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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- For the year ended 31 December 2024, the total revenue from operations of the Group in the consolidated financial statements amounted to RMB1,356,346,670.03, which represents an increase of approximately 2.95% year-on-year as compared with that of RMB1,317,495,782.20 last year.
- Loss attributable to the equity owners of the Company in the consolidated financial statement amounted to RMB43,699,833.39, which represents a decrease of approximately 92.29% year-on-year as compared with that of RMB566,861,510.82 last year.
- Loss per share of the Company in the consolidated financial statements amounted to approximately RMB0.05, which represents an increase of approximately 92.96% as compared with loss per share of RMB0.71 last year.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Shandong Molong Petroleum Machinery Company Limited (the “**Company**”) announces the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024.

The financial information set out in this announcement below does not constitute the Group’s statutory financial statements for the year ended 31 December 2024, but represents an extract from those financial statements. The financial information has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed by the Group’s external auditors, Grant Thornton Zhitong Certified Public Accountants LLP.

Unless otherwise indicated, the financial information of the Company are stated in RMB.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	2024	2023
I. Total operating income	1,356,346,670.03	1,317,495,782.20
Including: Operating revenue	1,356,346,670.03	1,317,495,782.20
Interest income		
Insurance premium earned		
Brokerage and commission income		
II. Total operating cost	1,572,301,308.13	1,627,990,434.22
Including: Operating costs	1,301,582,840.88	1,215,719,694.55
Interest expenses		
Brokerage and commission expenses		
Surrenders		
Net compensation expenses		
Net amount of insurance contract reserves provided		
Policyholder dividend expenses		
Reinsurance premiums		
Tax and surcharges	8,999,662.52	15,858,832.98
Selling expenses	16,842,360.97	18,657,986.37
Administrative expenses	118,952,881.37	228,139,393.15
Research and development expenditures	29,309,446.94	35,480,208.21
Finance expenses	96,614,115.45	114,134,318.96
Including: Interest expenses	102,961,159.42	118,712,577.92
Interest income	1,055,114.19	4,550,168.10
Add: Other gains	10,062,983.36	380,410.90
Return on investment	260,617,460.17	(102,690.47)
Including: Gains on investment in associates and joint ventures	32,925.85	(102,690.47)
Gains on derecognition of financial assets measured at amortised cost		
Gains on exchange		
Gains on net exposure hedging		
Gain on change of fair value		
Credit impairment loss	(1,484,223.50)	(9,717,389.11)
Asset impairment loss	(106,989,615.44)	(231,188,456.56)
Return on asset disposition	5,465,378.04	1,941,021.83
III. Operating profit	(48,282,655.47)	(549,181,755.43)
Add: Non-operating income	6,594,454.34	3,644,165.08
Less: Non-operating expenses	5,904,948.42	4,543,363.00
IV. Total profit	(47,593,149.55)	(550,080,953.35)
Less: Income tax expenses	(2,956,531.39)	28,453,497.81

V. Net profit	(44,636,618.16)	(578,534,451.16)
(i) Classified by continued operation		
1. Net profit of continuous operation	(44,636,618.16)	(578,534,451.16)
2. Net profit of terminated operation		
(ii) By attributable ownership		
1. Net profit attributable to the shareholders of the parent company	(43,699,833.39)	(566,861,510.82)
2. Loss or profit attributable to minority interests	(936,784.77)	(11,672,940.34)
VI. Net after-tax amount of other consolidated income	(256,730.10)	(302,689.03)
Other comprehensive income attributable to owners of the parent company, net of tax	(229,606.78)	(272,420.13)
(i) Other comprehensive income that may not be reclassified to profit or loss	14,503.12	
1. Changes on remeasurement of defined benefit plans		
2. Other comprehensive income that may not be transferred to profit or loss under equity accounting		
3. Fair value changes in investments in other equity instruments	14,503.12	
4. Fair value changes in credit risk of the Company		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss	(244,109.90)	(272,420.13)
1. Other comprehensive income that may be transferred to profit or loss under equity accounting		
2. Fair value changes in other debt investments		
3. Reclassification of financial assets to other comprehensive income		
4. Credit-impaired provision for other debt investments		
5. Cash flow hedge reserve		
6. Exchange differences on translation of foreign financial statements	(244,109.90)	(272,420.13)
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax	(27,123.32)	(30,268.90)
VII. Total comprehensive income	(44,893,348.26)	(578,837,140.19)
Total comprehensive income attributable to owners of the parent company	(43,929,440.17)	(567,133,930.95)
Total comprehensive income attributable to minority interests	(963,908.09)	(11,703,209.24)
VIII. Earnings per share (EPS):		
(i) Basic earnings per share	(0.05)	(0.71)
(ii) Diluted earnings per share	(0.05)	(0.71)

CONSOLIDATED BALANCE SHEET*As at 31 December 2024*

Items	2024	2023
Current assets:		
Monetary funds	86,788,890.12	99,072,876.12
Settlement deposits		
Lending funds		
Financial assets held for trading		
Derivative financial assets		
Bills receivables	28,076,117.35	78,005,897.66
Accounts receivables	220,326,415.43	253,264,672.00
Financing receivables	40,000.00	2,485,020.78
Loans and advances to customers		
Advances	25,073,201.17	30,163,124.55
Insurance receivables		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other receivables	1,177,001,129.72	4,675,103.22
Including: Interests receivable		
Dividends receivable		
Purchases of sell-back financial assets		
Inventories	397,733,225.95	454,882,307.24
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	368,914.64	858,918.49
Total current assets	1,935,407,894.38	923,407,920.06
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,666,457.34	1,754,772.59
Investments in other equity instruments	3,316,677.33	
Other non-current financial assets		
Investment properties		16,874,595.83
Fixed assets	327,402,077.12	1,577,594,066.22
Construction-in-progress		2,192,776.49

