

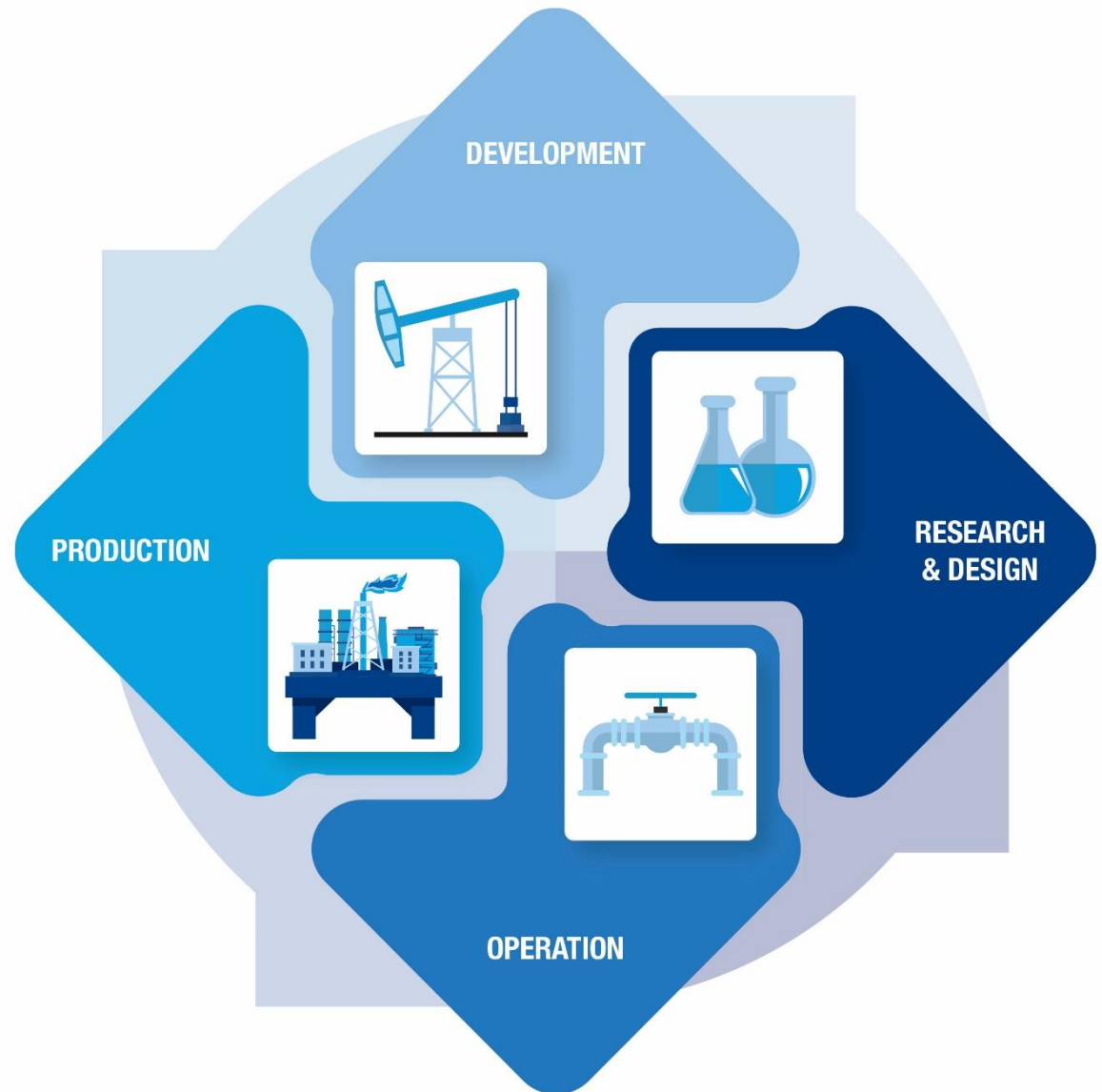


海隆控股有限公司*
Hilong Holding Limited

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

2022 Interim Results Presentation

TECHNOLOGICAL INNOVATION



* For identification purpose only

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Results Highlights

Results Highlights

Oilfield Services

- ❖ Drill pipes reported substantial increase in revenue
- ❖ Revenue of OCTG coating business increased significantly
- ❖ Signed a series of drill pipe and coating service contracts with prestigious customers such as ConocoPhillips and achieved new breakthroughs
- ❖ Continued to explore new business areas

Oilfield Equipment Manufacturing & Services

- ❖ The third season construction of Bangladesh's pipeline laying project has been completed, and project close-out work is ongoing
- ❖ The key work in 1H 2022 is the collection of the completed Bangladesh and wind power projects, as well as the repairing and maintenance of the vessel, etc.
- ❖ Actively develop domestic and international markets and seek new project opportunities, and have signed several contracts or intention contracts

Offshore Engineering Services

- ❖ Revenue increased compared with 1H 2021
- ❖ Overall utilization rate and inter well relocation and installation speed of drilling & workover rigs improved obviously compared to 2021
- ❖ Obtained multiple new, renewed and extended contracts and aggressively explore turnkey service business
- ❖ Successfully operated several technical service contracts and will further develop more diversified businesses
- ❖ Significantly increased the amount of new contracts signed in the trade services, with sufficient orders on hand

