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Hilong Holding Limited

海隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1623)

CONTINUING CONNECTED TRANSACTIONS

(1) 2026 RENEWED TENANCY CCT AGREEMENTS;

(2) 2026 HILONG ENERGY CCT AGREEMENTS;

AND

CONNECTED TRANSACTION

(3) LONGSHI INVESTMENT AMENDMENT AGREEMENTS

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders



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

2026 RENEWED TENANCY CCT AGREEMENTS

Reference is made to the announcement of the Company dated 9 December 2024 in relation to the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Shine New Material Tenancy Agreement, the 2025 Renewed Pipeline Tenancy Agreements and the 2025 Longshi Investment Tenancy Agreement, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2025, the Group and the relevant counterparties entered into the following agreements:

- (1) the 2026 Renewed Beijing Huashi Tenancy Agreements entered into between Beijing Huashi Investment (as lessor) and Hilong Oil Service (as lessee) in relation to the lease of premises for office use and lease of car park spaces for a term of a one year commencing from 1 January 2026 to 31 December 2026;

- (2) the 2026 Renewed Shine New Materials Tenancy Agreement entered into between Hilong Group Companies Ltd. (as lessor) and Hilong Shine New Materials (as lessee) in relation to the lease of the premises for office and manufacturing plant for a term of three years commencing from 1 January 2026 to 31 December 2028; and
- (3) the 2026 Renewed Pipeline Tenancy Agreements entered into between (i) Hilong Group of Companies Ltd. (as lessor) and Hilong Pipeline (as lessee); (ii) Hilong Group of Companies Ltd. (as lessor) and Shenglong Oil and Gas (as lessee); and (iii) Hilong Group of Companies Ltd. (as lessor) and Hilong Oil Shanghai (as lessee) in relation to the leases of premises for office use and/or manufacturing plant for a term of three years commencing from 1 January 2026 to 31 December 2028; (iv) Technomash (as lessor) and Drilling Technology (as lessee); and (v) Pipeline Surgut (as lessor) and Longhai Petroleum (as lessee) in relation to the leases of premises for office use, maintenance and/or manufacturing for a term of a one year commencing from 1 January 2026 to 31 December 2026.

The Board announces that on 15 December 2025, (i) Longdi Management and Hilong Group of Companies Ltd.; and (ii) Longdi Management and Hilong Petroleum Offshore Engineering entered into the 2026 Longdi Management Agreements in relation to the provision of management services for a term of a one year commencing from 1 January 2026 to 31 December 2026.

Listing Rules Implication

As of the date of this announcement, the counterparties under the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Shine New Materials Tenancy Agreement, the 2026 Renewed Pipeline Tenancy Agreements and the 2026 Longdi Management Agreements are all companies of which a majority of their interests is controlled by Mr. Zhang, a controlling shareholder and a Director. Therefore, the said counterparties are associates of Mr. Zhang and thus connected persons of the Company under Chapter 14A of the Listing Rules.

Given that the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Shine New Materials Tenancy Agreement, the 2026 Renewed Pipeline Tenancy Agreements and the 2026 Longdi Management Agreements are entered into by the Group and the counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules. The aggregate proposed annual caps for the transactions contemplated under the 2026 Renewed Tenancy CCT Agreements for the financial year ending 2026 is RMB47,304,000.

Given that the 2026 Renewed Shine New Materials Tenancy Agreement, the 2026 Renewed Pipeline Tenancy Agreement No.1, the 2026 Renewed Pipeline Tenancy Agreement No.2 and the 2026 Pipeline Tenancy Agreement No.5 are entered into by the Group and counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules respectively. The aggregate proposed annual caps for the transactions contemplated under the 2026 Renewed Tenancy CCT Agreements for the financial year ending 2027 and 2028 is RMB21,500,000 and RMB21,500,000, respectively.

As the highest applicable percentage ratio of the aggregate proposed annual caps for the 2026 Renewed Tenancy CCT Agreements exceeds 5%, the continuing connected transactions and the aggregate annual caps contemplated thereunder are subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2026 HILONG ENERGY CCT AGREEMENTS

Reference is made to the announcement of the Company dated 9 December 2024 and the clarification announcement dated 18 December 2024 in relation to the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2025, the Group and the relevant counterparties will enter into the following agreements:

- (1) the 2026 Hilong Energy Products and Services Procurement Agreement for a term of a term of a one year commencing from 1 January 2026 to 31 December 2026, pursuant to which Hilong Pipeline Group shall provide Hilong Energy Group with coating services, hardbanding services, spraying and packaging services and painting materials as and when requested by Hilong Energy Group during the term of the agreement; and
- (2) the 2026 Welding Wire Supply Agreement for a term of a one year commencing from 1 January 2026 to 31 December 2026, pursuant to which Hilong Energy Group shall supply welding wires and related products to Hilong Pipeline Group as and when requested by Hilong Pipeline Group during the term of the agreement.

Listing Rules Implication

As of the date of this announcement, the counterparties under the 2026 Hilong Energy Products and Services Procurement Agreement and the 2026 Welding Wire Supply Agreement are all companies of which a majority of their interests is controlled by Mr. Zhang. Therefore, the said counterparties are associates of Mr. Zhang and thus connected persons of the Company under Chapter 14A of the Listing Rules.

Given that the 2026 Hilong Energy Products and Services Procurement Agreement and the 2026 Welding Wire Supply Agreement are entered into by the Group and the counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules. The aggregate proposed annual caps for the transactions contemplated under the 2026 Hilong Energy CCT Agreements for the financial year ending 2026 is RMB307,790,000.

As the highest applicable percentage ratio of the aggregate proposed annual caps of the 2026 Hilong Energy CCT Agreements exceeds 5% respectively, the continuing connected transactions and the aggregate annual caps contemplated thereunder are subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LONGSHI INVESTMENT AMENDMENT AGREEMENTS

Reference is made to the announcement of the Company dated 1 August 2023 in relation to the 2023 Longshi Investment Tenancy Agreements and the announcement dated 9 December 2024 in relation to the 2025 Longshi Investment Tenancy Agreement, and the respective transactions contemplated thereunder. Having considered relevant business needs, the Group and the relevant party entered into the following amendment agreements:

- (1) the Longshi Investment Amendment Agreement No.1 entered into between Longshi Investment (as lessor) and Hilong Group of Companies Ltd. (as lessee) in relation to the amendment of the 2023 Longshi Investment Tenancy Agreement No.1; and
- (2) the Longshi Investment Amendment Agreement No.2 entered into between Longshi Investment (as lessor) and Hilong Petroleum Offshore Engineering (as lessee) in relation to the amendment of the 2023 Longshi Investment Tenancy Agreement No.2.

Listing Rules Implication

Pursuant to the note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms or material delay in the completion of a connected transaction, the Company must announce this fact as soon as practicable and re-comply with other applicable provisions under the Listing Rules. Given that the 2023 Longshi Investment Tenancy Agreements and the Longshi Investment Amendment Agreements are entered into by the Group with the same lessor, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rule 14A.81 of the Listing Rules respectively.

As the highest applicable percentage ratio in respect of the right-of-use assets to be recognised under the 2023 Longshi Investment Tenancy Agreements and the Longshi Investment Amendment Agreements exceeds 5%, the Longshi Investment Amendment Agreements and the transactions contemplated thereunder are subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 9 December 2024 in relation to the 2025 Renewed Beijing Huashi Tenancy Agreements, the 2025 Renewed Shine New Material Tenancy Agreement and the 2025 Renewed Pipeline Tenancy Agreements, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2025, the Group and the relevant counterparties entered into the (i) the 2026 Renewed Beijing Huashi Tenancy Agreements; (ii) the Renewed Shine New Materials Tenancy Agreement; and (iii) 2026 Renewed Pipeline Tenancy Agreements. Furthermore, on 15 December 2025, (i) Longdi Management and Hilong Group of Companies Ltd.; and (ii) Longdi Management and Hilong Petroleum Offshore Engineering entered into the 2026 Longdi Management Agreements in relation to the provision of management services for a term of a one year commencing from 1 January 2026 to 31 December 2026.

PRINCIPAL TERMS OF THE 2026 RENEWED TENANCY CCT AGREEMENTS

The principal terms of each of the 2026 Renewed Tenancy CCT Agreements are set out below.

(A) 2026 RENEWED BEIJING HUASHI TENANCY AGREEMENTS

Date: 15 December 2025

Term: 1 January 2026 to 31 December 2026

	2026 Renewed Beijing Huashi Tenancy Agreement No. 1	2026 Renewed Beijing Huashi Tenancy Agreement No. 2	2026 Renewed Beijing Huashi Tenancy Agreement No. 3	2026 Renewed Beijing Huashi Tenancy Agreement No. 4	2026 Beijing Huashi Car Park Lease Agreement
Lessor:	Beijing Huashi Investment	Beijing Huashi Investment	Beijing Huashi Investment	Beijing Huashi Investment	Beijing Huashi Investment
Lessee:	Hilong Oil Service	Hilong Oil Service	Hilong Oil Service	Hilong Oil Service	Hilong Oil Service
Leased premises:	20/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	Room 502, 5/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	Room 503-1, 5/ F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	Room 501, 5/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC	20 car park spaces on B2/F., Building 1, 13 Workers' Stadium North Road, Chaoyang District, Beijing, PRC

Leased area:	1,850.32 sqm	476.99 sqm	126.12 sqm	276.74 sqm	100.00 sqm
Monthly rental:	RMB644,412.49 per month excluding utility and management fees	RMB160,608.50 per month excluding utility and management fees	RMB30,650.84 per month excluding utility and management fees ^(Note)	RMB93,434.34 per month excluding utility and management fees	RMB30,000.00 per month
Rental deposits:	RMB1,288,824.98	RMB321,217	RMB61,301.68	RMB186,868.68	Nil
Usage:	Office	Office	Office	Office	Car park

Payment: The rental of 2026 Renewed Beijing Huashi Tenancy Agreements are payable by Hilong Oil Service in every six months period. Hilong Oil Service is required to pay the first six months of rental with the rental deposits on the date of the 2026 Renewed Beijing Huashi Tenancy Agreements. Thereafter, Hilong Oil Service is required to pay the second six months of rental 15 days prior to the start of the second six months period.

Historical transaction amounts:	For the financial year ended 31 December 2024	For the ten months ended 31 October 2025
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RMB

RMB

11,149,274

9,591,062

Annual cap:	Existing annual cap for the financial year ending 31 December 2025	Proposed annual cap for the 2026 Renewed Beijing Huashi Tenancy Agreements
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RMB'000

RMB'000

11,509

11,509

Note:

The average unit rental price of the 2026 Renewed Beijing Huashi Tenancy Agreement No. 3 (i.e. approximately RMB243.03 per sqm per month) is lower than other tenancies under the 2026 Renewed Beijing Huashi Tenancy Agreements primarily because the premises comprise a shared office and Hilong Oil Service occupies only a portion of the premises and shares common areas, such as the entrance and pantry, with other occupants.

Basis of consideration

In arriving at the monthly rental, the Directors have considered (i) the historical rental amounts payable by Hilong Oil Service under the 2025 Renewed Beijing Huashi Tenancy Agreements for the year ending 31 December 2025 with the average unit rental price of approximately RMB338.89 per sqm per month, which is the same as 2026 Renewed Beijing Huashi Tenancy Agreements; (ii) superior location of the premises and car park to be leased under the 2026 Renewed Beijing Huashi Tenancy Agreements in Sanlitun (三里屯), which is a popular destination for shopping and dining in Beijing with high rental demand; (iii) the condition of the premises and car park to be leased including the interior design and decorations; (iv) rental levels of similar properties and car parks in the vicinity of the leased premises (taking into account factors such as leased areas and floor levels); (v) discount and credit term on property management fee; (vi) naming right of the building, being the right of use granted by the lessor for free; and (vii) the prevailing market rents with respect to the premises and car park to be leased, which is obtainable as public information from the online rental platforms.

(B) 2026 RENEWED SHINE NEW MATERIALS TENANCY AGREEMENT

Date:	15 December 2025
Term:	1 January 2026 to 31 December 2028
Lessor:	Hilong Group of Companies Ltd.
Lessee:	Hilong Shine New Materials
Leased premises:	Offices and factory premises located at No. 1825, Luodong Road, Baoshan District, Shanghai, PRC
Leased area:	23,307.94 sqm
Monthly rental:	RMB476,118.42 per month. Accordingly, the total rental to be received by Hilong Group of Companies Ltd. under the agreement is RMB17,140,263.27.
Utility fees:	The utility fees are estimated at RMB166,666.67 per month, which consists of water and electricity fees. Accordingly, the total utility fees to be received by Hilong Group of Companies Ltd. under the agreement is RMB6,000,000.12.
Usage:	Office and Manufacturing plant

Payment: The rental of the 2026 Renewed Shine New Materials Tenancy Agreement is payable by Hilong Shine New Materials annually. Hilong Shine New Materials is required to pay the first year of rental in the amount of RMB5,713,421.09 within 15 days from the date of the 2026 Renewed Shine New Materials Tenancy Agreement. For each subsequent year, Hilong Shine New Materials shall pay the rental in the amount of RMB5,713,421.09 no later than 15 days prior to the commencement of that year.

Renewal of leases: Subject to compliance with all the rules and requirements set out in the applicable laws and regulations (including the Listing Rules) and negotiation of the parties, Hilong Shine New Materials has the priority option to renew the 2026 Renewed Shine New Materials Tenancy Agreement by giving 60 days' prior written notice to Hilong Group of Companies Ltd. before the expiration of the 2026 Renewed Shine New Materials Tenancy Agreement. New tenancy agreements or renewal agreements may be entered into by the parties.

Historical transaction amounts:	For the financial year ended 31 December 2024	For the ten months ended 31 October 2025 ⁽¹⁾
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RMB

RMB

6,720,547

5,808,336

Annual cap:	Existing annual cap for the financial year ending 31 December 2025 ⁽¹⁾	Proposed annual cap for the 2026 Renewed Shine New Materials Tenancy Agreement
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RMB'000

RMB'000

For year ending December 31, 2026	For year ending December 31, 2027	For year ending December 31, 2028
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7,144

7,714

7,714

7,714

Note:

- (1) The historical transaction amounts for the ten months ended 31 October 2025 and the existing annual cap for the financial year ending 31 December 2025 is based on the lease area of 22,260.58 sqm.

Basis of consideration

The terms of the 2026 Renewed Shine New Materials Tenancy Agreement is determined on an arm's length basis and normal commercial terms taking into account: (i) the historical rental amounts payable by Hilong Shine New Materials under the 2025 Renewed Shine New Material Tenancy Agreement for the year ending 31 December 2025 with the average unit rental price of approximately RMB19.26 per sqm per month, increasing to approximately RMB20.43 per sqm per month by 6.07% under the 2026 Renewed Shine New Materials Tenancy Agreement. The increase in rental amounts is due to the increase in leased area of approximately 1,047 sqm for office use and increase in average unit rental price, which is attributable to the increasing proportion of office space within the total leased area, combined with the fact that office spaces command higher unit price among all property types; (ii) the maintenance costs of the premises to be leased, such as the costs of roof reinforcement and cost of waterproofing, which will be borne by the lessor; (iii) the location of the premises to be leased, which is relatively remote and is inconvenient in traffic; (iv) low customized requirements, being no stringent requirements for air cleanliness and green coverage rate; (v) the floor area, structure and type of the premises to be leased; (vi) construction cost of the premises to be leased; and (vii) the prevailing market rents with respect to the premises to be leased, which is obtainable as public information from the surrounding rental market and after consulting the advices of several reputable local real estate agents. The utility fees receivable by the Group under the 2026 Renewed Shine New Materials Tenancy Agreement have been determined based on (i) the latest charging rates of the relevant utilities as prescribed by the State Grid Shanghai Municipal Electric Power Company* (國網上海市電力公司) for electricity fees and Shanghai Chengtou Water Group Co., Ltd.* (上海城投水務(集團)有限公司) for water fees; (ii) the estimated consumption level of Hilong Shine New Materials of approximately 157,143 kWh per month for electricity and 259 cubic meter per month for water; and (iii) the historical consumption of Hilong Shine New Materials of approximately RMB151,413 per month for electricity with an average monthly consumption of 132,563 kWh and RMB1,584 per month for water with an average monthly usage of 247 cubic meter.

(C) 2026 RENEWED PIPELINE TENANCY AGREEMENTS

Date: 15 December 2025

Term:

- (i) 1 January 2026 to 31 December 2028 for the 2026 Renewed Pipeline Tenancy Agreement No.1, the 2026 Renewed Pipeline Tenancy Agreement No.2 and the 2026 Pipeline Tenancy Agreement No.5
- (ii) 1 January 2026 to 31 December 2026 for the 2026 Renewed Pipeline Tenancy Agreement No.3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4

	2026 Renewed Pipeline Tenancy Agreement No. 1	2026 Renewed Pipeline Tenancy Agreement No. 2	2026 Renewed Pipeline Tenancy Agreement No. 3	2026 Renewed Pipeline Tenancy Agreement No. 4	2026 Pipeline Tenancy Agreement No. 5
Lessor:	Hilong Group of Companies Ltd.	Hilong Group of Companies Ltd.	Technomash	Pipeline Surgut	Hilong Group of Companies Ltd.
Lessee:	Hilong Pipeline	Shenglong Oil and Gas	Drilling Technology	Longhai Petroleum	Hilong Oil Shanghai
Leased premises:	Premises in D plant, F plant, 2nd and 4th floor of main building and open areas, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC	Premises in F plant, G plant, 2nd and 4th floor of main building and open areas, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC	Premises in 47/1, Building 10A, 10B and 10C, Demyan Bedny Street, Nevyansk, Sverdlovsk Region, Russian Federation	Premises in Building 1, 6 Imeni Glukhov Street, Yugra, Surgut City, Khanty-Mansiysk Autonomous Okrug Region, Russian Federation	Premises in room 202, 211, 213 and 415 of main building, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC
Leased area:	28,397.07 sqm	3,312.42 sqm	18,022.50 sqm	1,311.80 sqm	272.76 sqm
Monthly rental:	RMB397,911.81 per month	RMB51,739.85 per month	RUB10,997,731 per month (equivalent to approximately RMB962,863.53) (inclusive of water and electricity fees) (**)	RUB1,044,918.00 per month (equivalent to approximately RMB91,483.73) (inclusive of water and electricity fees) (**)	RMB11,615.03 per month (inclusive of water and electricity fees)

Utility fees:	The utility fees are estimated at RMB666,666.67 per month, which consists of water and electricity fees. Accordingly, the total estimated utility fees to be received by Hilong Group of Companies Ltd. under the agreement is RMB24,000,000.12.	The utility fees are estimated at RMB20,833.34 per month, which consists of water and electricity fees. Accordingly, the total estimated utility fees to be received by Hilong Group of Companies Ltd. under the agreement is RMB750,000.24 ^(Note) .	There are no utility fees under the 2026 Renewed Pipeline Tenancy Agreement No. 3, the 2026 Renewed Pipeline Tenancy Agreement No. 4 and the 2026 Pipeline Tenancy Agreement No. 5 as the respective monthly rental have included water and electricity fees.		
Usage:	Office use and manufacturing plant	Office use and manufacturing plant	Office use and manufacturing plant	Maintenance and manufacturing	Office use
Payment:	The rental fee is payable annually. The rental fee of first year in the amount of RMB4,774,941.7 is payable within 15 days from the date of the agreement. For each subsequent year, the rental fee in the amount of RMB4,774,941.7 is payable no later than 15 days prior to the commencement of that year.	The rental fee is payable annually. The rental fee of first year in the amount of RMB620,878.18 is payable within 15 days from the date of the agreement. For each subsequent year, the rental fee in the amount of 620,878.18 is payable no later than 15 days prior to the commencement of that year.	The monthly rental is payable on a monthly basis by the end of the preceding month. The total rental under the agreement is RUB131,972,772.00 (equivalent to approximately RMB11,554,362.41) ^(**) .	At the end of calendar month, but not later than the fifth day of the month following the reporting month, the lessor sends the lessee the invoice for payment. The amount of rental fees on the invoice is payable by the lessee to the lessor within 90 days upon receiving the invoice. The total rental under the agreement is RUB12,539,016.00 (equivalent to approximately RMB1,097,804.74) ^(**) .	The rental fee is payable annually. The rental fee of first year in the amount of RMB139,380.36 is payable within 15 days from the date of the agreement. For each subsequent year, the rental fee in the amount of RMB139,380.36 is payable no later than 15 days prior to the commencement of that year.

Note: Under the 2026 Renewed Pipeline Tenancy Agreement No. 2, the water fees payable by Shenglong Oil and Gas are negligible, as the manufacturing activities conducted at the leased premises involve minimal water usage.

Renewal of leases: Subject to compliance with all the rules and requirements set out in the applicable laws and regulations (including the Listing Rules), the lessee of the 2026 Renewed Pipeline Tenancy Agreement No. 1, the 2026 Renewed Pipeline Tenancy Agreement No. 2 and the 2026 Pipeline Tenancy Agreement No. 5 has the priority option to renew the leases by giving 60 days' prior written notice to the lessor before the expiration of the lease. New tenancy agreements or renewal agreements may be entered into by the parties. There are no renewal options under the 2026 Renewed Pipeline Agreement No. 3 and the 2026 Renewed Pipeline Agreement No. 4 respectively.

