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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) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
CONTINUING CONNECTED TRANSACTIONS  
UNDER RULE 14A.60 OF THE LISTING RULES AND  
MTC TRANSACTIONS AGREEMENTS;  
(2) UPDATE ON THE INTERNAL CONTROL REVIEW;  
AND  
(3) CONTINUED SUSPENSION OF TRADING**

Reference is made to the announcement of the Company dated 21 February 2025 (the “**Announcement**”) in respect of, among other things, the continuing connected transactions under Rule 14A.60 of the Listing Rules and the MTC Transaction Agreements, the respective transactions contemplated thereunder and remedial actions. Unless otherwise defined herein, capitalised terms in this announcement shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Board wishes to provide a chronology of events for better comprehension of the circumstances leading to the non-compliances and how such non-compliances came to the Company’s attention.

**Chronology of Events**

As disclosed in the announcement in relation to the key findings of the investigation dated 16 October 2024, MTC was established on 23 September 2022. It entered into the Angle Valve and Sealing Ring Agreement with Pipeline Surgut in October 2022 and the MTC Welding Wire Supply and Painting Services Agreement with Technomash in January 2023. Between March 2023 and June 2023, business units were required to report to the financial control centre of the Group the continuing connected transactions that were expected to continue upon the completion of the disposal of Hilong Pipeline. At the time, the Drill Pipe Supply Agreement was not reported to the Group level due to unintentional and inadvertent oversight of the staff of Drilling Technology, and such agreement was not disclosed in the Company’s announcement dated 27 June 2023 in relation to the continuing connected transactions pursuant to Rule 14A.60 of the Listing Rules. The Drill Pipe Supply Agreement and the Angle Valve and Sealing Ring Agreement was automatically renewed in July 2023 and October 2023, respectively, but no report was made to the financial control centre of the Group.

MTC also entered into the Coating Services, Hardbanding Services and Spraying and Warehousing Services Agreement and the MTC Drill Pipe Supply Agreement with Technomash in January 2024. The MTC Welding Wire Supply and Painting Services Agreement was also automatically renewed in January 2024. The Coating Services, Hardbanding Services and Spraying and Warehousing Services Agreement, the Drill Pipe Supply Agreement, the Drill Pipe and Welding Wire Supply and Painting Services Agreement and the Angle Valve and Sealing Ring Agreement were terminated in 26 June 2024, 29 July 2024, 22 October 2024 and 24 October 2024, respectively.

In July 2024, the Company engaged an independent internal control consultant, Acclime Consulting (Hong Kong) Limited (凱晉諮詢顧問有限公司) (“**Internal Control Consultant**”), to conduct a targeted internal control review. The first draft internal control review report was issued in December 2024. Between December 2024 and January 2025, the internal audit department of the Group, during the process of reviewing the draft internal control review report, its internal audit and preparation for the 2024 annual results, conducted checks and analyses on connected transactions conducted in 2024. It requested business units to report on the implementation progress of such transactions. The internal audit department reviewed the report prepared by the business units in January 2025 and noticed that the Drill Pipe Supply Agreement and the MTC Transaction Agreements were not reported to the financial control centre of the Group. The finding was reported to the internal control review committee (“**CCT IC Committee**”) in February 2025.

On 21 February 2025, the Board convened a meeting with the CCT IC Committee to, inter alia, review the transactions contemplated under the Drill Pipe Supply Agreement and the MTC Transaction Agreements.

## **UPDATE ON THE INTERNAL CONTROL REVIEW**

### **Scope of the Internal Control Review**

Reference is made to the announcements dated (i) 18 June 2024 in relation to the Resumption Guidance and (ii) 30 December 2024 in relation to the third quarterly update on status of Resumption. To address the Resumption Guidance from the Stock Exchange and to further enhance the internal controls of the Company, the Company engaged the Internal Control Consultant to conduct an independent review of the internal control procedures of the Company and all the subsidiaries identified in the Investigation, including MTC, for the review period of 1 July 2023 to 30 June 2024 (“**Internal Control Review**”).

The scope of the Internal Control Review covered a review of the following areas:

- (i) corporate governance (including control environment, risk assessment and management, monitoring activities, information and communication, anti-fraud policies and procedures and internal control measures); and
- (ii) financial reporting and disclosures (including revenue and accounts receivables, procurement and payables/prepayments, cash and treasury management, inventory management, fixed assets management, taxation, human resources and payroll management, insurance, IT general controls, research and development).

Based on the Internal Control Review, the Group will implement the following measures in relation to connected transactions, including (i) revising sales management, procurement management and legal affairs management policies of the Group to clarify its definition of material contracts and implementation requirements. Each subsidiary shall submit monthly contract ledger to the Group; (ii) establishing written policies and reporting system for the Group and each subsidiary shall promptly report notifiable transactions, connected transactions and inside information to its respective business segment, the Group and the Board to obtain approval if necessary in accordance with Listing Rules; (iii) the internal audit department of the Group will incorporate reporting procedures of material contracts into the scope of regular audit and will conduct sample inspections on the approval and reporting procedures and submit internal audit reports to the Board semi-annually; and (iv) the chief financial officer, the head of internal audit department and head of legal and compliance department report to the Board monthly while the senior management team holds meeting with the Board quarterly on the status of the Group in relation to their duties.

The Internal Control Review has been completed as of the date of this announcement. The Company will separately announce the key findings and recommendations of the Internal Control Review and the implementation and status of the proposed remedial actions accordingly.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, the trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 2 April 2024, and will remain suspended until further notice.

**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 their own professional or financial advisers.**

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

Hong Kong, 31 March 2025

*As of the date of this announcement, the executive director of the Company is Mr. ZHANG Jun; 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, Mr. WONG Man Chung Francis and Mr. SHI Zheyang.*

\* *For identification purposes only*