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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)**

## **INSIDE INFORMATION**

### **(1) DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023; (2) POSTPONEMENT OF BOARD MEETING; AND (3) POSSIBLE SUSPENSION OF TRADING**

This announcement is made by Hilong Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and Rule 13.49(3)(i) of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

#### **DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the Shareholders and potential investors that, recently, during the course of the audit process and preparation of the annual results of the Group for the year ended 31 December 2023 (the “**2023 Annual Results**”), PricewaterhouseCoopers, the auditor of the Company (the “**Auditor**”) identified certain issues in relation to some of the Group’s transactions. The key issues identified by the Auditor are summarized below:

1. As of 31 December 2023, the Group’s outstanding principal amount of senior notes amounted to approximately USD314 million with a maturity date on 18 November 2024, and it is noted that the Company is still in the process of assessing and communicating with the creditors to formulate a plan and the implementation of related measures for the extension of debts (“**Debt Extension**”) to support that the Group will be able to continue as a going concern.

\* For identification purposes only

2. The transactions for sale and procurement of pipe materials entered into by certain Russian subsidiaries of the Group for the years ended 31 December 2022 and 2023 (the “**Russian Subsidiaries**”) and a business entity (“**Entity A**”) domiciled in Russia (the “**Transactions**”). The Auditor raised concerns about certain details of the Transactions and suggested that, among others, (i) the audit committee of the Company (the “**Audit Committee**”) is responsible for the formation of an independent investigation committee; (ii) the independent investigation committee shall appoint an independent third-party investigative agency to assist its investigation (the “**Investigation**”) on, among others, (a) the concerns raised by the Auditor with respect to the Transactions; (b) the relationship between the Group and Entity A; and (c) the commercial basis of the Transactions.
3. The Auditor raised concerns about certain details of prepayments made by the Group to its suppliers in relation to the procurement of pipeline materials, equipment and others (the “**Prepayments**”), and the Company is obtaining further information and supporting documents to ascertain the business substance and support the relevant audit work.

As of the date of the announcement, the Board and the Audit Committee are working proactively with the Auditor to address above issues and any other matters raised by the Auditor. Particularly, the Company, has taken the following actions, amongst other things:

1. The management of the Company has maintained ongoing dialogue with the Auditor to assist the Auditor in its audit work with respect to the above matters, including, provision of the underlying agreements and such other documents or information.
2. The Company has engaged a financial adviser to formulate a proposed plan for the Debt Extension in order to meet its financial obligations in 2024 and will provide the relevant information as requested by the Auditor.
3. In addition, as requested by the Auditor, an independent investigation committee (the “**Investigation Committee**”) comprising three independent non-executive directors, namely Mr. WANG Tao (王濤), Mr. WONG Man Chung Francis and Mr. SHI Zheyang, and two non-executive Directors, namely Ms. ZHANG Shuman and Dr. FAN Ren Da Anthony, was established on 2 March 2024, to initiate an independent investigation on the matters raised by the Auditor in relation to the Transactions.
4. The Investigation Committee has engaged Ernst & Young (China) Advisory Limited (the “**Independent Advisor**”) on 12 March 2024 as the forensic accounting specialist to conduct the Investigation with the intention to complete the Investigation and finalise the 2023 Annual Results before the end of March 2024. Its scope of work includes, among others, investigating (i) the background of Entity A; (ii) the commercial basis of procurement and sales conducted with Entity A; (iii) the payment of sales and marketing expenses by the Russian Subsidiaries through Entity A; (iv) involvement and corporate approval of the Group’s personnel with respect to the Transactions. The Company has been proactively providing necessary information and documents to the Independent Advisor to conduct the Investigation. As of the date of this announcement, the Board has been informed by the Independent Advisor that the Investigation is still ongoing. In the light of the fact that the Investigation will take more time to complete, it is likely that the finalization of the audited financial statements and the completion of the audit may take longer than the prescribed time frame.

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement for the 2023 Annual Results on a date not later than three months after the end of the financial year of the Company, namely, on or before 31 March 2024. Under Rule 13.49(2) of the Listing Rules, the preliminary announcement in relation to the 2023 Annual Results shall be based on the Company's financial statements for the year ended 31 December 2023, which shall be agreed with the Auditor.

The Board hereby announces that, as the Company needs more time to finalise the 2023 Annual Results and complete the Investigation, and the Auditor also needs more time to collect information and complete the audit, after due and careful consideration, it is of the view that there will be a delay in the publication of the 2023 Annual Results. The delay in publication of the 2023 Annual Results constitutes non-compliance of Rule 13.49(1) of the Listing Rules.

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditor (so far as the information is available). The Board, after due and careful consideration, is of the view that it would not be appropriate for the Company to publish the unaudited management accounts of the Group for the year ended 31 December 2023 at this stage as it may not be complete and reflect a true and fair view of the actual financial performance and position of the Group and may create unnecessary confusion to the public in the interim period given that the results of the Investigation is still pending.

Further announcement(s) will be made by the Company to inform the shareholders and potential investors of the Company any material developments in connection with the Investigation and the 2023 Annual Results as and when appropriate.

## **POSTPONEMENT OF BOARD MEETING**

The Board wishes to emphasize that the operation of the Group remains normal. However, as explained above, since the auditing process has been delayed, the Board meeting for the purposes of, among other matters, considering and approving the 2023 Annual Results, will be postponed to another date to be fixed and announced by the Board.

## **POSSIBLE SUSPENSION OF TRADING**

Pursuant to Rule 13.50 of the Listing Rules, if the issuer fails to publish periodic financial information in accordance with the Listing Rules, The Stock Exchange of Hong Kong Limited will usually request a suspension of trading in the issuer's securities, and the suspension will usually continue until the issuer publishes an announcement containing the necessary financial information. Therefore, trading in the shares of the Company is currently expected to be suspended with effect from 9:00 a.m. on April 2, 2024, pending the publication of the 2023 Annual Results.

**Shareholders and potential investors of the Company are advised to exercise due caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek advice from professional or financial advisers.**

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

Hong Kong, 19 March 2024

*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, Dr. YANG Qingli, Mr. CAO Hongbo and Dr. FAN Ren Da Anthony; and the independent non-executive directors are Mr. WANG Tao (王濤), Mr. WONG Man Chung Francis and Mr. SHI Zheyang.*