Productive biological assets		
Oil and gas assets		
Right-of-use assets	8,256,248.21	21,377,297.83
Intangible assets	143,873,622.76	341,873,447.91
Development expenditures		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		1,628,607.92
Other non-current assets	259,900.00	1,378,503.95
Total non-current assets	484,774,982.76	1,964,674,068.74
Total assets	2,420,182,877.14	2,888,081,988.80
Current liabilities:		
Short-term borrowings	1,425,765,913.39	1,633,111,107.94
Borrowings from the central bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable	7,128.75	
Accounts payable	294,207,878.68	509,647,241.72
Receipts in advance		
Contract liabilities	35,099,585.13	54,732,615.40
Proceeds from disposal of buy-back financial assets		
Deposits from customers and banks and other financial institutions		
Securities brokerage deposits		
Securities underwriting brokerage deposits		
Salaries payable	57,404,024.93	75,699,078.02
Taxes payable	15,106,998.95	19,595,319.94
Other payables	40,123,921.92	34,143,155.71
Including: Interests payable		
Dividends payable		
Brokerage and commission payables		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	30,042,081.68	52,797,378.40
Other current assets	19,147,733.93	43,395,150.74
Total current liabilities	1,916,905,267.36	2,423,121,047.87
Non-current liabilities:		
Insurance contract reserves		

Long-term borrowings	153,809.38	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	178,746.58	14,615,767.79
Long-term payables		19,854,583.39
Long-term salaries payable		
Estimated liabilities	4,960,656.25	80,929,994.11
Deferred revenue	6,085,498.10	6,547,003.82
Deferred income tax liabilities	4,834.38	8,311,071.27
Other non-current liabilities		
Total non-current liabilities	11,383,544.69	130,258,420.38
Total liabilities	1,928,288,812.05	2,553,379,468.25
Owners' equity:		
Share capital	797,848,400.00	797,848,400.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	979,777,355.57	867,591,781.76
Less: Treasury shares		
Other comprehensive income	(3,531,286.66)	(3,301,679.88)
Special reserve		
Surplus reserve	187,753,923.88	187,753,923.88
General risk reserve		
Undistributed profits	(1,469,578,894.72)	(1,425,879,061.33)
Total equity attributable to owners of the parent company	492,269,498.07	424,013,364.43
Minority interests	(375,432.98)	(89,310,843.88)
Total owners' equity	491,894,065.09	334,702,520.55
Total liabilities and owners' equity	2,420,182,877.14	2,888,081,988.80

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 December 2024

2024										
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Sub-total	Minority interests	Total owners' equity
I. Balance at the end of last year	797,848,400.00	867,591,781.76	(3,301,679.88)		187,753,923.88		(1,425,879,061.33)	424,013,364.43	(89,310,843.88)	334,702,520.55
Add: Changes in accounting policies										
Correction of prior errors										
Business combination under common control										
Others										
II. Balance at the beginning of the current year	797,848,400.00	867,591,781.76	(3,301,679.88)		187,753,923.88		(1,425,879,061.33)	424,013,364.43	(89,310,843.88)	334,702,520.55
III. Changes during the current period (reduction by "-")										
(i) Total comprehensive income		112,185,573.81	(229,606.78)				(43,699,833.39)	68,256,133.64	88,935,410.90	157,191,544.54
(ii) Owners' capital contribution and capital reduction		112,185,573.81	(229,606.78)				(43,699,833.39)	(43,929,440.17)	(963,908.09)	(44,893,348.26)
1. Ordinary shares contributed by owners								112,185,573.81	89,899,318.99	202,084,892.80
2. Capital contributed by other equity instruments holders									100,000.00	100,000.00
3. Amounts of share-based payments recognised in owners' equity										
4. Others		112,185,573.81						112,185,573.81	89,799,318.99	201,984,892.80
(iii) Profit distribution										
1. Appropriations to surplus reserve										
2. Appropriations to general risk reserve										
3. Distributions to owners (or shareholders)										
4. Others										
(iv) Transfer of owners' equity										
1. Transfer of capital reserve to capital (or share capital)										
2. Transfer of surplus reserve to capital (or share capital)										
3. Surplus reserve making up of losses										
4. Changes in defined benefit plans carried forward to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(v) Special reserve										
1. Charge for the period				7,063,751.59				7,063,751.59		7,063,751.59
2. Utilised during the period				7,063,751.59				7,063,751.59		7,063,751.59
(vi) Others										
IV. Balance at the end of this year	797,848,400.00	979,777,355.57	(3,531,286.66)		187,753,923.88		(1,469,578,894.72)	492,269,498.07	(375,432.98)	491,894,065.09

2023										
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Sub-total	Minority interests	Total owners' equity
I. Balance at the end of last year	797,848,400.00	864,405,329.26	(3,029,259.75)		187,753,923.88		(859,017,550.51)	987,960,842.88	(77,607,634.64)	910,353,208.24
Add: Changes in accounting policies										
Correction of prior errors										
Business combination under common control										
Others										
II. Balance at the beginning of the current year	797,848,400.00	864,405,329.26	(3,029,259.75)		187,753,923.88		(859,017,550.51)	987,960,842.88	(77,607,634.64)	910,353,208.24
III. Changes during the current period (reduction by "-")		3,186,452.50	(272,420.13)				(566,861,510.82)	(563,947,478.45)	(11,703,209.24)	(575,650,687.69)
(i) Total comprehensive income			(272,420.13)				(566,861,510.82)	(567,133,930.95)	(11,703,209.24)	(578,837,140.19)
(ii) Owners' capital contribution and capital reduction		3,186,452.50						3,186,452.50		3,186,452.50
1. Ordinary shares contributed by owners										
2. Capital contributed by other equity instruments holders										
3. Amounts of share-based payments recognised in owners' equity										
4. Others		3,186,452.50						3,186,452.50		3,186,452.50
(iii) Profit distribution										
1. Appropriations to surplus reserve										
2. Appropriations to general risk reserve										
3. Distributions to owners (or shareholders)										
4. Others										
(iv) Transfer of owners' equity										
1. Transfer of capital reserve to capital (or share capital)										
2. Transfer of surplus reserve to capital (or share capital)										
3. Surplus reserve making up of losses										
4. Changes in defined benefit plans carried forward to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(v) Special reserve										
1. Charge for the period				11,068,845.03				11,068,845.03		11,068,845.03
2. Utilised during the period				11,068,845.03				11,068,845.03		11,068,845.03
(vi) Others										
IV. Balance at the end of this year	797,848,400.00	867,591,781.76	(3,301,679.88)		187,753,923.88		(1,425,879,061.33)	424,013,364.43	(89,310,843.88)	334,702,520.55

NOTES TO THE FINANCIAL STATEMENTS:

1. GENERAL

The Company was established in the PRC with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Main Board of Shenzhen Stock Exchange (the “**Shenzhen Stock Exchange**”). The registered address of the Company is at No. 99 Xing Shang Road, Gucheng Subdistrict, Shouguang City, Shandong Province, PRC and the principal place of business in Hong Kong is 5/F, Kam Sang Building, 257 Des Voeux Road Central, Hong Kong.

The financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

During the year, the Group was principally engaged in the design, research and development, processing and manufacturing, sale service and export trade of products for the energy equipment industry. The main products included petroleum-drilling machinery equipment, petroleum and natural gas pipeline equipment and oil and gas exploitation equipment. The products were mainly used in the manufacturing of equipment for oil and gas drilling, machinery processing and urban pipeline network.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group have been prepared, on the basis of actual transactions and events, in accordance with the Accounting Standard for Business Enterprises promulgated by the Ministry of Finance and its application guidelines, interpretations and relevant requirements (collectively the “**Accounting Standard for Business Enterprises**”), the disclosure requirements under the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2023 Revision) of the China Securities Regulatory Commission (the “**CSRC**”) and its relevant requirements, and the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

In October 2023, the Ministry of Finance issued Interpretation No. 17 of the Accounting Standard for Business Enterprises, which stipulates the contents of “classification of liabilities as current or non-current”, “disclosure of supplier finance arrangements” and “accounting for sale and leaseback transactions”. This interpretation came into effect on 1 January 2024.

In December 2024, the Ministry of Finance issued Interpretation No. 18 of the Accounting Standard for Business Enterprises, which stipulates the content of “accounting for warranty-type quality assurance that is not a single performance obligation”. The interpretation was implemented from the date of its publication, and enterprises are allowed to implement it in advance from the year of its publication.

After these accounting policy changes, the Company will implement the policies in accordance with the requirements of Interpretation No. 17 of the Accounting Standard for Business Enterprises and Interpretation No. 18 of the Accounting Standard for Business Enterprises issued by the Ministry of Finance. Except for the above policy changes, the other unchanged parts will still be executed in accordance with the Accounting Standard for Business Enterprises – Basic Standards and other specific accounting standards issued by the Ministry of Finance, the guidelines of the Accounting Standard for Business Enterprises, the interpretation announcements of Accounting Standard for Business Enterprises, as well as other relevant regulations.

3. OPERATING REVENUE

Total operating revenue consists of operating revenue and revenue from other operations. Operating revenue only represents the net amount received and receivable by the Group from external sales of goods and rendering of services less trade discounts during the year.

The following is an analysis of the Group's operating revenue for the year of 2024:

Item	2024	2023
Pipe products	1,230,613,168.65	1,141,475,324.31
Three kinds of pumping units	34,145,876.14	35,884,827.68
Petroleum machinery parts	1,867,935.18	18,345,313.86
Castings and forgings	7,141,888.99	28,540,437.13
Others	82,577,801.07	93,249,879.22
Total	1,356,346,670.03	1,317,495,782.20

4. SEGMENT INFORMATION

According to the internal organisational structure, management requirements and internal reporting system of the Group, the Group classified its operating segments into six reportable segments based on the internal organization structure, management requirements and internal reporting system. The Group's management regularly evaluates the operating results of these reportable segments to determine the resources to be allocated and to evaluate its results.

(1) Segment Reporting

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted for reporting to the management by each segment, which are consistent with the accounting and measurement basis for preparing the financial statements.

Segment reporting information – 2024

Item	Pipe products	Three kinds of pumping units	Petroleum machinery parts	Castings and forgings	Others	Unallocated items	Total
Operating revenue							
External transaction revenue	1,230,613,168.65	34,145,876.14	1,867,935.18	7,141,888.99	82,577,801.08		1,356,346,670.03
Inter-segment transaction revenue							
Total segment operating revenue	1,230,613,168.65	34,145,876.14	1,867,935.18	7,141,888.99	82,577,801.08		1,356,346,670.03
Total operating revenue in financial statements	1,230,613,168.65	34,145,876.14	1,867,935.18	7,141,888.99	82,577,801.08		1,356,346,670.03
Segment expenses	1,298,938,665.44	29,707,850.21	1,519,842.58	7,637,017.04	96,611,104.54	1,484,223.50	1,435,898,703.31
Segment operating profit	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	(1,484,223.50)	(79,552,033.28)
Adjusted by:							
Administrative expenses						118,952,881.37	118,952,881.37
Research and development expenses						29,309,446.94	29,309,446.94
Finance costs						96,614,115.45	96,614,115.45
Investment income						260,617,460.17	260,617,460.17
Gain on disposal of assets						5,465,378.04	5,465,378.04
Other income						10,062,983.36	10,062,983.36
Operating profit in financial statements	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	29,785,154.31	(48,282,655.47)
Non-operating income						6,594,454.34	6,594,454.34
Non-operating expenses						5,904,948.42	5,904,948.42
Total profits	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	30,474,660.23	(47,593,149.55)
Income tax						(2,956,531.39)	(2,956,531.39)
Net profit	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	33,431,191.62	(44,636,618.16)
Total segment assets	2,044,088,195.50	79,648,199.73	7,408,260.00	0.00	212,318,533.30	76,719,688.62	2,420,182,877.14
Total segment liabilities	704,851,509.88	19,732,358.12	6,618,608.36	0.00	17,412,650.36	1,179,673,685.32	1,928,288,812.05

