

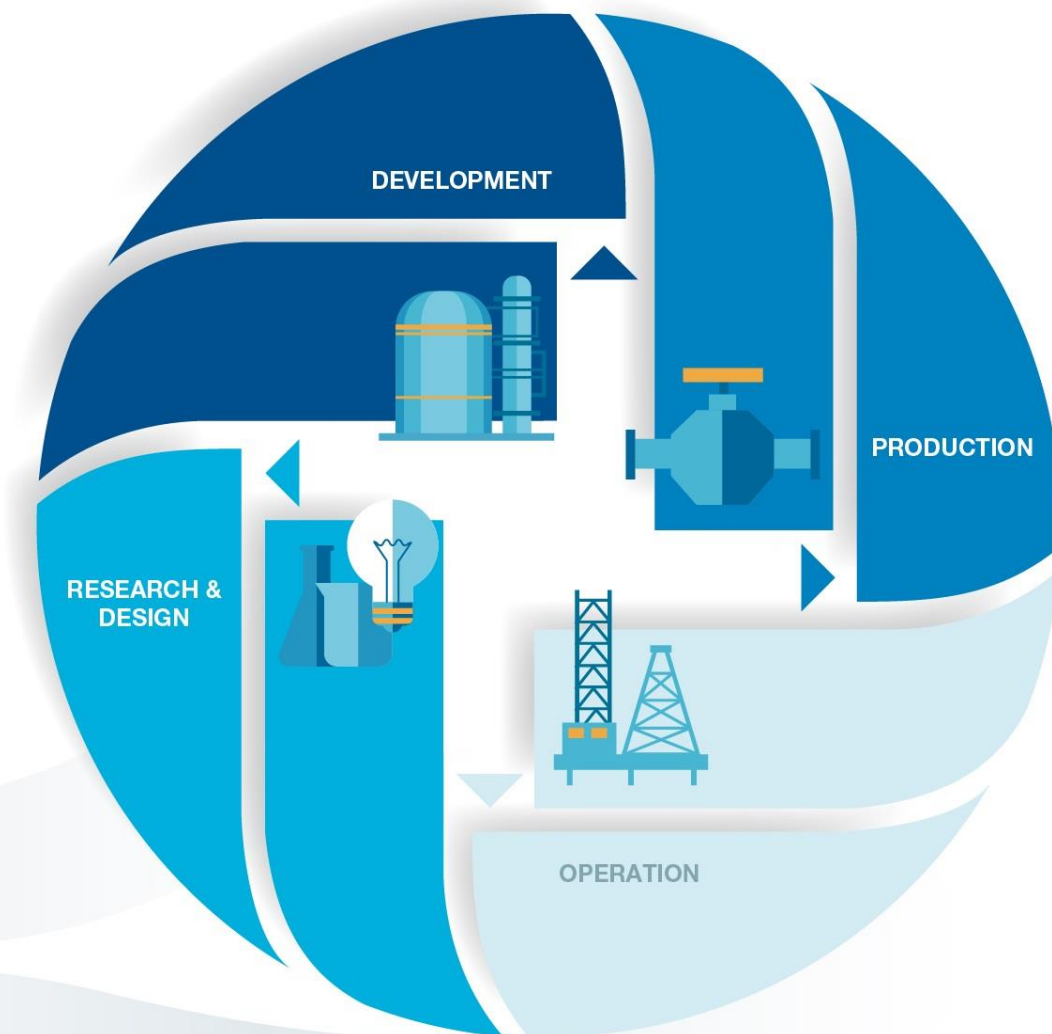


海隆控股有限公司*
Hilong Holding Limited

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

2021 Interim Results Presentation

TECHNOLOGICAL INNOVATION



* For identification purpose only

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Results Highlights

Results Highlights

- ❖ The orders declined due to the industry fluctuation
- ❖ Competition led to lower price level while the rising raw materials prices and transportation costs exerted short-term pressure on profitability
- ❖ Adjust strategies to proactively adapt to the market and meet the customers' individual needs
- ❖ Explore new business areas such as applying coatings beyond the OCTG pipes

Oilfield Equipment Manufacturing & Services

- ❖ Achieved overall stable operation with all projects smoothly operated and revenue significantly increased
- ❖ Successfully completed the challenging work in the second dry season construction for the Bangladesh project
- ❖ The offshore wind power construction project went well under way
- ❖ Participated in a service project in Russia by utilizing the partner's resources

Offshore Engineering Services

Oilfield Services

- ❖ Realized overall stable operation
- ❖ Effectively improved rig utilization and prices and actively tendered for turnkey projects
- ❖ Successfully operated various technical services
- ❖ Trading services achieved a breakthrough in the sales of products other than tubing & casing

