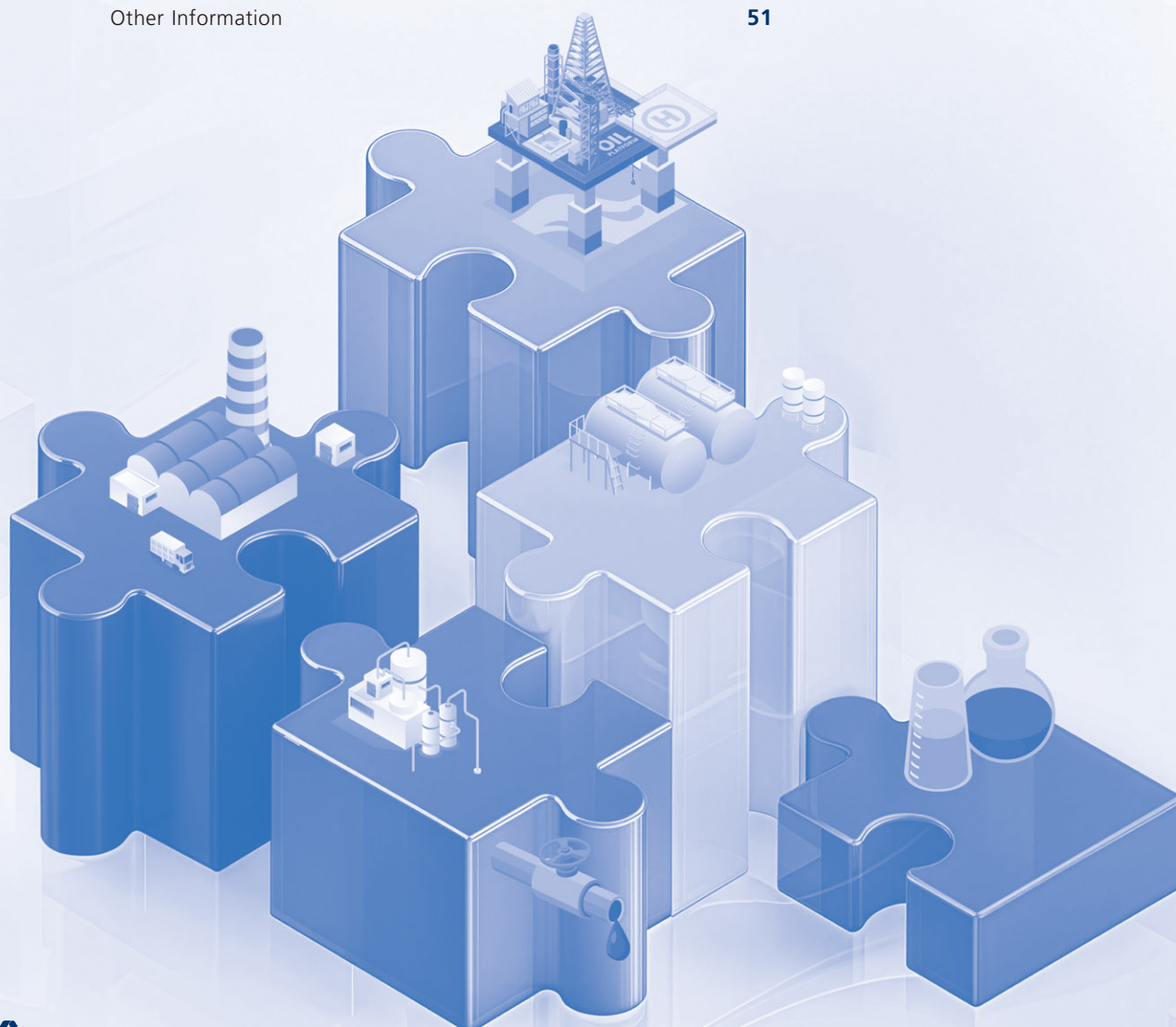
### INTERIM REPORT



\* For identification purpose only

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Director

Mr. Zhang Jun (張軍)

(Chairman, Executive Chairman and Co-Chief Executive Officer)

### Non-executive Directors

Ms. Zhang Shuman (張姝嫻)

Dr. Yang Qingli (楊慶理)

Mr. Cao Hongbo (曹宏博)

Dr. Fan Ren Da Anthony (范仁達)

### Independent Non-executive Directors

Mr. Wang Tao (王濤) (resigned on 1 April 2026)

Mr. Wong Man Chung Francis (黃文宗)

(retired on 26 June 2026)

Mr. Shi Zheyang (施哲彥)

Mr. Yan Jiantao (閻建濤) (appointed on 9 January 2026)

Mr. Yu Chung Leung (余仲良)

(appointed on 26 June 2026)

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Jun (張軍)

Ms. Sham Ying Man (岑影文)

## AUDIT COMMITTEE

Mr. Wong Man Chung Francis (黃文宗)

(Chairman of Audit Committee)

(retired on 26 June 2026)

Mr. Yu Chung Leung (余仲良)

(Chairman of Audit Committee)

(appointed on 26 June 2026)

Mr. Wang Tao (王濤) (resigned on 1 April 2026)

Ms. Zhang Shuman (張姝嫻)

Mr. Shi Zheyang (施哲彥) (appointed on 1 April 2026)

## REMUNERATION COMMITTEE

Mr. Wang Tao (王濤)

(Chairman of Remuneration Committee)

(resigned on 1 April 2026)

Mr. Shi Zheyang (施哲彥)

(Chairman of Remuneration Committee)

(appointed on 1 April 2026)

Mr. Wong Man Chung Francis (黃文宗)

(retired on 26 June 2026)

Mr. Yan Jiantao (閻建濤) (appointed on 1 April 2026)

Mr. Yu Chung Leung (余仲良)

(appointed on 26 June 2026)

## NOMINATION COMMITTEE

Mr. Wang Tao (王濤)

(Chairman of Nomination Committee)

(resigned on 1 April 2026)

Mr. Shi Zheyang (施哲彥)

(Chairman of Nomination Committee)

(appointed on 1 April 2026)

Dr. Yang Qingli (楊慶理)

Mr. Wong Man Chung Francis (黃文宗)

(retired on 26 June 2026)

Ms. Zhang Shuman (張姝嫻)

Mr. Yan Jiantao (閻建濤) (appointed on 1 April 2026)

Mr. Yu Chung Leung (余仲良)

(appointed on 26 June 2026)

## COMPANY SECRETARY

Ms. Sham Ying Man (岑影文)

## AUDITOR

Crowe (HK) CPA Limited

## REGISTERED OFFICE

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HEADQUARTER

No. 1825, Luodong Road

Baoshan Industrial Zone

Shanghai

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East, Wan Chai, Hong Kong

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

China Construction Bank, Yuepu Branch

Bank of China, Baoshan Branch

Industrial & Commercial Bank of China, Baoshan Branch

Shanghai Pudong Development Bank, Baoshan Branch

## STOCK CODE

1623

## WEBSITE

www.hilonggroup.com

# 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          | %            |
| <b>Oilfield equipment manufacturing and services</b> |                          |              |                  |              |
| – 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          |
| <b>Subtotal</b>                                      | <b>694,597</b>           | <b>29.5</b>  | <b>716,643</b>   | <b>30.9</b>  |
| <b>Oilfield services</b>                             | <b>1,308,793</b>         | <b>55.6</b>  | <b>843,740</b>   | <b>36.3</b>  |
| <b>Offshore engineering services</b>                 | <b>352,512</b>           | <b>14.9</b>  | <b>762,154</b>   | <b>32.8</b>  |
| <b>Total revenue</b>                                 | <b>2,355,902</b>         | <b>100.0</b> | <b>2,322,537</b> | <b>100.0</b> |

## MANAGEMENT DISCUSSION AND ANALYSIS

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 six months ended 30 June 2026 (the “Interim Period”). Such increase was mainly due to the 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           |
| <b>Sales of drill pipes</b> |                          |                |
| – International market      |                          |                |
| – volume (tonnes)           | 23,520                   | 24,687         |
| – unit price (RMB/tonne)    | 24,488                   | 24,880         |
| <b>Subtotal (RMB'000)</b>   | <b>575,955</b>           | <b>614,233</b> |
| – The PRC market            |                          |                |
| – volume (tonnes)           | 368                      | 4,134          |
| – unit price (RMB/tonne)    | 16,459                   | 14,777         |
| <b>Subtotal (RMB'000)</b>   | <b>6,062</b>             | <b>61,096</b>  |
| <b>Total (RMB'000)</b>      | <b>582,017</b>           | <b>675,329</b> |

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.

# MANAGEMENT DISCUSSION AND ANALYSIS



**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/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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (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<br>30 June<br>2026<br>RMB'000 | As at<br>31 December<br>2025<br>RMB'000 |
|-----------------------------------------------------|-------------------------------------|-----------------------------------------|
| Inventory                                           | 1,106,114                           | 1,059,871                               |
| Turnover days of inventory (in days) <sup>(1)</sup> | 115                                 | 107                                     |

<sup>(1)</sup> 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<br>30 June<br>2026<br>RMB'000 | As at<br>31 December<br>2025<br>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 <sup>(1)</sup> | 175                                 | 168                                     |

<sup>(1)</sup> Turnover days of trade receivables for a period or a year equals average trade receivables divided by revenue and then multiplied by 182 for the Interim Period, and by 365 for the year ended 31 December 2025. Average trade receivables equals 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.

