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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)**

## **FULFILLMENT OF ALL RESUMPTION GUIDANCE AND RESUMPTION OF TRADING**

This announcement is made by Hilong Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated (i) 19 March 2024 and 25 March 2024 in relation to, among others, the delay in publication of the 2023 Annual Results announcement and despatch of the 2023 Annual Report, the establishment of the Investigation Committee, and the postponement of the Board meeting; (ii) 30 April 2024 in relation to further delay in publication of the 2023 Annual Results and despatch of the 2023 Annual Report; (iii) 31 May 2024 in relation to, among others, the resignation of PricewaterhouseCoopers as the auditor of the Company and the postponement of the 2024 annual general meeting; (iv) 18 June 2024 in relation to the Resumption Guidance; (v) 28 June 2024 in relation to the first quarterly update on the status of resumption; (vi) 8 July 2024 in relation to the appointment of Crowe as the new auditor of the Company; (vii) 22 August 2024 in relation to further delay in publication of the 2023 Annual Results and despatch of the 2023 Annual Report, and delay in publication of the 2024 Interim Results and 2024 Interim Report; (viii) 27 September 2024 in relation to the second quarterly update on status of resumption; (ix) 16 October 2024 in relation to key findings of the Investigation; (x) 30 December 2024 in relation to the third quarterly update on the status of resumption; (xi) 30 March 2025 in relation to the annual results announcement for the year ended 31 December 2024; (xii) 31 March 2025 in relation to the fourth quarterly update on the status of resumption; (xiii) 29 May 2025 in relation to the key findings of the Supplementary Investigation; (xiv) 29 May 2025 in relation to the completion of the internal control review; (xv) 29 May 2025 in relation to inside information on the Petition; and (xvi) 30 June 2025 in relation to the fifth quarterly update on the status of resumption (collectively, the “**Announcements**”); (xvii) the 2023 Annual Report published on 28 November 2024; (xviii) the 2024 Interim Report published on 16 December 2024; and (xix) and the Annual Report published on 29 April 2025 (collectively, the “**Reports**”). Unless otherwise indicated, capitalised terms used herein shall have the same meanings as defined in the Announcements and/or the Reports.

## (A) BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES

As disclosed in the relevant Announcements, during the course of the audit process for the year ended 31 December 2023, PricewaterhouseCoopers (the “**Former Auditor**”), the former auditor of the Company, set out certain key unresolved audit issues (the “**Key Audit Issues**”) and other matters that shall be brought to the attention of the shareholders (“**Shareholders**”) and the creditors (“**Creditors**”) of the Company. The key audit issues include, among others, the sale and procurement of pipe materials involving four Russian subsidiaries of the Group (“**Russian Subsidiaries**”) and a company established in Russia, Metal Technology Co., Ltd. (“**MTC**”) from 1 October 2022 to 31 December 2023 (the “**Transactions**”). The Investigation Committee was established to initiate an independent investigation into the Transactions and related business dealings of MTC.

On 19 March 2024 and 25 March 2024, the Company announced that, among others, it would not be able to publish the 2023 Annual Results on or before 31 March 2024 in accordance with Rule 13.49(1) of the Listing Rules. At the request of the Company, trading in the shares of the Company (the “**Shares**”) on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024.

In response to these matters, the Board has implemented remedial measures and engaged professional advisers to conduct comprehensive investigation and internal control review, findings of which are addressed in subsequent sections of this announcement.

### **Resumption Guidance**

As disclosed in the announcement of the Company dated 18 June 2024, the Stock Exchange has given the following Resumption Guidance:

- (i) conduct an appropriate independent investigation into the matters relating to the Transactions, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions (“**Resumption Condition 1**”);
- (ii) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Condition 2**”);
- (iii) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence (“**Resumption Condition 3**”);

- (iv) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules (“**Resumption Condition 4**”);
- (v) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Resumption Condition 5**”); and
- (vi) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position (“**Resumption Condition 6**”).