Segment reporting information – 2023

Item	Pipe products	Three kinds of pumping units	Petroleum machinery parts	Tube blanks	Castings and forgings	Others	Unallocated items	Total
Operating revenue								
External transaction revenue	1,141,475,324.31	35,884,827.68	18,345,313.86	0	28,540,437.13	93,249,879.22		1,317,495,782.20
Inter-segment transaction revenue								
Total segment operating revenue	1,141,475,324.31	35,884,827.68	18,345,313.86		28,540,437.13	93,249,879.22		1,317,495,782.20
Total operating revenue in financial statements	1,141,475,324.31	35,884,827.68	18,345,313.86		28,540,437.13	93,249,879.22		1,317,495,782.20
Segment expenses	1,331,009,981.95	30,903,148.05	13,530,755.92	0	29,332,135.06	76,648,949.48	9,717,389.11	1,491,142,359.57
Segment operating (loss)/profit	(189,534,657.64)	4,981,679.63	4,814,557.94		(791,697.93)	16,600,929.74	(9,717,389.11)	(173,646,577.37)
Adjusted by:								0.00
Administrative expenses							228,139,393.15	228,139,393.15
Research and development expenses							35,480,208.21	35,480,208.21
Finance costs							114,134,318.96	114,134,318.96
Investment income							(102,690.47)	(102,690.47)
Gain on disposal of assets							1,941,021.83	1,941,021.83
Other income							380,410.90	380,410.90
Operating (loss)/profit in financial statements	(189,534,657.64)	4,981,679.63	4,814,557.94		(791,697.93)	16,600,929.74	(385,252,567.17)	(549,181,755.43)
Non-operating income							3,644,165.08	3,644,165.08
Non-operating expenses							4,543,363.00	4,543,363.00
Total (loss)/profits	(189,534,657.64)	4,981,679.63	4,814,557.94		(791,697.93)	16,600,929.74	(386,151,765.09)	(550,080,953.35)
Income tax							28,453,497.81	28,453,497.81
Net (loss)/profit	(189,534,657.64)	4,981,679.63	4,814,557.94		(791,697.93)	16,600,929.74	(414,605,262.90)	(578,534,451.16)
Total segment assets	1,161,936,652.14	92,182,074.27	37,737,719.22	314,258,092.93	943,760,235.52	293,617,109.90	44,590,104.82	2,888,081,988.80
Total segment liabilities	543,830,934.13	22,146,782.21	16,552,809.86	127,670,278.68	782,134,723.86	21,816,764.67	1,039,227,174.84	2,553,379,468.25

(2) External transaction income by origin of income sources and non-current assets by location of assets

In the years of 2024 and 2023, the Group derived all external transaction income from the PRC and overseas but all of its assets were located in the PRC. Therefore, external transaction income by origin of income sources is disclosed as follows:

Item	2024	2023
External transaction income derived from the PRC	946,365,785.91	990,219,379.24
External transaction income derived from other countries	409,980,884.12	327,276,402.96
Total	1,356,346,670.03	1,317,495,782.20

5. FINANCE COSTS

Item	2024	2023
Interest expenses (bank borrowings due within one year)	102,961,159.42	118,712,577.92
Less: Interest expenses capitalized		
Less: Interest income	1,055,114.19	4,550,168.10
Foreign exchange difference	-7,174,471.47	(575,180.61)
Others	1,882,541.69	547,089.75
Total	96,614,115.45	114,134,318.96

There was no capitalized borrowing costs in the year of 2024 (2023: 0).

6. OTHER INCOME

Source of other income	Amount for the period	Amount for the last period
Additional deduction on input value-added tax	9,582,861.97	
Incentives and subsidies for energy conservation and emission reduction		
Subsidies and grants for recycling resource enterprises		
Subsidies and grants for enterprises		
Stability subsidies and social insurance subsidies	272,460.64	37,861.63
Bonuses for technology upgrade and energy conversion		
Grants for defense basement construction		35,954.30
Special funds for external trade development		
Reward for technological innovation patents and acquisition of international brands		
Others	207,660.75	306,594.97
Total	10,062,983.36	380,410.90

7. ASSETS IMPAIRMENT LOSSES

Item	2024	2023
Loss on bad debts		
Including: Accounts receivable		
Other receivables		
Loss on impairment of inventories	(21,035,114.57)	(13,566,613.73)
Impairment loss on intangible assets	(20,840,172.65)	
Impairment loss of fixed assets	(65,114,328.22)	(217,621,842.83)
Loss allowances for loans		
Impairment loss on goodwill		
Total	(106,989,615.44)	(231,188,456.56)

8. CREDIT IMPAIRMENT LOSSES

Item	Amount for the period	Amount for the last period
Loss on bad debts of bills receivable	541,494.90	944,867.23
Loss on bad debts of accounts receivable	2,955,091.72	2,193,242.93
Loss on bad debts of other receivables	(4,980,810.12)	103,282.79
Impairment loss on loans		
Loss of the parent company's creditor rights in subsidiaries with excess losses		(12,958,782.06)
Total	(1,484,223.50)	(9,717,389.11)

9. NON-OPERATING INCOME

Item	2024	2023
Government grants		
Penalty income		
Others	6,594,454.34	3,644,165.08
Total	6,594,454.34	3,644,165.08

10. TOTAL (LOSS) PROFIT

Total (loss) profit has been arrived at after charging/(crediting):

Item	2024	2023
Staff costs (including Directors' remuneration)	130,228,148.44	193,620,108.47
Amortisation of intangible assets	9,163,547.86	15,404,594.66
Auditor's remuneration (included in administrative expenses)	1,349,056.60	1,367,924.49
Cost of inventories recognised as expenses	1,301,582,840.88	1,358,260,234.79
Depreciation on fixed assets	132,008,314.37	194,478,460.67
Research and development expenses	27,102,934.69	30,578,559.41
Gain on disposal of fixed assets	5,465,378.04	1,941,021.83

11. INCOME TAX (CREDIT) EXPENSES

Item	2024	2023
Current income tax expenses	85,089.98	929,067.61
– Hong Kong		
– Mainland China	85,089.98	929,067.61
Deferred income tax expenses	(3,041,621.37)	27,524,430.20
Total	(2,956,531.39)	28,453,497.81

The Company has been listed as a new high-technology enterprise and was subject to the PRC enterprise income tax at a rate of 15% (2023: 15%) pursuant to the Enterprise Income Tax Law of the People's Republic of China.

