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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)

**(1) OFFER TO EXCHANGE ANY AND ALL OF
THE OUTSTANDING US\$165,114,000 7.25% SENIOR NOTES
DUE 2020 (ISIN: XS1628314889; COMMON CODE: 162831488;
STOCK CODE: 5224); AND
(2) PROPOSED ISSUANCE OF NEW SENIOR NOTES**

On 20 May 2020, the Company commenced the Exchange Offer with respect to the Existing Notes held by non-U.S. persons outside the United States. The Exchange Offer is being made upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum.

* For identification purposes only

The Company has mandated Admiralty Harbour, CLSA, HSBC and SPDB International as the Dealer Managers in relation to the Exchange Offer. The Company has also mandated D.F. King Limited as the Information and Exchange Agent. For detailed descriptions of the terms and conditions of the Exchange Offer, Eligible Holders should refer to the Exchange Offer Memorandum.

The Company is conducting a separate concurrent offering to issue and sell Additional New Notes. The completion of the Concurrent New Money Issuance is subject to market conditions. If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance primarily to refinance its existing offshore indebtedness, and any remainder for working capital and general corporate purposes.

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange for the listing of the New Notes by way of debt issues to professional investors only as described in the Exchange Offer Memorandum and the Offering Memorandum. Admission of the New Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company, the New Notes, the Exchange Offer or the Concurrent New Money Issuance.

Shareholders, Eligible Holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and the Offering Memorandum and summarized in this announcement. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and/or the Concurrent New Money Issuance with or without conditions.

The Company may, in its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the securities of the Company or the Existing Notes.

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED UNDER REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER THE EXISTING NOTES IN THE EXCHANGE OFFER.

(1) THE EXCHANGE OFFER

Introduction

The Company is offering to exchange any and all of its outstanding Existing Notes held by Eligible Holders in accordance with the terms and conditions as set out in the Exchange Offer Memorandum and as summarized under the section entitled “Summary of Terms of the Exchange Offer” below.

The Exchange Offer is subject to certain conditions as described in the Exchange Offer Memorandum, including an affirmative determination by the Company that effecting the Exchange Offer is in its best interests.

Notwithstanding anything to the contrary contained herein but subject to applicable law, the Company may extend, withdraw or terminate the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date and amend, modify or waive any of the terms and conditions of the Exchange Offer.

Concurrently with the Exchange Offer, the Company is conducting a separate concurrent offering to issue and sell Additional New Notes. If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance primarily to refinance its existing offshore indebtedness, and any remainder for working capital and general corporate purposes. Admiralty Harbour, CLSA, HSBC and SPDB International are acting as the joint global coordinators, joint bookrunners and joint lead managers in connection with the Concurrent New Money Issuance.

The Exchange Offer is not being made within, and the Exchange Offer Memorandum is not for distribution in the United States or to or for the account or benefit of any U.S. person (as defined under Regulation S). The Exchange Offer Memorandum is not an offer of securities for sale in the United States or to or for the account or benefit of any U.S. person (as defined under Regulation S) or any other jurisdiction where it is unlawful to offer such securities, including the New Notes and any guarantees with respect thereto, for sale. Securities may not be offered, sold or delivered in the United States absent registration or an exemption from registration. The New Notes and the related guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to or for the account or benefit of any U.S. person.

Summary of Terms of The Exchange Offer

Upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum, the Company is offering to exchange any and all of its outstanding Existing Notes for the Exchange Consideration (including the Early Cash Incentive if eligible).

Exchange Consideration

Eligible Holders of the outstanding Existing Notes that are validly tendered prior to the Exchange Expiration Deadline and accepted for exchange will receive for each US\$1,000 principal amount of the Existing Notes the Exchange Consideration consisting of: (a) US\$1,000 in principal amount of the New Notes, (b) US\$5.00 in cash (the “Early Cash Incentive”), provided that the relevant Existing Notes are validly tendered prior to the Early Participation Deadline and accepted for exchange, (c) Accrued Interest (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards), and (d) subject to the requirement that any New Notes issued to any Eligible Holder be in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof, in the event that such Eligible Holder is entitled to receive any New Notes in a principal amount that is not an integral multiple of US\$1,000, cash (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards) in lieu of any fractional amount of the New Notes equal to the principal amount of the New Notes not issued (after rounding downward the amount of the New Notes to the nearest multiple of US\$1,000).