## **(B) FULFILLMENT OF RESUMPTION GUIDANCE**

The Company has fulfilled all the Resumption Guidance. Details are set out as follows:

**Resumption Condition 1 – conduct an appropriate independent investigation into the matters relating to the Transactions, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions**

In line with the requirements set out in the Resumption Guidance and, in any event, in order to properly address the issues arising in the best interests of Shareholders and potential investors, the Investigation Committee engaged Ernst & Young (China) Advisory Limited (the “**Independent Advisor**”) on 12 March 2024 as the forensic accounting specialist to conduct an independent investigation into the Transactions and related business dealings of MTC (the “**Investigation**”) involving four Russian Subsidiaries of the Group, namely Drilling Technology Limited Liability Company (“**Drilling Technology**”), Technomash LLC (“**Technomash**”), Hilong Petroleum Pipeline Service (Surgut) LLC (“**Pipeline Surgut**”) and Hilong Petroleum Pipeline Service (Orenburg) Limited Liability Company (“**Pipeline Orenburg**”), which took place during the period from 1 October 2022 to 31 December 2023 (the “**Review Period**”). The Independent Advisor issued the report of the Investigation dated 30 September 2024 (the “**Investigation Report**”). Subsequently, the Investigation Committee engaged the Independent Advisor to undertake further additional procedures to supplement the Investigation. Such procedures have also taken into account, among others, observations and queries raised by the Stock Exchange in relation to the Investigation. On 29 May 2025, the Independent Advisor completed the supplementary investigation (the “**Supplementary Investigation**”) and issued the updated investigation report (the “**Updated Investigation Report**”).

The scope and major procedures conducted by the Independent Advisor are set out in the key findings of the independent investigation dated 16 October 2024 (the “**Independent Investigation Announcement**”) and the key findings of the Supplementary Investigation dated 29 May 2025 (the “**Supplementary Investigation Announcement**”).

Key findings of the Investigation and the Supplementary Investigation are summarised as follows:

*(i) Background and business purposes of the establishment of MTC*

In 2022, the Russian Subsidiaries faced liquidity issues due to a combination of factors, including (a) the procurement of pipe materials from a Belarusian supplier (“**Supplier B**”) which required upfront prepayments, while the sales collections of the Russian Subsidiaries lagged; (b) the depreciation of Rubles against RMB led the Russian business division exchange Rubles for RMB, leaving minimal Rubles for local operations; and (c) unsuccessful attempt to seek alternative financing after their Russian financing bank (“**Bank C**”) was designated on the OFAC’s SDN List. Following the above, a finance employee of Drilling Technology at the material time (“**Employee A**”) proposed setting up an intermediary supplier, MTC, to obtain loans from Bank C and to in turn fund the required prepayments to Supplier B and other operating activities of the Russian Subsidiaries. MTC was established in September 2022, with the sole shareholder and general manager being Employee A. The business purpose was to assist the Russian Subsidiaries with financing and procurement, and earning profits from its trading with the Russian Subsidiaries to cover financing interests and certain purported salespersons commissions paid on behalf of the Russian Subsidiaries.

The establishment of MTC was reported to and agreed by the general manager of Drilling Technology and Technomash, the finance director of the Russian region and the general manager of the Russian region at the material time, and verbally approved by the General Manager of the Oilfield Equipment Segment at the material time who confirmed that he did not further report to or seek approval from his managers at the Group level in relation to the establishment of MTC, including the Executive President, CFO, and executive Directors at the material time.

*(ii) Lack of independence of MTC*

According to the findings of the Investigation, the Independent Advisor had not observed sufficient evidence suggesting that MTC was operating independently from the Russian Subsidiaries. In fact, there were overlaps in the personnel, day-to-day operations and management reporting process between MTC and the Russian Subsidiaries.

*(iii) MTC’s source of funding*

According to the findings of the Investigation and the Supplementary Investigation, MTC’s funding mainly originates from bank loans with Bank C (“**Bank C Loans**”) and trading profits as an intermediary supplier for the Russian Subsidiaries. During the Review Period, MTC obtained credit line in the aggregate amount of RUB4,250 million from Bank C, with guarantees from the Russian Subsidiaries and Trade House Hilong-Rus Co., Ltd., a subsidiary of the Group. The Bank C Loans were used to procure pipe and raw materials. Since MTC was required to satisfy Bank C’s requirement for borrowers to maintain a profit margin of not less than 8%, the pipe materials procured from Supplier B by MTC were sold on to the Russian Subsidiaries at a gross profit margin from 9% to 15%.