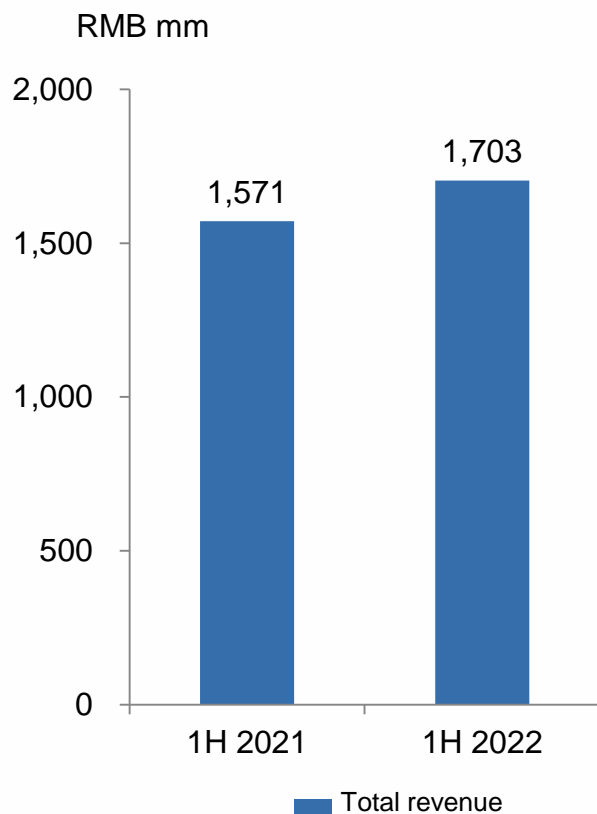
In 1H 2022, Hilong achieved stable growth and improved performance, and recorded revenue of RMB 1,703 million

Line Pipe Technology & Services

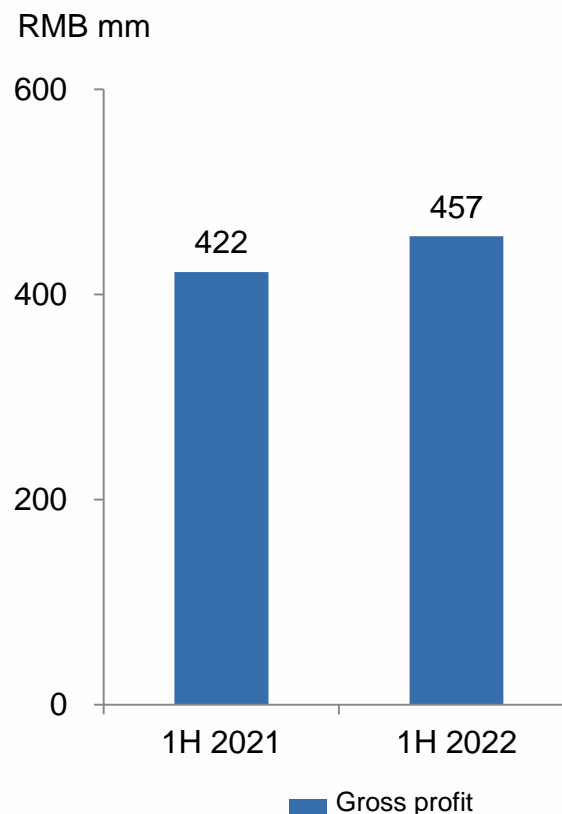
- ❖ Significant revenue growth in the segment
- ❖ More contracts in line pipe coating & CWC businesses were signed than that of 1H 2021
- ❖ Signed several contracts in line pipe inspection services in the domestic market and successfully won the first large-scale water cycle testing project
- ❖ Actively explore new areas in information technology business such as joint projects with telecom operators and participation in national chip projects

Financial Overview

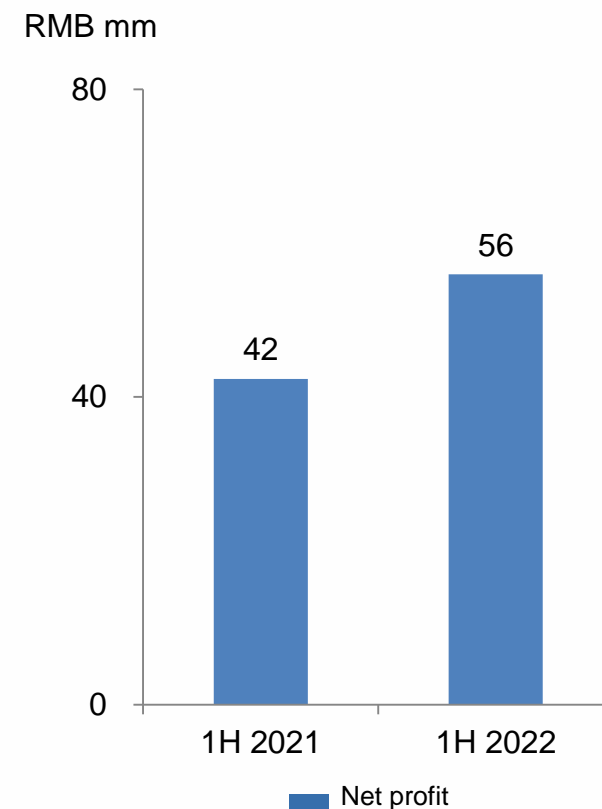
Revenue




Gross Profit



Net Profit

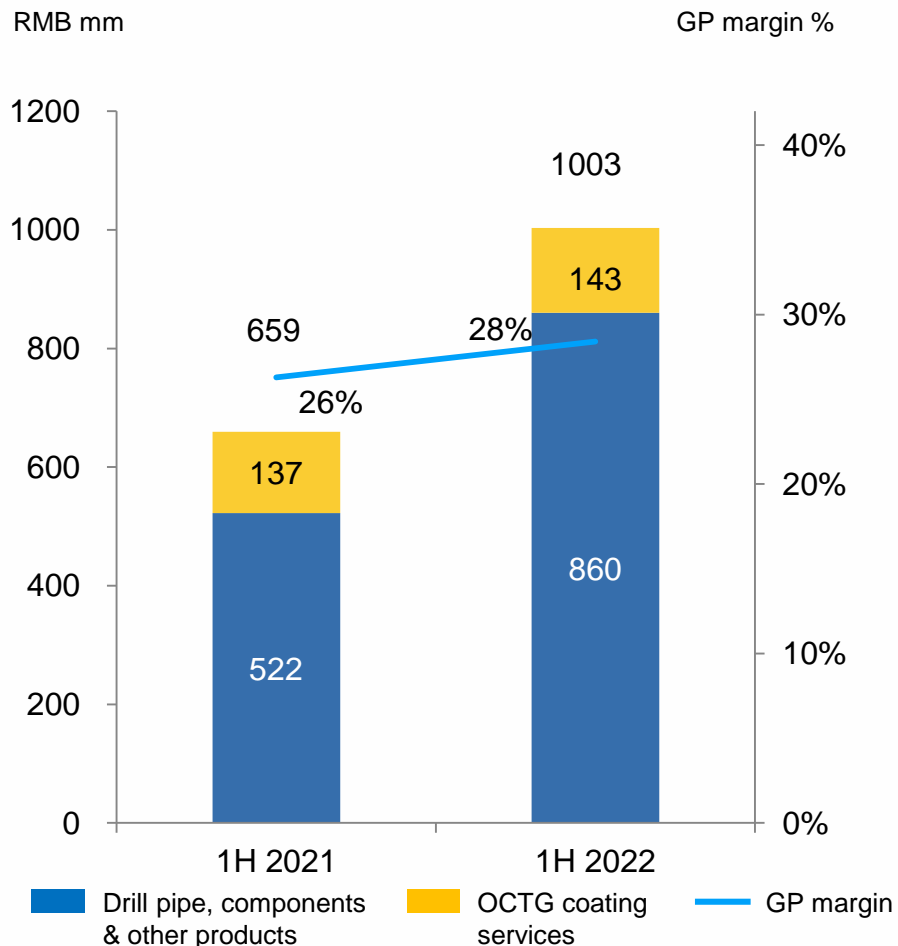


 In 1H 2022, the Company realized a total revenue of RMB1,703 million and net profit of RMB56 million