The subsidiaries of the Company incorporated in Hong Kong were subject to the profits tax at the rate of 16.5% (2023: 16.5%) in Hong Kong.

12. (LOSSES)/EARNINGS PER SHARE

Item	2024	2023
Net (loss)/profit attributable to shareholders of the Company is calculated based on:		
Basic (losses)/earnings per share	(0.05)	(0.71)
Diluted (losses)/earnings per share	(0.05)	(0.71)
Net (loss)/profit from continuing operations attributable to shareholders of the Company is calculated based on:		
Basic (losses)/earnings per share	(0.05)	(0.71)
Diluted (losses)/earnings per share	(0.05)	(0.71)

13. DIVIDENDS

Item	2024	2023
Dividends recognized and distributed during the year	0	0
2023 final dividend – RMB per ordinary share	0	0

The Board does not recommend any payment of final dividend in respect of the year ended 31 December 2024. It has been proposed by the Board but shall be subject to approval from shareholders at the general meeting.

14. BILLS RECEIVABLE

Item	2024			2023		
	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable
Bills receivable	28,310,078.75	233,961.40	28,076,117.35	78,793,836.02	787,938.36	78,005,897.66
Total	28,310,078.75	233,961.40	28,076,117.35	78,793,836.02	787,938.36	78,005,897.66

The above bills receivable of the Group as at the end of the year were all aged within 1 year.

15. ACCOUNTS RECEIVABLE

Item	2024			2023		
	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable
Accounts receivable	266,677,142.16	46,350,726.73	220,326,415.43	302,629,749.21	49,365,077.21	253,264,672.00
Total	266,677,142.16	46,350,726.73	220,326,415.43	302,629,749.21	49,365,077.21	253,264,672.00

The Group as primary obligor satisfy its obligations of supplying products to customers in a timely manner by reference to the category, standard and time requested by the customers in accordance with the provisions of the contracts. There are different payments terms for different customers and different products: Customers of tubes of Mainland China are normally subject to payment in advance of distribution and customers of oil casing of Mainland China are normally subject to payment terms of 3-6 months after bill settlement. As to export business, payment terms are mainly payment upfront. As to oil casing products, most of the customers are subject to payment in advance, under which customers are to make full payment before distribution of products or upon receipt of the copy of the bill of lading. As to petroleum machinery parts, the credit term is normally 2 months.

The following is an aging analysis of accounts receivable based on the date of invoice:

Age	2024	2023
Within 1 year	221,427,518.61	254,044,663.47
1 to 2 years	2,226,344.02	2,631,436.65
2 to 3 years		707,219.17
3 to 4 years		
4 to 5 years		1,786,213.66
Over 5 years	43,023,279.53	43,460,216.26
Total	266,677,142.16	302,629,749.21

16. BILLS PAYABLE

Category	2024	2023
Bills payable	7,128.75	
Total	7,128.75	

17. ACCOUNTS PAYABLE

Category	2024	2023
Accounts payable	294,207,878.68	509,647,241.72
Total	294,207,878.68	509,647,241.72

The following is an aging analysis of accounts payables based on the date of invoice:

Age	2024	2023
Within 1 year	224,922,819.46	208,805,209.31
1 to 2 years	20,829,304.40	139,263,306.85
2 to 3 years	11,350,090.01	55,147,105.45
Over 3 years	37,105,664.81	106,431,620.11
Total	294,207,878.68	509,647,241.72

18. CAPITAL COMMITMENTS

The Group did not have any capital commitments as at the end of the year.

19. CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities at the end of the year.

ANNUAL RESULTS

For the year ended 31 December 2024, the Group recorded a revenue of RMB1,356,346,670.03, representing an increase of approximately 2.95% as compared with last year. Loss attributable to equity owners of the Company and loss per share amounted to RMB43,699,833.39 and RMB0.05, respectively.

BUSINESS REVIEW

(I) DESCRIPTIONS OF THE GROUP'S MAIN BUSINESSES DURING THE REPORTING PERIOD

During the reporting period (the “**Reporting Period**”), the Company was mainly engaged in design, research and development, processing and manufacturing, sales service and export trade of products for the energy equipment industry. The main products included petroleum-drilling machinery equipment, petroleum and natural gas transportation equipment and petroleum and natural gas exploitation equipment. These products were mainly used in the manufacturing of equipment in connection with industries such as oil and gas drilling, machinery processing and urban pipe network.

The Company's main products are pipe products such as oil pipes and casing, accounting for nearly 90.73% of the Company's operation revenue, and particularly, sales revenue attributable to the export businesses has increased by more than 25% year-on-year. The Company has adopted a “sales-based production” business model for production under which the production system of the Company manufactures, inspects and delivers products according to the orders placed by customers specifying the required specifications and quantity and based on the market sales initiatives of the sales department. The Company has adopted a centralised procurement model under which the procurement department is responsible for the purchase of all raw materials, moulds and equipment, including the signing of procurement contracts, procurement status tracking, facilitating quality improvement of raw materials, etc. The procurement department strictly controls the selection of suppliers based on a comprehensive overall evaluation index system. It fosters quality partners and develops long-term and stable strategic partnership. The Company has a relatively mature sales network and has established a professional team dedicated to sales and import and export operations with members responsible for domestic and international market research and study, development, product sales and after-sales services, respectively.

(II) BASIC INFORMATION OF THE GROUP'S INDUSTRY DURING THE REPORTING PERIOD

The Company operates in the energy equipment industry covering the manufacturing of dedicated energy exploitation equipment for energy sources such as petroleum, natural gas, shale gas, coal and coalbed methane, which falls within the scope of the petroleum and natural gas special equipment manufacturing and services industry. Therefore, the development and prosperity of the petroleum and natural gas exploitation industry have direct impact to the development of the Company's industry. In the long run, the global economic growth rate, price trends of and consumers' demand for petroleum and natural gas, global spendings in exploration and development of petroleum and scale of oil and gas exploitation, are determinants of the prosperity of the Company's industry. In recent years, international crude oil prices continued to remain at a relatively high level, providing support for investment in global oil and gas exploration and development. The capital expenditure of oil and gas companies continued to recover, the demand for oil and gas equipment and services increased, and the industry prosperity continued to recover.