According to the Investigation Report, the Independent Advisor analysed MTC's accounting subledgers and bank statements, which were consistent with the Transactions, transactions with its third-party suppliers, and the drawdown, usage and repayment of bank loans. The Independent Advisor also obtained and analysed the replied confirmations from suppliers that the procurement transaction details and current balance are consistent with the books and records of MTC; and the replied bank confirmations that the loan balances are also consistent with the books and records of MTC.

As of the date of this announcement, the outstanding balance of the Bank C Loans is approximately RUB384.16 million, which represents a substantial reduction since 31 December 2023.

(iv) *Involvement of relevant personnel of the Russian Subsidiaries and certain senior management members of the Group regarding the establishment of MTC and the Bank C Loans*

According to the findings of the Investigation and the Supplementary Investigation, the Independent Advisor noted the involvement of relevant personnel of both the Russian Subsidiaries and certain senior management members of the Group at the material time. The extent of this involvement, including its limits, is summarised in the section headed "4. Involvement of relevant personnel of the Russian Subsidiaries and certain senior management members of the Group regarding the establishment of Entity A and the Bank C Loans" of the Independent Investigation Announcement. Otherwise, based on the information made available to the Independent Advisor, they have not identified documentary evidence suggesting that the Company's Directors had any decision-making role in connection with (a) the establishment of MTC; (b) the Transactions; and (c) the provision of the Russian Guarantees.

(v) *Transactions between MTC and the Russian Subsidiaries*

According to the findings of the Investigation and the Supplementary Investigation, during the Review Period, the Russian Subsidiaries had entered into eight groups of repurchase transactions with MTC of which (a) Drilling Technology sold and subsequently repurchased pipe materials from MTC in five separate groups of transactions; (b) Drilling Technology and Technomash sold and Drilling Technology subsequently repurchased fixed assets and accessories from MTC in two separate groups of transactions; and (c) Technomash sold and subsequently repurchased a portion of coating materials from MTC (collectively, the "**Repurchase Transactions**"). In respect of the Repurchase Transactions, the total sales amount made by the Russian Subsidiaries to MTC was RUB1,714 million and the repurchase amount from MTC by the Russian Subsidiaries was RUB1,883 million, through which MTC made a gross profit of RUB169 million.

In seven out of the eight groups of the Repurchase Transactions, the repurchase price was approximately 10% higher than the sales price, resulting a total gross margin of around 10% for MTC. For the last group of the Repurchase Transactions, the repurchase price was 1% higher than the sales price.

The Company's Russian Legal Advisor opined that the Repurchase Transactions between the Russian Subsidiaries and MTC do not constitute a violation of Russian civil law and no tax exposure risks are found for the parties in such Repurchase Transactions. Further, the Russian Legal Advisor believed that circumstances allow to justify the business purpose of the Repurchase Transactions to relevant tax authorities and noted that the Repurchase Transactions were also included in the materials provided to and accepted by Bank C.

According to the Updated Investigation Report, the Independent Advisor noted (a) a procurement transaction in the amount of RUB251.3 million (exclusive of VAT) in October 2022 (the "**Supplier D Transaction**") made by MTC with one supplier in Russia ("**Supplier D**") was without commercial substance, and (b) the parent company of Supplier D, a major customer of the Russian Subsidiaries, had an offsetting transaction in September 2022 without commercial substance with Drilling Technology. The Independent Advisor noted that MTC had no further transactions with Supplier D of similar nature in 2022 and 2023. During the audit of the Group for FY2023 and FY2024, it has not come to Crowe's attention, the Company's auditors, that the Group conducted other transactions similar to the Supplier D Transaction and the corresponding offsetting transaction as described above.