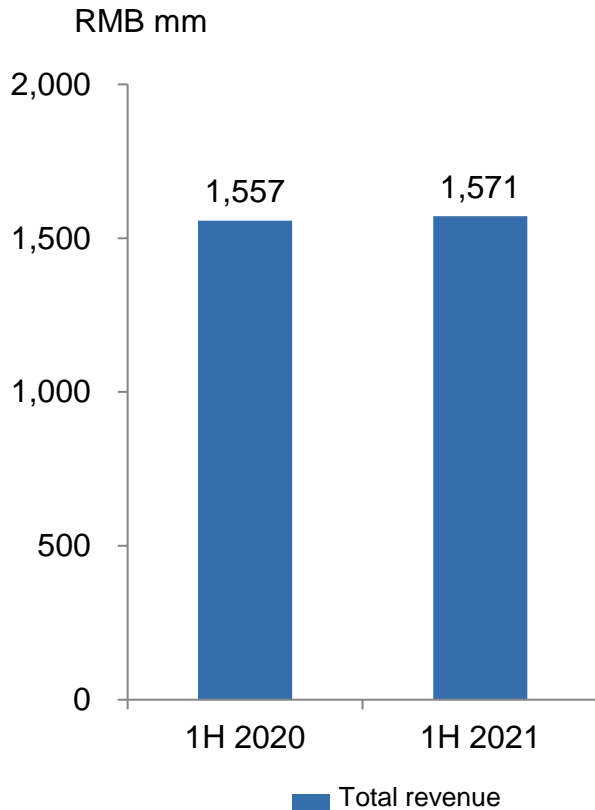
■ **In 1H 2021, Hilong realized stable operation and recorded a total revenue of RMB 1,571 million**

Line Pipe Technology & Services

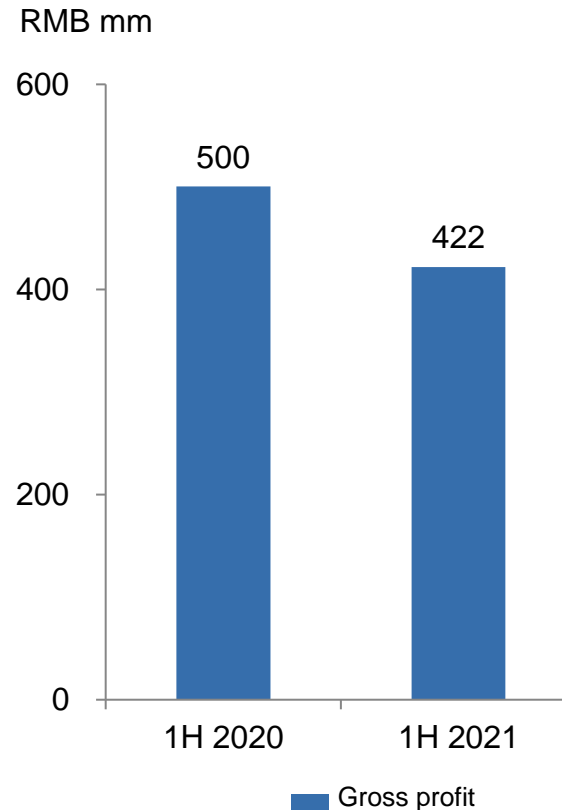
- ❖ Remarkable revenue growth
- ❖ Firmly captured the core clients in anti-corrosion and concrete-weighted coating businesses and obtained several major projects
- ❖ Continuously explored market and strived for new customers and orders
- ❖ Line pipe inspection services recorded rapid development

Financial Overview

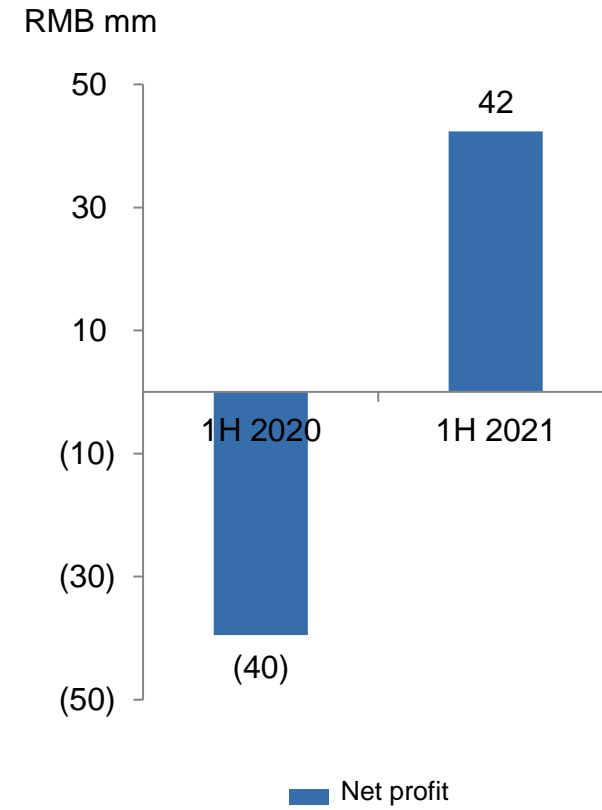
Revenue




Gross Profit



Net Profit

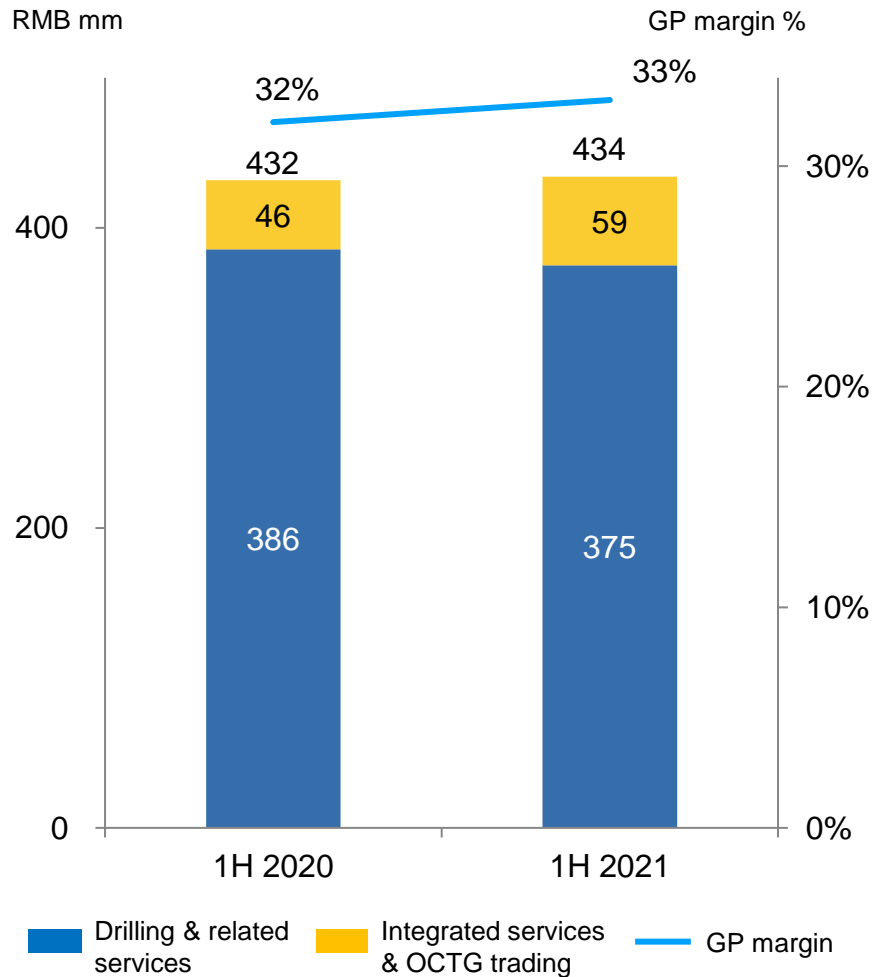


 In 1H 2021, the Company realized a total revenue of RMB1,571 million and net profit of RMB42 million