# MANAGEMENT DISCUSSION AND ANALYSIS



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.

# MANAGEMENT DISCUSSION AND ANALYSIS

As of the date of this interim report, 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<br>30 June<br>2026<br>RMB'000 | As at<br>31 December<br>2025<br>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                                  |
|                                                | <u>1,227,904</u>                    | <u>1,259,711</u>                        |
| Turnover days of trade payables <sup>(1)</sup> | <u>132</u>                          | <u>125</u>                              |

<sup>(1)</sup> 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.

# MANAGEMENT DISCUSSION AND ANALYSIS



## 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).

## Treasury Policy

The Company has its own treasury policy setting out the selection guidelines and relevant approval procedures for acceptable short-term investments and financial assets with reference to its risk management policy.

According to such treasury policy, the Company can invest in products including non-equity financial asset investments with strong liquidity which can be realized either at any time or within a short period of time.

According to the Company's prevailing approval procedures, any investment decision related to financial assets shall be approved by the chief financial officer. As at 30 June 2026, the Company did not have any short-term investment at FVPL (balance as at 31 December 2025: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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



## MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of this report, 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 report, during the Interim Period, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

### SIGNIFICANT INVESTMENTS HELD

The Group did not make any 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.

### CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no contingent liabilities (31 December 2025: Nil).

### PLEDGE OF ASSETS

As at 30 June 2026, the Group has pledged 18 drilling rigs as collateral (4 of 18 as negative pledges) in connection with the Amended and Restated Notes. 5 drilling rigs are in operation in Ecuador, 5 drilling rigs are in operation in Malaysian, 2 drilling rigs are in operation in UAE, 2 drilling rigs are in operation in Ukraine, 2 drilling rigs as negative pledges are in operation in Iraq, 1 drilling rig as negative pledge is in operation in Malaysian and 1 drilling rig as negative pledge is in operation in UAE.

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS



## 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    |
|                                           | <hr/> |
|                                           | 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 share 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS



## 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS



## OUTLOOK

Looking forward to the second half of 2026, the Group will adhere to its high-tech development strategy, and will continue to secure high-end orders from new high-end customers in the United States, the 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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 on 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 report.

### AUDITOR

PricewaterhouseCoopers ("PwC") has tendered its resignation as the auditor of the Company with effect from 30 May 2024 and Crowe (HK) CPA Limited ("Crowe") has been appointed as the new auditor of the Company with effect from 8 July 2024 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. The resolution to re-appoint Crowe as auditor was duly passed by the shareholders of the Company at the annual general meetings of the Company held on 23 December 2024, 20 June 2025 and 26 June 2026, respectively.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2026

|                                                                                | Notes | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|--------------------------------------------------------------------------------|-------|-------------------------------------------|---------------------------------------------|
| <b>ASSETS</b>                                                                  |       |                                           |                                             |
| <b>Non-current assets</b>                                                      |       |                                           |                                             |
| Property, plant and equipment                                                  | 7     | 1,201,958                                 | 1,244,091                                   |
| Right-of-use assets                                                            | 7     | 46,973                                    | 49,811                                      |
| Intangible assets                                                              | 7     | 136,116                                   | 136,841                                     |
| Deferred income tax assets                                                     |       | 135,735                                   | 120,047                                     |
| Contract costs                                                                 |       | 39,326                                    | 55,747                                      |
| Prepayments                                                                    |       | 86,865                                    | 38,616                                      |
|                                                                                |       | <u>1,646,973</u>                          | <u>1,645,153</u>                            |
| <b>Current assets</b>                                                          |       |                                           |                                             |
| Inventories                                                                    |       | 1,106,114                                 | 1,059,871                                   |
| Contract assets                                                                |       | 75,803                                    | 18,890                                      |
| Financial assets at fair value through<br>other comprehensive income ("FVOCI") |       | 11,349                                    | 25,523                                      |
| Financial assets at fair value through profit or loss ("FVPL")                 |       | 34,055                                    | 176,590                                     |
| Contract cost                                                                  |       | 36,006                                    | 41,696                                      |
| Trade and other receivables                                                    | 8(a)  | 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                                     |
|                                                                                |       | <u>5,215,158</u>                          | <u>6,003,638</u>                            |
| <b>Total assets</b>                                                            |       | <u><u>6,862,131</u></u>                   | <u><u>7,648,791</u></u>                     |
| <b>EQUITY</b>                                                                  |       |                                           |                                             |
| <b>Capital and reserves attributable to equity owners of the Company</b>       |       |                                           |                                             |
| Share capital                                                                  | 9     | 141,976                                   | 141,976                                     |
| Other reserves                                                                 | 10    | 1,258,192                                 | 1,257,532                                   |
| Currency translation differences                                               |       | (548,693)                                 | (422,642)                                   |
| Retained earnings                                                              |       | 2,052,374                                 | 1,992,478                                   |
|                                                                                |       | <u>2,903,849</u>                          | <u>2,969,344</u>                            |
| <b>Non-controlling interests</b>                                               |       | <u>(10,784)</u>                           | <u>(2,581)</u>                              |
| <b>Total equity</b>                                                            |       | <u><u>2,893,065</u></u>                   | <u><u>2,966,763</u></u>                     |

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2026

(Continued)

|                                     | Notes | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|-------------------------------------|-------|-------------------------------------------|---------------------------------------------|
| <b>LIABILITIES</b>                  |       |                                           |                                             |
| <b>Non-current liabilities</b>      |       |                                           |                                             |
| Borrowings                          | 8(b)  | 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                                      |
|                                     |       | <u>2,030,615</u>                          | <u>101,893</u>                              |
| <b>Current liabilities</b>          |       |                                           |                                             |
| Trade and other payables            | 8(c)  | 1,605,613                                 | 2,036,797                                   |
| Contract liabilities                |       | 76,517                                    | 98,665                                      |
| Current income tax liabilities      |       | 46,820                                    | 84,951                                      |
| Borrowings                          | 8(b)  | 200,815                                   | 2,349,051                                   |
| Lease liabilities                   |       | 8,686                                     | 10,671                                      |
|                                     |       | <u>1,938,451</u>                          | <u>4,580,135</u>                            |
| <b>Total liabilities</b>            |       | <u>3,969,066</u>                          | <u>4,682,028</u>                            |
| <b>Total equity and liabilities</b> |       | <u>6,862,131</u>                          | <u>7,648,791</u>                            |

The notes on pages 25 to 50 form part of the interim condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026



|                                                                        |       | (Unaudited)<br>Six months ended 30 June |                 |
|------------------------------------------------------------------------|-------|-----------------------------------------|-----------------|
|                                                                        | Notes | 2026<br>RMB'000                         | 2025<br>RMB'000 |
| <b>Revenue</b>                                                         | 6(a)  | <b>2,355,902</b>                        | 2,322,537       |
| Cost of sales and provision of services                                |       | <b>(1,713,181)</b>                      | (1,921,092)     |
| <b>Gross profit</b>                                                    |       | <b>642,721</b>                          | 401,445         |
| Selling and marketing expenses                                         |       | <b>(48,308)</b>                         | (43,404)        |
| Administrative expenses                                                |       | <b>(299,444)</b>                        | (243,831)       |
| Research and development expenses                                      |       | <b>(27,399)</b>                         | (9,246)         |
| Net provision for impairment losses on receivables and contract assets |       | <b>(11,702)</b>                         | (11,623)        |
| Other income                                                           | 12    | <b>2,592</b>                            | 8,095           |
| Other losses – net                                                     | 13    | <b>(111,747)</b>                        | (283,863)       |
| <b>Operating profit/(loss)</b>                                         |       | <b>146,713</b>                          | (182,427)       |
| Finance income                                                         | 14    | <b>7,117</b>                            | 7,886           |
| Finance costs                                                          | 14    | <b>(60,848)</b>                         | (108,898)       |
| Finance costs – net                                                    |       | <b>(53,731)</b>                         | (101,012)       |
| <b>Profit/(loss) before income tax</b>                                 | 15    | <b>92,982</b>                           | (283,439)       |
| Income tax expense                                                     | 16    | <b>(42,771)</b>                         | (41,431)        |
| <b>Profit/(loss) for the period</b>                                    |       | <b>50,211</b>                           | (324,870)       |

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(Continued)

|                                                                                                                               |       | (Unaudited)<br>Six months ended 30 June |                 |
|-------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------|-----------------|
|                                                                                                                               | Notes | 2026<br>RMB'000                         | 2025<br>RMB'000 |
| <b>Other comprehensive (expenses)/income:</b>                                                                                 |       |                                         |                 |
| <i>Items that may be reclassified to profit or loss</i>                                                                       |       |                                         |                 |
| Currency translation differences                                                                                              |       | (124,569)                               | 14,641          |
| <b>Other comprehensive (expenses)/income<br/>for the period, net of tax</b>                                                   |       | (124,569)                               | 14,641          |
| <b>Total comprehensive expenses for the period</b>                                                                            |       | 74,358                                  | (310,229)       |
| <b>Profit/(loss) for the period attributable to</b>                                                                           |       |                                         |                 |
| Equity owners of the Company                                                                                                  |       | 59,896                                  | (324,236)       |
| Non-controlling interests                                                                                                     |       | (9,685)                                 | (634)           |
|                                                                                                                               |       | 50,211                                  | (324,870)       |
| <b>Total comprehensive expenses<br/>for the period attributable to</b>                                                        |       |                                         |                 |
| Equity owners of the Company                                                                                                  |       | (66,155)                                | (309,581)       |
| Non-controlling interests                                                                                                     |       | (8,203)                                 | (648)           |
|                                                                                                                               |       | 74,358                                  | (310,229)       |
| <b>Earnings/(loss) per share attributable to equity owners of<br/>the Company for the period (expressed in RMB per share)</b> |       |                                         |                 |
| Basic earnings/(loss) per share                                                                                               | 17    | 0.0365                                  | (0.1911)        |
| Diluted earnings/(loss) per share                                                                                             | 17    | 0.0359                                  | N/A             |