(vi) *Dividend declared to Employee A by MTC*

According to the Investigation Report and the Updated Investigation Report, during the Review Period, RUB93.5 million was declared as dividends by MTC and distributed to Employee A's personal bank account for the purpose of settling Russian Subsidiaries' marketing expenses. The Independent Advisor reviewed MTC's accounting ledger and noted that the dividend payment was recorded as dividend paid to Employee A. As advised by the management of the Russian Subsidiaries, the nature of the marketing expenses was in fact commissions and/or performance bonuses of local salespersons, a subcategory of marketing expenses. The purported salespersons commissions and/or performance bonuses were never recorded as expenses in MTC's accounting ledger. The Independent Advisor also noted that the dividend payments were never reported to the senior management of the Company and/or the Board. As such, the senior management of the Group did not have the opportunity to make enquiry and assess the commercial substance of the purported salesperson's commissions and/or performance bonuses, and to approve for the dividend payment. The Board did not accept that the dividend funds were paid for genuine business purposes and therefore the dividend payments were considered unauthorised.

Crowe also considered that the purported salespersons commissions and/or performance bonuses would not be considered as the Group's expenses for FY2022 and FY2023 as there was no contractual relationship established by the Group with any party for the payment of such purported salespersons commissions and/or performance bonuses by the Group (including MTC), and accordingly the Group (including MTC) has no obligation to make such payments.

In August 2024, the full amount of RUB93.5 million was recovered from Employee A.

*(vii) Financial impact of MTC on the Group's financial statements*

As disclosed in the relevant Announcements, after consultation with Crowe, the Board considered that the Group has control over MTC since its establishment and the financial statements of MTC should be consolidated into the Group's consolidated financial statements. Accordingly, the transactions among the Group and MTC had been eliminated in accordance with the Group's accounting policies.

Therefore, given the consolidation of MTC into the Group's consolidated financial statements, the Board is of the view that:

- (a) the Repurchase Transactions had been eliminated as intercompany transactions in the Group's consolidated income statement for FY2022 and FY2023; and
- (b) the financial impact arising from the Supplier D Transaction and the corresponding offsetting transaction was immaterial to the consolidated financial statements of the Group for FY2022.

A summary of the accumulated effects of the restatements on the consolidated balance sheet of the Group as at 31 December 2022 and on the consolidated income statement and other comprehensive income of the Group for the year ended 31 December 2022 by each financial statement line item affected are set out in the 2023 Annual Results published by the Company on 18 October 2024.

As disclosed in the Supplementary Investigation Announcement, Crowe also advised that no further adjustment or clarification of the prior year financial results will be required.

As of the date of this announcement, the transfer of shareholdings of MTC to the Group has been completed.

In response to the findings of both Independent Investigation and the Supplementary Investigation, the Investigation Committee proposed the following recommendations and remedial measures, which have been accepted and adopted by the Board:

**1) *Audit assessment***

The Investigation Report and Updated Investigation Report have been provided to Crowe, which advised that no further adjustment or clarification of the prior year financial results will be required.

## 2) *Change of relevant person of the Board and the management of the Group*

The Investigation Committee considered that, as disclosed in the Independent Investigation Announcement and the Supplementary Investigation Announcement, the findings of the Investigation and Supplementary Investigation show that the actions or inactions of the relevant persons were primarily due to an overall lack of sensitivity on internal control processes and due diligence, and that none of the persons has any ulterior intent to defraud the Company or its Shareholders.

Appropriate actions have been taken against the relevant persons:

- (i) Mr. Wang Tao (汪濤), an executive Director at the material time, the internal audit officer, general manager of the Russian Region, general manager of Drilling Technology at the material time and Employee A have tendered their respective resignations and ceased to hold any positions in the Group.
- (ii) The Executive President, general manager, vice general manager and finance director of the Oil Equipment Segment at the material time have all been demoted. Such persons have received compulsory trainings on internal control.
- (iii) The CFO has faced penalties of demerit and salary reduction.

The former position of each relevant person who has either been demoted or ceased to have any position with the Group as set out above has been filled by qualified and experienced personnel, with the approval by the Board.