Business Review

Oilfield Services

Segment Revenue of RMB434 million

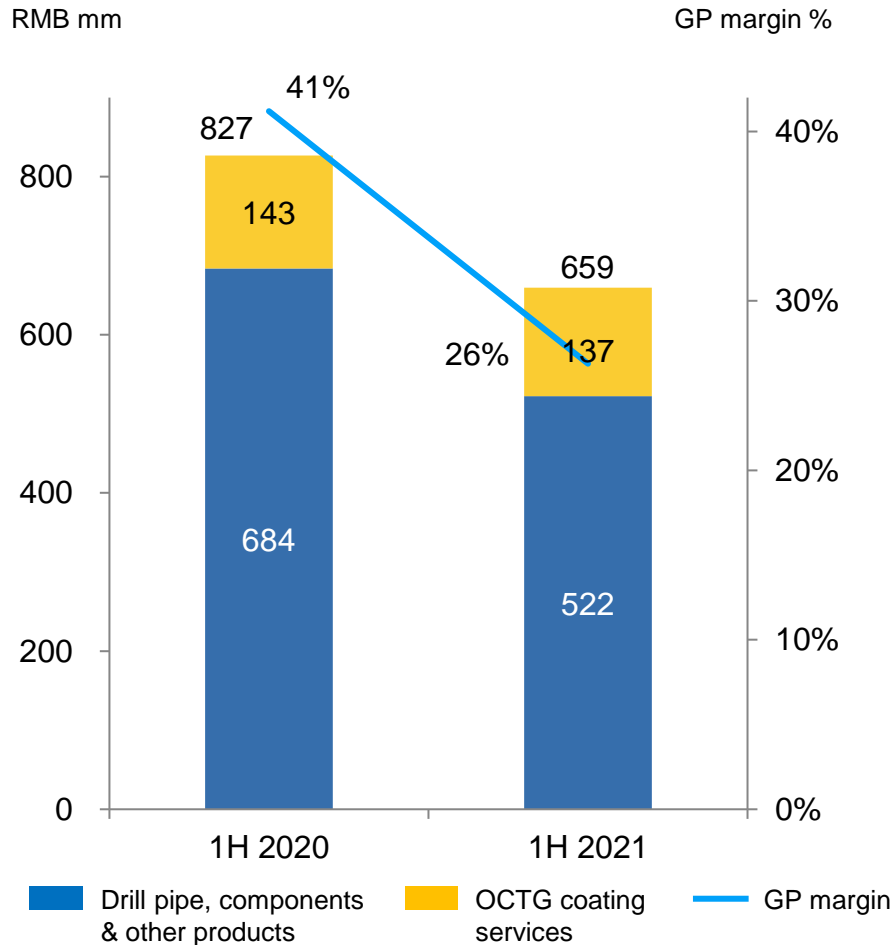


Achieved Overall Stable Operation

- ❖ Ensured overall stable operation through increased marketing efforts and coordination among all businesses
- ❖ Effectively improved rigs utilization and prices and actively tendered for turnkey projects
- ❖ The comprehensive performance, project management and customer satisfaction of several teams continued to improve
- ❖ Successfully operated various technical services and will further develop more diversified businesses to reduce the dependence on drilling and workover business
- ❖ The trading service business achieved a breakthrough in the sales of products in addition to tubing & casing
- ❖ Completed the qualification certification of several world-class customers, getting well-prepared for exploring new market opportunities

Oilfield Equipment Manufacturing and Services

Segment Revenue of RMB659 million

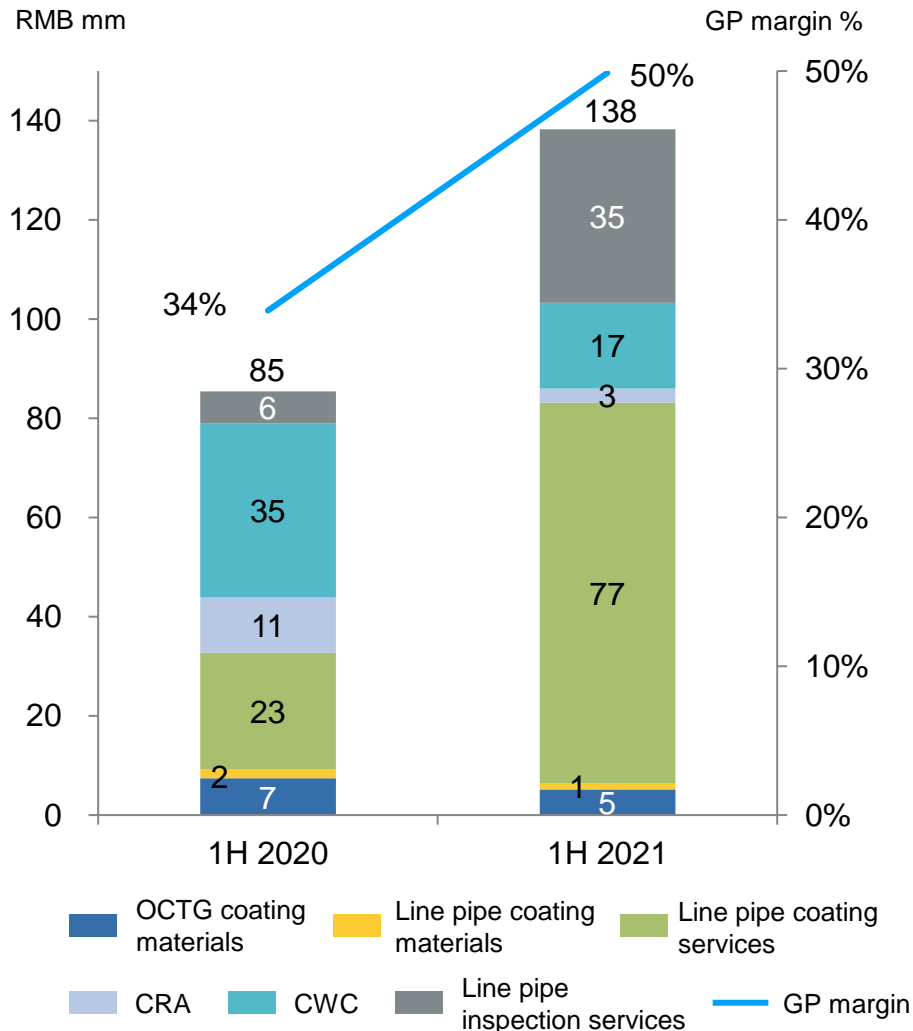


Business Declined Due to Sluggish Demand

- ❖ Demand for oilfield equipment has not recovered and the orders of drill pipe and OCTG coatings both decreased
- ❖ Upstream customers remained cautious and were more price sensitive while some competitors adopted low price strategy. All these resulted in a reduction in the overall price across the industry
- ❖ The rise of raw materials prices and transportation costs and the extended logistics cycle due to the epidemic have exerted certain pressure on the short-term profitability
- ❖ Adjust strategy to proactively adapt to the market and meet the needs of different customers while ensuring the quality of products and services
- ❖ Actively explore new business areas such as applying OCTG coatings to ground gathering pipes and customized pipes