The notes on pages 25 to 50 form part of the interim condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

|                                                             | Capital and reserves attributable to equity owners of the Company |                         |                                    |                         |                         | Non-controlling interests<br>RMB'000 | Total equity<br>RMB'000 |
|-------------------------------------------------------------|-------------------------------------------------------------------|-------------------------|------------------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------|
|                                                             | Ordinary shares                                                   | Other reserves          | Cumulative translation differences | Retained earnings       | Total                   |                                      |                         |
|                                                             | RMB'000                                                           | RMB'000                 | RMB'000                            | RMB'000                 | RMB'000                 |                                      |                         |
| <b>At 1 January 2025 (audited)</b>                          | 141,976                                                           | 1,262,126               | (459,721)                          | 2,319,537               | 3,263,918               | (4,794)                              | 3,259,124               |
| Loss for the period                                         | –                                                                 | –                       | –                                  | (324,236)               | (324,236)               | (634)                                | (324,870)               |
| Other comprehensive income/(expense)                        | –                                                                 | –                       | 14,655                             | –                       | 14,655                  | (14)                                 | 14,641                  |
| <b>Total comprehensive income/(expenses) for the period</b> | –                                                                 | –                       | 14,655                             | (324,236)               | (309,581)               | (648)                                | (310,229)               |
| <b>As at 30 June 2025 (unaudited)</b>                       | <u>141,976</u>                                                    | <u>1,262,126</u>        | <u>(445,066)</u>                   | <u>1,995,301</u>        | <u>2,954,337</u>        | <u>(5,442)</u>                       | <u>2,948,895</u>        |
| <b>At 1 January 2026 (audited)</b>                          | <b>141,976</b>                                                    | <b>1,257,532</b>        | <b>(422,642)</b>                   | <b>1,992,478</b>        | <b>2,969,344</b>        | <b>(2,581)</b>                       | <b>2,966,763</b>        |
| Profit/(loss) for the period                                | –                                                                 | –                       | –                                  | 59,896                  | 59,896                  | (9,685)                              | 50,211                  |
| Other comprehensive (expense)/income                        | –                                                                 | –                       | (126,051)                          | –                       | (126,051)               | 1,482                                | (124,569)               |
| <b>Total comprehensive (expenses)/income for the period</b> | –                                                                 | –                       | (126,051)                          | 59,896                  | (66,155)                | (8,203)                              | (74,358)                |
| Purchase of treasury shares                                 | –                                                                 | (1,640)                 | –                                  | –                       | (1,640)                 | –                                    | (1,640)                 |
| <b>Equity-settled share-based payment</b>                   | –                                                                 | <b>2,300</b>            | –                                  | –                       | <b>2,300</b>            | –                                    | <b>2,300</b>            |
| <b>As at 30 June 2026 (unaudited)</b>                       | <u><b>141,976</b></u>                                             | <u><b>1,258,192</b></u> | <u><b>(548,693)</b></u>            | <u><b>2,052,374</b></u> | <u><b>2,903,849</b></u> | <u><b>(10,784)</b></u>               | <u><b>2,893,065</b></u> |

The notes on pages 25 to 50 form part of the interim condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(Unaudited)  
Six months ended 30 June

|                                                               | 2026<br>RMB'000  | 2025<br>RMB'000 |
|---------------------------------------------------------------|------------------|-----------------|
| <b>Cash flow from operating activities</b>                    |                  |                 |
| Cash flow generated from operations                           | 103,903          | 261,413         |
| Income tax paid, net of refunds                               | (102,067)        | (86,725)        |
| Interest received                                             | 7,117            | 7,886           |
| <b>Net cash generated from operating activities</b>           | <b>8,953</b>     | 182,574         |
| <b>Cash flow from investing activities</b>                    |                  |                 |
| Proceeds from disposal of property, plant and equipment       | 485,317          | 7,344           |
| Purchases of property, plant and equipment                    | (70,420)         | (117,370)       |
| Purchases of intangible assets                                | (5,326)          | (196)           |
| Placement of restricted cash                                  | (46,164)         | (42,350)        |
| Withdrawal of restricted cash                                 | 10,241           | 44,705          |
| <b>Net cash generated from/(used in) investing activities</b> | <b>373,648</b>   | (107,867)       |
| <b>Cash flow from financing activities</b>                    |                  |                 |
| Proceeds from borrowings                                      | 132,900          | 188,587         |
| Repayments of borrowings                                      | (300,311)        | (386,450)       |
| Interest paid                                                 | (378,736)        | (9,007)         |
| Principal element of lease payments                           | (5,273)          | (9,272)         |
| Purchase of shares of the Company under share award scheme    | (1,640)          | –               |
| <b>Net cash used in financing activities</b>                  | <b>(553,060)</b> | (216,142)       |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(170,459)</b> | (141,435)       |
| Cash and cash equivalents at beginning of the period          | 777,622          | 721,631         |
| Effects of foreign exchange rates changes                     | (2,100)          | 3,166           |
| <b>Cash and cash equivalents at end of the period</b>         | <b>605,063</b>   | 583,362         |

The notes on pages 25 to 50 form part of the interim condensed consolidated financial statements.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026



## 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.

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, and provision of oilfield, offshore engineering and offshore design 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 interim condensed consolidated financial information was presented in Renminbi thousand (RMB’000), unless otherwise stated. This interim condensed consolidated financial information was approved for issue on 29 August 2026.

This interim condensed consolidated financial information has not been audited.

## 2 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 of the type 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 and application of accounting policy which become relevant to the Group that are expected to be reflected in the 2026 annual financial statements set out in note 3.1 below.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 3 MATERIAL ACCOUNTING POLICIES INFORMATION

### 3.1 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.

## 4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to consolidated financial statements for the year ended 31 December 2025.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026



## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

### 5.2 Liquidity risk

The Group's objective is to maintain sufficient cash and sources of funding through committed credit facility and maintain flexibility in funding by maintaining committed credit lines. To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn banking facilities) and cash and cash equivalents on the basis of expected cash flow. The Group expected to fund the future cash flow needs through internally generated cash flows from operations, collection of long-aged receivables, borrowings from financial institutions and issues of debt instruments or equity instruments.

### 5.3 Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables, debt instruments carried at FVOCI and contract assets included in the interim condensed consolidated financial information represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

All cash and cash equivalents and restricted cash were deposited in major financial institutions, which the directors of the Company believe are of high credit quality and will not have any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on trade and other receivables and time deposits. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The Group regularly monitors the credit history of the customers. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 5 FINANCIAL RISK MANAGEMENT (continued)

### 5.3 Credit risk (continued)

It has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than five years past due.

For other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and experience, and forward-looking information. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

### 5.4 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2026 and 31 December 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 5 FINANCIAL RISK MANAGEMENT (continued)

### 5.4 Fair value estimation (continued)

The following table sets out the Group's financial instruments that were measured at fair value as at 30 June 2026 and 31 December 2025:

| (Unaudited)               |                    |                    |                    |                  |
|---------------------------|--------------------|--------------------|--------------------|------------------|
|                           | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
| <b>As at 30 June 2026</b> |                    |                    |                    |                  |
| <b>Financial Assets</b>   |                    |                    |                    |                  |
| Financial assets at FVOCI | –                  | –                  | 11,349             | 11,349           |
| Financial assets at FVPL  | –                  | 34,055             | –                  | 34,055           |

| (Audited)                     |                    |                    |                    |                  |
|-------------------------------|--------------------|--------------------|--------------------|------------------|
|                               | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
| <b>As at 31 December 2025</b> |                    |                    |                    |                  |
| <b>Financial Assets</b>       |                    |                    |                    |                  |
| Financial assets at FVOCI     | –                  | –                  | 25,523             | 25,523           |
| Financial assets at FVPL      | –                  | 176,590            | –                  | 176,590          |

#### Financial instruments in level 3

The following table presents the changes in level 3 instruments for the six months ended 30 June 2026 and 2025:

|                                                                                                                                  | 2026<br>RMB'000 | 2025<br>RMB'000 |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| As at 1 January (audited)                                                                                                        | 25,523          | 212,583         |
| Additions                                                                                                                        | 9,763           | 156,822         |
| Disposals/settlements                                                                                                            | (23,937)        | (212,583)       |
| As at 30 June (unaudited)                                                                                                        | 11,349          | 156,822         |
| Total gains for the period included in other comprehensive income under "Changes in the fair value of financial assets at FVOCI" | –               | –               |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 6 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)<br>Six months ended 30 June |                  |
|-----------------------------------------------|-----------------------------------------|------------------|
|                                               | 2026<br>RMB'000                         | 2025<br>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          |
|                                               | <u>2,355,902</u>                        | <u>2,322,537</u> |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 6 SEGMENT INFORMATION (continued)