According to data released by the National Bureau of Statistics, in 2024, China continued to increase its efforts in oil and gas exploration and development. Oil exploration focused on areas such as deep, unconventional, marine and new fields, and natural gas exploration has made a number of breakthroughs in the land-based key gas areas and marine areas. The output of crude oil and natural gas recorded year-on-year increase, and our ability to ensure oil and gas supply continued to improve. In March 2024, the Guiding Opinions on Energy Work in 2024 (《2024年能源工作指導意見》) was issued by the National Energy Administration to make it clear that the protection of national energy security had to be accorded top priority. The ability to ensure supply continued to be strengthened, fossil energy security was strengthened as a fundamental safeguard, in-depth study was conducted on the implementation of the development strategy for increasing storage and production of oil and gas in the medium to long term, increasing its efforts in oil and gas exploration and development, promoting stable production in old oil fields, accelerating the construction of new areas, and strengthening the construction of oil and gas production capacity in key areas. In July 2024, the National Energy Administration stressed at the 2024 Work Progress Meeting on Vigorously Enhancing Oil and Gas Exploration and Development Efforts that it was necessary to raise our political stance, accurately grasp the key aspects of increasing oil and gas reserves and production, and take vigorous measures to continuously promote the efforts. With the thorough implementation of the new energy security strategy and the vigorous enhancement of oil and gas exploration and development deployment efforts, the completion of the oil and gas production and reserve targets for the two years after the 14th Five-Year Plan can be ensured to safeguard the national energy security. By fully implementing the new energy security strategy, making every effort to promote the increase of reserves and production and resolutely implementing the Seven-Year Action Plan to Vigorously Enhance Oil and Gas Exploration and Development Efforts, exploration and development in unconventional oil and gas such as shale oil and shale gas are expected to achieve leapfrog development. We will need to intensify efforts in the exploration and development of oil and gas resources and increasing oil and gas reserves and production as well as accelerating the integration of oil and gas exploration and development with the advancement of renewable energy. The combination of a series of domestic energy security policies will enhance the prosperity of the domestic oil and gas industry.

(III) DISCUSSION AND ANALYSIS OF OPERATION OF THE GROUP DURING THE REPORTING PERIOD

At the end of the Reporting Period, the Group's total assets amounted to RMB2.420 billion, with a year-on-year decrease of 16.20%. The net assets attributable to shareholders of the listed company amounted to RMB492 million, with a year-on-year increase of 16.10%. During the Reporting Period, the Group achieved an operating income of RMB1.356 billion, with a year-on-year increase of 2.95%. Net loss attributable to shareholders of the listed company amounted to RMB44 million, representing a decrease of 92.29% as compared with loss of last year.

During the Reporting Period, the Company completed the disposal of equity interest in Shouguang Baolong and Weihai Baolong, respectively. The investment gain arising therefrom was accounted as extraordinary profit or loss, and resulted in the increase of the net profit by approximately RMB260 million. Completion of the disposal of the equity interest in Shouguang Maolong, which was an equity transaction, resulted in an increase in capital surplus of 2024 by approximately RMB112 million. Due to the divestment of the above inefficient assets, the Company's ability to operate on a going concern has been improved. During the Reporting Period, the Company strengthened basic management and attached importance to cost control, thus achieving significant results in cost reduction and efficiency enhancement and a substantial year-on-year decrease of 35.61% in three expense items. The combination of the abovementioned factors has contributed to the substantial reduction of losses in the Company's operating results.

PROSPECTS

(I) Future development trend of the Group's industry

During 2024, the oil and gas industry exhibited a "steady yet dynamic" state, with the global economy demonstrating resilience amidst a complex environment. In 2025, the oil and gas sector is set to enter a new developmental landscape characterized by "stability amidst change". Overall, supply and demand fundamentals will continue to be the determining factor of the current international oil price, which fluctuations will be primarily driven by "supply-side oriented and the interplay of both supply and demand". Meanwhile, the great power game in Dur energy will intensify, profoundly reshaping the global energy development landscape. Looking ahead to 2025, the world economy will continue to recover moderately, and the long-term supportive conditions and fundamental trends for the Chinese economy may remain unchanged. Global demand for crude oil is expected to continue its upward trajectory, likely sustaining stable investments in upstream exploration and development. According to the National Energy Administration's "Guiding Opinions on Energy Work in 2025", it is expected that in 2025, the total energy production of the country will steadily increase, crude oil production will remain above 200 million tons, natural gas production will maintain rapid growth, and oil and gas reserves will continue to increase. In the future, the oil and gas sector of China will continue to play a pivotal role in ensuring energy security and promoting economic development. By 2025, China will formally implement the Energy Law and the new Mineral Resources Law, while also formulating action

plans for the medium- and long-term increase of oil and gas reserves and production, which will undoubtedly lead to high-quality exploration and development of oil and gas. At the same time, there will be an ongoing acceleration of the green transformation to meet the demand of sustainable development, continuing the journey to search for equilibrium. Overall, the favorable factors confronting the oil service industry outweigh the unfavorable conditions, suggesting a prolonged period of industry prosperity.

(II) Business plans of the Group for 2025

In 2025, the Company will focus on the vision of “aiming to become a world-renowned energy equipment manufacturer and service provider”, actively promoting the development of our main operations. The whole efforts will adhere to the general keynote of seeking for progress amidst stability, seize opportunities, overcome difficulties, conscientiously accomplish the key tasks of the Company, strive to improve the safe operation and standardized governance, keep optimizing the quality of enterprise management and operation, and strive to achieve steady corporate development.

Enhancing market research and study and optimizing product structure

The marketing company will do a good job in the markets, especially new markets and new customer development, sales and customer service. Business marketing will focus on key markets, focusing on large customers, and doing a good job in bidding and tendering in major oilfield markets; giving full play to industry advantages, actively expanding marketing channels, increasing the order volume and production capacity of high value-added products. In view of the lack of market demand, the Company will further strengthen market research and study and forecast in the future, and adjust its product structure in a timely manner according to the changes in market demand to enhance the competitiveness of its products in the market.