Historical transaction amounts:	For the financial year ended 31 December 2024	For the ten months ended 31 October 2025 ⁽²⁾
	<i>RMB</i>	<i>RMB</i>
	20,893,801	18,161,324
Annual cap:	Existing annual cap for the financial year ending 31 December 2025 ⁽²⁾	Proposed annual cap for the 2026 Renewed Pipeline Tenancy Agreements for the year ending 31 December 2026
	<i>RMB'000</i>	<i>RMB'000</i>
	23,136	26,438
	Proposed annual cap for the 2026 Renewed Pipeline Tenancy Agreement No.1, the 2026 Renewed Pipeline Tenancy Agreement No.2 and the 2026 Pipeline Tenancy Agreement No.5	
	For year ending 31 December 2027	For year ending 31 December 2028
	<i>RMB'000</i>	<i>RMB'000</i>
	13,786	13,786

Note:

- (2) The historical transaction amounts for the ten months ended 31 October 2025 and the existing annual cap for the financial year ending 31 December 2025 do not include the premises under the 2026 Pipeline Tenancy Agreement No.5.

Basis of consideration

The terms of the 2026 Renewed Pipeline Tenancy Agreement No.1, the 2026 Renewed Pipeline Tenancy Agreement No.2, the 2026 Renewed Pipeline Tenancy Agreement No.3 and the 2026 Renewed Pipeline Tenancy Agreement No.4 are determined on an arm's length basis and normal commercial terms taking into account: (i) the historical rental amounts payable by Hilong Pipeline and Shenglong Oil and Gas to Hilong Group of Companies Ltd. and Drilling Technology to Technomash and Longhai Petroleum to Pipeline Surgut under the 2025 Renewed Pipeline Tenancy Agreement No. 1, the 2025 Renewed Pipeline Tenancy Agreement No. 2, the 2025 Renewed Pipeline Tenancy Agreement No. 3 and the 2025 Pipeline Tenancy Agreement No. 4 with the average unit rental price of approximately RMB19.15, RMB15.85, RMB38.57 and RMB54.83 per sqm per month, respectively. The proposed average unit rental price of the 2026 Renewed Pipeline Tenancy Agreement No. 1 decreases to approximately RMB14.01 per sqm per month by 26.84% because of increase in leased area of approximately 12,684 sqm and attributable to the increasing proportion of open areas within the total leased area, combined with the fact that open areas command lower unit price among all property types. The proposed average unit rental price of the 2026 Renewed Pipeline Tenancy Agreement No. 2 decreases to approximately RMB15.62 by 1.5% because of the increasing proportion of open areas within the total leased area, combined with the fact that open areas command lower unit price among all property types. The proposed average unit rental price of the 2026 Renewed Pipeline Tenancy Agreements No.3 and No.4 increase to approximately RMB53.43 by 38.53% and RMB69.74 by 27.19% respectively, because of fluctuation in exchange rate of RMB to RUB and because of the proposed rise in the Russian VAT rate from 20% to 22%, which is scheduled to take effect in 2026 based on public information available to the Company; (ii) the maintenance costs of the premises to be leased, such as the costs of roof reinforcement and cost of waterproofing, which will be borne by the lessor; (iii) the location of the premises to be leased; (iv) the floor area, structure and type of the premises to be leased; (v) construction cost of the premises to be leased; and (vi) the prevailing market rents with respect to the premises to be leased, which is obtainable as public information from the surrounding rental market and after consulting the advices of several reputable local real estate agents. The utility fees payable by Hilong Pipeline and Shenglong Oil and Gas under the 2026 Renewed Pipeline Tenancy Agreement No. 1 and the 2026 Renewed Pipeline Tenancy Agreement No. 2 have been determined based on (i) the latest charging rates of the relevant utilities prescribed by the State Grid Shanghai Municipal Electric Power Company* (國網上海市電力公司) for electricity fees and Shanghai Chengtou Water Group Co., Ltd.* (上海城投水務(集團)有限公司) for water fees; (ii) estimated consumption level of approximately 659,275 kWh per month for electricity and 2,075 cubic meter per month for water for Hilong Pipeline and approximately 3,834 kWh per month for electricity for Shenglong Oil and Gas, respectively; and (iii) historical consumption of approximately RMB347,679 per month for electricity with an average monthly consumption of 370,741 kWh and RMB6,838 per month for water with an average monthly usage of 1,064 cubic meters for Hilong Pipeline, and approximately RMB18,797 per month for electricity with an average monthly consumption of 2,606 kWh for Shenglong Oil and Gas for the financial year ending 31 December 2025, respectively^(Note).

Note: For the financial year ended 31 December 2024, Hilong Pipeline recorded approximately RMB648,742 in electricity fees per month for an average monthly consumption of 621,293 kWh and RMB13,188 in water fees per month for an average monthly usage of 2,052 cubic meter. The lower historical utility consumption for the financial year ending 31 December 2025 is primarily attributable to a strategic shift towards producing smaller-diameter pipelines, which require approximately 40% less power consumption than large-diameter pipelines. Electricity consumption will expect to return the levels in 2024 for the financial year ending 31 December 2026 with the production of more large-diameter pipelines.

The terms of the 2026 Pipeline Tenancy Agreement No. 5 are determined on arm's length basis and normal commercial terms taken into account: (i) the prevailing market rents with respect to the premises to be leased, which is obtainable as public information from the surrounding rental market; (ii) rental levels of similar properties in the vicinity of the leased premises (taking into account factors such as leased areas and floor levels); (iii) the conditions of the leased premises; and (iv) the availability of properties with similar sizes and in similar locations.

(D) 2026 LONGDI MANAGEMENT AGREEMENTS

Date: 15 December 2025

Term: 1 January 2026 to 31 December 2026

	2026 Longdi Management Agreement No.1	2026 Longdi Management Agreement No.2
Parties:	i. Longdi Management ii. Hilong Group of Companies Ltd.	i. Longdi Management ii. Hilong Petroleum Offshore Engineering
Subject:	Longdi Management shall provide management services to Hilong Group of Companies Ltd. on the leased premises at 6/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC	Longdi Management shall provide management services to Hilong Petroleum Offshore Engineering on the leased premises at 5/F and 6/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC
Monthly management fees:	RMB10,464.00 per month	RMB80,439.68 per month
Payment:	Hilong Group of Companies Ltd. and Hilong Petroleum Offshore Engineering shall pay Longdi Management on a quarterly basis. Hilong Group of Companies Ltd. and Hilong Petroleum Offshore Engineering are required to pay the management fees for the first quarter on the date of the 2026 Longdi Management Agreement No.1 and 2026 Longdi Management Agreement No.2. Thereafter, Hilong Group of Companies Ltd. and Hilong Petroleum Offshore Engineering are required to pay the management fees at the start of each subsequent quarter.	

Pricing Policy: Prices of RMB32 per sqm per month are determined after arm's length negotiations between the parties with references to prevailing market prices for management services of similar properties in the vicinity of the leased premises, which is obtainable as public information from the online platforms.

Annual cap: Proposed annual cap for the 2026 Longdi Management Agreements

RMB'000

1,643

Basis of consideration

The terms of the Longdi Management Agreements are determined on an arm's length basis and normal commercial terms taking into account: (i) the scale of management services required for the leased areas under the Longshi Investment Amendment Agreements, which are obtainable as public information after consulting the advice of several reputable local real estate agents; (ii) the scope of management services to be provided; and (iii) conditions of the leased premises.

Accounting Treatment with respect to the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Pipeline Tenancy Agreement No. 3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4

According to applicable accounting standards, generally, the Group as the lessee shall recognize a lease as a right-of-use asset in the consolidated statement of financial position of the Group according to HKFRS 16. Since the term of each of the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Pipeline Tenancy Agreement No. 3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4 is no more than 12 months, the Group may elect not to recognize assets and liabilities for the leases contemplated under the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Pipeline Tenancy Agreement No. 3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4 in its consolidated statement of financial position according to HKFRS 16. Accordingly, the rental payable by the Group pursuant to the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Pipeline Tenancy Agreement No. 3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4 will be recognized as expenses in the Group's profit and loss accounts in the period in which they are incurred, and the payment of such rental will be regarded as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

ANNUAL CAPS FOR THE 2026 RENEWED TENANCY CCT AGREEMENTS

The existing aggregate annual caps (rounded up to the nearest thousand RMB) for the financial year ending 31 December 2025 are renewed under the 2026 Renewed Tenancy CCT Agreements as below:

Existing annual cap for the financial year ending 31 December 2025 <i>RMB'000</i>	Proposed annual cap for the financial year ending 31 December 2026 <i>RMB'000</i>	Proposed annual cap for the financial year ending 31 December 2027 <i>RMB'000</i>	Proposed annual cap for the financial year ending 31 December 2028 <i>RMB'000</i>
42,789	47,304	21,500	21,500

In arriving at the proposed annual caps of RMB47,304,000 for the period from 1 January 2026 to 31 December 2026, which comprises (i) the aggregate amount of the rental payable by the Group to Beijing Huashi Investment under the 2026 Renewed Beijing Huashi Tenancy Agreements; (ii) the amount of the rental and utility fees payable by Hilong Shine New Materials to the Group under the 2026 Renewed Shine New Materials Tenancy Agreement for the year ending 31 December 2026; (iii) the aggregate amount of rental and utility fees payable by Hilong Pipeline, Shenglong Oil and Gas and Hilong Oil Shanghai to the Group and the rental payable by the Group to Technomash and Pipeline Surgut under the 2026 Renewed Pipeline Tenancy Agreements for the year ending 31 December 2026; and (iv) the management fees payable by the Group to Longdi Management under the 2026 Longdi Management Agreements, the Directors have taken into account the historical transaction amounts and aggregate estimated amounts payable or to be received by the Group under the such agreements.

In arriving at the proposed annual caps of RMB21,500,000 for the period from 1 January 2027 to 31 December 2027 and from 1 January 2028 to 31 December 2028, which comprises (i) the amount of the rental and utility fees payable by Hilong Shine New Materials to the Group under the 2026 Renewed Shine New Materials Tenancy Agreement for the years ending 31 December 2027 and 31 December 2028; and (ii) the aggregate amount of rental and utility fees payable by Hilong Pipeline, Shenglong Oil and Gas and Hilong Oil Shanghai to the Group under the 2026 Renewed Pipeline Tenancy Agreements for the years ending 31 December 2027 and 31 December 2028, the Directors have taken into account the historical transaction amounts and aggregate estimated amounts payable or to be received by the Group under the such agreements.