Interest Rate

The minimum yield of the New Notes will be 9.75% per annum. The final interest rate of the New Notes is expected to be set at the pricing of the Concurrent New Money Issuance.

Summary Timetable

The following summarizes the anticipated timetable for the Exchange Offer. Please note that the expiration of the Exchange Offer and the settlement of the New Notes, as well as the other events listed below, may be earlier or later than indicated below.

This summary is qualified in its entirety at the Company's sole and absolute discretion to any extension, and the right to terminate the Exchange Offer at any time prior to its expiration. All references below are to London time, unless otherwise stated.

Date	Event
20 May 2020	Commencement of the Exchange Offer and announcement via the website of the Stock Exchange and the Exchange Website and through Euroclear or Clearstream, as applicable. Exchange Offer Memorandum delivered to Eligible Holders.
27 May 2020 (4:00 p.m. London time)	Early Participation Deadline. This being the last date and time on which Eligible Holders who validly tender Existing Notes are eligible for the Early Cash Incentive.
3 June, 2020 (4:00 p.m. London time).	Exchange Expiration Deadline. This being the last date and time on which Eligible Holders who validly tender Existing Notes are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders to participate in the Exchange Offer.
As soon as practicable after the Exchange Expiration Deadline	Announcement of (i) the amount of tenders for exchange received prior to the Exchange Expiration Deadline, and the final total aggregate principal amount of the New Notes to be issued to Eligible Holders in exchange for the Existing Notes validly tendered, accepted and exchanged, (ii) determination of final interest rate and yield of the New Notes, and (iii) pricing of the Concurrent New Money Issuance (if any).
On or about 11 June 2020	Settlement of the New Notes, delivery of the Exchange Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange.
On or about 12 June 2020	Listing of the New Notes on the Stock Exchange.

Procedures for Tendering Existing Notes

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED IN REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

To participate in the Exchange Offer, an Eligible Holder must validly tender its Existing Notes for exchange pursuant to the Exchange Offer prior to the Exchange Expiration Deadline pursuant to the procedures described in the Exchange Offer Memorandum.

A separate instruction must be submitted on behalf of each beneficial owner of the Existing Notes.

The Existing Notes being tendered for exchange may only be submitted in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The aggregate principal amount of the New Notes to be issued to any Eligible Holder will be in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof; provided that, if an Eligible Holder shall elect to partially exchange its Existing Notes into New Notes, the principal amount of Existing Notes retained must be a minimum principal amount of US\$200,000.

Eligible Holders are responsible for ensuring that their instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$200,000. Instructions that would result in a principal amount of New Notes below US\$200,000 will be rejected.

Instructions in connection with the Exchange Offer are irrevocable, unless withdrawal thereof is required by the applicable law.

Conditions to the Exchange Offer

The obligation of the Company to consummate the Exchange Offer is conditional upon the following:

- Existing Notes validly tendered prior to the Exchange Expiration Deadline having an aggregate principal amount of not less than 75% of all Existing Notes outstanding as of the date of the Exchange Offer Memorandum;
- there being no material adverse change in the market from the date of the Exchange Offer Memorandum to the Settlement Date;
- an affirmative determination by the Company that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated under the Exchange Offer Memorandum are in its best interests; and
- the satisfaction of the other conditions described in the Exchange Offer Memorandum.

Subject to applicable law, the Company may terminate or withdraw the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date. The Company may also extend the Exchange Offer from time to time until the conditions are satisfied or waived.

Use of Proceeds

The Company will not receive any cash proceeds from the Exchange Offer. Any Existing Notes exchanged in connection with the Exchange Offer will be cancelled.