Line Pipe Technology and Services

Segment Revenue of RMB138 million



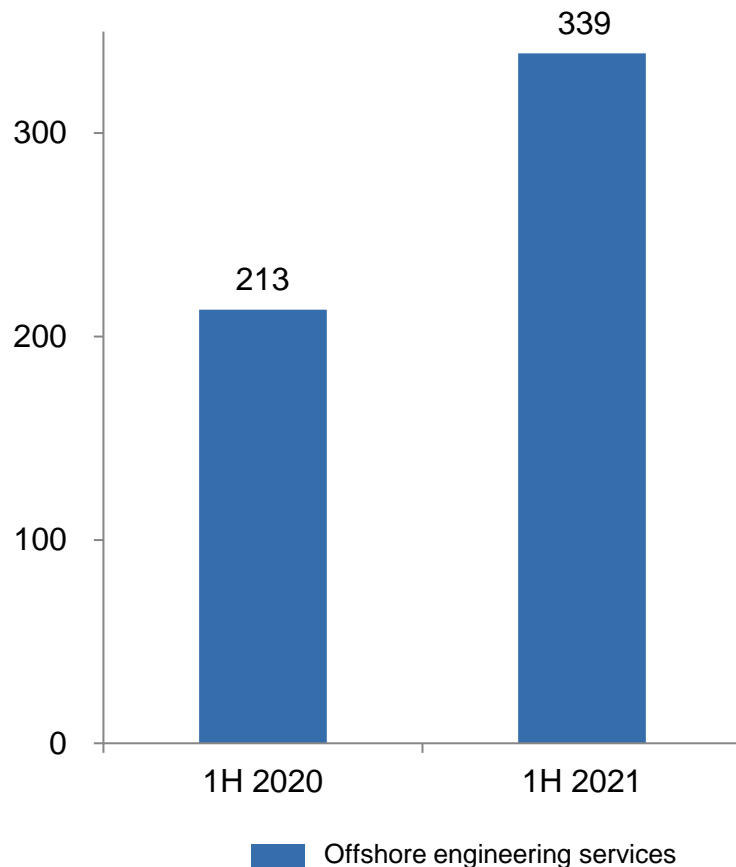
Realized Significant Growth

- ❖ Firmly captured core clients in anti-corrosion and concrete-weighted coating businesses and obtained several major projects from sizable customers
- ❖ Entered a series of contracts with Zhejiang Petroleum & Chemical for anti-corrosion and concrete-weighted coating businesses
- ❖ Maintained close cooperation with Baosteel for years and signed several sales contracts in 1H 2021
- ❖ The pipeline inspection services developed rapidly – signed multiple contracts in domestic market and actively promoted launching the overseas business
- ❖ Various types and sizes of inspection equipment have been successfully developed or put into use, further enhancing the strength of the Company
- ❖ Continued to explore the market and strive for new customers and orders
- ❖ Was successively shortlisted in BASF's supplier system and Yanchang Petroleum Pipeline's annual service supplier system; passed the audit and certification of Total

Offshore Engineering Services

Segment Revenue of RMB339 million

RMB mm



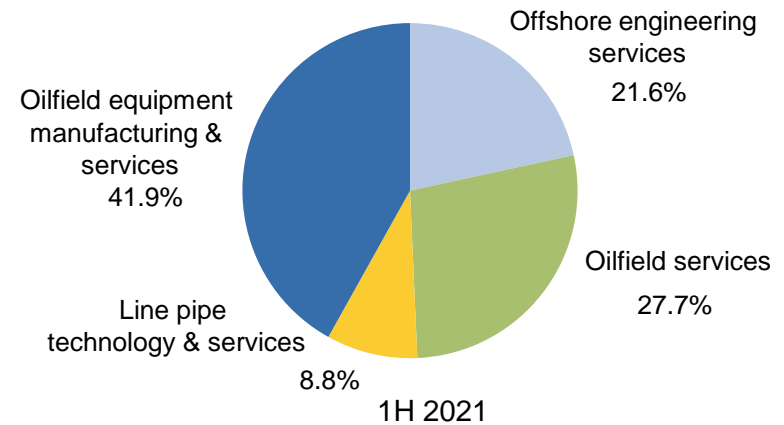
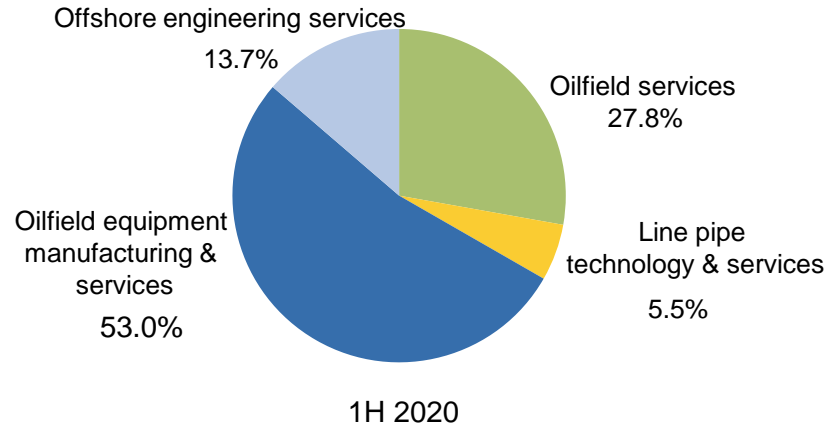
Recorded Remarkable Revenue Increase