Business Review

Oilfield Equipment Manufacturing and Services

Segment Revenue of RMB1003 million

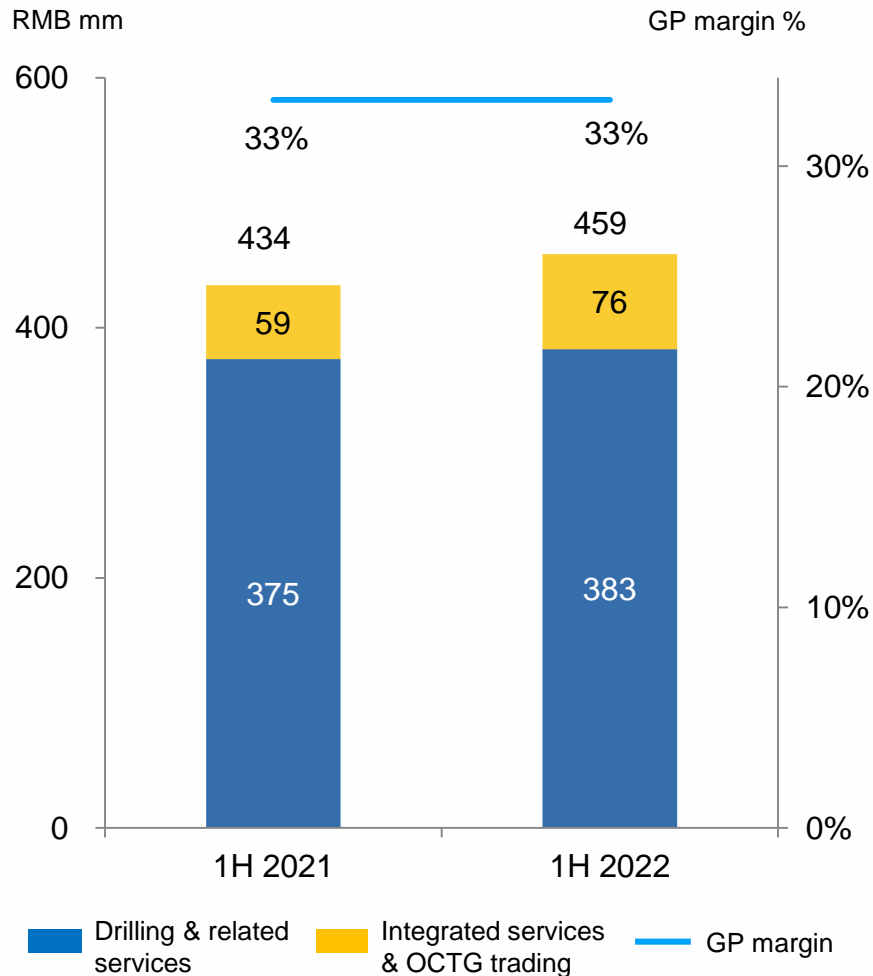


Increased Market Demand & Significant Growth in Revenue

- ❖ Demand for oilfield equipment in the industry increased significantly due to the positive impact of factors such as high oil prices
- ❖ Drill pipes, especially heavy weight drill pipes, reported substantial increase in sales compared to 1H 2021
- ❖ Revenue from OCTG coating business increased significantly from the corresponding period last year, including tubing & casing coating, drill pipe coating, pipeline coating and pipe accessory coating
- ❖ As the sole Chinese company responding to the litigations, won the damage litigations and the anti-dumping & anti-subsidizing investigations initiated by CITT and CBSA against Chinese exports of drill pipes to Canada, significantly enhancing Hilong's brand image in the Canadian/US market
- ❖ Signed a series of drill pipe and coating service contracts with prestigious customers such as ConocoPhillips and achieved new breakthroughs in markets including North and South America, further consolidating the penetration in the international market
- ❖ Continued to explore new business areas while deeply developing high-end markets, such as applying of the coating to areas other than OCTG

Oilfield Services

Segment Revenue of RMB459 million

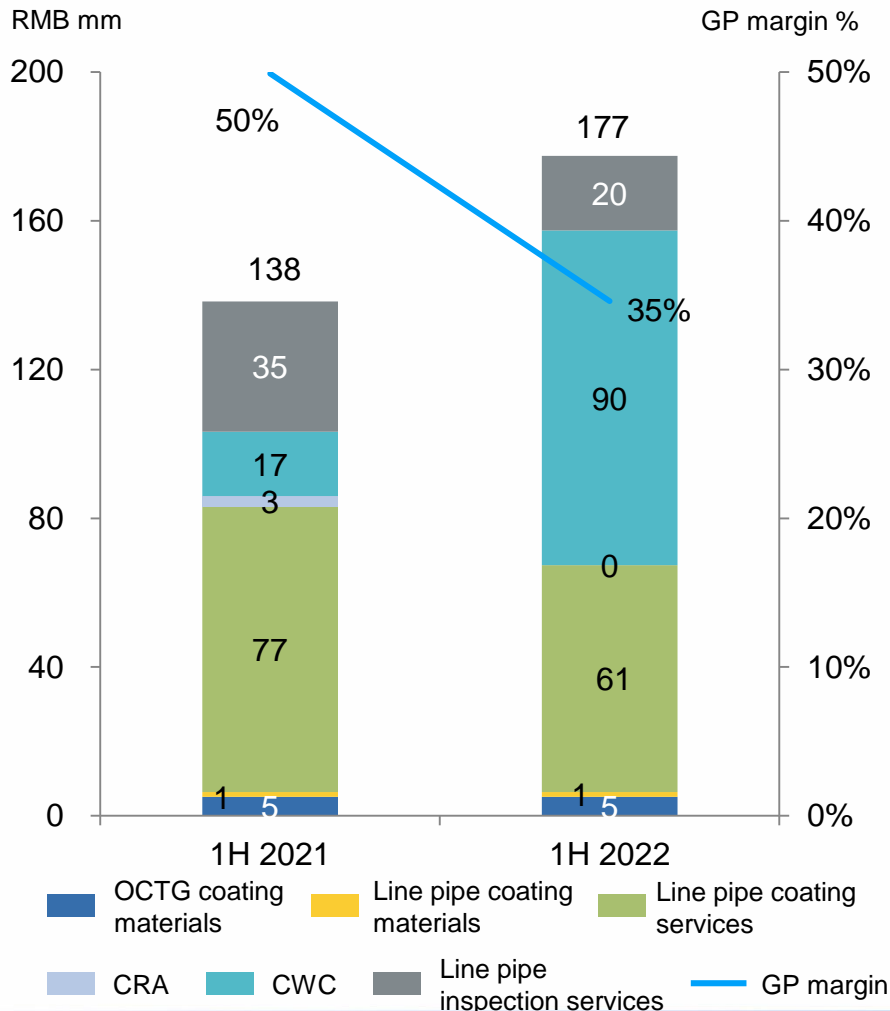


Achieved Stable Growth

- ❖ Take advantage of favorable conditions including the increase in capital expenditure at the upstream of the industry, penetrated into the overseas oil services market and fully displayed the synergistic effects among these business, ensuring the stable growth of the segment
- ❖ Overall utilization rate and inter well relocation and installation speed of drilling & workover rigs improved significantly compared to 2021 with multiple new/ renewed/ extended contracts signed, and aggressively exploring turnkey service business
 - ❖ The operation performance and project management level of Hilong teams were well approved by the customers, i.e. HL59 won recognition and cash rewards from the customer for setting the shortest operational cycle record
- ❖ Successfully operated many technical service businesses, including rock fragments processing service and comprehensive technical services, and will further develop more diversified businesses including well completion & production increase, drilling speed & efficiency improvement etc.
- ❖ Significantly increased the amount of new contracts signed in the trade services, with sufficient orders on hand