Purpose of the Exchange Offer

The Company intends to refinance the Existing Notes and improve its debt structure.

(2) CONCURRENT NEW MONEY ISSUANCE

Introduction

The Company is conducting a separate concurrent offering to issue and sell the Additional New Notes. The completion of the Concurrent New Money Issuance is subject to market conditions. Admiralty Harbour, CLSA, HSBC and SPDB International are acting as the joint global coordinators, joint bookrunners and joint lead managers in connection with the Concurrent New Money Issuance.

If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance to refinance its existing offshore indebtedness, and any remainder for working capital and general corporate purposes.

Upon issuance, any Additional New Notes sold in the Concurrent New Money Issuance will be on the same terms and form a single series with the New Notes issued under the Exchange Offer.

It is expected that the pricing terms of the Concurrent New Money Issuance will be announced as soon as practicable following any such pricing or, if the Company decides not to proceed with the Concurrent New Money Issuance (or any portion thereof), it will announce such decision as soon as practicable following such decision being made. Pricing of the Concurrent New Money Issuance is expected to occur as soon as practicable after the Exchange Expiration Deadline. However, there can be no assurance that the Concurrent New Money Issuance will price at all. If the Concurrent New Money Issuance is not consummated with respect to any or all of the Additional New Notes, the final interest rate of such New Notes will be announced as soon as practicable following the confirmation that the Concurrent New Money Issuance with respect to such Additional New Notes will not be consummated. Other relevant details of the New Notes will also be confirmed together with the final interest rate.

Listing of New Notes

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange for the listing of the New Notes by way of debt issues to professional investors only as described in the Exchange Offer Memorandum and the Offering Memorandum. Admission of the New Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company, the New Notes, the Exchange Offer or the Concurrent New Money Issuance.

Further Details

For a detailed statement of the terms and conditions of the Exchange Offer, Eligible Holders should refer to the Exchange Offer Memorandum.

D.F. King Limited has been appointed as the Information and Exchange Agent. Eligible Holders may contact D.F. King Limited in London, +44 20 7920 9700 and in Hong Kong, +852 3953 7208 or via email at hilong@dfkingltd.com.

The Exchange Offer Memorandum will be distributed in electronic format to Eligible Holders via the Exchange Website: <https://sites.dfkingltd.com/hilong>. Any requests for additional copies of the Exchange Offer Memorandum should be directed to D.F. King Limited at the above contact points.

Information About the Company

The Company is an investment holding company, and its subsidiaries are principally engaged in oilfield equipment manufacturing and services, oilfield services, line pipe technology and services as well as offshore engineering services in the PRC and international markets.

This announcement is not an offer to purchase, a solicitation of an offer to purchase, an offer to sell or a solicitation of an offer to sell, securities in the United States or elsewhere. No securities of the Company or any of its subsidiaries are being, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and no such securities may be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state or local securities laws. No public offering of securities is being or will be made in the United States or any other jurisdiction. This announcement is provided to you because you are a non-U.S. person outside the United States in accordance with Regulation S. Nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful.

Forward-looking statements in this announcement, including, among others, those statements relating to the Exchange Offer are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Existing Notes and/or the New Notes, changes in the business and financial condition of the Company and its subsidiaries, changes in the oil and gas industry and changes in the capital markets in general.

The Company plans to issue the New Notes in exchange for the Existing Notes validly tendered and accepted for exchange pursuant to the Exchange Offer on or about the Settlement Date.

The distribution of the Exchange Offer Memorandum is restricted by law in certain jurisdictions. Persons who come into possession of the Exchange Offer Memorandum are required to inform themselves of and to observe any of these restrictions. The Exchange Offer Memorandum does not constitute, and may not be used in connection with, an offer to buy Existing Notes or New Notes or a solicitation to sell the Existing Notes by anyone in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or a solicitation. The Company will not accept any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

No assurance can be given that the Exchange Offer will be completed and the Company reserves the right, at its sole and absolute discretion, to extend, withdraw or terminate the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date and amend, modify or waive any of the terms and conditions of the Exchange Offer.