- ❖ Achieved significant growth with all projects operated smoothly
- ❖ Successfully completed the deep excavation and backfilling of the new channels and pipeline repair with world-class difficulty in the second dry season of the Bangladesh offshore pipeline construction project, which was highly recognized by all parties involved
- ❖ The offshore wind power construction project went well under way and contributed continuous and stable cash flow, representing a breakthrough in expanding beyond the oil and gas industry
- ❖ Fully utilize the partner's resources to participate in a vessel-leasing service project in Russia. The required lifting and pipe-laying vessel has been mobilized and put into operation

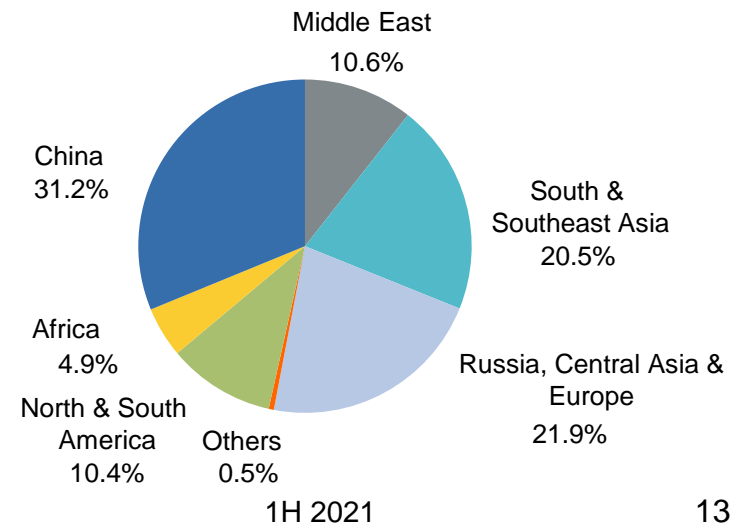
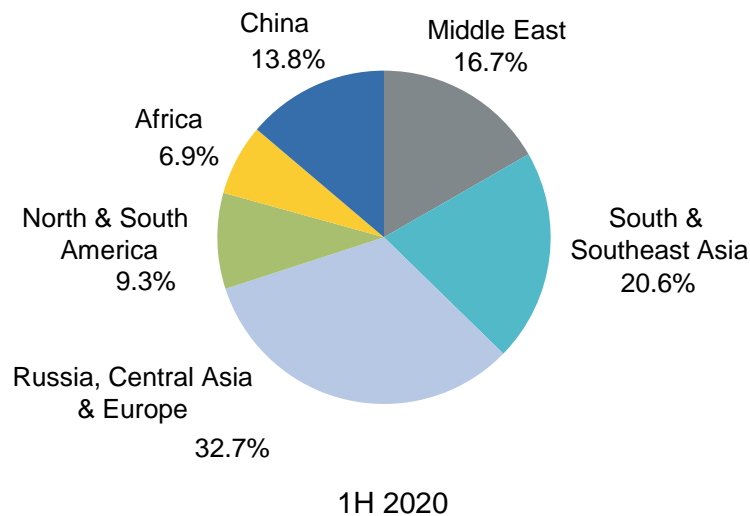
Financial Performance

