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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE 2024 ANNUAL RESULTS
AND
2024 ANNUAL REPORT**

References are made to the annual results announcement of Hilong Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2024 published on 30 March 2025 (the “**2024 Annual Results**”) and the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”) published on 29 April 2025. Unless otherwise defined, terms used herein shall have the same meanings as defined in the 2024 Annual Results and the 2024 Annual Report.

In addition to the information provided in the 2024 Annual Report, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company would like to provide further information to the Corporate Governance Report enclosed in the 2024 Annual Report in relation to the Disclaimer of Opinion issued by Crowe (HK) CPA Limited (“**Crowe**”), the auditor of the Company, in relation to the consolidated financial statements of the Group for the year ended 31 December 2024 (“**FY2024 Financial Statements**”) pursuant to Code Provision D.1.3 of Appendix C1 to the Listing Rules.

BASIS FOR DISCLAIMER OF OPINION

As set out in Note 2.2 to the FY2024 Financial Statements, as at 31 December 2024, the Group’s current liabilities included borrowings of RMB2,686,464,000, of which the Group failed to repay loan notes of RMB2,261,082,000 (the “**2024 Notes**”) on due date on 18 November 2024 and bank and other borrowings of RMB425,382,000 are repayable within 12 months from the end of the reporting period but the Group’s cash and cash equivalents amounted to RMB721,631,000 only. This condition, together with other matters disclosed in Note 2.2 to the FY2024 Financial Statements, indicates the existence of material uncertainties which cast significant doubt on the Group’s ability to continue as a going concern.

In view of the existence of multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, Crowe was unable to form an opinion on the FY2024 Financial Statements. Please refer to “Basis for Disclaimer of Opinion – Multiple Uncertainties Relating to Going Concern” in the “Independent Auditor’s Report” on page 69 of the 2024 Annual Report for details.

MANAGEMENT’S VIEWS ON THE GOING CONCERN BASIS

In view of such circumstances, during preparation of the 2024 Annual Report, the management of the Company (the “**management**”) had taken into account all available information pursuant to Hong Kong Accounting Standards (including factors relating to debt repayment schedules, potential sources of replacement financing and the current and expected profitability of the Group) in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. The management devised the following plans and measures to mitigate the liquidity pressure and to improve its cash flows:

- (i) proactively working with its legal and financial advisor to communicate with the holders of the 2024 Notes, seeking their support for the proposed restructuring plan to extend the maturity date. The Group would continue its efforts to successfully complete the holistic proposed restructuring as early as possible, in order to achieve a long-term sustainable capital structure and to resolve its liquidity issue;
- (ii) seeking new sources of financing to settle the Group’s existing financial obligations and future operating and capital expenditures; and
- (iii) implementing measures to speed up the collection of trade and other receivables and effectively control cost and expenses.

The management had also prepared the Group’s cash flow projection, which covered a period of at least 12 months from the date of approval of the FY2024 Financial Statements. At the material time, the management were of the opinion that, the holders of the 2024 Notes would agree to the proposed restructuring plan to extend the maturity date of the 2024 Notes, the Group would successfully obtain new sources of financing, the Group would have sufficient funds to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of approval of the FY2024 Financial Statements. Accordingly, at the material time, the Directors were satisfied that it was appropriate to prepare the consolidated financial statements on a going concern basis.

AUDIT COMMITTEE’S VIEW

The audit committee of the Company (the “**Audit Committee**”) had taken the following steps in assessing whether the going concern assumption mentioned above is appropriate for the preparation of the FY2024 Financial Statements, including but not limited to: (i) discussed with the management about the plans and measures mentioned in the paragraph above; (ii) reviewed the Group’s cash flow projection prepared by the management; (iii) reviewed the FY2024 Financial Statements and discussed with the management in relation to the financial performance of the Group and the outlook for 2025; (iv) discussed with Crowe about the Disclaimer of Opinion and major findings in its audit of the FY2024 Financial Statements; and (v) obtained advice from the Company’s legal and financial advisor to the proposed restructuring of the 2024 Notes. Based on the above steps, nothing has come to the Audit Committee’s attention that gives rise to concern about the management’s position of preparing the FY2024 Financial Statements on a going concern basis.

Save as disclosed above, the contents of the 2024 Annual Report remain unchanged.

UPDATES

Despite the filing of the winding-up petition (the “**Petition**”) dated 27 May 2025, as disclosed in the Company’s announcement published on 29 May 2025, the Company remains confident in reaching an agreement on the proposed restructuring plan with the Ad Hoc Group. In the coming months, the Company will vigorously oppose the Petition while continuing its active engagement with the Ad Hoc Group and their advisers through email, phone conversations, and targeted principal-to-principal discussions to further the negotiation. The objective is to finalize all outstanding commercial terms and secure alignment on a plan as soon as practicable.

Management believes that upon completion of the proposed restructuring, it will materially improve the Group’s capital structure, extend its debt maturity profile, and resolve the basis for the Disclaimer of Opinion. Since April 2025, the Company has launched targeted efforts to accelerate the collection of trade and other receivables. Dedicated teams are focused on key customers, with improvements in collection performance already observed. This initiative is expected to generate incremental working capital inflows throughout the second half of 2025.

The Company has also implemented group-wide cost control measures. Non-essential expenses and discretionary capital expenditures have been suspended. Operating cost rationalization is ongoing at the business unit level. These measures have improved operating cash flow and are expected to contribute further savings through 2025.

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

Hong Kong, 7 July 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 Zheyuan.

* *For identification purposes only*