## 3) *Strengthening the reporting mechanisms*

The senior management team has held meetings at least quarterly to discuss the latest updates on the core functions of the Group. The heads of each business segment have reported to the Board at least quarterly. All members of the senior management team have held meetings with the Board at least quarterly to report the updates on the core function. The CFO, the newly appointed head of internal audit department and the head of legal and compliance department report to the Board (without the executive Director's presence) at least monthly.

## 4) *Internal Control Review and ongoing monitoring*

As disclosed in the relevant Announcement, the Independent Advisor identified certain internal control weaknesses of the Company. To address the Resumption Guidance from the Stock Exchange and to further enhance the internal controls of the Company, the Company engaged Acclime Consulting (Hong Kong) Limited (凱晉諮詢顧問有限公司) as the internal control consultant (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 for the review period from 1 July 2023 to 30 June 2024 and the follow-up review period from 1 July 2024 to 29 May 2025 (the “**Internal Control Review**”), and the Internal Control Consultant has provided rectification recommendations for the Company's consideration. On 29 May 2025, the Internal Control Consultant submitted its final report in respect of the Internal Control Review and follow-up assessment of the remedial actions implemented by the Group (the “**Internal Control Review Report**”) to the Audit Committee and the Board.

For further details, please refer to the section below headed “Resumption Guidance 4” in this announcement.

**5) *Regular management and employee training***

Relevant trainings have been provided to the management and employees of the Group regularly to improve their knowledge in accounting and the Listing Rules. Such training topics include directors’ responsibilities, corporate governance, notifiable and connected transactions requirements and financial reporting requirements under the Listing Rules.

In light of the above, the Company has (i) completed both the Investigation and the Supplementary Investigation, (ii) announced their findings through the Independent Investigation Announcement and the Supplementary Investigation Announcement, respectively, and (iii) implemented all recommendations and remedial measures. Accordingly, Resumption Condition 1 has been fulfilled.

**Resumption Condition 2 – publish all outstanding financial results required under the Listing Rules and address any audit modifications**

The Company has published: (a) the 2023 Annual Results on 18 October 2024; (b) the 2023 Annual Report on 28 November 2024; (c) the 2024 Interim Results on 27 October 2024; (d) the 2024 Interim Report on 16 December 2024; (e) the 2024 Annual Results on 30 March 2025; and (f) the 2024 Annual Report on 29 April 2025.

The Company acknowledges the disclaimer of opinion issued by its auditor in respect to the consolidated financial statements for the year ended 31 December 2024 (the “**Disclaimer of Opinion**”), particularly relating to uncertainties surrounding the Group’s ability to continue as a going concern. As set out in note 2.2 to the consolidated financial statements in the 2024 Annual Results, as at 31 December 2024, the Group’s current liabilities included borrowings of RMB2,686,464,000, of which RMB2,261,082,000 pertains to the notes (the “**2024 Notes**”) that the Group failed to repay on the maturity date of 18 November 2024, and RMB425,382,000 of bank and other borrowings 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 the note 2.2 to the consolidated financial statements, indicates the existence of material uncertainties which cast significant doubt on the Group’s ability to continue as a going concern.

In response, the Company has formulated an action plan to address the underlying issues. The key measures and implementation timeline are as follows:

**(i) *Debt restructuring and other financing options***

- (a) to alleviate refinancing pressure and improve the Group’s capital structure and liquidity outlook, the Company has been actively exploring a potential restructuring of the 2024 Notes;

- (b) as disclosed in the Company's announcements dated 30 October 2024 and 18 November 2024, the Company has been exploring options for a restructuring and/or amendment of the 2024 Notes. The Company has always and remains committed to good faith discussions with all its creditors including the Ad Hoc Group, with a view to reaching a consensual solution that is in the interests of the Company and its stakeholders;
- (c) 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 continues to engage in active dialogue with the Ad Hoc Group and its advisers, and 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. The Company also remains in close communications with other noteholders outside of the Ad Hoc Group in relation to the proposed restructuring;
- (d) 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; and
- (e) in addition, the Group continues to explore alternative financing options and borrowing arrangements to meet its existing financial obligations including the 2024 Notes, as well as to fund future operating and capital expenditure requirements.