### (b) Segment information

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

| Six months ended 30 June 2026 (Unaudited)                 |                                                          |                              |                                          |                  |
|-----------------------------------------------------------|----------------------------------------------------------|------------------------------|------------------------------------------|------------------|
| Business segment                                          | Oilfield equipment manufacturing and services<br>RMB'000 | Oilfield services<br>RMB'000 | Offshore engineering services<br>RMB'000 | Total<br>RMB'000 |
| <b>Revenue</b>                                            |                                                          |                              |                                          |                  |
| 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        |
| <b>Revenue from contracts with customers:</b>             |                                                          |                              |                                          |                  |
| – 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        |
| <b>Revenue from other sources:</b>                        |                                                          |                              |                                          |                  |
| – rental income – operating lease payments that are fixed | 288                                                      | 10,161                       | –                                        | 10,449           |
|                                                           | 694,597                                                  | 1,308,793                    | 352,512                                  | 2,355,902        |
| <b>Results</b>                                            |                                                          |                              |                                          |                  |
| 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           |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 6 SEGMENT INFORMATION (continued)

### (b) Segment information (continued)

As at 30 June 2026 (Unaudited)

| Business segment        | Oilfield equipment manufacturing and services<br>RMB'000 | Oilfield services<br>RMB'000 | Offshore engineering services<br>RMB'000 | Total<br>RMB'000 |
|-------------------------|----------------------------------------------------------|------------------------------|------------------------------------------|------------------|
| Segment assets          | 3,145,917                                                | 2,277,148                    | 1,439,066                                | 6,862,131        |
|                         |                                                          |                              |                                          | <u>6,862,131</u> |
| Segment liabilities (a) | 2,927,863                                                | 367,277                      | 673,926                                  | 3,969,066        |
|                         |                                                          |                              |                                          | <u>3,969,066</u> |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 6 SEGMENT INFORMATION (continued)

### (b) Segment information (continued)

The segment information provided to senior executive management for the reportable segments for the six months ended 30 June 2025 (for segment revenue and results) and for the year ended 31 December 2025 (for segment assets and liabilities) is as follows:

| Six months ended 30 June 2025 (Unaudited)     |                                                          |                              |                                          |                  |
|-----------------------------------------------|----------------------------------------------------------|------------------------------|------------------------------------------|------------------|
| Business segment                              | Oilfield equipment manufacturing and services<br>RMB'000 | Oilfield services<br>RMB'000 | Offshore engineering services<br>RMB'000 | Total<br>RMB'000 |
| <b>Revenue</b>                                |                                                          |                              |                                          |                  |
| 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        |
| <b>Revenue from contracts with customers:</b> |                                                          |                              |                                          |                  |
| – 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        |
| <b>Revenue from other sources:</b>            |                                                          |                              |                                          |                  |
| – rental income                               |                                                          |                              |                                          |                  |
| – operating lease payments that are fixed     | 3,783                                                    | 5,644                        | –                                        | 9,427            |
|                                               | 716,643                                                  | 843,740                      | 762,154                                  | 2,322,537        |
| <b>Results</b>                                |                                                          |                              |                                          |                  |
| 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)        |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 6 SEGMENT INFORMATION (continued)

### (b) Segment information (continued)

As at 31 December 2025 (Audited)

| Business segment        | Oilfield equipment manufacturing and services<br>RMB'000 | Oilfield services<br>RMB'000 | Offshore engineering services<br>RMB'000 | Total<br>RMB'000 |
|-------------------------|----------------------------------------------------------|------------------------------|------------------------------------------|------------------|
| Segment assets          | 3,362,256                                                | 2,445,580                    | 1,840,955                                | 7,648,791        |
|                         |                                                          |                              |                                          | <u>7,648,791</u> |
| Segment liabilities (a) | 3,271,965                                                | 728,558                      | 681,505                                  | 4,682,028        |
|                         |                                                          |                              |                                          | <u>4,682,028</u> |

Note

- (a) As at 30 June 2026, the Existing Notes of RMB1,986,495,000 (31 December 2025: RMB2,210,881,000) was included in the total liabilities of oilfield equipment manufacturing and services segment.
- (b) For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to operating segments. However, the finance income, finance cost and income tax expenses were not included in the measurement of segment results of each reporting segment as unallocated. In the opinion of the CODM, such asymmetrical allocation is in accordance with the internal management reports for the purposes of resources allocation and performance assessment.

### (c) Geographical segments

Although the Group's three segments are managed on a worldwide basis, they operate in six principal geographical areas of the world. In the People's Republic of China (the "PRC"), the Group produces and sells a broad range of drill pipes and related products. In Russia, Central Asia, Europe, Middle East and North and South America, the Group sells drill pipes and related products. In North America, the Group provides drill pipe operating lease services. In Central Asia, South Asia, Africa, South America, Middle East and East Europe, the Group provides drilling and related oilfield engineering services. In the PRC and Southeast Asia, the Group provides offshore engineering services. The following table shows the Group's total consolidated revenue by geographical market, based on where the goods and services were provided:

|                                                | (Unaudited)<br>Six months ended 30 June |                  |
|------------------------------------------------|-----------------------------------------|------------------|
|                                                | 2026<br>RMB'000                         | 2025<br>RMB'000  |
| The PRC (place of domicile) (including HK SAR) | 112,075                                 | 280,567          |
| Russia, Central Asia and Europe                | 310,225                                 | 308,457          |
| North and South America                        | 382,689                                 | 324,313          |
| Middle East                                    | 633,285                                 | 444,767          |
| Africa                                         | 743,822                                 | 526,378          |
| South Asia and Southeast Asia                  | 173,806                                 | 438,055          |
|                                                | <u>2,355,902</u>                        | <u>2,322,537</u> |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 7 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the current period, the Group acquired property, plant and equipment of RMB101,190,000 (six months ended 30 June 2025: RMB159,412,000).

During the six months ended 30 June 2026 and 2025, no new lease agreement was entered into by the Group and recognised as right-of-use asset and lease liability.

During the current period, property, plant and equipment with carrying amount of RMB36,004,000 (six months ended 30 June 2025: RMB6,916,000) were disposed of during the current period with a gain on disposal of RMB287,000 (six months ended 30 June 2025: loss on disposal of RMB428,000), which is included in “other losses – net” (Note 13).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group holds the following financial instruments:

|                                         |     | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|-----------------------------------------|-----|-------------------------------------------|---------------------------------------------|
| <b>Financial assets</b>                 |     |                                           |                                             |
| Financial assets at FVOCI               |     | 11,349                                    | 25,523                                      |
| Financial assets at FVPL                |     | 34,055                                    | 176,590                                     |
| Financial assets at amortised cost      |     |                                           |                                             |
| – Trade and other receivables           | (a) | 2,683,607                                 | 3,445,444                                   |
| – Cash and cash equivalents             |     | 605,063                                   | 777,622                                     |
| – Restricted cash                       |     | 148,058                                   | 112,135                                     |
|                                         |     | <u>3,436,728</u>                          | <u>4,335,201</u>                            |
|                                         |     | <u>3,482,132</u>                          | <u>4,537,314</u>                            |
| <b>Financial liabilities</b>            |     |                                           |                                             |
| Financial liabilities at amortised cost |     |                                           |                                             |
| – Borrowings                            | (b) | 2,133,185                                 | 2,349,051                                   |
| – Trade and other payables              | (c) | 1,605,613                                 | 2,036,797                                   |
| – Lease liabilities                     |     | 23,416                                    | 25,259                                      |
|                                         |     | <u>3,762,214</u>                          | <u>4,411,107</u>                            |

### (a) Trade and other receivables

|                                                   |  | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|---------------------------------------------------|--|-------------------------------------------|---------------------------------------------|
| Trade receivables (i)                             |  | 2,105,361                                 | 2,423,326                                   |
| – Due from related parties (Note 19(c))           |  | 8,497                                     | 9,554                                       |
| – Due from third parties                          |  | 2,096,864                                 | 2,413,772                                   |
| Less: Provision for loss allowance of receivables |  | <u>(86,763)</u>                           | <u>(75,061)</u>                             |
| Trade receivables – net                           |  | 2,018,598                                 | 2,348,265                                   |
| Other receivables – net                           |  | <u>665,009</u>                            | <u>1,097,179</u>                            |
| Trade and other receivables – net                 |  | <u>2,683,607</u>                          | <u>3,445,444</u>                            |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### (a) Trade and other receivables (continued)

As at 30 June 2026 and 31 December 2025, the fair values of the trade and other receivables of the Group, approximated their carrying amounts.

The trade receivables of Nil (31 December 2025: Nil) of the Group were used to secure borrowings from a financial institution as at 30 June 2026 (Note 8(b)(ii)).