The terms of each of the 2026 Renewed Tenancy CCT Agreements are negotiated by the parties on arm's length basis, taking into account prevailing market rates but in any event at leasing terms, rental rates and management fees no less favourable than those offered to the Group by independent third parties for the same or similar types of leased premises, car park and management services. Based on the above reasons, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, are of the view that the terms of the continuing connected transactions contemplated under each of 2026 Renewed Tenancy CCT Agreements and the aggregate annual caps contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE 2026 RENEWED TENANCY AGREEMENTS

The Group has been leasing premises from Beijing Huashi Investment for use as offices and has practical needs to continue to lease such office premises. The leases of the office premises under the 2025 Renewed Beijing Huashi Tenancy Agreements will expire on 31 December 2025. The Company believes that it is time and cost efficient for the Group to continue to lease the premises under the 2026 Renewed Beijing Huashi Tenancy Agreements rather than seeking for alternative locations, which would incur unnecessary moving costs and cause potential disruption to the daily operations of the Group. The arrangement of upfront payment of rent of six months with additional deposits aligns with normal market practice for similar properties and car parks in the vicinity of the leased premises. The Board also considers that the upfront payment of rent of six months is economically sensible and will not have material impact on the cash flow of the Group.

The lease of the factory premises under the 2025 Renewed Shine New Material Tenancy Agreement will expire on 31 December 2025. Hilong Shine New Materials has been long-term lessees of the Group and the Company believes that through the leasing of the factory premises to Hilong Shine New Materials for a term of three years, the Group is able to continue to achieve use of their resources in a more efficient manner. The rental income received by Hilong Group of Companies Ltd. under the 2026 Renewed Shine New Materials Tenancy Agreement also provides a steady source of revenue to the Group. The arrangement of annual payment of rental and utility fees from Hilong Shine New Materials can mitigate potential risks associated with late or non-payment with annual payment for each financial year and provide the Group with stable and consistent cash flow without allocating additional resources to search for new lessees.

The 2025 Renewed Pipeline Tenancy Agreements will expire on 31 December 2025. The Company believes that through the leasing of the premises to Hilong Pipeline, Shenglong Oil and Gas and Hilong Oil Shanghai for a term of three years, the Group is able to achieve use of their resources in a more efficient manner. The rental income received by Hilong Group of Companies Ltd. under the 2026 Renewed Pipeline Tenancy Agreement No. 1, the 2026 Renewed Pipeline Tenancy Agreement No. 2 and the 2026 Pipeline Tenancy Agreement No. 5 also provide a steady source of revenue to the Group. The arrangement of annual payment of rental and utility fees from Hilong Pipeline, Shenglong Oil and Gas and Hilong Oil Shanghai can mitigate potential risks associated with late or non-payment with annual payment for each financial year and provide the Group with stable and consistent cash flow without allocating additional resources to search for new lessees. The Group has been leasing premises from Technomash since 2020. The Company believes that it is beneficial for the Group to continue to lease the relevant premises from Technomash for a term of a one year to maintain the stability of the Group's daily operations rather than seeking alternative locations and lessors. Longhai Petroleum has been leasing premises from Pipeline Surgut since 2025. Given the close proximities of Longhai Petroleum's operations to Pipeline Surgut and its desirable location, the Company believes it is beneficial to lease such premises for a term of a one year from Pipeline Surgut instead of seeking alternative locations and lessor. The term of one year under the 2026 Renewed Pipeline Tenancy Agreement No. 3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4 provide the Company with greater flexibility in negotiations as lessee. There are no renewal options under the 2026 Renewed Pipeline Tenancy Agreement No. 3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4 as the Company considers the risk of non-renewal by respective lessors to be low. In the event that renewal is not agreed among the Company and the lessors after the expiry of the 2026 Renewed Pipeline Tenancy Agreement No. 3 and the 2026 Renewed Pipeline Tenancy Agreement No. 4 for a term of a one year, the Group will be able to secure alternative premises in close proximity to the existing location without any material impact on the Group's operations.

The Group has been leasing premises from Longshi Investment for use as offices and has practical needs to continue the leasing of such office premises under the 2023 Longshi Investment Tenancy Agreements (as amended by Longshi Investment Amendment Agreements). The property management fee of Longdi Management is lower than that of other surrounding property management companies in the vicinity of the leased premises. The terms of each of the 2026 Longdi Management Agreements are negotiated by the parties on an arm's length basis, taking into account prevailing management fees, but in any event at management fees no less favourable than those offered to the Group by independent third parties for the management services to same or similar types of leased premises.

2026 HILONG ENERGY CCT AGREEMENTS

Reference is made to the announcement of the Company dated 9 December 2024 and the clarification announcement dated 18 December 2024 in relation to the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement and the 2025 Welding Wire Supply Agreement, the respective transactions contemplated thereunder and the annual caps related thereto. Given that each of the above agreements will expire on 31 December 2025, the Group and the relevant counterparties entered into the (i) 2026 Hilong Energy Products and Services Procurement Agreement; and (ii) 2026 Welding Wire Supply Agreement.

PRINCIPAL TERMS OF THE 2026 HILONG ENERGY CCT AGREEMENTS

The principal terms of each of the 2026 Hilong Energy CCT Agreements are set out below.

(E) 2026 HILONG ENERGY PRODUCTS AND SERVICES PROCUREMENT AGREEMENT

Date:	15 December 2025
Parties:	i. Hilong Energy; and ii. Hilong Pipeline
Subject Matter:	Hilong Pipeline Group shall provide Hilong Energy Group with coating services, hardbanding services, spraying and packaging services and painting materials as and when requested by Hilong Energy Group during the term of the agreement.
Term:	The 2026 Hilong Energy Products and Services Procurement Agreement will commence on 1 January 2026 and end on 31 December 2026, subject to renewal upon mutual agreement of both parties and compliance with the Listing Rules.
Payment:	Hilong Energy Group shall pay Hilong Pipeline Group within 120 days from the date of delivery of services or products.

Pricing Policy: Prices are determined after arm's length negotiations between the parties with references to prevailing market prices within the industry and considering regional price differences, with reference to:

- i. Coating services pricing policy
 - a. PRC Market: the reference prices formulated by China National Petroleum Corporation (CNPC) and China Petroleum & Chemical Corporation (Sinopec Corp.) for similar types, specifications, techniques, and standards on an annual basis. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the above reference prices.
 - b. Overseas Market: (i) the prevailing market prices based on comparing quotations obtained from other Independent Third Parties for similar types, specifications, techniques, and standards of services; and (ii) costs to be incurred by Hilong Pipeline Group for coating services with a reasonable profit margin in the range of 30% to 55%. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period; while the actual profit margin will be based on the specifications, techniques and standards of drill-pipes. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the prevailing market prices.
- ii. Hardbanding services pricing policy
 - a. The prevailing market prices are based on comparing quotations obtained from other Independent Third Party suppliers in the market for similar types, specifications, techniques, and standards of services; and
 - b. costs to be incurred by Hilong Pipeline Group for hardbanding services with a reasonable profit margin in the range of 10% to 55%. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period; while the actual profit margin will be determined with reference to the specifications, techniques and standards of drill-pipes. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the prevailing market prices.

iii. Spraying and packaging services pricing policy

- a. The prevailing market prices based on comparing quotations obtained from other Independent Third Party suppliers in the market for similar types, specifications, techniques, and standards of services; and
- b. costs to be incurred by Hilong Pipeline Group for spraying and packaging services with a reasonable profit margin in the range of 20% to 40%. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period; while the actual profit margin will be based on the specifications, techniques and standards of drill-pipes. Hilong Pipeline offers a discount in the range of 1% to 12% to the Group based on the prevailing market prices.

iv. Painting materials pricing policy

- a. The prevailing market prices based on comparing quotations obtained from other Independent Third Party suppliers in the market for similar types, specifications, techniques, and standards of products; and
- b. costs to be incurred by Hilong Pipeline Group for painting materials with a reasonable profit margin in the range of 35% to 85%. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period; while the actual profit margin will be based on the specifications, techniques and standards of painting materials.

The prices and conditions (including payment terms) for coating services, hardbanding services, spraying and packaging services and painting materials offered by Hilong Pipeline Group shall be no less favorable to Hilong Energy Group than any of those available from Independent Third Parties.

Condition precedent: The 2026 Hilong Energy Products and Services Procurement Agreement is conditional upon the Independent Shareholders approving the 2026 Hilong Energy Products and Services Procurement Agreement, the transactions contemplated thereunder and the proposed revised annual cap related thereto at the EGM.

Historical transaction amounts:	For the financial year ended 31 December 2024	For the ten months ended 31 October 2025 ⁽³⁾
	<i>RMB</i>	<i>RMB</i>
	281,610,426 (inclusive of VAT)	185,069,695 (inclusive of VAT)

Annual Caps

The existing annual cap (rounded up to the nearest thousand RMB) for the financial year ending 31 December 2025 is renewed for the period from 1 January 2026 to 31 December 2026 to cover the financial year ending 31 December 2026 under the 2026 Hilong Energy Products and Services Procurement Agreement:

Existing annual cap for the financial year ending 31 December 2025⁽³⁾	Proposed annual cap for the financial year ending 31 December 2026
<i>RMB'000</i>	<i>RMB'000</i>
382,048 (inclusive of VAT)	281,372 (inclusive of VAT)

Note:

- (3) The historical transaction amounts for the ten months ended 31 October 2025 and the existing annual cap for the financial year ending 31 December 2025 do not include painting materials.

Basis of consideration

The proposed annual cap in respect of the 2026 Hilong Energy Products and Services Procurement Agreement is determined with reference to (i) historical transaction amount; (ii) the anticipated demand for coating services, hardbanding services, spraying and packaging services and painting materials based on drill-pipe production plans of the Group for the financial year ending 31 December 2026 and the strategic drill-pipe projects with key clients of the Group; and (iii) the VAT rates in China and Russia of approximately 13% and 22%, respectively. The increase in Russian VAT for the financial year ending 2026 is attributable to the Russian government's scheduled implementation of a 22% VAT rate effective in 2026.

The proposed annual cap for the 2026 Hilong Energy Products and Services Procurement Agreement decreases by approximately 26.35% to RMB281,372,000 from RMB382,048,000 as compared to financial year ending 31 December 2025, primarily due to (i) forecasted decline in demand for coating services, hardbanding services and spraying and packaging services for drill pipes by approximately 26.59%, 48.27% and 85.49% respectively, which reflects an expected reduction in global drill pipe market attributable to forecasted slowdown in global oil and gas exploration activities and volatility in international oil prices; partially offset by (ii) the new procurement of painting materials; and (iii) anticipated appreciation of RMB to RUB exchange rate and increase in VAT rates in Russia. The procurement of coating services, hardbanding services, spraying and packaging services and painting materials from Hilong Pipeline in China and Russia accounts for approximately 65% and 32% of the transactions under the 2026 Hilong Energy Products and Services Procurement Agreement.