Line Pipe Technology and Services

Segment Revenue of RMB177 million

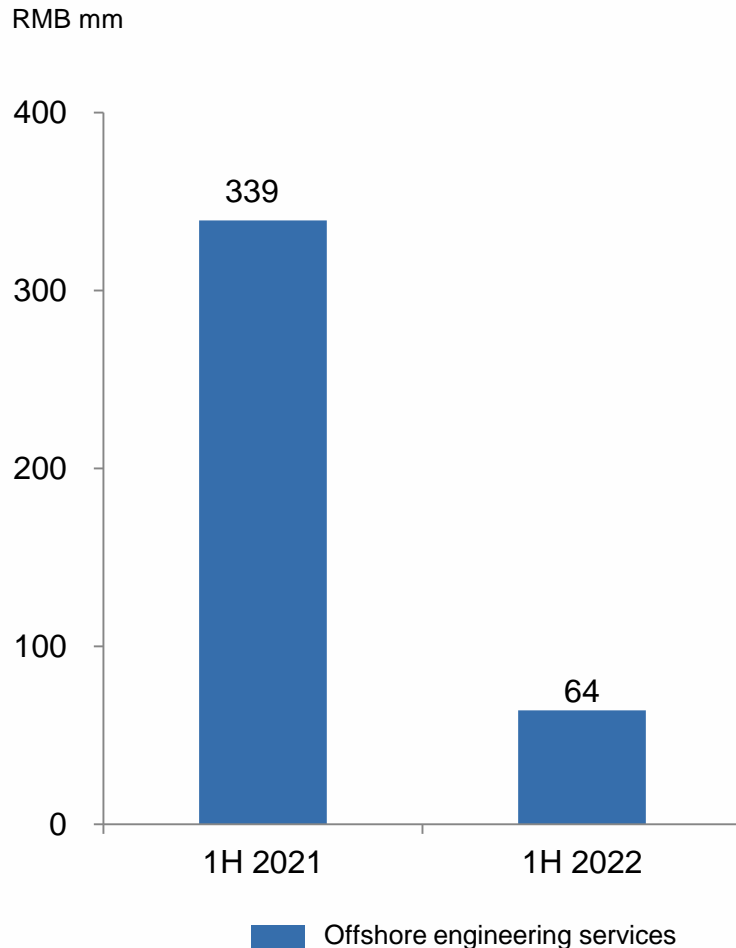


Significant Increase in Revenue

- ❖ Continue to cooperate closely with core customers and obtained some major projects from prestigious customers, achieving a significant revenue growth in the segment
- ❖ Signed a series of contracts with important customers such as ZPC and Baosteel in line pipe coating and CWC services
- ❖ Noticeable increase in the volume of new contracts signed compared to 1H 2021, with an adequate number of orders on hand; continued to explore domestic and international markets
- ❖ Continued to develop rapidly in line pipe inspection services, with multiple contracts signed in the domestic market and actively promoting the layout of overseas business
- ❖ Won the bid for the water cycle testing platform project of Shandong Special Equipment Testing Institute Group Company Limited, marking a breakthrough in the domestic market
- ❖ Actively explore new areas in information technology business, including joint information/digitalization businesses with operators and participation in national chip projects

Offshore Engineering Services

Segment Revenue of RMB64 million



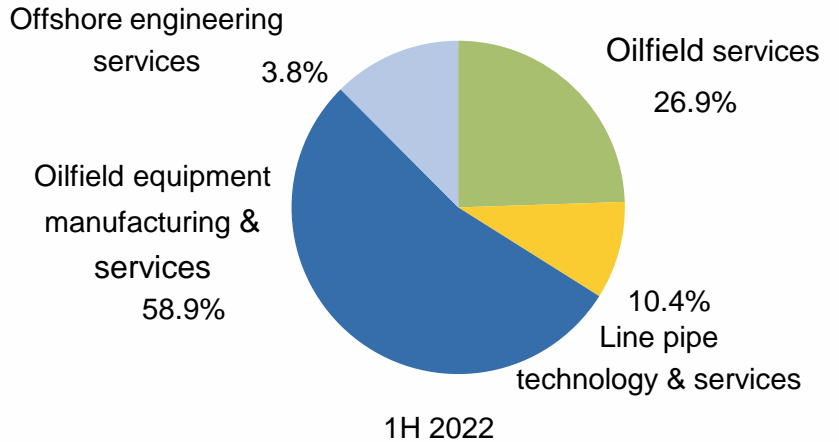
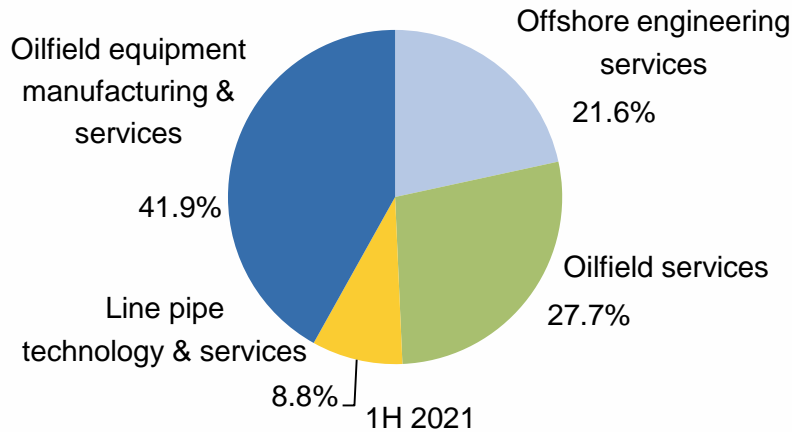
Decline in Segment Revenue