- (i) The aging analysis of trade receivables based on invoice date, before provision for loss allowance, as at 30 June 2026 and 31 December 2025 was as follows:

|                                     | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>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                                     |
|                                     | <u>2,105,361</u>                          | <u>2,423,326</u>                            |

### (b) Borrowings

|                                         | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|-----------------------------------------|-------------------------------------------|---------------------------------------------|
| <b>Non-current</b>                      |                                           |                                             |
| Existing Notes (i)                      | 1,986,495                                 | –                                           |
| Less: Current portion of Existing Notes | (54,125)                                  | –                                           |
|                                         | <u>1,932,370</u>                          | <u>–</u>                                    |
| <b>Current</b>                          |                                           |                                             |
| Bank borrowings – secured (ii)          | 86,950                                    | 98,990                                      |
| Bank borrowings – unsecured             | 43,450                                    | 34,950                                      |
| Other borrowing – secured (ii)          | 16,290                                    | 4,230                                       |
| Existing Notes (i)                      | 54,125                                    | 2,210,881                                   |
|                                         | <u>200,815</u>                            | <u>2,349,051</u>                            |
|                                         | <u>2,133,185</u>                          | <u>2,349,051</u>                            |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### (b) Borrowings (continued)

Movement in borrowings is analysed as follows:

|                           | (Unaudited)              |                 |
|---------------------------|--------------------------|-----------------|
|                           | Six months ended 30 June |                 |
|                           | 2026<br>RMB'000          | 2025<br>RMB'000 |
| As at 1 January (audited) | 2,349,051                | 2,686,464       |
| Additions of borrowings   | 132,900                  | 188,587         |
| Repayments of borrowings  | (300,311)                | (386,450)       |
| Exchange difference       | (48,455)                 | (9,384)         |
| As at 30 June (unaudited) | 2,133,185                | 2,479,217       |

### (i) Senior Notes

In May 2021, the Company completed the restructuring of the 2020 Notes and 2022 Notes by issuing new Senior Notes amounting to USD398,945,000, among which USD21,600,000 with a maturity date on 15 November 2021 and the rest with a maturity date on 18 November 2024 (the “**2024 Notes**”). The 2024 Notes were listed on the Singapore Exchange Securities Trading Limited on 20 May 2021 and secured by the Group’s property, plant and equipment, guaranteed by certain subsidiaries of the Group. It bears interest at 9.75% per annum payable semi-annually in arrears on 18 May and 18 November of each year, beginning from 18 November 2021.

The Company completed the restructuring of the 2024 Notes on 5 February 2026 (the “**Restructuring Effective Date**”) and on the same date the Third Supplemental Indenture for the Amended and Restated Notes was entered.

The restructured principal amount of the Amended and Restated Notes amounted to approximately USD317,442,000 is determined at (i) the aggregate principal amount of the existing 2024 Notes of USD314,546,000 plus (ii) all accrued and unpaid interest on the existing 2024 Notes from 18 May 2024 up to, but not including, the Restructuring Effective Date of approximately USD52,562,000 minus (iii) a total cash payment of approximately USD49,666,000 (the “**Upfront Cash Consideration**”).

The Amended and Restated Notes will have a maturity of four years from the Restructuring Effective Date which will be matured on 5 February 2030. It bears interest at 9.75% per annum payable semiannually in arrears on 5 February and 5 August of each year, beginning from 5 August 2026.

Pursuant to the Third Supplemental Indenture, the Company shall redeem, at a price equal to 100% of the principal amount of the Amended and Restated Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the relevant redemption date:

- (i) at least 2.5% of the principal amount of the Amended and Restated Notes (the “**First Mandatory Redemption**”) as of the Restructuring Effective Date by 3 business days from the Restructuring Effective Date;

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026



## 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### (b) Borrowings (continued)

#### (i) Senior Notes (continued)

- (ii) at least 7.5% of the principal amount of the Amended and Restated Notes as of the Restructuring Effective Date (including the cumulative amount redeemed before) by the date that is six months after the Restructuring Effective Date; and
- (iii) at least 10% of the principal amount of the Amended and Restated Notes as of the Restructuring Effective Date (including the cumulative amount redeemed before) by the date that is ten months after the Restructuring Effective Date.

In addition, the Company is permitted, at its option to make the optional redemption and repurchase as below:

- (i) repurchase Amended and Restated Notes, in whole or in part, in the open market pursuant to a fair market trade; provided that no such repurchases shall be made during the twelve months prior to the stated maturity of the Amended and Restated Notes;
- (ii) repurchase Amended and Restated Notes, in whole or in part, pursuant to an offer to purchase; and
- (iii) redeem the Amended and Restated Notes, in whole or in part, at any time and from time to time prior to stated maturity of the Amended and Restated Notes, at a redemption price equal to 100% of the principal amount of the Amended and Restated Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Amended and Restated Notes are secured by a negative pledge over certain overseas oilfield equipment of the Group. The Group also provides share pledges over 100% of the issued share capital of the major offshore subsidiaries and negative share pledges over the share capital of the other offshore subsidiaries as security. Certain receivables owed by designated customers or any of their respective subsidiaries and affiliates to the Company or any major offshore subsidiary are also charged as security for the Amended and Restated Notes.

During the six months ended 30 June 2026, USD25,832,000 (equivalent to approximately RMB178,169,000) was paid by the Company to the holders of the Senior Notes for the settlement of the Upfront Cash Consideration and the First Mandatory Redemption. (Six months ended 30 June 2025: Nil).

#### (ii) Bank and other borrowings-secured

The Group's bank and other borrowings of RMB103,240,000 (31 December 2025: RMB103,220,000) as at 30 June 2026 were secured by bank acceptance bills and commercial acceptance bills recognised in bills receivables of RMB11,350,000 (31 December 2025: RMB12,938,000) and consideration from future performance of sale contracts of RMB3,103,000 (31 December 2025: RMB8,399,000) of the Group and bank deposits of RMB Nil (31 December 2025: RMB Nil).

Of the secured bank and other borrowings, RMB75,600,000 (31 December 2025: RMB86,053,000) were guaranteed by related parties of the Group including Mr. Zhang Jun, the controlling shareholder and executive director of the Company, and certain entities controlled by him.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### (c) Trade and other payables

|                                       | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|---------------------------------------|-------------------------------------------|---------------------------------------------|
| Bills payable                         | 158                                       | 8,986                                       |
| Trade payables:                       | 1,227,904                                 | 1,259,711                                   |
| – Due to third parties                | 1,053,468                                 | 1,109,986                                   |
| – Due to related parties (Note 20(c)) | 174,436                                   | 149,725                                     |
| Other payables:                       | 104,493                                   | 226,133                                     |
| – Due to third parties                | 162,649                                   | 166,721                                     |
| – Due to related parties (Note 20(c)) | 11,844                                    | 59,412                                      |
| Staff salaries and welfare payables   | 24,905                                    | 33,545                                      |
| Interest payables                     | 79,023                                    | 348,456                                     |
| Accrued taxes other than income tax   | 73,926                                    | 139,837                                     |
| Accrued expenses                      | 25,204                                    | 20,129                                      |
|                                       | <u>1,605,613</u>                          | <u>2,036,797</u>                            |

As at 30 June 2026 and 31 December 2025, all trade and other payables of the Group were non-interest bearing, and their fair value, excluding staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities.

The aging analysis of the trade payables based on invoice date, including amounts due to related parties which were trading related in nature, was as follows:

|                                     | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>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                                      |
|                                     | <u>1,227,904</u>                          | <u>1,259,711</u>                            |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 9 ORDINARY SHARES

|                                                                       | Issued and fully paid up<br>(Unaudited) |                                                 |                                                               |
|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|---------------------------------------------------------------|
|                                                                       | Number of<br>ordinary shares            | Nominal value of<br>ordinary shares<br>(In HKD) | Equivalent<br>nominal value of<br>ordinary shares<br>(In RMB) |
| As at 1 January 2025 and 30 June 2025,<br>at par value of HKD0.1 each | 1,696,438,600                           | 169,643,860                                     | 141,975,506                                                   |
| As at 1 January 2026 and 30 June 2026,<br>at par value of HKD0.1 each | <b>1,696,438,600</b>                    | <b>169,643,860</b>                              | <b>141,975,506</b>                                            |

## 10 OTHER RESERVES

|                                    | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|------------------------------------|-------------------------------------------|---------------------------------------------|
| Statutory reserve                  | 143,528                                   | 143,528                                     |
| Merger reserve                     | (496)                                     | (496)                                       |
| Shares held for Share award scheme | (8,230)                                   | (8,230)                                     |
| Share award reserve                | 2,430                                     | 130                                         |
| Treasury shares                    | (1,640)                                   | –                                           |
| Share premium                      | 1,175,144                                 | 1,175,144                                   |
| FVOCI reserve                      | (1)                                       | (1)                                         |
| Capital redemption reserve         | 702                                       | 702                                         |
| Capital reserve                    | (53,245)                                  | (53,245)                                    |
|                                    | <b>1,258,192</b>                          | <b>1,257,532</b>                            |

## 11 EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS

### Share award scheme

The Company has a share award scheme which was adopted on 11 September 2023 (the “**Adoption Date**”) whereby the directors of the Company are authorised, at their discretion, to award certain eligible participants (“**Eligible Participants**”), including employees of the Group and directors of any company in the Group, ordinary shares of the Company at nil consideration, subject to fulfillment of vesting conditions. The share award scheme shall be valid and effective for ten years ending on 10 September 2033, after which no further shares will be awarded.

The Company has entered into a trust deed with the Trustee for the purpose of facilitating the purchase, holding and sale of shares in the Company for the benefit of the Eligible Participants of the Group. The maximum number of awarded shares under the 2023 Award Scheme is limited to 10% of the issued share capital of the Company as of the Adoption Date. All the shares purchased by the Group through the Trustee on the Stock Exchange are recorded as shares held for the share award scheme in the Group’s other reserve and are for the 2023 Award Scheme only.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 11 EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS (continued)

### Share award scheme (continued)

The board of the directors of the Company (the “**Board**”) may, from time to time, at its absolute discretion, select any Eligible Participants to participate in the 2023 Award Scheme as grantees (“**Award Grantees**”), subject to the terms and conditions set out in the rule of the 2023 Award Scheme. In determining the Award Grantees, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Award Grantees to the Group. An Award Grantee may be granted an award by the Company during the award period which will vest over a period of time and on such other conditions to be determined by the Board in its absolute discretion.