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and the Offering Memorandum and summarized in this announcement. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and/or the Concurrent New Money Issuance with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Accrued Interest”	accrued and unpaid interest on the Existing Notes validly tendered and accepted for exchange, up to but not including the Settlement Date, which will be payable in cash;
“Additional New Notes”	the new notes to be issued by the Company pursuant to the Concurrent New Money Insurance;
“Admiralty Harbour”	Admiralty Harbour Capital Limited;
“Board”	the board of Directors;
“Clearing Systems”	Euroclear and/or Clearstream, and “Clearing System” means any one of them;
“Clearstream”	Clearstream Banking S.A.;
“CLSA”	CLSA Limited;
“Company”	Hilong Holding Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange;
“Concurrent New Money Issuance”	a concurrent offering by the Company to issue and sell Additional New Notes;
“Dealer Managers”	Admiralty Harbour, CLSA, HSBC and SPDB International as dealer managers of the Exchange Offer;
“Director(s)”	the director(s) of the Company;

“Early Cash Incentive”	the early cash incentive for the Existing Notes, details of which are set out in the section entitled “Exchange Consideration” in this announcement;
“Early Participation Deadline”	4:00 P.M., London Time, on 27 May 2020, unless extended or earlier terminated at the sole discretion of the Company;
“Eligible Holders”	holders who are non-U.S. persons located outside the United States (as those terms are defined under Regulation S) and hold the Existing Notes through Euroclear and Clearstream, or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States (as those terms are defined under Regulation S) with the Existing Notes held through Euroclear and Clearstream;
“Euroclear”	Euroclear Bank SA/NV;
“Exchange Consideration”	the exchange consideration for the Existing Notes, details of which are set out in the section entitled “Exchange Consideration” in this announcement;
“Exchange Expiration Deadline”	4:00 p.m., London time, on 3 June 2020, unless extended or earlier terminated at the sole discretion of the Company;
“Exchange Offer”	the offer made by the Company upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum;
“Exchange Offer Memorandum”	the exchange offer memorandum dated the date of this announcement in relation to the Exchange Offer;
“Exchange Website”	https://sites.dfkingltd.com/hilong , the website set up by the Information and Exchange Agent for the purpose of hosting the documents relating to the Exchange Offer;

“Existing Notes”	the Company’s outstanding US\$165,114,000 7.25% Senior Notes due 2020 (ISIN: XS1628314889; Common Code: 162831488; Stock Code: 5224);
“Group”	the Company and its subsidiaries;
“Holders”	holder(s) of the Existing Notes and “Holder” means any one of them;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited;
“Information and Exchange Agent”	D.F. King Limited, the information and exchange agent for the Exchange Offer;
“New Notes”	the US\$ denominated senior notes due 2022 to be issued by the Company, to be exchanged in accordance with the Exchange Offer for those Existing Notes that are accepted for exchange by the Company;
“Offering Memorandum”	a separate offering memorandum in connection with the Concurrent New Money Issuance;
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Regulation S”	Regulation S under the U.S. Securities Act;
“Settlement Date”	the date of settlement of the New Notes which is expected to occur on or about 11 June 2020, unless the Exchange Offer is extended or earlier terminated;

“SPDB International”	SPDB International Capital Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.” or “United States”	The United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“US\$”	United States dollars, the lawful currency of the United States;
“%”	percent.

By order of the Board of
Hilong Holding Limited
ZHANG Jun
Chairman

Hong Kong, 20 May 2020

As at the date of this announcement, the executive directors of the Company are Mr. ZHANG Jun and Mr. WANG Tao (汪濤); the non-executive directors are Ms. ZHANG Shuman, Mr. YUAN Pengbin and Dr. YANG Qingli; and the independent non-executive directors are Mr. WANG Tao (王濤), Mr. WONG Man Chung Francis and Mr. SHI Zheyuan.