(ii) *Implementation of measures to expedite collection of trade and other receivables*

To improve its overall liquidity and working capital, the Company has strengthened its credit control and collection processes, taking measures such as:

- (a) conducting a comprehensive review of aged receivables and prioritizing the recovery of high-value accounts, with dedicated teams focusing on key customers;
- (b) increasing the frequency and intensity of follow-up actions by both the finance and sales departments to accelerate the collection of trade and other receivables;
- (c) implementing tighter internal controls on credit terms granted to customers, including revised approval thresholds and periodic credit reviews; and
- (d) considering legal action and other enforcement measures for long-outstanding receivables, where commercially appropriate.

*(iii) Costs and expenses controls*

The Company has implemented a series of initiatives to help reduce operating costs and enhance cash flow management that include but not limited to:

- (a) reviewing and renegotiating supplier contracts and procurement terms to achieve more favorable pricing and payment terms;
- (b) rationalizing or divesting non-core businesses and underutilized assets to reduce overhead; and
- (c) curtailing discretionary spending, including restrictions on non-essential travel, entertainment, and professional services.

In light of the above, Resumption Condition 2 has been fulfilled.

**Resumption Condition 3 – demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence**

As disclosed in the section “Resumption Condition 1 – Change of relevant person of the Board and the management of the Group” of the announcement above, appropriate actions have been taken against the relevant persons.

Having reviewed the findings of the Investigation and the Supplementary Investigation, the Investigation Committee considered that the current Directors remain suitable to act as a Director under Rules 3.08 and 3.09 of the Listing Rules for the reasons set out below: (a) it is noted that the documentary evidence did not reveal any issues of integrity, competence or character on any current Directors; (b) all the current Directors are committed to completing further training on, among others, Listing Rules compliance, director’s duties and corporate governance matters; and (c) all the current Directors have provided valuable contributions to the Group with their industry experience and expertise throughout his/her tenure. The Investigation Committee is of the view that nothing has come to its attention that gives rise to any reasonable regulatory concern about the integrity, competence or character of the current Directors or senior management of the Company which may pose a risk to the Shareholders and potential investors or damage market confidence.

In light of the above, Resumption Condition 3 has been fulfilled.

**Resumption Condition 4 – conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules**

As disclosed in the Company’s announcement dated 29 May 2025 (the “**Internal Control Review Announcement**”), all remedial actions recommended by the Internal Control Consultant have been completed on or before 29 May 2025 and the Internal Control Consultant has accordingly issued the Internal Control Review Report (the “**Internal Control Review Report**”) on 29 May 2025 upon its follow-up assessment of the remedial actions implemented by the Group, which concluded that all findings of the Internal Control Review have been remedied and no material weakness or deficiency in the internal control system of the Group has been identified by the Internal Control Consultant in the follow-up assessment.

As part of the recommendations of the Internal Control Review, the Company has implemented comprehensive enhancements to its internal controls, including but not limited to:

- (i) revising the Group’s Sales Management Policy, Procurement Management Policy and Legal Affairs Management Policy, clarifying material contract definitions and implementation requirements, and requiring submission of monthly contract registers from subsidiaries;
- (ii) establishing a global management system to enhance the oversight of the operations and material matters of the overseas subsidiaries;
- (iii) incorporating supplier admission processes, conflict of interest, periodic supplier evaluations, financing activities, external guarantees, equity and fixed asset investments, accounts receivable and payable management and seal management into the scope of annual audit with primary focus on overseas subsidiaries. On-site audits will be carried out on all Russian subsidiaries;
- (iv) establishing written management policies for new suppliers’ admission, procurement and accounts payable and submitting monthly accounts payable analysis to regional management and the Group for overview and management;
- (v) revising tendering and bidding implementation guideline for suppliers with quotation requirements and updating price inquiry records and approval provisions of relevant guidelines; and
- (vi) establishing Prepayment Management Policy which requires subsidiaries to prepare monthly prepayment aging analysis table and requiring subsidiaries to prepare and submit prepayment register to relevant business units for review.

Having considered the key findings of the Internal Control Review, the remedial actions implemented by the Group and the conclusion of the follow-up assessment of the Internal Control Consultant that no material weakness or deficiency in the Group's internal control systems has been identified, the Audit Committee and the Board are of the view that the remedial actions implemented by the Group are adequate and sufficient to address the key findings of the Internal Control Review and the enhanced internal control system will enable the Company to manage its related risks at a reasonable level. As such, the Board is of the view that the Company now has in place adequate internal control systems to meet its obligations under the Listing Rules.

For further details, please refer to the Internal Control Review Announcement.

The Company will continue to supervise and closely monitor the implementation of the enhanced internal control system going forward. For certain deficiencies where sampling was not feasible during the follow-up review at the material time, the Company will incorporate the matter into its scope of internal control review in the current financial reporting period, in accordance with paragraph H of the mandatory disclosure requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules (“**CG Code**”). Such review findings, together with the key findings of the Internal Control Review and the remedial actions will be disclosed in accordance with the CG code in its next corporate governance report. Based on the above, the Company is of the view that it has fulfilled this Resumption Condition 4.

#### **Resumption Condition 5 – demonstrate the Company's compliance with Rule 13.24 of the Listing Rules**

The Group is principally engaged in manufacturing and distribution of oil and gas drilling equipment, oilfield and offshore engineering services. Since the suspension of trading in the Shares on 2 April 2024 and up to the date of this announcement, the Group has continued its normal business operations as usual and there has been no major change in the business operations of the Group.

The key financial data of the Group as disclosed in the 2024 Annual Report is set out below:

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4,668,332	4,251,531
Gross profit	1,121,765	915,466
Operating profit	371,771	434,509
Profit for the year	30,072	171,531
Total assets	8,077,721	7,957,923
Total liabilities	4,818,597	4,628,918

In 2024, the Company recorded a total revenue of RMB4,668.3 million, representing an increase of 9.8% compared with 2023, which was mainly due to the increase in revenue from the oilfield services and offshore engineering services segment. The increase in revenue from oil services primarily reflected the increase in revenue from tubing and casing trading business and the recovery of the utilization rate of drilling rigs in 2024 as compared to 2023; while the increase in revenue from offshore engineering services primarily reflected the increase in revenue from the subsea pipeline laying project and offshore drilling platform construction project. In addition, the Group sold 63,851 and 8,115 tonnes of drill pipes in the international market and the PRC market, respectively, in 2024. The Group also strengthened its cash flow management by implementing active financial measures, such as strengthening accounts receivable management and inventory management measures, to enhance the overall operating efficiency, securing a relatively stable cash flow in 2024. For further details of the Group's business and financial performance for the year ended 31 December 2024, please refer to the 2024 Annual Report.

Notwithstanding the latest development regarding the Petition as disclosed in Resumption Condition 2 above and its impact on the Group's operations, the Board is of the view that (a) the Group's business operations remain stable and viable, (b) the Company is capable of reaching an agreement with its onshore and offshore creditors on consensual restructuring plans, (c) the Group has assets of sufficient value and working capital to support its activities and the Company can continue as a going concern for at least the next 12 months as set out in the 2024 Annual Report, and (d) the Company is capable of meeting the requirements of Rule 13.24 of the Listing Rules to warrant the continued listing of the Shares on the Stock Exchange. Hence, the Company is of the view that it has fulfilled this Resumption Condition 5.

#### **Resumption Condition 6 – inform the market of all material information**

Since the suspension of trading in the Shares on 2 April 2024, the Company has been updating the Shareholders and potential investors on a regular basis and publishing all material information on a timely basis to keep the Shareholders and the market informed of the Group's status and latest developments, including but not limited to the progress in fulfilling the Resumption Guidance, the key findings of the Investigation, the Internal Control Review, and their respective updates. The Company considers that it has announced all material information necessary and appropriate for Shareholders and investors to appraise the Company's position. Hence, the Company is of the view that it has fulfilled Resumption Condition 6.

#### **(C) RESUMPTION 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. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 8 July 2025.

**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, 7 July 2025

*As at 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*