Strengthening cost control and enhancing profitability

In terms of production, the Group will strengthen control of raw material procurement, production processes and inventory management, consolidate basic management, pay attention to product quality, continuously improve product quality, improve cost control awareness, reduce costs in multiple aspects, tap potential, and effectively do a good job in cost reduction and efficiency improvement. In addition, the Group will enhance the added value and gross margin of products through technological innovation and process improvements to elevate the corporate profitability.

Actively seeking additional financing to alleviate financial pressures

In response to the issue of tightened liquidity, the Group will proactively seek external financial support, such as raising funds through bank loans and financial leasing to ensure stable corporate financing and normal production and operations, strive to optimize the liability structure, vigorously reduce high-interest debt ratios, and reduce corporate financial costs. The Group will also further strengthen the management of accounts receivable, speed up the turnover rate of accounts receivable, reduce the incurrence of bad debts, and ensure the safety of funds. Meanwhile, the Group will further strengthen communication and collaboration with financial institutions to secure additional credit support and favorable policies.

Continuing to actively implement overseas strategies

The Group will adhere to a sales strategy that prioritizes exports, persistently and vigorously execute our overseas strategies, cultivate the development of international markets, elevate our global recognition, further enhance market competitiveness and amplify brand effects, thereby driving the Company's performance to a new height. The Group will comprehensively expand our presence in overseas markets, such as the Middle East and Central Asia, in order to increase our market share. Currently, our overseas operations encompass more than 50 countries and regions, with new orders secured in Kazakhstan, Vietnam, Ecuador and Egypt.

Emphasizing the risk control management and reducing operation risks

The Group will further improve and perfect the internal control management system, intensify internal audit, establish efficient monitoring and inspection mechanisms, regulate the specific business processes, strengthen risk resilience and strengthen internal legal audits to ensure that the Company's daily operations and contract signings are monitored well in advance so as to predict and prevent all kinds of risks in advance. The Group will continue to reinforce risk control and monitoring mechanisms at all levels to lower the risks of corporate operation.

Optimizing corporate governance and facilitating standardised operation

The Group will further improve the relevant rules and regulations in response to actual needs and ensure their effective implementation; formulate a management framework that is flat in management, simplified in organization, and efficient in management; continue to optimize the corporate governance structure and improve the standardised operation, thereby providing fundamental guarantee for the Company's high-quality development and setting up a more regulated and transparent operating system as a listed company; optimize the internal control processes and constantly perfect the risk prevention mechanisms, so as to guarantee healthy, stable and sustainable development of the Company.

(III) Risk factors affecting future development strategy and business goals of the Group

(1) *Market risk*

The Group operates in the energy equipment manufacturing industry which is directly relevant to the development and prosperity of the energy industry. The fluctuations of crude oil price are affected by global economic growth rate, regions, political, financial, supply and demand and many other factors, and are subject to strong cyclical and volatility. When oil prices are low, oil and gas companies will reduce capital expenditures accordingly, make less investment in exploration and development and have lower demand for equipment and services in the oil and gas industry. The Group will adjust product structure and market setting in a timely manner according to market changes.

(2) *Risk of raw material price fluctuations*

Any fluctuations in raw material prices will directly affect the manufacturing costs of products and will, in turn, have direct impact on product prices. The Group will closely monitor if there is any fluctuation in raw material prices and will control the manufacturing costs of products by way of fixing raw material prices, etc., and adjusting the product prices and product portfolio in a timely manner as and when necessary.

(3) *Policy risk*

In recent years, the Chinese government has been stepping up the requirements on safety and environmental protection by issuing stricter safety and environmental protection policies more frequently and carrying out regular safety and environmental protection supervision. The higher emission standards is bound to increase the Group's costs related to environmental protection. The Group is dedicated to creating a safe, economical, efficient, advanced and environment-friendly industry chain of energy equipment manufacturing. It puts great efforts in safety and environmental education, strengthens the investigation and management of hidden safety hazards, adheres to a green, innovative and sustainable concept, vigorously pursues recyclable economy, maximises resource utilisation, and increases environmental protection investment to ensure the waste discharges of the Group is up to standard.

(4) *Exchange rate risk*

Changes in the RMB exchange rate have impact on the Group's operating results. The Group will closely monitor the changes in exchange rates and will take timely measures to avoid any risks caused by changes in the RMB exchange rate.

(5) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of the changes in market interest rate. Financial instruments bearing fixed interest rates expose the Group to fair value interest rate risk and financial instruments bearing floating interest rates expose the Group to cash flow interest rate risk. The Group determines the relative proportions of financial instruments between fixed and floating interest rates depending on the market conditions, maintains an appropriate portfolio of financial instruments through regular review and monitoring.

EVENTS AFTER THE REPORTING PERIOD

On 13 February 2025, the Company, Shouguang Baolong and Shandong Shouguang Vegetable Wholesale Market Co., Ltd.* (山東壽光蔬菜批發市場有限公司) (“**Shouguang Vegetable Wholesale Market**”) entered into two debt assignment agreements, pursuant to which the Company agreed to sell, and Shouguang Vegetable Wholesale Market agreed to purchase account receivables in the sum of RMB85,119,800 and RMB84,000,000, respectively, both being part of the account receivables in the total sum of RMB461,709,466.37 payable under the Shouguang Baolong Repayment Agreement, at the consideration of RMB85,119,800 (to be settled by transfer of a parcel of land in Shougang City (together with the building and construction erected thereon) and RMB84,000,000 (to be settled in cash), respectively.

The Company has received a creditor notice issued by the People’s Court of Shougang City, Shandong Province (the “**Court**”) that the application for liquidation of Shouguang Baolong, a debtor of the Company under the Shouguang Baolong Repayment Agreement, has been accepted. The Company may submit debt reporting materials in accordance with the relevant requirements of the Court within a specified period.