As of 19 December 2025, the Board has resolved to award an aggregate of 50,257,216 award shares (the “**2023 Award Shares**”) to employees of the Group pursuant to the terms and conditions of the Scheme.

Subject to the satisfaction of the vesting conditions of the 2023 Award Shares, the Trustee will transfer the 2023 Award Shares to the grantees within 10 days from the date of vesting notice.

The vesting of the 2023 Award Shares is subject to the satisfaction of the vesting conditions including certain personal performance and other service conditions.

The Board may from time to time while the 2023 Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested thereunder. Details of the 2023 Award Scheme are set out in the announcement of the Company dated 13 September 2023. For the purpose of the 2023 Award Scheme, the Company purchased its own ordinary shares through the Trustee from the open market. Movements in the number of treasury shares held through the Trustee are as follows:

| Month of purchase                    | Number of<br>ordinary shares | Aggregate<br>consideration<br>paid<br>HK\$'000 | Equivalent<br>aggregate<br>consideration<br>paid<br>RMB'000 |
|--------------------------------------|------------------------------|------------------------------------------------|-------------------------------------------------------------|
| At 1 January 2025                    | —                            | —                                              | —                                                           |
| July 2025                            | 17,144,563                   | 3,000                                          | 2,743                                                       |
| September 2025                       | 23,290,563                   | 4,000                                          | 3,658                                                       |
| November 2025                        | 7,512,036                    | 1,526                                          | 1,397                                                       |
| December 2025                        | 2,310,054                    | 473                                            | 432                                                         |
|                                      | <u>50,257,216</u>            | <u>8,999</u>                                   | <u>8,230</u>                                                |
| At 31 December 2025 and 30 June 2026 | <u>50,257,216</u>            | <u>8,999</u>                                   | <u>8,230</u>                                                |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 11 EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS (continued)

### Share award scheme (continued)

Movements in the number of award shares granted under the 2023 Award Scheme during the year and their related weighted average fair values are as follows:

#### Six months ended 30 June 2026

|                       | Exercise price | Date of grant    | Vesting period           | Fair value per award share at the grant date | Number of Award Shares     |                    |                          |
|-----------------------|----------------|------------------|--------------------------|----------------------------------------------|----------------------------|--------------------|--------------------------|
|                       |                |                  |                          |                                              | Unvested at 1 January 2026 | Forfeited          | Unvested at 30 June 2026 |
| Employee              | –              | 19 December 2025 | 19/12/2025 to 20/12/2026 | HK\$0.15                                     | 7,538,582                  | (157,500)          | 7,381,082                |
|                       |                |                  | 19/12/2025 to 20/12/2027 | HK\$0.15                                     | 7,538,582                  | (157,500)          | 7,381,082                |
|                       |                |                  | 19/12/2025 to 20/12/2028 | HK\$0.15                                     | 10,051,444                 | (210,000)          | 9,841,444                |
|                       |                |                  | 19/12/2025 to 20/12/2026 | HK\$0.14                                     | 7,538,582                  | (157,500)          | 7,381,082                |
|                       |                |                  | 19/12/2025 to 20/12/2027 | HK\$0.14                                     | 7,538,582                  | (157,500)          | 7,381,082                |
|                       |                |                  | 19/12/2025 to 20/12/2028 | HK\$0.14                                     | 10,051,444                 | (210,000)          | 9,841,444                |
|                       |                |                  |                          |                                              | <u>50,257,216</u>          | <u>(1,050,000)</u> | <u>49,207,216</u>        |
| Exercisable at        |                |                  |                          |                                              |                            |                    |                          |
| 1 January 2026/       |                |                  |                          |                                              | –                          |                    | –                        |
| 30 June 2026          |                |                  |                          |                                              | <u>–</u>                   |                    | <u>–</u>                 |
| Weighted average      |                |                  |                          |                                              |                            |                    |                          |
| exercise price (HK\$) |                |                  |                          |                                              | <u>–</u>                   | <u>–</u>           | <u>–</u>                 |

The 2023 Award Shares has a lock-up period that after the vesting of the 2023 Award Shares, the grantee can dispose maximum 50% of the vested award shares after 21 December 2028 and the remaining 50% of the vested award shares can be disposed by the grantee after 21 December 2029.

The weighted average grant date fair value per unit for unvested award shares at 30 June 2026 was HK\$0.145 (2025: not applicable).

## 12 OTHER INCOME

|                                      | (Unaudited)              |                 |
|--------------------------------------|--------------------------|-----------------|
|                                      | Six months ended 30 June |                 |
|                                      | 2026<br>RMB'000          | 2025<br>RMB'000 |
| Other government grants              | 2,592                    | 7,450           |
| Release of deferred government grant | –                        | 645             |
|                                      | <u>2,592</u>             | <u>8,095</u>    |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 13 OTHER LOSSES – NET

| (Unaudited)<br>Six months ended 30 June                                           |                  |                  |
|-----------------------------------------------------------------------------------|------------------|------------------|
|                                                                                   | 2026<br>RMB'000  | 2025<br>RMB'000  |
| Impairment loss on property, plant and equipment                                  | (6,500)          | (6,948)          |
| Impairment loss on write-down of non-current asset<br>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)            |
|                                                                                   | <u>(111,747)</u> | <u>(283,863)</u> |

## 14 FINANCE COSTS – NET

| (Unaudited)<br>Six months ended 30 June                            |                 |                  |
|--------------------------------------------------------------------|-----------------|------------------|
|                                                                    | 2026<br>RMB'000 | 2025<br>RMB'000  |
| Finance income:                                                    |                 |                  |
| – Interest income derived from bank deposits                       | <u>7,117</u>    | <u>7,886</u>     |
| 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                            | <u>(800)</u>    | <u>(412)</u>     |
|                                                                    | <u>(60,848)</u> | <u>(108,898)</u> |
| Finance costs – net                                                | <u>(53,731)</u> | <u>(101,012)</u> |

## 15 PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before taxation is arrived at after charging:

| (Unaudited)<br>Six months ended 30 June                                                     |                 |                 |
|---------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                             | 2026<br>RMB'000 | 2025<br>RMB'000 |
| Amortisation of intangible assets                                                           | 6,051           | 4,058           |
| Amortisation of contract costs                                                              | 22,111          | 29,807          |
| Depreciation of property, plant and equipment                                               | 100,819         | 149,698         |
| Depreciation of right-of-use assets                                                         | 6,439           | 5,692           |
| Impairment losses recognised on                                                             |                 |                 |
| – trade and other receivables and contract assets, net                                      | 11,702          | 11,623          |
| – property, plant and equipment (Note 13)                                                   | 6,500           | 6,948           |
| Impairment loss on write-down of non-current asset<br>classified as held for sale (Note 13) | <u>–</u>        | <u>329,287</u>  |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 16 INCOME TAX EXPENSE

|                     | (Unaudited)<br>Six months ended 30 June |                 |
|---------------------|-----------------------------------------|-----------------|
|                     | 2026<br>RMB'000                         | 2025<br>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 2021. As at 30 June 2026, Hilong Energy is in the process of renewal of the qualification.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 17 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 by the weighted-average number of ordinary shares outstanding during the period.

|                                                                      | (Unaudited)<br>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)<br>Six months ended 30 June |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|
|                                                                                                                                                         | 2026                                    | 2025      |
| <b>Profit/(loss)</b>                                                                                                                                    |                                         |           |
| 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)<br>Six months ended 30 June |           |
|-------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|
|                                                                                                 | 2026                                    | 2025      |
| <b>Number of shares (thousands of shares)</b>                                                   |                                         |           |
| 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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 18 DIVIDENDS

The Board resolved to declare an interim dividend of HKD0.003 per share for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

## 19 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The immediate and ultimate parent company of the Group is Hilong Group Limited, which owns 42.17% (31 December 2025: 42.17%) equity interest in the Company as at 30 June 2026. The ultimate controlling shareholder of the Group is Mr. Zhang Jun.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2026 and 2025, and balances arising from related party transactions as at 30 June 2026 and 31 December 2025.

### (a) Name and relationship with related parties

#### *Controlling Shareholder*

Mr. Zhang Jun

Close family member of the Controlling Shareholder

Ms. Zhang Shuman

Ms. Zhang Shuli

#### *Controlled by the Controlling Shareholder*

Hilong Group Limited

Beijing Huashi Hailong Petroleum Machinery Equipment Co., Ltd.

Beijing Huashi Hailong Oil Investments Co., Ltd. ("**Huashi Hailong Oil**")

Shanghai Longdi Property Management Co., Ltd.

Shanghai Hilong Shine New Material Co., Ltd.

Shanghai Hilong Shine New Materials Research Institute

Hilong Pipeline Engineering Technology Service Co., Ltd. ("**Hilong Pipeline Engineering**") and its subsidiaries

#### *Jointly-controlled by the Controlling Shareholder*

Shanghai Longshi Investment Management Co., Ltd.

#### *Associates of Hilong Pipeline Engineering*

Shandong Shengli Oil Field Wuhua Tube-Cote Pipe Coating Co., Ltd.

Xi'an Changqing Tube-Cote Petroleum Pipe Coating Co., Ltd.