Revenue Breakdown

Revenue Breakdown by Segment

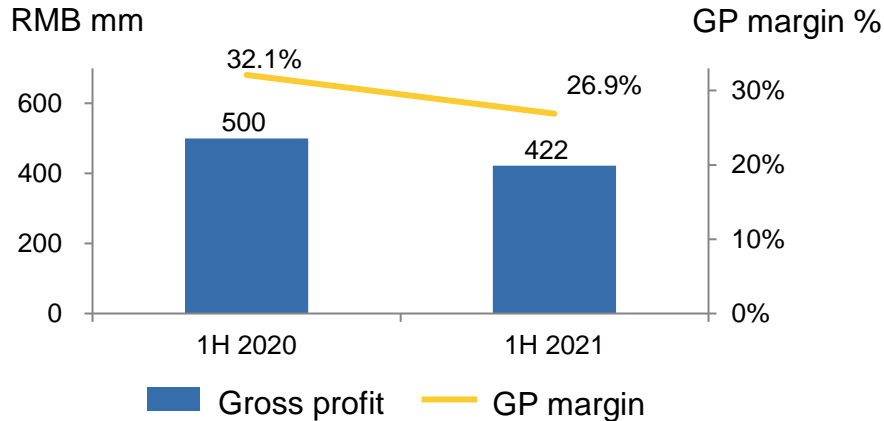


Revenue Breakdown by Region

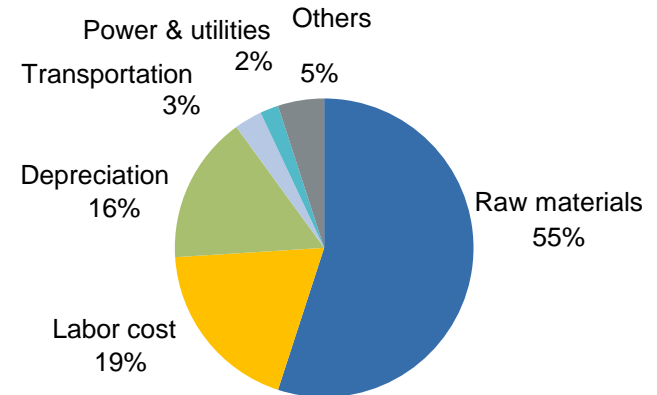


Cost, Gross Profit and Account Receivable

Gross Profit Margin Declined



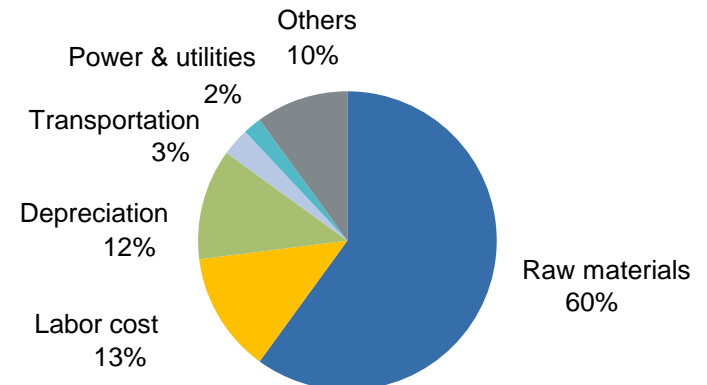
Total Cost in 1H2020: RMB1,056 million



Account Receivable

'000 RMB	6/30/2021	12/31/2020
- within 90 days	623,434	614,800
- over 90 days and within 180 days	202,825	154,954
- over 180 days and within 360 days	299,420	237,912
- over 360 days and within 720 days	240,266	305,019
- over 720 days	68,587	131,248

Total Cost in 1H2021: RMB1,149 million

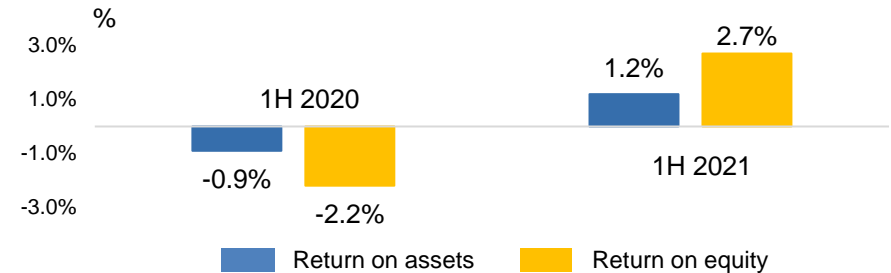


Capital Structure and Return Rate

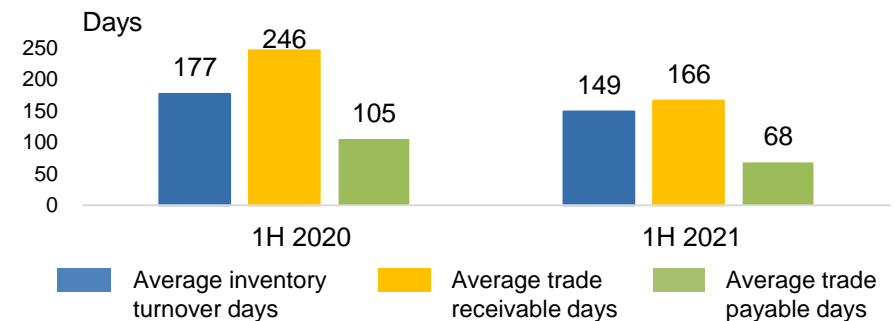
Capital Structure

	6/30/2021	12/31/2020
RMB mm		
Cash & cash equivalents	803	697
Current assets	4,126	4,093
Total assets	7,189	7,370
Short-term debt	755	3,102
Long-term debt	2,408	24
Total liabilities	4,074	4,252
Shareholders' equity	3,068	3,074
Minority interest	47	44
Total equity	3,115	3,118