The terms of the 2026 Hilong Energy Products and Services Procurement Agreement are reached after arm's length negotiation between Hilong Energy and Hilong Pipeline. Taking into consideration (i) the entering into of the 2026 Hilong Energy Products and Services Procurement Agreement is in the ordinary and usual course of business of the Group; (ii) the 2026 Hilong Energy Products and Services Procurement Agreement is non-exclusive in nature; and (iii) Hilong Energy Group will only procure coating services, hardbanding services, spraying and packaging services and painting materials from Hilong Pipeline Group when the price offered by Hilong Pipeline Group is no less favorable to the Group as compared to other quotations received from Independent Third Parties. Based on the above reasons, the Directors, whereby the independent non-executive Directors' opinion will be subjected to the advice of the Independent Financial Adviser, considers that the 2026 Hilong Energy Products and Services Procurement Agreement, the transactions contemplated thereunder and the proposed revised annual cap related thereto are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE 2026 HILONG ENERGY PRODUCTS AND SERVICES PROCUREMENT AGREEMENT

The Group requires coating services, hardbanding services, spraying and packaging services and painting materials for drill pipes production and sales during its ordinary and usual course of business. The Group needs to collaborate with a qualified coating services supplier when participating in the bidding process for the sale of drill pipes.

The Company considers that Hilong Pipeline Group is specialized and experienced in coating services through years of cooperation between the Group and Hilong Pipeline Group. Hilong Pipeline is one of the recognized suppliers by market leaders such as CNPC, Sinopec Corp., ADNOC Drilling company PJSC (ADNOC) and Ensign. In terms of the global market, certain drill pipe clients also designate Hilong Pipeline as the coating services provider for its capability to provide high-performance coatings under extremely harsh exploration conditions. Drill pipe clients which have a long-standing relationship with the Company such as PetroChina Company Limited (中國石油天然氣股份有限公司), Sinopec Corp., ADNOC also recognized Hilong Pipeline as an approved coating services supplier.

Furthermore, since both parties are familiar with each other's background, communication between parties would be faster and easier, risks and costs for transaction will also be reduced. Hilong Pipeline Group is also familiar with the business needs, quality standards and operation requirements of the Group. Moreover, since the Group's drill-pipe production facility and Hilong Pipeline's coating manufacturing plant are located close to each other, cooperating with Hilong Pipeline will save the Group considerable transportation costs. As set out in the section headed "Internal Controls for the Group's Continuing Connected Transactions" in this announcement, service providers of coating services, hardbanding services, spraying and packaging services and painting materials will be selected and determined by comparing quotations obtained from Hilong Pipeline and Independent Third Party providers. The entering into of the 2026 Hilong Energy Products and Services Procurement Agreement could provide flexibility to the Group in securing reliable coating services, hardbanding services, spraying and packaging services and painting materials in 2026.

Therefore, Hilong Energy and Hilong Pipeline decided to enter into the 2026 Hilong Energy Products and Services Procurement Agreement to meet the Group's business needs in 2026 and to revise the existing annual cap to cover the financial year ending 31 December 2026.

(F) 2026 WELDING WIRE SUPPLY AGREEMENT

Date: 15 December 2025

Parties: i. Hilong Energy; and
ii. Hilong Pipeline

Subject Matter: Hilong Energy Group shall supply welding wires and related products to Hilong Pipeline Group as and when requested by Hilong Pipeline Group during the term of the agreement.

Term: The 2026 Welding Wire Supply Agreement will commence on 1 January 2026 and end on 31 December 2026, subject to renewal upon mutual agreement of both parties and compliance with the Listing Rules.

Payment: Hilong Pipeline Group shall pay Hilong Energy Group within 90 days from the date of invoice.

Pricing Policy: Prices are determined after arm's length negotiations between the parties with references (i) to the final price of welding wires and related products sold by Hilong Energy Group to Independent Third Parties in the current financial year; and (ii) the costs of the welding wires produced by Hilong Energy Group with a reasonable profit margin in the range of 80% to 90%, with additional costs of tariffs and exchange rate considered for overseas market. The profit margin is determined after arm's length negotiation between the parties with reference to the profit margin of similar and comparable transactions with Independent Third Parties in the corresponding period taken into account the uniqueness and extensively patented welding wire formula, and the relatively lower cost attributable to the high productivity of the welding wire equipment of Hilong Energy Group. Prior to determining the price of welding wires before transactions, the marketing department of Hilong Energy Group is required to conduct research on the prices of welding wires offered to the Independent Third Parties of the Group in similar transactions, or the market prices of similar products under similar sales terms and conditions if no similar transactions have occurred within the Group. After preliminary pricing discussions with cost center and financial department, the marketing department will submit pricing proposals to management of Hilong Energy Group and relevant departments for review and approval before entering into transactions.

In any event, the prices and conditions (including payment and settlement terms) for welding wire and related products offered by Hilong Energy Group to Hilong Pipeline Group shall be no more favorable than those offered by Hilong Energy Group to Independent Third Parties.

Condition precedent: The 2026 Welding Wire Supply Agreement is conditional upon the Independent Shareholders approving the 2026 Welding Wire Supply Agreement, the transactions contemplated thereunder and the proposed annual caps related thereto at the EGM.

Historical transaction amounts:	For the financial year ended 31 December 2024	For the ten months ended 31 October 2025
	<i>RMB</i>	<i>RMB</i>
	17,836,192 (inclusive of VAT)	14,070,792 (inclusive of VAT)

Annual Caps

The existing annual cap (rounded up to the nearest thousand RMB) for the financial year ending 31 December 2025 is renewed for the period from 1 January 2026 to 31 December 2026 to cover the financial year ending 31 December 2026 under the 2026 Welding Wire Supply Agreement:

**Existing annual cap for the financial
year ending 31 December 2025**
RMB'000

24,000
(inclusive of VAT)

**Proposed annual cap for the financial
year ending 31 December 2026**
RMB'000

26,418
(inclusive of VAT)

Basis of consideration

The proposed annual cap in respect of the 2026 Welding Wire Supply Agreement is determined with reference to (i) historical transaction amount in relation to the supply of welding wires by Hilong Energy Group to Hilong Pipeline Group; (ii) the anticipated demand for welding wires required by Hilong Pipeline Group in 2026; (iii) Hilong Pipeline Group's demand for welding wires as communicated to the Group in 2026, based on the existing projects obtained by Hilong Pipeline Group that commence in 2026; (iv) anticipated higher demand for premium-grade welding wire models with high average unit price; and (v) the VAT rates in China and Russia of approximately 13% and 22%, respectively. The increase in Russian VAT for the financial year ending 2026 is attributable to the Russian government's scheduled implementation of a 22% VAT rate effective in 2026.

The proposed annual cap for the 2026 Welding Wire Supply Agreement increases by approximately 11.47% to RMB26,418,000 from RMB24,000,000 for the financial year ending 31 December 2025, primarily due to (i) forecasted increase in average unit price of welding wire in 2026 by approximately 24.70% attributable to anticipated higher demand from Hilong Pipeline Group for premium series of welding wire with higher average unit prices; and partially offset by (ii) decline in forecasted sales volume by approximately 10.61% due to expected decrease in demand for welding wire for processing hardbands. The sales of welding wires to Hilong Pipeline in China and Russia accounts for approximately 28% and 72% of the transactions under the 2026 Welding Wire Supply Agreement.

The terms of the 2026 Welding Wire Supply Agreement are reached after arm's length negotiation between Hilong Energy and Hilong Pipeline. Taking into consideration (i) the entering into of the 2026 Welding Wire Supply Agreement is in the ordinary and usual course of business of the Group; and (ii) the 2026 Welding Wire Supply Agreement is non-exclusive in nature and the Group has other existing welding wires clients who are Independent Third Parties. Based on the above reasons, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, considers that the 2026 Welding Wire Supply Agreement, the transactions contemplated thereunder and the proposed annual cap related thereto are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE 2026 WELDING WIRE SUPPLY AGREEMENT

In the past, Hilong Pipeline Group has constantly procured the welding wires produced by the Hilong Energy Group, which are processed into hardbanding and sold to customers as part of the coating services. With years of stable and long-term relationship between Hilong Energy and Hilong Pipeline, Hilong Energy Group is familiar with the business needs and quality standards of Hilong Pipeline Group while Hilong Pipeline is familiar with Hilong Energy's production capability and qualification for welding wires, which promotes higher work efficiency. As the Group currently focuses its resources on drill-pipe related and oilfield services, it does not intend to expand the operation size and sales force of the Group's welding wire business given it is already a highly competitive market and it is relatively difficult for the Group to promote its welding wire products into international markets. The sales to Hilong Pipeline Group shall provide a stable stream of revenue to the Group, enhancing the Group's profitability and bringing better returns to Shareholders. The Group also hopes to capitalize on Hilong Pipeline's geographical coverage in both domestic and overseas markets and to further promote the Group's market presence.

Further, as set out in the section headed "Internal Controls for the Group's Continuing Connected Transactions" in this announcement, the relevant departments and the CCT IC Committee (to be defined below) will follow the internal control measures such that Hilong Energy will only supply welding wire to Hilong Pipeline when the price and conditions (including payment and settlement terms) offered to Hilong Pipeline are no more favorable than those being offered to Independent Third Party.

Therefore, Hilong Energy and Hilong Pipeline decided to enter into the 2026 Welding Wire Supply Agreement for a one year term from 1 January 2026 to 31 December 2026.

II. CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 1 August 2023 in relation to the 2023 Longshi Investment Tenancy Agreements. Having considered relevant business needs, Longshi Investment as lessor and Hilong Group of Companies Ltd. and Hilong Petroleum Offshore Engineering as lessees have entered into the Longshi Investment Amendment Agreements to amend the terms of the 2023 Longshi Investment Tenancy Agreements.

Date: 15 December 2025

	Longshi Investment Amendment Agreement No.1	Longshi Investment Amendment Agreement No.2
Lessor:	Longshi Investment	Longshi Investment
Lessee:	Hilong Group of Companies Ltd.	Hilong Petroleum Offshore Engineering

Leased premises:	6/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC	5/F and 6/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC
Leased area:	327 sqm	2,513.74 sqm
Monthly rental:	RMB62,661.38 per month excluding management fees and utility fees	RMB481,695.43 per month excluding management fees and utility fees
Rental deposits:	RMB125,322.76	RMB963,390.86
Usage:	Office	Office
Payment:	Rental is payable by the Group on a quarterly basis. The Group is required to pay the rental of the first quarter together with the rental deposits within 3 days from the date of the agreement. Thereafter, the Group is required to make rental payments at the start of each subsequent quarter.	

Basis of consideration

The terms of the Longshi Investment Amendment Agreements are determined on an arm's length basis and normal commercial terms taking into account: (i) the historical rental amounts payable by Hilong Group of Companies Ltd. and Hilong Petroleum Offshore Engineering to Longshi Investment under the 2023 Longshi Investment Tenancy Agreement No. 1 and the 2023 Longshi Investment Tenancy Agreement No. 2; (ii) the prevailing market rents in the range of approximately RMB4.00 to RMB7.80 per sqm per day with respect to the leased premises under the Longshi Investment Amendment Agreement No.1 and the Longshi Investment Amendment Agreement No.2, which are obtainable as public information through online platform and after consulting the advice of several reputable local real estate agents; (iii) the conditions of the leased premises; and (iv) the availability of properties with similar size and similar locations.