Other than the above parties, the board of directors of the Company are also related parties of the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 19 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### (b) Transactions with related parties

Save as disclosed elsewhere in the interim condensed consolidated financial statements, during the six months ended 30 June 2026 and 2025, the Group had the following significant transactions with related parties:

|                                                  | (Unaudited)              |                 |
|--------------------------------------------------|--------------------------|-----------------|
|                                                  | Six months ended 30 June |                 |
|                                                  | 2026<br>RMB'000          | 2025<br>RMB'000 |
| <b>Sales of goods or services:</b>               |                          |                 |
| Hilong Pipeline Engineering and its subsidiaries | 7,941                    | 8,454           |
| <b>Purchase of goods or services:</b>            |                          |                 |
| Hilong Pipeline Engineering and its subsidiaries | 92,028                   | 117,831         |
| <b>Short-term rental expenses:</b>               |                          |                 |
| Beijing Huashi Hailong Oil Investments Co., Ltd. | 5,755                    | 5,755           |
| Hilong Pipeline Engineering and its subsidiaries | 7,564                    | 4,977           |
| Shanghai Longshi Investment Management Co., Ltd. | 2,890                    | 459             |
| <b>Interest expenses on lease liabilities:</b>   |                          |                 |
| Shanghai Longshi Investment Management Co., Ltd. | 61                       | 122             |
| <b>Rental income and utility fee income:</b>     |                          |                 |
| Shanghai Hilong Shine New Material Co., Ltd.     | 4,012                    | 3,435           |
| Hilong Pipeline Engineering and its subsidiaries | 5,251                    | 3,527           |

Other than above, the Group has the following related party transactions:

- (i) During the six months ended 30 June 2026 and 2025, certain banking facilities of the Group were guaranteed by Mr. Zhang Jun and Huashi Hailong Oil.

In the opinion of the Company's directors, the above related party transactions were carried out in the ordinary course of the business and in accordance with the terms of the underlying agreements.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 19 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### (c) Balances with related parties

|                                                                   | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|-------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| <b>Trade receivables due from:</b>                                |                                           |                                             |
| Shanghai Hilong Shine New Material Co., Ltd.                      | 204                                       | 22                                          |
| Hilong Pipeline Engineering and its subsidiaries                  | 8,293                                     | 9,532                                       |
|                                                                   | 8,497                                     | 9,554                                       |
| Less: provision for loss allowance of receivables                 | (639)                                     | (639)                                       |
|                                                                   | 7,858                                     | 8,915                                       |
| <b>Other receivables due from:</b>                                |                                           |                                             |
| Beijing Huashi Hailong Petroleum Machinery Equipment Co., Ltd.    | 55,612                                    | 86,339                                      |
| Xi'an Changqing Tube-Cote Petroleum Pipe Coating Co., Ltd.        | 42,606                                    | 42,606                                      |
| Shandong Shengli Oil Field Wuhua Tube-Cote Pipe Coating Co., Ltd. | 30,877                                    | 30,877                                      |
| Hilong Pipeline Engineering and its subsidiaries                  | 132,277                                   | 93,886                                      |
|                                                                   | 261,372                                   | 253,708                                     |
| Less: provision for loss allowance of receivables                 | (44,629)                                  | (44,629)                                    |
|                                                                   | 216,743                                   | 209,076                                     |
| <b>Lease liabilities due to:</b>                                  |                                           |                                             |
| Shanghai Longshi Investment Management Co., Ltd.                  | 3,254                                     | 4,826                                       |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 19 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### (c) Balances with related parties (continued)

|                                                                  | (Unaudited)<br>30 June<br>2026<br>RMB'000 | (Audited)<br>31 December<br>2025<br>RMB'000 |
|------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| <b>Trade payables due to:</b>                                    |                                           |                                             |
| Hilong Pipeline Engineering and its subsidiaries                 | 161,331                                   | 138,400                                     |
| Beijing Huashi Hailong Oil Investments Co., Ltd                  | 1,502                                     | 1,502                                       |
| Beijing Huashi Hailong Petroleum Machinery Equipment Co., Ltd    | 18                                        | 18                                          |
| Shanghai Hilong Shine New Material Co., Ltd                      | 649                                       | 653                                         |
| Shanghai Longshi Investment Management Co., Ltd                  | 8,540                                     | 5,776                                       |
| Shandong Shengli Oil Field Wuhua Tube-Cote Pipe Coating Co., Ltd | 2,396                                     | 3,376                                       |
|                                                                  | <u>174,436</u>                            | <u>149,725</u>                              |
| <b>Other payables due to:</b>                                    |                                           |                                             |
| Shanghai Longshi Investment Management Co., Ltd                  | 10,906                                    | –                                           |
| Mr. Zhang Jun                                                    | 938                                       | 9,412                                       |
| Hilong Pipeline Engineering and its subsidiaries                 | –                                         | 50,000                                      |
|                                                                  | <u>11,844</u>                             | <u>59,412</u>                               |

Trade receivables due from related parties are due within a credit period ranging from 0 days to 360 days from the date of billing and are unsecured.

Trade payables due to related parties are due within a credit period ranging from 0 days to 90 days from the date of billing and are unsecured.

The lease liabilities due to a related party are interest free but calculated at effective interest rate of 5% per annum and are settled on a quarterly basis.

The other receivables and other payables due from/to related parties were unsecured, non-interest bearing and repayable on demand.

### (d) Key management personnel compensation

Key management personnel includes directors (executive and non-executive) and senior management (including chief financial officer and general managers etc.). The compensation paid or payable to key management personnel for employee services is shown below:

|                                             | (Unaudited)<br>Six months end 30 June<br>2026<br>RMB'000 | 2025<br>RMB'000 |
|---------------------------------------------|----------------------------------------------------------|-----------------|
| Short-term employee benefits                | 3,172                                                    | 3,312           |
| Post-employment benefits                    | 376                                                      | 359             |
| Equity-settled share-based payment expenses | 112                                                      | –               |
|                                             | <u>3,660</u>                                             | <u>3,671</u>    |

## OTHER INFORMATION

### CHANGE IN DIRECTORS' INFORMATION

The change in information of Directors since the date of the 2025 Annual Report of the Company is as follows:

- Mr. Wang Tao resigned as an independent non-executive Director, and ceased to be the chairman of the Remuneration Committee, the chairman of the Nomination Committee, and a member of the Audit Committee with effect from 1 April 2026.
- Mr. Shi Zheyang has been appointed as the chairman of the Remuneration Committee, the chairman of the Nomination Committee and a member of the Audit Committee with effect from 1 April 2026.
- Mr. Yan Jiantao has been appointed as a member of the Remuneration Committee and a member of the Nomination Committee with effect from 1 April 2026.
- Mr. Wong Man Chung Francis retired as an independent non-executive Director, and ceased to be the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee with effect from 26 June 2026.
- Mr. Yu Chung Leung has been appointed as an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee with effect from 26 June 2026.

Save as disclosed above, there were no changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DISCLOSURE OF INTERESTS

#### A. Directors' interests and short positions in the securities of the Company and its associated corporations

As of 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, were as follows:

## OTHER INFORMATION

### (a) Long positions in the shares of the Company

| Name of Directors/<br>Chief Executive | Capacity                                                                                    | Number of<br>shares interested | Approximate<br>percentage of<br>the issued<br>share capital of<br>the Company |
|---------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------|
| <b>Directors</b>                      |                                                                                             |                                |                                                                               |
| Mr. Zhang Jun                         | Founder and beneficiary of Mr. Zhang's trust/Interest of controlled corporation             | 725,013,000 <sup>(1)</sup>     |                                                                               |
|                                       | Founder and beneficiary of two Mr. Zhang's family trusts/Interest of controlled corporation | 88,000,800 <sup>(2)</sup>      |                                                                               |
|                                       | Beneficial owner                                                                            | <u>1,260,000</u>               |                                                                               |
|                                       |                                                                                             | 814,273,800                    | 47.999%                                                                       |
| Ms. Zhang Shuman                      | Interest of controlled corporation                                                          | 24,300,000 <sup>(3)</sup>      |                                                                               |
|                                       | Beneficial owner                                                                            | <u>692,000</u>                 |                                                                               |
|                                       |                                                                                             | 24,992,000                     | 1.473%                                                                        |
| Mr. Cao Hongbo                        | Beneficial owner                                                                            | 1,708,000                      | 0.101%                                                                        |
| Dr. Yang Qingli                       | Interest of spouse                                                                          | 77,000 <sup>(4)</sup>          | 0.005%                                                                        |
| <b>Co-Chief Executive Officer</b>     |                                                                                             |                                |                                                                               |
| Mr. Gao Zhihai                        | Beneficial owner                                                                            | 2,195,000 <sup>(5)</sup>       | 0.129%                                                                        |

Notes:

- (1) These shares are held by Hilong Group Limited, the entire share capital of which is held by SCTS Capital Pte Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as the trustee of Mr. Zhang's trust. As Mr. Zhang Jun is the founder and beneficiary of Mr. Zhang's trust as well as the sole director of Hilong Group Limited, he is deemed to be interested in these shares.
- (2) 24,000,000 shares and 64,000,800 shares are held by North Violet Investment Limited and LongZhi Investment Limited respectively, the entire share capital of each of which is held by SCTS Capital Pte Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as trustees of two Mr. Zhang's family trusts. As Mr. Zhang Jun is the founder and one of the beneficiaries of these two Mr. Zhang's family trusts as well as the sole director of North Violet Investment Limited and LongZhi Investment Limited, he is deemed to be interested in these shares.
- (3) These shares are held by Younger Investment Limited. Following the transfer of the entire share capital of Younger Investment Limited from the trustee of a family trust (of which Mr. Zhang Jun was the founder and one of the beneficiaries) to Ms. Zhang Shuman and the termination of that trust, Ms. Zhang Shuman becomes the sole shareholder and remains as the sole director of Younger Investment Limited. Ms. Zhang Shuman is therefore deemed to be interested in these shares.
- (4) These shares are held by Ms. Gao Chunyi, spouse of Dr. Yang Qingli. Dr. Yang Qingli is therefore deemed to be interested in these shares.
- (5) Including 800,000 unvested awarded shares granted to Mr. Gao Zhihai.