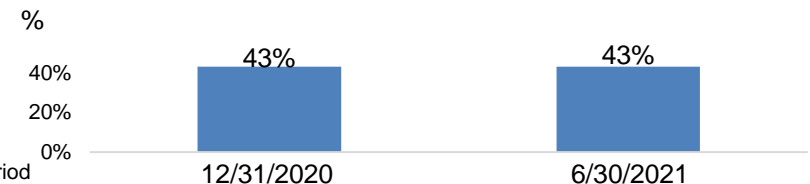
Return on Assets & Return on Equity¹



Turnover Days for Current Assets²



Gearing Ratio: Net Debt/Total Capital³



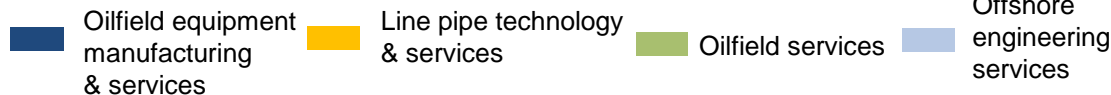
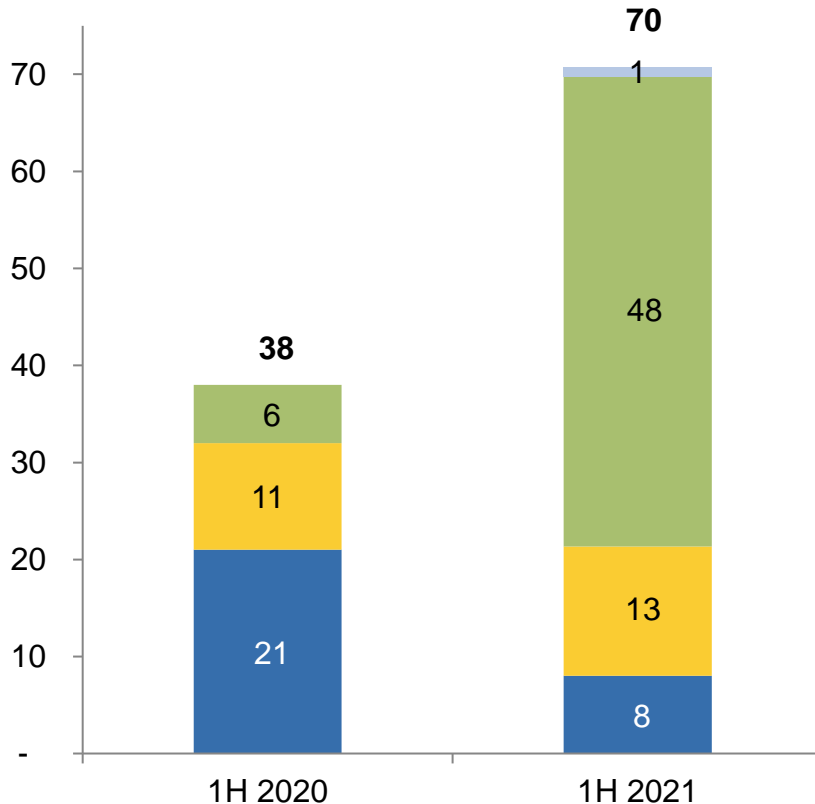
Note:

- Return on assets = net profit / ending balance of total assets;
Return on equity = net profit / ending balance of total equity
- Average inventory days = days in the period * average inventory of this period / cost of sales of this period
Average trade receivables days = days in the period * average net trade receivables of this period / revenue of this period
Average trade payables days = days in the period * average trade payables of this period / cost of sales of this period
- Net Debt = Long term debt + short term debt + lease liabilities – cash and cash equivalents and restricted cash – financial assets at fair value through profit or loss,
total capital = total equity + net debt

Capital Expenditure

Capex Breakdown

RMB mm



Major Capex Needs in 2021

- ❖ The Company strictly controls capex except maintenance requirement to ensure the cash flow for normal operation
 - ❖ Oilfield services
 - ◆ Maintenance capex for existing rigs
 - ❖ Line pipe technology & services
 - ◆ Maintenance capex for business development of line pipe inspection services
 - ❖ Oilfield equipment manufacturing & services
 - ◆ Maintenance & upgrade capex for certain plants to meet the requirement of regulatory authorities for safety and environmental protection purposes

Business Outlook

Grasp the Opportunities Brought by The Recovering Global Market And The Continuous Development in China

Oilfield Equipment Manufacturing & Services

Drill pipe

- ❖ China market – adopt differentiated marketing strategies; focus on developing and promoting high-end products for unconventional resources
- ❖ Overseas markets – maintain existing strategic partners; seek high-quality and economical raw materials in Russia to reduce costs; increase efforts in obtaining new customers and promoting high-end products

OCTG coatings

- ❖ China market – focus on core customers and explore demands from new application areas
- ❖ Overseas markets – acquire more orders from large stable customers; put the coating materials production line into operation as soon as practicable to further improve customization capability; continue to expand business in new areas in the Middle East

Line Pipe Technology & Services

- ❖ Explore the opportunities brought by the new peak of domestic oil and gas pipeline network construction and develop overseas projects
- ❖ Consolidate the domestic business for pipeline inspection services and actively promote overseas expansion; already commenced negotiations with potential partners in the Middle East with preliminary work to be initiated promptly

Oilfield Services

- ❖ Expand into new markets and acquire new customers, and strive to make breakthroughs in China, Russia, the Middle East and Africa
- ❖ Improve the rig fleet utilization; develop turnkey projects and technical services; seek business expansion and transformation
- ❖ Obtain certifications in China; target to provide domestic customers with diversified high-end services
- ❖ Make breakthroughs beyond tubing & casing for trading services, strive to form synergies within the segment and reinforce customer relationships

Offshore Engineering Services

- ❖ Focus on the wind power project, the Russian project, and the preparations for the third dry season construction work of the Bangladesh project
- ❖ Capture the potential opportunities brought by CNOOC's "seven-year action plan"; explore non-CNOOC customers and the offshore wind power construction market
- ❖ Leverage on the JV platform to strengthen market position in Southeast Asia and pay close attention to opportunities in the Middle East



Q & A