- ❖ The third season construction of Bangladesh's pipeline laying project has been completed, and project close-out work is ongoing
- ❖ The key work in 1H 2022 is the collection of trade receivables in respect of the completed Bangladesh and wind power projects, as well as the repairing and maintenance of the vessel, etc., securing timely cash inflow, continuously exploring opportunities for cost reduction & efficiency enhancement, and maintaining the sound vessel conditions
- ❖ Actively exploring the domestic and international markets to seek new business opportunities, and to date, various contracts or letters of intention have been signed with several customers
- ❖ Obtained or renewed various qualification certifications relating to undertaking offshore engineering projects, production safety and so forth, getting well-prepared for further development going forward

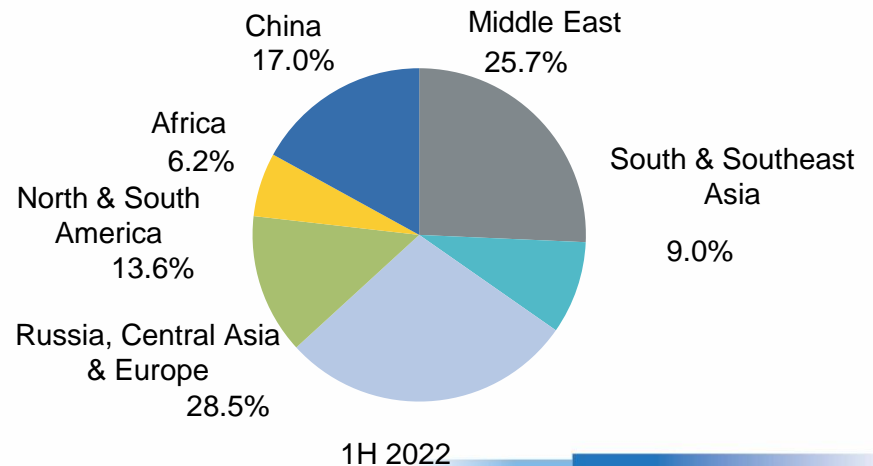
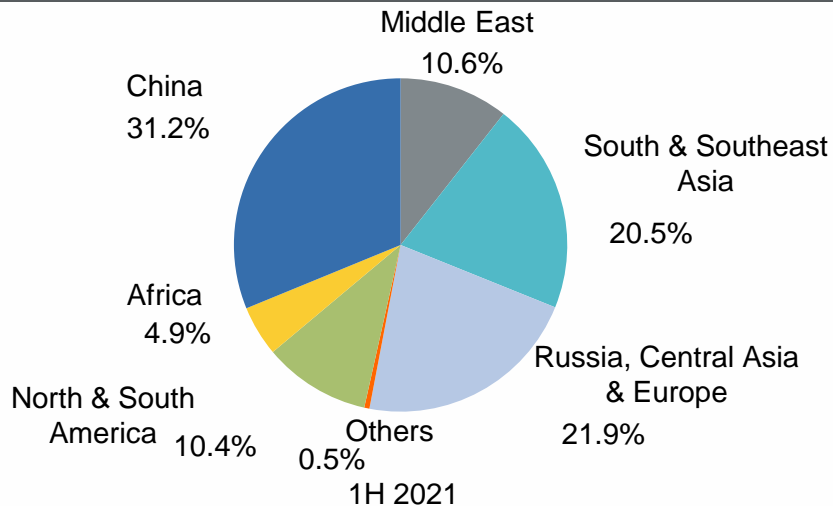
Financial Performance