## OTHER INFORMATION

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

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

### B. Substantial shareholders' interests or short positions in the securities of the Company

As at 30 June 2026, the interests or short positions of the substantial shareholders (other than the interests disclosed above in respect of certain Directors who are also substantial shareholders of the Company) in the shares and underlying shares of the Company as recorded in the register of substantial shareholders as required to be kept by the Company under Section 336 of the SFO or as the Company is aware were as follows:

#### Long positions in the shares and underlying shares of the Company

| Name of substantial shareholder              | Capacity           | Number of shares/underlying shares interested | Approximate percentage of the issued share capital of the Company |
|----------------------------------------------|--------------------|-----------------------------------------------|-------------------------------------------------------------------|
| Hilong Group Limited                         | Beneficial owner   | 725,013,000 <sup>(1)</sup>                    | 42.74%                                                            |
| SCTS Capital Pte Ltd.                        | Nominee            | 813,013,800 <sup>(1)(2)</sup>                 | 47.92%                                                            |
| Standard Chartered Trust (Singapore) Limited | Trustee            | 813,013,800 <sup>(1)(2)</sup>                 | 47.92%                                                            |
| Ms. Gao Xia                                  | Interest of spouse | 814,273,800 <sup>(3)</sup>                    | 47.999%                                                           |

Notes:

- (1) 725,013,000 shares are held by Hilong Group Limited, the entire share capital of which is held by SCTS Capital Pte Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as trustee of Mr. Zhang's trust. Mr. Zhang Jun is the founder and beneficiary of Mr. Zhang's trust.
- (2) 24,000,000 shares and 64,000,800 shares are held by North Violet Investment Limited and LongZhi Investment Limited respectively, the entire share capital of each of which is held by SCTS Capital Pte Ltd. which is then wholly-owned by Standard Chartered Trust (Singapore) Limited as trustees of two Mr. Zhang's family trusts. Mr. Zhang Jun is the founder and one of the beneficiaries of these two Mr. Zhang's family trusts.
- (3) Ms. Gao Xia is the spouse of Mr. Zhang Jun and is therefore deemed to be interested in the shares of the Company in which Mr. Zhang Jun is interested.



## OTHER INFORMATION

### 2023 AWARD SCHEME

The Company adopted the 2023 Award Scheme on 11 September 2023 (the “**Adoption Date**”). The following is a summary of the principal terms of the 2023 Award Scheme:

#### (a) Purpose

The purposes and objectives of the 2023 Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

#### (b) Eligible Participants

Eligible Participants under the 2023 Award Scheme include directors and employees of the Group (including persons who are granted an award by the Board (“**Award**”) by way of restricted share units (“**RSU**”) or the actual price at which the Awarded Shares are sold (“**Actual Selling Price**”), as the Board may determine in accordance with the rules of the 2023 Award Scheme (“**Scheme Rules**”) as an inducement to enter into employment contracts with these companies) (“**Employee Participants**”), directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (“**Related Entity Participants**”) and persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (“**Service Providers**”).

#### (c) Duration and Termination

The 2023 Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date, after which no further Awards will be granted. As at the date of this interim report, the remaining life of the 2023 Award scheme is approximately 7 years and 1 month. The 2023 Award Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Eligible Participant(s) selected by the Board pursuant to the Scheme Rules for participation in the Scheme (“**Selected Participant(s)**”).

#### (d) Maximum number of shares

The Board shall not make any further Awards which will result in the aggregate number of the Awarded Shares underlying the Awards awarded by the Board under the 2023 Award Scheme exceeding 10% of the issued share capital of the Company as of the Adoption Date (i.e. 169,643,860 Shares). The maximum number of Awarded Shares underlying the Awards which may be awarded to a Selected Participant under the 2023 Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period (i.e. 16,964,386 Shares).

#### (e) Administration

The 2023 Award Scheme shall be subject to the administration of the Board and the Trustee (being Computershare Hong Kong Trustees Limited and as defined in the Scheme Rules) in accordance with the Scheme Rules and the trust deed. The Board may by resolution delegate any or all of its powers in the administration of the 2023 Award Scheme to the administrator or any other committee or sub-committee or any person(s) as from time to time authorized by the Board for such purpose. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding.

#### (f) Vesting of the Awards

The Board is entitled to impose any conditions, as it deems appropriate in its absolute discretion with respect to the vesting of the Awards on the Selected Participant, and shall inform the Trustee and such Selected Participant the relevant conditions of the Awards. Subject to the Scheme Rules and the fulfillment of all vesting conditions, including but not limited to the vesting conditions as set out in the grant notice, to the vesting of the Awards on such Selected Participant and all requirements applicable to such Selected Participant as specified in the 2023 Award Scheme and the grant notice (unless waived by the Board), the respective Awards granted to the Selected Participant pursuant to the 2023 Award Scheme shall vest in such Selected Participant in accordance with the vesting schedule (if any) as set out in the grant notice, and the Trustee shall cause the relevant Awarded Shares to be transferred to such Selected Participant on the Vesting Date, or pay the Selected Participants the proceeds in cash arising from the sale based on the Actual Selling Price of the relevant Awarded Shares. Subject to the vesting conditions set out in the grant notice, (i) 30% of the Awards will be vested on the first anniversary of the date of grant of the Awards, (ii) 30% of the Awards will be vested on the second anniversary of the date of grant of the Awards; and (iii) 40% of the Awards will be vested on the third anniversary of the date of grant of the Awards.

## OTHER INFORMATION

There is (i) no amount payable on application or acceptance of the Award and no specific period within which payments or calls must or may be made or loans for such purposes must be repaid; and (ii) no purchase price for the Awards.

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 Listing Rules. For further details of the 2023 Award Scheme, please refer to the announcement of the Company dated 13 September 2023.

The following table sets out particulars of the Awarded Shares granted and outstanding under the 2023 Award Scheme and their movements during the Interim Period:

| Category/name of grantee                                                                       | Unvested Awarded Shares as at 1 January 2026 | Granted during the Interim Period | Vested during the Interim Period | Cancelled during the Interim Period | Lapsed during the Interim Period | Unvested Awarded Shares as at 30 June 2026 | Purchase price of Awarded Shares HK\$ | Closing price immediately before the date of grant of Awarded Shares HK\$ | Weighted average closing price immediately before exercise of the Awarded Shares HK\$ | Fair value of the Awarded Shares at the date of grant per Share HK\$ | Date of grant    | Vesting period |
|------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------|----------------------------------|-------------------------------------|----------------------------------|--------------------------------------------|---------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------|----------------|
| Top five highest paid individuals of the Group <sup>(1)</sup>                                  | 2,407,216                                    | -                                 | -                                | -                                   | -                                | 2,407,216                                  | N/A                                   | 0.196                                                                     | -                                                                                     | (Note 2)                                                             | 19 December 2025 | (Note 3)       |
| Employees of the Group other than Directors and top five highest paid individuals of the Group | 47,850,000                                   | -                                 | -                                | -                                   | (1,050,000)                      | 46,800,000                                 | N/A                                   | 0.196                                                                     | -                                                                                     | (Note 2)                                                             | 19 December 2025 | (Note 3)       |
| <b>Total</b>                                                                                   | <b>50,257,216</b>                            | <b>-</b>                          | <b>-</b>                         | <b>-</b>                            | <b>(1,050,000)</b>               | <b>49,207,216</b>                          |                                       |                                                                           |                                                                                       |                                                                      |                  |                |

### Notes:

- (1) Among the Awarded Shares granted, 800,000 Awarded Shares were granted to Mr. GAO Zhihai (高智海), the co-chief executive officer of the Company and a connected person of the Group. The grant of the Awarded Shares to Mr. Gao Zhihai has been approved by the Company's remuneration committee and the independent board committee (the board committee of the Company comprising all independent non-executive Directors).
- (2) The fair values of the awarded Shares on the grant dates were HK\$0.15 per Share for the first tranche with an exercisable date after 21 December 2028, and HK\$0.14 per Share for the remaining tranche with an exercisable date after 21 December 2029. For details of the accounting standard and policy adopted, please refer to notes 2 and 11 to the consolidated financial statements.
- (3) For the vesting period of the Awards, please refer to “– (f) Vesting of the Awards” above.

No Awards have been granted under the 2023 Award Scheme during the six months ended 30 June 2026.

The number of Awards available for grant under the 2023 Award Scheme is 119,386,644 and 120,436,644 Shares as at 1 January 2026 and 30 June 2026.



## OTHER INFORMATION

### 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.

No incident of non-compliance of the Securities Transactions Guideline by the senior management and employees throughout the Interim Period was noted by the Company.

### REVIEW OF INTERIM REPORT

The audit committee of the Company, consisting of Mr. YU Chung Leung, Mr. SHI Zheyang and Ms. ZHANG Shuman, has reviewed the interim results and the interim report for the Interim Period before the results and the report 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 report, 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.

### 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