



**GRAND COURT OF THE CAYMAN  
ISLANDS FINANCIAL SERVICES DIVISION**

**CAUSE NO:FSD2021-0038(RPJ)**

**IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2021 REVISION)**

**AND IN THE MATTER OF HILONG HOLDING LIMITED**

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**PETITION**

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**TO THE GRAND COURT OF THE CAYMAN ISLANDS**

The humble petition of **HILONG HOLDING LIMITED**, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number 218442, whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands (the "**Company**") shows as follows:

1. The object of this Petition is to seek the sanction of this Honourable Court pursuant to section 86 of the Companies Act (2021 Revision) (the "**Companies Act**") of a proposed Scheme of Arrangement (the "**Scheme**") between the Company and the Scheme Creditors (as defined in paragraph 20 below).
2. A copy of the following documents will be exhibited to a supporting affidavit sworn by a director of the Company to be filed with this Honourable Court:
  - (a) the Scheme;
  - (b) an explanatory statement prepared in respect of the Scheme pursuant to Order 102 Rule 20(4)(e) of the Cayman Islands Grand Court Rules 1995 (Revised Edition) (the "**Explanatory Statement**"), which document includes a Solicitation Packet (as defined therein) comprising, amongst other things, a form of account holder letter, distribution confirmation deed, designated recipient form and guidance notes containing instructions for Scheme Creditors regarding how to

vote on the Scheme and how to become eligible to receive the Scheme Consideration under the Scheme; and

- (c) a draft notice convening a single meeting of Scheme Creditors for the purposes of considering and, if thought fit, approving, with or without modification, the proposed Scheme.

## THE PETITIONER

3. The Company is an exempted company incorporated with limited liability under the laws of the Cayman Islands on 15 October 2008 with registration number 218442 and registered in Hong Kong as an overseas company on 25 September 2009 under Part XI of the Hong Kong Companies Ordinance with company number F17118.
4. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
5. The Company is the ultimate parent and holding company of a group of various subsidiaries (together, the "**Group**"). The Group is a leading integrated oilfield equipment and service provider with a focus on oilfield equipment manufacturing and services, line pipe technology and services, oilfield services and offshore engineering services, in the PRC and international markets.
6. The authorised share capital of the Company is HK\$3,000,000,000 divided into 30,000,000,000 ordinary shares of a nominal or par value of HK\$0.10 each. As at the date of the presentation of this Petition, 1,696,438,600 of the ordinary shares of HK\$0.10 each have been issued and are fully paid up, or credited as fully paid up, and the rest remain unissued.
7. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKEx**") on 21 April 2011 (Stock Code: 01623).

## THE COMPANY'S PRINCIPAL FINANCIAL LIABILITIES

8. The Company's principal financial liabilities are summarised as follows:

*The Existing Notes*

9. On 22 June 2017, the Company issued an aggregate principal amount of US\$250,000,000 7.25% senior notes due 22 June 2020. On 18 January 2018, the Company further issued an additional US\$60,000,000 7.25% senior notes due 2020, to be consolidated and form a single class with the US\$250,000,000 7.25% senior notes due 2020 (the "**2020 Notes**"). The 2020 Notes are listed on HKEx. As at the date of this Petition, the aggregate principal amount of the 2020 Notes which remains outstanding is US\$165,114,000.
10. On 26 September, 2019, the Company issued an aggregate principal amount of US\$200,000,000 8.25% senior notes due 2022 (the "**2022 Notes**" and together with the 2020 Notes, the "**Existing Notes**"). The 2022 Notes are listed on HKEx. As at the date of this Petition, the aggregate principal amount of the 2022 Notes which remains outstanding is US\$200,000,000.
11. The Company's obligations in respect of the Existing Notes are guaranteed by certain subsidiaries of the Company (the "**Subsidiary Guarantors**"), including key operating subsidiaries within the Group.
12. Certain Events of Default (as defined in the applicable Existing Notes Indenture (as defined below)) have occurred under the New York law governed indentures governing the terms of the 2020 Notes and the 2022 Notes (the "**2020 Notes Indenture**" and the "**2022 Notes Indenture**", respectively and together the "**Existing Notes Indentures**"). On 30 June 2020, the Company announced, amongst other things, its failure to pay all amounts due and payable under the 2020 Notes upon the final maturity date. Such failure to pay constituted an Event of Default under the 2020 Notes Indenture and a cross default (but not automatic acceleration) under the 2022 Notes Indenture.
13. On 26 September 2020, the Company failed to pay an amount of interest that was due and payable under the 2022 Notes and did not make such payment within the applicable grace period. Such failure to pay constituted an Event of Default under the 2022 Notes Indenture.
14. As at the date of this Petition, the total principal amount outstanding in respect of the Existing Notes is US\$365,114,000.

*The Restructuring*

15. Since June 2020, the Company, together with its financial and legal advisers, has been involved in extensive and detailed negotiations and discussions with a wide range of holders of the Existing Notes and their financial and legal advisers (including an ad hoc group of holders of the Existing Notes) in order to agree the terms of a restructuring of certain of the Company's liabilities in order to achieve a better return for creditors than would be likely from a winding up of the Company (the "**Restructuring**").
16. On 15 December 2020, a restructuring support agreement was entered into by the Company and certain holders of the Existing Notes with respect to the Restructuring (the "**RSA**"). As at the date of this Petition, certain noteholders holding an aggregate principal amount of approximately US\$336,284,000 of the Existing Notes (representing approximately 92.10% of the aggregate outstanding principal amount of all Existing Notes) had acceded to the RSA resulting in such holders of Existing Notes being obliged to vote their holdings of such Existing Notes in favour of the Scheme in accordance with the terms of the RSA.