Accounting Treatment with respect to the Longshi Investment Amendment Agreements

In accordance with HKFRS 16, the revised value of the right-of-use assets measured by the Company in respect of the 2023 Longshi Investment Tenancy Agreements (as amended by the Longshi Investment Amendment Agreements) upon signing of the Longshi Investment Amendment Agreements, which has not been reviewed or audited by the auditors of the Company, would be approximately RMB6,010,781. This value represents the carrying amount of the right-of-use assets as remeasured following the amendments and is calculated on the basis of the present value of the rent payable under the 2023 Longshi Investment Tenancy Agreements (as amended by the Longshi Investment Amendment Agreements) over the remainder of the current term (up to 31 December 2026). Such measurement of right-of-use asset will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE LONGSHI INVESTMENT AMENDMENT AGREEMENTS

The Group has been leasing premises from Longshi Investment for use as offices and has practical needs to continue the leasing of such office premises. Given that 2025 Longshi Investment Tenancy Agreement will expire on 31 December 2025 and the 2023 Longshi Investment Tenancy Agreements will expire on 31 July 2026, the Company believes that it is time and cost efficient for the Group to continue to lease premises rather than seeking alternative locations for the year ending 31 December 2026, which would incur unnecessary moving costs and cause potential disruption to the daily operations of the Group. The terms of each of the Longshi Investment Amendment Agreements are negotiated by the parties on an arm's length basis, taking into account prevailing market rentals and management fees, but in any event at leasing terms, rental rates and management fees no less favourable than those offered to the Group by independent third parties for the same or similar types of leased premises.

III. INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The Company has established internal control measures to ensure that (i) terms of the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements are on normal commercial terms, fair and reasonable, and (ii) the transactions and the pricing policy are conducted in accordance with the terms of the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements.

The Company has adopted and implemented a management system on connected transactions ("**Management System**"). Under the Management System, an internal control review committee ("**CCT IC Committee**") is established and comprises the heads of the financial department, the marketing department, the procurement department and the audit department. The CCT IC Committee will report to the Board for all significant matters related to the continuing connected transactions of the Group.

Prior to entering into the 2026 Renewed Tenancy CCT Agreements, the marketing department will closely monitor the prevailing market rent of similar premises in the vicinity of the leased premises. As such, the marketing department of the Group will first obtain three quotations from reputable local real estate agents such as Shanghai Chenda Real Estate Marketing Planning Co., Ltd.* (上海辰達房地產營銷策劃有限公司), Shanghai Lianjia Real Estate Brokerage Co., Ltd.* (上海鏈家房地產經紀有限公司) and Zhongyuan (China) Real Estate Agent Co., Ltd.* (中原(中國)房地產代理有限公司). The CCT IC Committee will then discuss and review the prices and conditions of the leased premises, taking into account other factors such as leased area floor levels and conditions of the leased premises. The financial department of the Company will regularly monitor the 2026 Renewed Tenancy CCT Agreements on a monthly basis and submit monthly reports to the CCT IC Committee to ensure they are conducted in accordance with their respective terms and conditions. The independent non-executive Directors will review the continuing connected transactions under the 2026 Renewed Tenancy CCT Agreements semiannually to check and confirm whether such connected leases have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such connected leases are conducted in accordance with the pricing policies set out by our Group.

Before entering into the transactions under the 2026 Hilong Energy Products and Services Procurement Agreement, the relevant staff of the marketing department will obtain at least two quotations, on a quarterly basis, from Independent Third Party service providers selected from a list of pre-approved coating services, hardbanding services, spraying and packaging services and painting materials providers maintained by the Group from time to time (“**Pre-approved Supplier List**”). The criteria of the Pre-approved Supplier List include, among others, production capabilities and quality, qualifications, reputation, experience and location. The Pre-approved Supplier List is then approved by both the heads of the marketing department and procurement department and is subject to review annually. The selection basis of the two Independent Third Party service providers for quotation include their performance in recent completed projects, current service capacity, delivery timeline and competitiveness of pricing terms offered. The quotations together with the relevant supporting documents will then be reviewed by the financial department and then approved by the CCT IC Committee, to ensure that the pricing and terms of the coating services, hardbanding services and spraying, packaging services and painting materials provided by Hilong Pipeline Group will be no less favorable to the Group as compared to other quotations received from Independent Third Party service providers.

Before entering into the transactions under the 2026 Welding Wire Supply Agreement, the marketing department will closely monitor the prices of the welding wires offered to Hilong Pipeline by evaluating the average price of the welding wires offered to the Independent Third Parties of the Group and the market prices of similar products under similar sales terms and conditions. For the evaluation mentioned above, the marketing department of the Group will first collect market price information available in the public domain including supplier tender online platforms of China National Petroleum Corporation (CNPC) and China Petroleum & Chemical Corporation (Sinopec Corp.) and market analysis reports including “2025-2031 Global and China Welding Wires Market Status and Forecast” (2025-2031全球與中國焊絲市場現況及未來發展趨勢報告). The CCT IC Committee will then discuss and review the prices and conditions of the welding wires offered to Hilong Pipeline (taking into account various factors such as costs, transaction volume, sales channel and market competition). In the event of market fluctuations, the CCT IC Committee will also convene meetings on an urgent basis. If at any time the relevant departments of the Group become aware that the price of welding wires offered to Hilong Pipeline is lower than that offered by the Group to Independent Third Parties and/or the terms of welding wires offered to Hilong Pipeline Group are more favorable than those offered by the Group to Independent Third Parties, such findings shall be reported to the CCT IC Committee immediately. The CCT IC committee shall then discuss with the Board to adjust the price offered to Hilong Pipeline Group and/or amend the relevant terms. Hilong Energy Group will only supply welding wires to Hilong Pipeline Group when the sales prices and conditions offered to Hilong Pipeline Group are no more favorable than those being offered to Independent Third Party and to ensure that all transactions with Hilong Pipeline Group will comply with the terms of the 2026 Welding Wire Supply Agreement.

To ensure the transactions contemplated under the 2026 Hilong Energy CCT Agreements do not exceed the respective proposed annual caps, the financial department of the Company will regularly monitor the actual transaction amount under the 2026 Hilong Energy CCT Agreements on a monthly basis and submit monthly reports to the CCT IC Committee to evaluate and review the implementation progress of the continuing connected transactions. If the financial department notices that the transactions under the 2026 Hilong Energy CCT Agreements will have the possibility of exceeding the respective proposed annual caps, it will notify the business and legal departments of the Group at once, as well as the CCT IC Committee to take next steps to ensure compliance with the relevant Listing Rules.

The audit department of the Company will review the continuing connected transactions under the 2026 Hilong Energy Products and Services Procurement Agreement and the 2026 Welding Wire Supply Agreement annually to check and confirm (among others) the fairness of the pricing terms, the implementation of continuing connected transactions, and the compliance of contract approval, ensuring that the internal control processes and operational procedures are complied in accordance with the requirements of the Management System and the Listing Rules.

The independent non-executive Directors will review the continuing connected transactions under the 2026 Hilong Energy CCT Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in such relevant agreements.

The Company's external auditors will review the continuing connected transactions under each of the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

LISTING RULES IMPLICATIONS

As of the Latest Practicable Date, the counterparties under the 2026 Renewed Tenancy CCT Agreements, 2026 Hilong Energy CCT Agreements and the Longshi Investment Amendment Agreements are all companies of which a majority of their interests is controlled by Mr. Zhang, a controlling shareholder and a Director. Therefore, the said counterparties are associates of Mr. Zhang and thus connected persons of the Company under Chapter 14A of the Listing Rules.

Given that the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Shine New Materials Tenancy Agreement, the 2026 Renewed Pipeline Tenancy Agreements and the Longdi Management Agreements are entered into by the Group and counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules respectively. The aggregate proposed annual caps for the transactions contemplated under the 2026 Renewed Tenancy CCT Agreements for the financial year ending 2026 is RMB47,304,000.

Given that the 2026 Renewed Shine New Materials Tenancy Agreement, the 2026 Renewed Pipeline Tenancy Agreement No.1, the 2026 Renewed Pipeline Tenancy Agreement No.2 and the 2026 Pipeline Tenancy Agreement No.5 are entered into by the Group and counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules respectively. The aggregate proposed annual caps for the transactions contemplated under the 2026 Renewed Tenancy CCT Agreements for the financial year ending 2027 and 2028 is RMB21,500,000 and RMB21,500,000, respectively.

Given that the 2026 Hilong Energy Products and Services Procurement Agreement and the 2026 Welding Wire Supply Agreement are entered into by the Group and counterparties who are associates of Mr. Zhang within a 12-month period and are of similar nature, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rules 14A.81 to 14A.83 of the Listing Rules respectively. The aggregate proposed annual caps for the transactions contemplated under the 2026 Hilong Energy CCT Agreements for the financial year ending 2026 is RMB307,790,000.

As the highest applicable percentage ratio of the aggregate proposed annual caps of the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements exceeds 5% respectively, each of the above continuing connected transactions is subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms or material delay in the completion of a connected transaction, the Company must announce this fact as soon as practicable and re-comply with other applicable provisions under the Listing Rules. Given that the 2023 Longshi Investment Tenancy Agreements and the Longshi Investment Amendment Agreements are entered into by the Group with the same lessor, the transactions contemplated under these agreements would have to be aggregated for the purpose of considering the Company's compliance obligations pursuant to Rule 14A.81 of the Listing Rules respectively. As the highest applicable percentage ratio in respect of the right-of-use assets to be recognised under the 2023 Longshi Investment Tenancy Agreements and the Longshi Investment Amendment Agreements exceeds 5%, the Longshi Investment Amendment Agreements and the transactions contemplated thereunder are subject to, among other things, the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhang, who has material interests in the 2026 Renewed Tenancy CCT Agreements, the 2026 Hilong Energy CCT Agreements and the Longshi Investment Amendment Agreements, and Ms. ZHANG Shuman and Mr. CAO Hongbo, both are associates of Mr. Zhang for the purpose of Chapter 14A of the Listing Rules, abstained from voting on the board resolutions approving (i) the continuing connected transactions under the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements (including respective transactions contemplated thereunder and the proposed annual caps related thereto); and (ii) the Longshi Investment Amendment Agreements (including the transactions contemplated thereunder).

Pursuant to 14A.36 of the Listing Rules, any Shareholder who has a material interest in the 2026 Renewed Tenancy CCT Agreements, the 2026 Hilong Energy CCT Agreements and the Longshi Investment Amendment Agreements shall abstain from voting to approve the 2026 Renewed Tenancy CCT Agreements, the 2026 Hilong Energy CCT Agreements and the Longshi Investment Amendment Agreements, the transactions contemplated thereunder and the proposed annual caps related thereto at the EGM. As at the Latest Practicable Date, Hilong Group Limited, Younger Investment Limited, North Violet Investment Limited and LongZhi Investment Limited are interested in an aggregate of 837,313,800 Shares, which are held by Mr. Zhang's trust and family trusts, with Standard Chartered Trust (Singapore) Limited acting as trustee of Mr. Zhang's trust and family trusts. Mr. Zhang is interested in 1,260,000 Shares in his capacity as a beneficial owner, and is the founder of Mr. Zhang's trust and family trusts as well as the sole director of Hilong Group Limited, North Violet Investment Limited and LongZhi Investment Limited. In addition, Ms. ZHANG Shuman is interested in 692,000 Shares in her capacity as a beneficial owner, and is deemed to be interested in the Shares held by Younger Investment Limited of which she is the sole director. Mr. CAO Hongbo is interested in 1,708,000 Shares in his capacity as a beneficial owner. Accordingly, each of Hilong Group Limited, Younger Investment Limited, North Violet Investment Limited, LongZhi Investment Limited, Mr. Zhang, Ms. ZHANG Shuman and Mr. CAO Hongbo, who are interested in an aggregate of 840,973,800 Shares, representing approximately 49.57% of the total issued Shares of the Company as at the Latest Practicable Date, will be required to abstain from voting on the relevant resolutions at the EGM to approve (i) the continuing connected transactions under the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements (including respective transactions contemplated thereunder and the proposed annual caps related thereto); and (ii) the Longshi Investment Amendment Agreements (including the transactions contemplated thereunder) accordingly. Save as disclosed above, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting as no other Shareholder has any interest in the 2026 Renewed Tenancy CCT Agreements, 2026 Hilong Energy CCT Agreements and the Longshi Investment Amendment Agreements which are different from the other Shareholders.

EXTRAORDINARY GENERAL MEETING

The Company will convene an EGM to approve (i) continuing connected transactions under the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements (including respective transactions contemplated thereunder and the proposed annual caps related thereto); and (ii) the Longshi Investment Amendment Agreements (including the transactions contemplated thereunder). An Independent Board Committee comprising all the independent non-executive Directors (namely Mr. WANG Tao, Mr. WONG Man Chung Francis and Mr. SHI Zheyang) has been established by the Company to advise the Independent Shareholders in respect of (i) the continuing connected transactions under the 2026 Renewed Tenancy CCT Agreements and the 2026 Hilong Energy CCT Agreements (including respective transactions contemplated thereunder and the proposed annual caps related thereto); and (ii) the Longshi Investment Amendment Agreements (including the transactions contemplated thereunder). Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INFORMATION ON THE COMPANY AND THE COUNTERPARTIES

The Group

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

Beijing Huashi Investment

Beijing Huashi Investment is an associate of Mr. Zhang and is principally engaged in investment management and sales of petrochemicals. Beijing Huashi Investment is held as to 98.0% by BHH Petroleum Machine Equipment, 1% by Mr. Zhang and 1% by Ms. ZHANG Jingying (“**Ms. Zhang**”), the mother of Mr. Zhang. BHH Petroleum Machine Equipment is a company incorporated in the PRC with limited liability and is held as to approximately 95.65% by Mr. Zhang and approximately 4.35% by Ms. Zhang, the mother of Mr. Zhang. BHH Petroleum Machine Equipment is an associate of Mr. Zhang and principally engaged in investment holding and management.

Drilling Technology

Drilling Technology is an indirect wholly-owned subsidiary of the Company incorporated in the Russian Federation in 2018 and is principally engaged in manufacture and distribution of oil and gas equipment.

Hilong Energy

Hilong Energy is an indirect wholly-owned subsidiary of the Company is incorporated in Hong Kong in 2008 and is principally engaged in investment holding. Hilong Energy Group consists of Hilong Energy and its subsidiaries.

Hilong Petroleum Offshore Engineering

Hilong Petroleum Offshore Engineering is an indirect wholly-owned subsidiary of the Company incorporated in the PRC and is principally engaged in offshore oilfield service provision.

Hilong Pipeline

Hilong Pipeline is a wholly-owned by Hilong Shine New Materials and an associate of Mr. Zhang. Hilong Pipeline is established in the PRC in 2005 and is principally engaged in the provision of coating services. Hilong Pipeline Group (“**Hilong Pipeline Group**”) consists of Hilong Pipeline and its subsidiaries. Hilong Pipeline Group is principally engaged in multi-functional coating materials and coating services, inspection services and maintenance services for various pipes utilized in oil and gas drilling and transmission processes in the PRC and overseas markets.

Hilong Oil Service

Hilong Oil Service is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of oilfield service.

Hilong Oil Shanghai

Hilong Oil Shanghai is a wholly-owned subsidiary of the Hilong Pipeline and an associate of Mr. Zhang. Hilong Oil Shanghai is principally engaged in pipeline anti-corrosion treatment and related technical services.

Hilong Group of Companies Ltd.

Hilong Group of Companies Ltd. is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the distribution of oil and gas equipment.

Hilong Shine New Material

Hilong Shine New Material is an associate of Mr. Zhang and is principally engaged in the manufacture and sales of heavy-duty coating materials. As at the Latest Practicable Date, Hilong Shine New Material is held as to:

- (1) approximately 42.25% by BHH Petroleum Machine Equipment;
- (2) approximately 17.68% by Sinopec Group Capital Co., Ltd. (中國石化集團資本有限公司) (“**Sinopec Group Capital**”), a company incorporated under the laws of the PRC. As at the Latest Practicable Date, Sinopec Group Capital was held as to 51.00% by China Petrochemical Corp. (中國石油化工集團有限公司) which is a state-owned enterprise and 49.00% by China Petroleum & Chemical Corporation (中國石油化工股份有限公司) which is listed on the Stock Exchange (stock code: 00386) and the Shanghai Stock Exchange (stock code: 600028);

- (3) approximately 5.89% by China Building Material (Anhui) New Materials Industry Investment Fund (Limited Partnership) (中建材(安徽)新材料產業投資基金合夥企業(有限合夥)) (“**CBM Anhui**”), a limited partnership incorporated under the laws of the PRC. As at the Latest Practicable Date, the executive partner of CBM Anhui is China Building Materials (Anhui) New materials Fund Management Co., Ltd. (中建材(安徽)新材料基金管理有限公司) which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會);
- (4) approximately 5.19% by Zibo Juncihongchuang No.1 Equity Investment Fund Partnership (Limited Partnership) (淄博雋賜虹創壹號股權投資基金合夥企業(有限合夥)) (“**Zibo Juncihongchuang**”), a limited partnership incorporated under the laws of the PRC. As at the Latest Practicable Date, the executive partner of Zibo Juncihongchuang is Shanghai Junci Investment Co., Ltd. (上海雋賜投資管理有限公司), which is owned as to 51.00% by Zhang Fenglin (張鳳林) and 49.00% by Zhang Liying (張利英) who are Independent Third Parties; and
- (5) other 11 shareholders each holding less than 5% of the equity interest in Hilong Shine New Material.

To the best of the Company’s knowledge, information and belief, each of the shareholders of Hilong Shine New Material (other than BHH Petroleum Machine Equipment) and their respective ultimate beneficial owners is an Independent Third Party.

Longdi Management

Longdi Management is wholly-owned by Beijing Huashi Investment and an associate of Mr. Zhang. It is principally engaged in property management, architectural decoration and renovation projects, refrigeration equipment installation, and cleaning services.

Longhai Petroleum

Longhai Petroleum is an indirect wholly-owned subsidiary of the Company incorporated in the Russian Federation in 2023 and is principally engaged in maintenance and upkeep of rotary guidance.

Longshi Investment

Longshi Investment is an associate of Mr. Zhang and is held as to 50.00% by Beijing Huashi Investment and 50.00% by Wuxi Hongyuan Enterprise Management Co., Ltd. (無錫虹元企業管理有限公司), an independent third party of the Group. It is principally engaged in investment management, business advisory, property management, and sales of daily articles.

Pipeline Surgut

Pipeline Surgut is a wholly-owned subsidiary of Hilong Pipeline and an associate of Mr. Zhang. Pipeline Surgut is incorporated in the Russian Federation in 2017 and is principally engaged in coating services provision.

Shenglong Oil and Gas

Shenglong Oil and Gas is a wholly-owned subsidiary of Hilong Pipeline and an associate of Mr. Zhang. Shenglong Oil and Gas is established in the PRC in 2013 and is principally engaged in research, inspection and repairment of oil and gas equipment.

Technomash

Technomash is a wholly-owned subsidiary of Hilong Pipeline and an associate of Mr. Zhang. Technomash is an investment holding company and is incorporated in the Russian Federation in 2009.

DEFINITIONS

“2023 Longshi Investment Tenancy Agreement No.1”	the 2023 Longshi Investment Tenancy Agreement No.1 as disclosed in the announcement of the Company dated 1 August 2023
“2023 Longshi Investment Tenancy Agreement No.2”	the 2023 Longshi Investment Tenancy Agreement No.2 as disclosed in the announcement of the Company dated 1 August 2023
“2023 Longshi Investment Tenancy Agreements”	collectively, the 2023 Longshi Investment Tenancy Agreement No.1 and the 2023 Longshi Investment Tenancy Agreement No.2
“2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement”	the 2025 Coating Services, Hardbanding Services and Spraying and Packaging Services Agreement, as disclosed in the announcement of the Company dated 9 December 2024
“2025 Longshi Investment Tenancy Agreement”	the 2025 Longshi Investment Tenancy Agreement as disclosed in the announcement of the Company dated 9 December 2024
“2025 Renewed Beijing Huashi Tenancy Agreements”	collectively, the 2025 Renewed Beijing Huashi Tenancy Agreement No. 1, the 2025 Renewed Beijing Huashi Tenancy Agreement No. 2, the 2025 Renewed Beijing Huashi Tenancy Agreement No. 3, the 2025 Renewed Beijing Huashi Tenancy Agreement No. 4 and the 2025 Beijing Huashi Car Park Lease Agreement, as disclosed in the announcement of the Company dated 9 December 2024
“2025 Renewed Pipeline Tenancy Agreements”	collectively, the 2025 Renewed Pipeline Tenancy Agreement No. 1, the 2025 Renewed Pipeline Tenancy Agreement No. 2, the 2025 Renewed Pipeline Tenancy Agreement No. 3 and the 2025 Pipeline Tenancy Agreement No. 4, as disclosed in the announcement of the Company dated 9 December 2024

