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山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited*

(A Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 568)

INSIDE INFORMATION

ESTIMATED RESULTS FOR THE FIRST THREE QUARTER OF 2021

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. Results estimation for the period

1. Reporting period of the estimated results: 1 January 2021 to 30 September 2021

2. Estimated results: Loss From Loss to Profit Increase Decrease

(1) Indicative results for the first three quarters of 2021:

Item	Current reporting period (1 January 2021 to 30 September 2021)	Corresponding period of last year
Net profit attributable to the shareholders of the listed company	Loss (RMB): 100 million - 110 million	Loss (RMB): 245.9898 million
Basic earnings per share	Loss (RMB/share): 0.125–0.138	Loss (RMB/share): 0.308

(2) Indicative results for the third quarter of 2021:

Item	Current reporting period (1 July 2021 to 30 September 2021)	Corresponding period of last year
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Net profit attributable to the shareholders of the listed company	Loss (RMB):31.75 million -41.75 million	Loss (RMB): 136.6643 million
Basic earnings per share	Loss (RMB/share): 0.040–0.052	Loss (RMB/share): 0.171

II. Preliminary audit of the estimated results

The estimated results have not been preliminarily audited by certified public accountants.

III. Reasons for changes in results

1. During the reporting period, in light of the overall recovery in the industry, the sales price and operating income of the Group's main products increased year-on-year, and the gross profit margin of the products further increased;
2. During the reporting period, especially in the third quarter, the prices of certain raw materials continued to rise, in particular, the average procurement price of coal increased by more than 40% compared with that in the second quarter, resulting in an increase in production costs;
3. Due to the suspension of production of the subsidiary Shouguang Baolong Petroleum Equipment Co., Ltd.* (壽光寶隆石油器材有限公司), the supply of certain raw materials fell short, procurement costs increased, and increased related costs and expenses due to the suspension of production, resulting in a loss in operation of the third quarter.

IV. Other relevant information

The estimated results set out herein are results of the preliminary estimation conducted by the finance department of the Company and have not been audited by any certified public accountants. The actual financial information of the Company is subject to the 2021 third quarterly report of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Yang Yun Long
Chairman

Shandong, PRC
14 October 2021

As at the date of this announcement, the Board comprises the executive Directors, namely Mr. Yang Yun Long, Mr. Yuan Rui and Mr. Li Zhi Xin; the non-executive Directors, namely Mr. Yao You Ling and Mr. Wang Quan Hong; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.

** For identification purposes only*