Revenue Breakdown

Revenue Breakdown by Segment

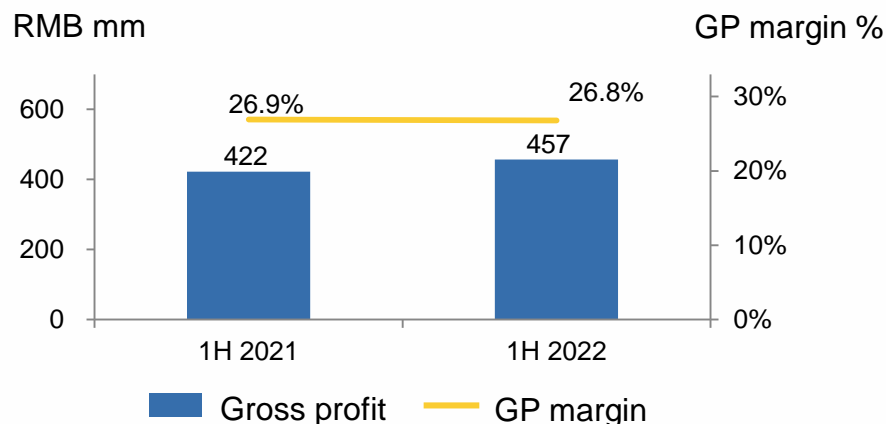


Revenue Breakdown by Region

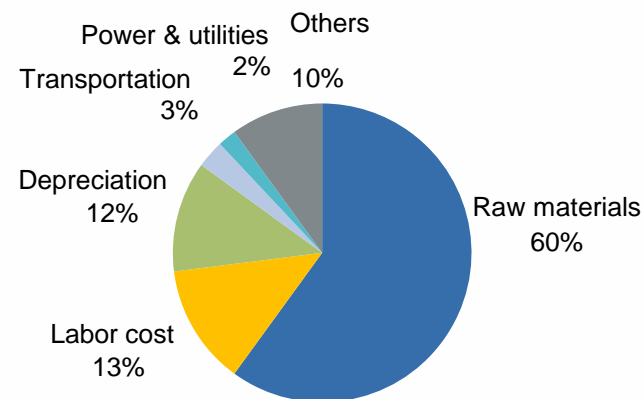


Cost, Gross Profit and Account Receivable

Gross Profit Margin keeps stable



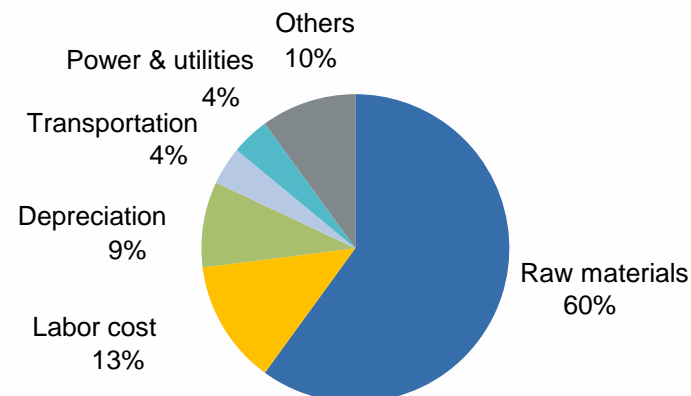
Total Cost in 1H2021: RMB1,150 million



Account Receivable

'000 RMB	6/30/2022	12/31/2021
- within 90 days	1,034,730	702,057
- over 90 days and within 180 days	256,874	211,797
- over 180 days and within 360 days	251,817	157,964
- over 360 days and within 720 days	153,162	163,462
- over 720 days	82,881	161,555

Total Cost in 1H2022: RMB1,246 million

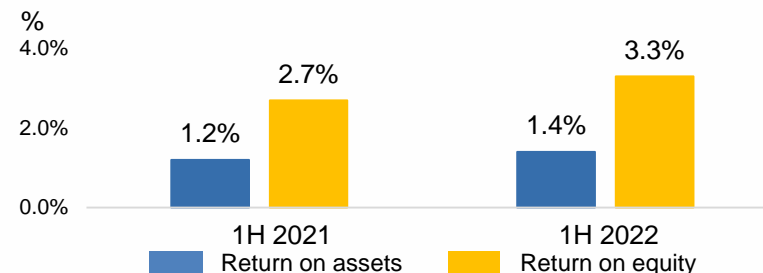


Capital Structure and Return Rate

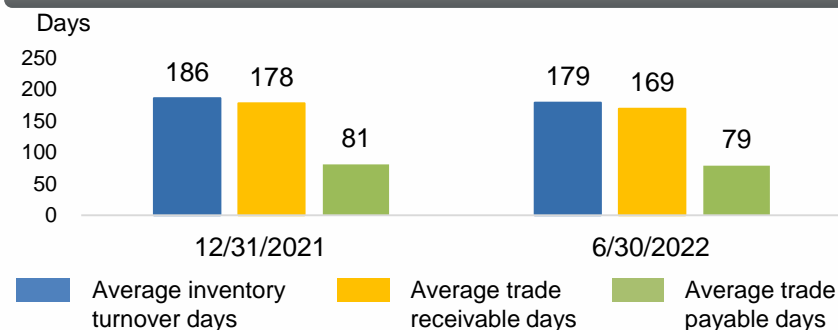
Capital Structure

	6/30/2022	12/31/2021
RMB mm		
Cash & cash equivalents	519	629
Current assets	4,726	4,127
Total assets	7,830	7,072
Short-term debt	537	607
Long-term debt	2,650	2,433
Total liabilities	4,410	4,029
Shareholders' equity	3,392	3,015
Minority interest	29	27
Total equity	3,421	3,043