**PURPOSE OF THE SCHEME**

17. The purpose of the Scheme is to effect the Restructuring of the Company's existing indebtedness under the Existing Notes in order to allow the Company and the Group to continue to operate on a going concern basis.
18. The Existing Notes are governed by the laws of the State of New York, United States of America. Notwithstanding this, the Scheme is necessary as a result of the Cayman Islands being the jurisdiction in which the Company is incorporated.
19. The principal features of the Scheme are that:
  - (a) on and following the Restructuring Effective Date, notwithstanding any term of any relevant documents and subject to the terms of the Scheme, the Scheme Claims of all Scheme Creditors shall be released and discharged fully and absolutely, in each case so as to bind the Scheme Creditors (including, for the avoidance of doubt, any person who has or acquires after the Record Time (as

defined in the Explanatory Statement) any interest in or arising out of a Scheme Claim);

- (b) in consideration for each Scheme Creditor releasing and discharging its Scheme Claims against the Company, the Company shall distribute the Scheme Consideration to the Scheme Creditors or their Designated Recipients (as defined in the Explanatory Statement) (if any) in accordance with the terms of the Scheme;
- (c) the Scheme Consideration to be distributed in accordance with the terms of the Scheme comprises of:
  - (i) the New Notes (as defined in the Explanatory Statement); and
  - (ii) the Cash Consideration (as defined in the Explanatory Statement);

in each case subject to, amongst other things, the approval at the Scheme Meeting (as defined below) of at least a majority in number representing seventy-five per cent (75%) or more in value of the Scheme Creditors present and voting, either in person or by proxy, at the Scheme Meeting as required pursuant to section 86 of the Companies Act.

## THE SCHEME CREDITORS

20. The Scheme affects a single class of creditors of the Company, being those persons with a beneficial interest as principal in the Existing Notes held in global form or global restricted form through Euroclear or Clearstream Banking S.A. as at the Record Time and which has a right, upon satisfaction of certain conditions, to be issued definitive notes in accordance with the terms of the Existing Notes and the Existing Notes Indentures (the "**Scheme Creditors**").

## THE SCHEME MEETING

21. In relation to the Scheme, the Company intends to make an application for certain orders, directions and/or declarations, including, amongst other things, the following:
- (a) that the relevant class of creditors of the Company affected by the Scheme is that referred to at paragraph 20 above;

- (b) that the Company be at liberty to convene a single meeting of the Scheme Creditors for the purpose of considering and, if they think fit, approving the Scheme (with or without modification) (the "**Scheme Meeting**");
- (c) as to the mode of delivery of an Explanatory Statement (which includes, amongst other things, a detailed explanation of the proposed Scheme and the Restructuring and the notice of the Scheme Meeting) and the Solicitation Packet which includes, amongst other things, a form of account holder letter, distribution confirmation deed, designated recipient form and guidance notes containing instructions for Scheme Creditors regarding how to vote on the Scheme at the Scheme Meeting and how to become eligible to receive the Scheme Consideration under the Scheme; and
- (d) as to the appointment of a chairperson of the Scheme Meeting, and for directions that the chairperson should report the results of such Scheme Meeting to this Honourable Court within seven days of the Scheme Meeting.

22. The resolution intended to be submitted at the Scheme Meeting is:

*"THAT the Scheme of Arrangement (a copy of which has been produced at this Scheme Meeting and for the purposes of identification signed by the chairperson hereof) in its original form or with such modifications, additions or conditions as may be approved or imposed by the Grand Court of the Cayman Islands and as may be agreed by the Company which would not directly or indirectly have a material adverse effect on the rights of the Scheme Creditors, be and is hereby approved."*

**YOUR PETITIONER, THE COMPANY, THEREFORE HUMBLY PRAYS:**

- 1. THAT the Scheme be sanctioned by this Honourable Court so as to be binding on the Company and the Scheme Creditors subject to the satisfaction or waiver (if applicable) of any and all conditions set out in the Scheme;
- 2. THAT, to this end, all necessary inquiries may be made and directions may be made and given; and
- 3. SUCH further orders or other relief as this Honourable Court sees fit.

**AND** your Petitioner will ever pray etc.

**DATED** the 10 day of February 2021

*Walkers*

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**WALKERS**  
Attorneys at Law for the Petitioner

**Note: It is not intended that this Petition be served on anyone.**

**ENDORSEMENT**

This Petition has been presented to the Grand Court of the Cayman Islands on the \_\_\_\_ day of February 2021 and will be heard by the Grand Court of the Cayman Islands on the \_\_\_\_ **day of** \_\_\_\_\_ **2021 at 10:00am** (or as soon thereafter as the Petition can be heard).

This Petition was presented by Walkers, Attorneys-at-Law for the Petitioner, whose address for service is that of its said Attorneys-at-Law, 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands.