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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**

### **SUPPLEMENTAL ANNOUNCEMENT**

This announcement is made by Hilong Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) 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).

Reference is made to the announcement of the Company dated 19 March 2024 (the “**Announcement**”) in relation to, among others, the delay in publication of annual results announcement for the year ended 31 December 2023, the postponement of the Board meeting and possible suspension of trading. Unless the context requires otherwise, capitalized terms used herein 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 the following additional information regarding the Transactions and Prepayments as set out below:

#### **Further information in relation to the Transactions with Entity A**

Due to the implication of geopolitical factors between Russia and Ukraine on the Group’s business operations and to manage cash flows of the Company’s subsidiaries in the region, the Russian Subsidiaries had procured pipe materials from a company located in Belarus through Entity A, and at the same time, the Russian subsidiaries had sales transactions with Entity A. The Auditor noted that, among others, Entity A was established by a finance employee of the Russian Subsidiaries. Based on the information available to the Company as at the date of this Announcement and the unaudited consolidated management accounts of the Group, the total purchase amount attributable to the Transactions with Entity A for the years ended 31 December 2022 and 2023 is approximately RMB77 million and RMB470 million. Such

purchase amount represented approximately 0.99% and 6.30% of the Group's total assets of approximately RMB7,801 million and RMB7,465 million for the years ended 31 December 2022 and 2023. The total sales amount attributable to the Transactions with Entity A for the years ended 31 December 2022 and 2023 is approximately RMB 122 million and RMB 0.9 million. Such sales amount represented approximately 1.56% and 0.01% of the Group's total assets for the years ended 31 December 2022 and 2023.

As disclosed in the Announcement, the Company's management has been proactively providing necessary information and documents and has been urging relevant staff in Russia to respond to requests from the Independent Advisor to complete the Investigation as soon as possible. As of the date of this announcement, the Investigation has been ongoing. The information (other than electronic data corresponding to selected custodians) has been substantially provided to the Independent Advisor. Based on information currently available to the Independent Advisor, with the expectation that all of the information including but not limited to the electronic data would be duly received by end of March 2024, barring any unforeseen circumstances the draft Investigation report will be submitted to the Investigation Committee in around mid of April 2024. Such timeframe is indicative only and may or may not be updated depending on the progress and development of the Investigation.

### **Further information in relation to the Prepayments**

Certain subsidiaries of the Group in the PRC had prepayments in the procurement contract with a few suppliers in the PRC, as it is customary in the industry. In respect of the Prepayments, the Auditor noted that, among others, (i) there is an increase in the percentage amount of prepayment for certain suppliers in 2023, as compared to the corresponding percentage in 2022; and (ii) some products for the relevant Prepayments had not been delivered pursuant to the timeline. The Auditor raised concerns about the commercial rationale of the Prepayments and requested the Company to provide further details of the procurements and Prepayments.

Based on the information available to the Company as at the date of this Announcement and the unaudited consolidated management accounts of the Group, the total amount of the Prepayments which the Auditor concerned is approximately RMB240 million as at 31 December 2023. Such Prepayments amount represented approximately 3.22% of the Group's total assets of approximately RMB7,465 million as at 31 December 2023.

As at the date of this announcement, the Company's management is proactively preparing further details and evidence of the procurements and prepayments to respond to Auditor's concerns and requests and provide the relevant explanations and documents to the Auditor as soon as possible.

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.

**As the Investigation is still on-going, the information contained in this announcement is only based on the information currently available to the Board and the preliminary assessment by the Company's management with reference to the unaudited management accounts of the Group, which has not been reviewed or audited by the Auditor and may subject to necessary adjustments and the results of the Investigation.**

**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, 25 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.*

\* *For identification purpose only*