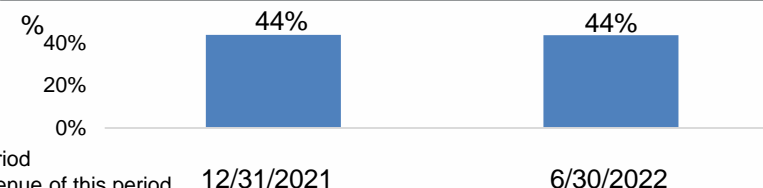
Return on Assets & Return on Equity¹



Turnover Days for Current Assets²



Gearing Ratio: Net Debt/Total Capital³



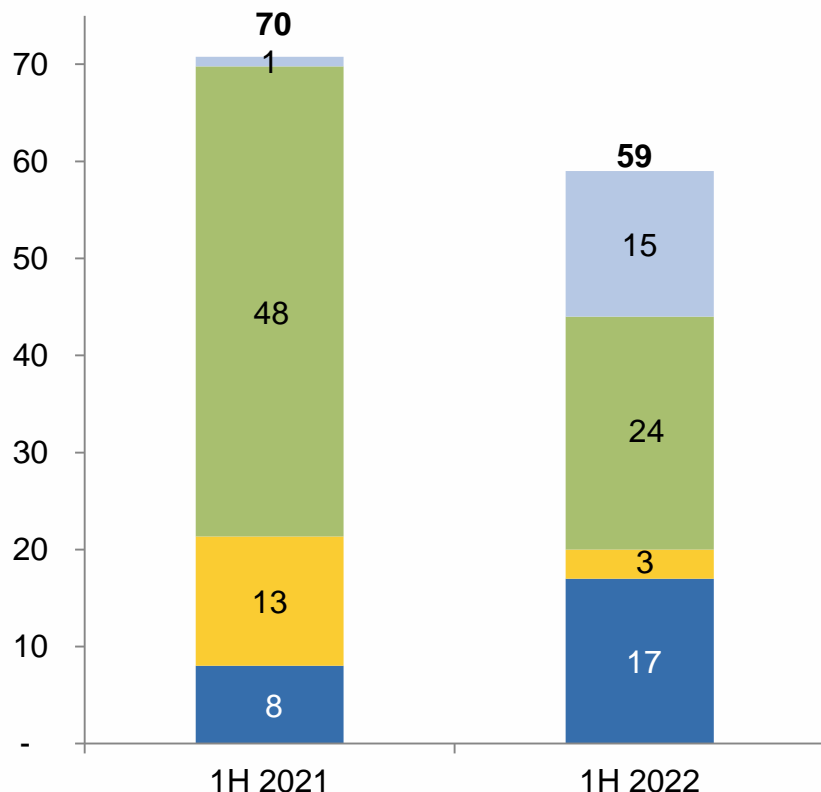
Note:

- 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



Oilfield equipment manufacturing & services

Line pipe technology & services

Oilfield services

Offshore engineering services

Major Capex Projects in 2022

- ❖ The Company strictly controls capex except maintenance requirement to ensure the cash flow for daily operation
- ❖ Oilfield services
 - ◆ Maintenance & upgrading capex for existing rigs
- ❖ Offshore engineering Services
 - ◆ Routine repair and maintenance of Hilong 106 vessel
- ❖ 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

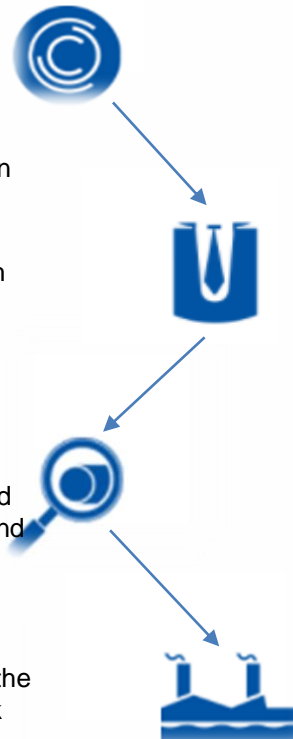
- ❖ Overseas market: enhance the brand image and develop the high-end markets in countries/ regions such as Middle East/America; intensify the R&D of high-end drill pipe products such as special buckles, high-strength sour service drill pipes and titanium alloy based drill pipes etc.
- ❖ China market: adopt differentiated marketing strategies for different customers, focusing on the development and promotion of high-end special buckles and other drilling products

OCTG coatings

- ❖ Overseas markets: have sufficient orders in respect to the North American market and will improve production efficiency and operation accordingly; continue to promote localized production and application of coating materials in Russia and its nearby markets, and in the Middle Eastern market, strive to achieve breakthroughs in the line pipe coating/ large-diameter non-standard pipe accessory coating etc.
- ❖ China market: deeply cultivate traditional drilling tool coating and tubing & casing coating markets, while also exploring the demand for new applications

Line Pipe Technology & Services

- ❖ Sufficient orders on hand and will strive to deliver on time; continue to focus on exploring market opportunities brought by the new peak of domestic oil and gas transmission pipeline network construction and developing overseas projects
- ❖ While consolidating our domestic business, also actively seek opportunities for pipeline inspection business in countries such as the UAE, Saudi Arabia and Iraq
- ❖ The information technology business will focus on three major technology products, namely industrial intelligent sensors, industrial special robots and industrial Internet platforms



Oilfield Services

- ❖ Grasp existing business opportunities and increase the utilization rate of drilling & workover rigs; continue to pursue new turnkey drilling projects in Iraq and other countries in the Middle East
- ❖ For the technical services business, actively promote the resumption of production of old wells and fully promote the nanofluids flooding technology to achieve new business breakthroughs
- ❖ Execute existing projects in trade services and attain synergy with other businesses to facilitate drilling and maintenance services, technical services and external cooperation

Offshore Engineering Services

- ❖ In 2H 2022, focus on the signing of contracts for projects that have won bids and the orderly execution of new projects signed
- ❖ Grasp the potential market opportunities brought by CNOOC's "Seven-Year Action Plan", while also seeking customers outside CNOOC's system; focus on new energy business such as offshore wind power
- ❖ Strengthened the attracting of talents, adhered to the innovation-driven and internationalized development route, and strived to become a technology-intensive company with EPCI turnkey capabilities, led by design
- ❖ Signed an agreement with Tianjin Saipan in respect to designing and technical services for offshore platforms and other oil & gas development projects for a term of three years, which is the first technical service agreement obtained

Q & A