“2025 Renewed Shine New Material Tenancy Agreement”	the 2025 Renewed Shine New Material Tenancy Agreement, as disclosed in the announcement of the Company dated 9 December 2024
“2025 Welding Wire Supply Agreement”	the 2025 Welding Wire Supply Agreement as disclosed in the announcement of the Company dated 9 December 2024
“2026 Beijing Huashi Car Park Lease Agreement”	the car park lease agreement dated 15 December 2025 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of 20 car park spaces located at B2/F Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Hilong Energy CCT Agreements”	the 2026 Hilong Energy Products and Services Procurement Agreement and the 2026 Welding Wire Supply Agreement
“2026 Hilong Energy Products and Services Procurement Agreement”	the renewed agreement dated 15 December 2025 entered into between Hilong Pipeline and Hilong Energy in relation to the provision of coating services, hardbanding services, spraying and packaging services and painting materials by Hilong Pipeline Group to Hilong Energy Group for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Longdi Management Agreement No.1”	the management services agreement dated 15 December 2025 entered into between Longdi Management and Hilong Group of Companies Ltd. for the provision of management services by Longdi Management to Hilong Group of Companies Ltd. to the leased premises at 6/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC
“2026 Longdi Management Agreement No.2”	the management services agreement dated 15 December 2025 entered into between Longdi Management and Hilong Petroleum Offshore Engineering for the provision of management services by Longdi Management to Hilong Petroleum Offshore Engineering to the leased premises at 5/F, Building 1, Lane 288 of Shenchang Road, Minhang District, Shanghai, PRC
“2026 Longdi Management Agreements”	collectively, the 2026 Longdi Management Agreement No.1 and the 2026 Longdi Management Agreement No.2
“2026 Pipeline Tenancy Agreement No. 5”	the tenancy agreement dated 15 December 2025 entered into between Hilong Group of Companies Ltd. as lessor and Hilong Oil Shanghai as lessee in respect of the premises in room 202, 211, 213 and 415 of main building, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC for office use for a term of three years starting from 1 January 2026 to 31 December 2028

“2026 Renewed Beijing Huashi Tenancy Agreement No. 1”	the renewed tenancy agreement dated 15 December 2025 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at 20/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Renewed Beijing Huashi Tenancy Agreement No. 2”	the renewed tenancy agreement dated 15 December 2025 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at Room 502, 5/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Renewed Beijing Huashi Tenancy Agreement No. 3”	the renewed tenancy agreement dated 15 December 2025 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at Room 503-1, 5/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Renewed Beijing Huashi Tenancy Agreement No. 4”	the tenancy agreement dated 15 December 2025 entered into between Hilong Oil Service as lessee and Beijing Huashi Investment as lessor in respect of the leasing of office premises located at Room 501, 5/F., Building 1, 13 Workers’ Stadium North Road, Chaoyang District, Beijing, PRC for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Renewed Beijing Huashi Tenancy Agreements”	collectively, the 2026 Renewed Beijing Huashi Tenancy Agreement No. 1, the 2026 Renewed Beijing Huashi Tenancy Agreement No. 2, the 2026 Renewed Beijing Huashi Tenancy Agreement No. 3, the 2026 Renewed Beijing Huashi Tenancy Agreement No. 4 and the 2026 Beijing Huashi Car Park Lease Agreement
“2026 Renewed Pipeline Tenancy Agreement No. 1”	the renewed tenancy agreement dated 15 December 2025 entered into between Hilong Group of Companies Ltd. as lessor and Hilong Pipeline as lessee in respect of the premises in D plant, F plant, 4th floor of main building and 3rd floor of dining hall, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC for office use and manufacturing plant for a term of three years starting from 1 January 2026 to 31 December 2028

“2026 Renewed Pipeline Tenancy Agreement No. 2”	the renewed tenancy agreement dated 15 December 2025 entered into between Hilong Group of Companies Ltd. as lessor and Shenglong Oil and Gas as lessee in respect of the premises in F plant, G plant, 4th floor of main building and 3rd floor of dining hall, No. 1825 Luodong Road, Baoshan Industrial Zone, Shanghai, PRC for office use and manufacturing plant for a term of three years starting from 1 January 2026 to 31 December 2028
“2026 Renewed Pipeline Tenancy Agreement No. 3”	the renewed tenancy agreement dated 15 December 2025 entered into between Technomash as lessor and Drilling Technology as lessee in respect of the premises in 47/1, Building 10A, 10B and 10C, Demyan Bedny Street, Nevysk, Sverdlovsk Region, Russian Federation for office use and manufacturing plant for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Renewed Pipeline Tenancy Agreement No. 4”	the tenancy agreement dated 15 December 2025 entered into between Pipeline Surgut as lessor and Longhai Petroleum as lessee in respect of the premises in Building 1, 6 Imeni Glukhov Street, Yugra, Surgut City, Khanty-Mansiysk Autonomous Okrug Region, Russian Federation for office use for a term of a one year starting from 1 January 2026 to 31 December 2026
“2026 Renewed Shine New Material Tenancy Agreement”	the renewed tenancy agreement dated 15 December 2025 entered into between Hilong Group of Companies Ltd. as lessor and Hilong Shine New Material as lessee in respect of the factory premises located at No. 1825, Luodong Road, Baoshan District, Shanghai, the PRC for use as a manufacturing plant for a term of three years starting from 1 January 2026 to 31 December 2028
“2026 Renewed Tenancy CCT Agreements”	collectively, the 2026 Renewed Beijing Huashi Tenancy Agreements, the 2026 Renewed Shine New Material Tenancy Agreement, the 2026 Renewed Pipeline Tenancy Agreements and the 2026 Longshi Investment Tenancy Agreements
“2026 Welding Wire Supply Agreement”	the renewed agreement dated 15 December 2025 entered into between Hilong Energy and Hilong Pipeline in relation to the provision of welding wires by Hilong Energy Group to Hilong Pipeline Group for a term of a one year starting from 1 January 2026 to 31 December 2026
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Huashi Investment”	Beijing Huashi Hailong Oil Investment Co., Ltd.* (北京華實海隆石油投資有限公司), a company established in the PRC, and an associate of Mr. Zhang

“BHH Petroleum Machine Equipment”	Beijing Huashi Hailong Petroleum Machinery Equipment Co., Ltd.* (北京華實海隆石油機械設備有限公司), an entity controlled by Mr. Zhang, a controlling shareholder and director of the Company
“Company”	Hilong Holding Limited (海隆控股有限公司*) (stock code: 1623), a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Drilling Technology”	Drilling Technology Limited liability Company, a company established in the Russian Federation and an indirect wholly-owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the 2026 Renewed Tenancy CCT Agreements, the 2026 Hilong Energy CCT Agreements and the Longshi Investment Amendment Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto
“Group”	the Company and its subsidiaries
“Hilong Energy”	Hilong Energy Limited* (海隆能源有限公司), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“Hilong Energy Group”	Hilong Energy and its subsidiaries
“Hilong Group of Companies Ltd.”	Hilong Group of Companies Ltd.* (海隆石油工業集團有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Hilong Oil Service”	Hilong Oil Service and Engineering Co., Ltd.* (海隆石油技術服務有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Hilong Oil Shanghai”	Hilong Petroleum Product Technology Services (Shanghai) Co., Ltd. (海隆石油產品技術服務(上海)有限公司), a company established in the PRC, and an associate of Mr. Zhang

“Hilong Petroleum Offshore Engineering”	Hilong Petroleum Offshore Engineering Co., Ltd. (海隆石油海洋工程有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Hilong Pipeline”	Hilong Pipeline Engineering Technology Service Co., Ltd.* (海隆管道工程技術服務有限公司), a company established in the PRC, and a wholly-owned subsidiary of Hilong Shine New Materials and an associate of Mr. Zhang
“Hilong Pipeline Group”	Hilong Pipeline and its subsidiaries
“Hilong Shine New Material”	Shanghai Hilong Shine New Material Co., Ltd.* (上海海隆賽能新材料有限公司), a company incorporated in the PRC with limited liability and controlled by Mr. Zhang
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the board committee of the Company comprising all independent non-executive Directors, namely Mr. WANG Tao, Mr. WONG Man Chung Francis and Mr. SHI Zheyang, to be established to make recommendation to the Independent Shareholders in respect of 2026 Renewed Tenancy CCT Agreements and 2026 Hilong Energy CCT Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the 2026 Renewed Tenancy CCT Agreements and 2026 Hilong Energy CCT Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto
“Independent Shareholders”	the Shareholders, other than Mr. Zhang and his associates, who are entitled to vote at the EGM in respect of the 2026 Renewed Tenancy CCT Agreements and 2026 Hilong Energy CCT Agreements, the respective transactions contemplated thereunder and the proposed annual caps related thereto
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longdi Management”	Shanghai Longdi Property Management Co., Ltd. (上海隆諦物業管理有限公司), an associate of Mr. Zhang
“Longhai Petroleum”	Longhai Petroleum Technology Service Center Limited Liability Company, a company established in the Russian Federation and an indirect wholly-owned subsidiary of the Company
“Longshi Investment”	Shanghai Longshi Investment Management Company Limited* (上海隆視投資管理有限公司), an associate of Mr. Zhang
“Longshi Investment Amendment Agreement No.1”	the amendment agreements dated 15 December 2025 entered into between Longshi Investment as lessor and Hilong Group of Companies Ltd. as lessee in relation to the amendment of the 2023 Longshi Investment Tenancy Agreement No.1
“Longshi Investment Amendment Agreement No.2”	the amendment agreements dated 15 December 2025 entered into between Longshi Investment as lessor and Hilong Petroleum Offshore Engineering as lessee in relation to the amendment of the 2023 Longshi Investment Tenancy Agreement No.2
“Longshi Investment Amendment Agreements”	collectively, the Longshi Investment Amendment Agreement No.1 and the Longshi Investment Amendment Agreement No.2
“Mr. Zhang”	Mr. ZHANG Jun (張軍), the chairman of the Board, an executive Director and a controlling shareholder of the Company
“Pipeline Surgut”	Hilong Petroleum Pipeline Service (Surgut) Limited Liability Company, a company established in the Russian Federation, and a wholly-owned subsidiary of Hilong Pipeline and an associate of Mr. Zhang
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“RUB”	Russian Ruble, the lawful currency of the Russian Federation
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholder(s)”	the registered holder(s) of the Share(s)
“Shenglong Oil and Gas”	Shenglong Oil and Gas Pipeline Inspection Technology Co., Ltd. (盛隆石油管檢測技術有限公司), a company established in the PRC, and a wholly-owned subsidiary of Hilong Pipeline and an associate of Mr. Zhang
“sqm”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technomash”	Technomash Limited Liability Company
“%”	percent.

* *For identification purpose only*

** *For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 to RUB11.4219 has been used, where applicable, for purpose of illustration only and such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.*

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

Hong Kong, 15 December 2025

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