

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(A Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)

C : 568

A CA CE E A
A CA CA CE o A E
A E EC A A E E C A

Reference is made to the announcement of Shandong Molong Petroleum Machinery Company Limited* (the "Company") dated 29 March 2024 in relation to, amongst others, imposition of other risk warnings in respect of the A Shares of the Company.

Grant Thornton Zhitong Certified Public Accountants LLP ("Grant Thornton") audited the Company's 2024 financial report and issued a standard unqualified audit report.

According to Rule 9.8.7 of the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, the Company has made an application to the Shenzhen Stock Exchange for the cancellation of other risk warnings. The application for cancellation of other risk warnings is subject to the approval of the Shenzhen Stock Exchange, and there is no certainty as to whether the application will be approved by the Shenzhen Stock Exchange.

During the Shenzhen Stock Exchange's review, the Company will not apply for suspension of trading in its A Shares, which will be traded normally. The Company will fulfill its information disclosure obligations in a timely manner based on the requirements.

Attention

A. A E A E EC
A A E EC A

According to Rule 9.8.1 of the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, given that the Company's net profits before and after deducting non-recurring gains and losses (whichever is lower) in the past three consecutive financial years from 2021 to 2023 were in the negative, and the audit report for year 2023 revealed that there is uncertainty as to the Company's ability to continue as a going concern; the Shenzhen Stock Exchange has imposed other risk warnings in respect of trading in the Company's A Shares commencing from market opening on 1 April 2024. The stock abbreviation of the A Shares of the Company was changed from "Shandong Molong" to "ST Molong", and the daily limit in respect of increase or decrease in the stock price of the

timely performance and repayment.

2. Obtain support from financial institution creditors

On 12 December 2024, the Shouguang Municipal Government organised a conference for relevant financial institutions in respect of the credit condition of the Company. Upon coordination, the banks have undertaken to maintain the amount of existing credit facilities, refrain from withdrawal of loans, suspension of loans and reduction of loans, in order to jointly resolve the Company's capital risks.

3. Obtain financial support provided by Shouguang Jinxin (a related party shareholder)

After consideration and approval at the third extraordinary meeting of the eighth session of the Company's board of directors on 24 February 2025, based on the Company's needs including production and operation and repayment of overdue debts, Shandong Shouguang Jinxin Investment Development Holding Group Co., Ltd.* (

, " ") provided financial assistance in the amount of not exceeding RMB300 million to the Company, with a loan term of no more than one year. The interest rate was the one-year loan prime rate (LPR) announced by the People's Bank of China. Shouguang Jinxin can provide financial assistance in instalments based on the actual situation. Interest will accrue based on the actual number of days elapsed after the loan is drawn, and early repayment of the loan is available to the Company. The Company was not required to provide any form of guarantee, mortgage, pledge, etc. in relation to financial assistance.

4. Strengthen the use and management of recovered funds

For the funds that has been recovered, formulate a fund utilisation plan and improve supervision and management of the funds.

5. Deeply cultivate market development

In 2025, the Company will further optimize its product and customer structure, actively expand marketing channels, increase order volume and production capacity of high value-added products, and effectively increase market share. In the domestic market, the Company will carry out bidding for major oilfield markets and actively increase the number of shortlisted products with high value-added; in overseas markets, the Company will actively explore overseas markets with higher gross profit margins for product sales, increase product sales orders, step up production scale, and expand market share.

6. Proactively expand financing channels.

The Company is currently proactively collaborating with relevant financial institutions and supply chain enterprises. On the basis of maintaining existing financing channels and quotas, the Company is to initiate operational collaboration with strong financial institutions and

INSURANCE

7. Promptly resolve relevant litigations

The Company will actively cooperate with the court and relevant authorities to promptly release frozen accounts and seized assets in relation to litigations.

8. Solidify internal control and management

The Company will continuously strengthen foundational management, reduce various expenses, and comprehensively promote quality and efficiency improvement; strengthen financial management, optimize the liability structure, actively reduce high-interest liabilities, and reduce the Company's finance costs; strengthen accounts receivable management, reduce bad debt losses, and ensure capital security; strengthen technological innovation and know-out improvement, further increase value added and gross profit margin of products, and enhance corporate profitability; strengthen human management, optimize

the

1998
1998

FINANCE

timely manner based on the progress of the above.

C . C

By order of the Board

C

*

Chairman

Shandong, the PRC
28 March 2025

As at the date of this announcement, the board of directors of the Company comprises the executive Directors, namely Mr. Han Gao Gui, Mr. Yuan Rui, Mr. Zhang Zhi Yong and Mr. Wang Tao; the non-executive Directors, namely Ms. Zhang Min and Mr. Ma Qing Wen; and the independent non-executive Directors, namely Mr. Zhang Zhen Quan, Mr. Dong Shao Hua and Mr. Zhang Bing Gang.

** For identification purposes only*