Save as disclosed above, no major events of the Group required to be disclosed after the Reporting Period and up to the date of this announcement.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2024, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS

On 9 January 2024, the Group (as vendor) and Wuhu Zhiying Project Investment Partnership (Limited Partnership)* (蕪湖智贏項目投資合夥企業(有限合夥)) (“**Wuhu Zhiying**”) entered into two sales and purchase agreements related to (i) the disposal of 70% equity interest in Shouguang Baolong Petroleum Equipment Co., Ltd.* (壽光寶隆石油器材有限公司) (“**Shouguang Baolong**”) at the consideration of RMB1; and (ii) the disposal of 98.0769% equity interest in Weihai City Baolong Petroleum Equipment Co., Ltd.* (威海市寶隆石油專材有限公司) (“**Weihai Baolong**”) at the consideration of RMB141,606,708.94 (the “**Disposals**”). The Disposals were completed in March 2024. On the same day, the Company (as creditor) entered into a repayment agreement with each of Shouguang Baolong (the “**Shouguang Baolong Repayment Agreement**”) and Weihai Baolong, pursuant to which, Shouguang Baolong agreed to repay the Indebtedness in the sum of RMB461,709,466.37 to the Company, and Weihai Baolong agreed to repay the Indebtedness in the sum of RMB14,345,726.40 to the Company.

On 14 October 2024, the Company (as vendor) and Shouguang Huarong Agricultural Technology Co., Ltd.* (壽光華融農業科技有限公司) (“**Shouguang Huarong Agricultural Technology**”) (as purchaser) entered into an equity transfer agreement, pursuant to which, amongst others, the Company agreed to sell and Shouguang Huarong Agricultural Technology agreed to purchase 100% of the equity interest in Shouguang Maolong New Materials Technology Development Co., Ltd.* (壽光懋隆新材料技術開發有限公司) (“**Shouguang Maolong**”) at the consideration of RMB203,038,500 (the “**Shouguang Maolong Disposal**”). The Shouguang Maolong Disposal was completed in December 2024. On 14 October 2024, the Company, Shouguang Huarong Agricultural Technology and Shouguang Maolong entered into a repayment agreement, pursuant to which, Shouguang Huarong Agricultural Technology undertook to repay the account receivable in the sum of RMB714,141,700 for Shouguang Maolong to the Company within 12 months after the date of completion.

Save as disclosed above, during the year ended 31 December 2024, the Group did not have any material acquisitions and disposals in respect of subsidiaries, associates and joint ventures.

FUTURE PLANS ON MATERIAL INVESTMENT OR CAPITAL ASSETS

During the year ended 31 December 2024, the Group did not have any future plans on material investment or capital assets.

DIVIDEND

The Board does not recommend any payment of final dividend in respect of the year ended 31 December 2024. It has been proposed by the Board but shall be subject to approval by shareholders at the general meeting.

Based on the audit of the Company's auditor, the net profit of the Company attributable to shareholders of the listed company for the year 2024 amounted to RMB-43,699,833.39. Based on the actual circumstances of the Company and the relevant provisions of the Company Law and the Articles of Association of the Company, no statutory surplus reserve was withdrawn for the year ended 31 December 2024. Together with the undistributed profits of RMB-1,425,879,061.33 at the beginning of the year, as at 31 December 2024, the undistributed profits in the Company's consolidated statements were RMB-1,469,578,894.72. In accordance with the Notice on Further Implementation of Matters Related to Cash Dividends of Listed Companies, Guidelines for the Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies and the Articles of Association and other relevant regulations, as the Company did not make a profit in 2024 and did not meet the conditions for listed companies to implement cash dividends, in order to ensure the normal production and operation and future development of the Company, the Company intends not to pay cash dividends, issue bonus shares, or increase capital by capital reserves for the year 2024.

CORPORATE GOVERNANCE

The Company is committed to achieving a high standard of corporate governance. The principles of corporate governance adopted by the Company emphasize a high-quality Board, sound internal control, and transparency and accountability to all shareholders. For the year ended 31 December 2024, the Company has complied with all the code provisions and most of the recommended best practices contained in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Company has introduced and will continue to adopt measures to comply with the changes to the Listing Rules regarding corporate governance. Details of the corporate governance of the Company are set out in the Corporate Governance Report in the annual report of the Company for the year ended 31 December 2024.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Mr. Li Zhi Xin tendered his resignation as an executive Director on 17 April 2024.

Upon the conclusion of the extraordinary general meeting held on 10 May 2024, Mr. Han Gao Gui was appointed as an executive Director. Mr. Yao You Ling resigned as an executive Director and the General Manager and Mr. Zhao Xiao Tong resigned as an executive Director with effect from 10 May 2024.

Mr. Han Gao Gui, the chairman of the Board, acted as the secretary of the Board (the “**Board Secretary**”) with effect from 29 August 2024, until the appointment of a new Board Secretary by the Company on 21 November 2024.

Upon the conclusion of the extraordinary general meeting on 21 November 2024:

1. Mr. Ding Yi retired as a non-executive Director;
2. Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie retired as independent non-executive Directors;
3. Mr. Zhang Zhi Yong and Mr. Wang Tao were appointed as executive Directors;

4. Mr. Ma Qing Wen was appointed as an executive Director;
5. Mr. Zhang Zhen Quan, Mr. Dong Shao Hua and Mr. Zhang Bing Gang were appointed as independent non-executive Directors;
6. Mr. Liu Cheng An's resignation as a supervisor took effect;
7. Mr. Liu Shu Bao retired as a non-employee representative supervisor; and
8. Mr. Jiang Zhen Jian was appointed as a non-employee representative supervisor.

Mr. Liang Guo Liang was elected as the employee representative supervisor at the employee representative meeting on 20 November 2024.

AUDIT COMMITTEE

The Company's audit committee (its members being the three independent non-executive Directors of the Company) held the ninth meeting in 2024 to discuss matters regarding the accounting standards and practices adopted by the Group, internal control and risk management and financial reporting, and they have reviewed the audited results for the year ended 31 December 2024. The audited results for the year ended 31 December 2024 have been agreed by the auditors of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules requiring the Directors of the Company to follow the Model Code while conducting securities transactions. The Model Code is also applicable to the Company's senior management. Having made specific enquiries by the Company, all Directors of the Company confirmed that they have fully complied with the Model Code throughout the year of 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including treasury shares) of the Company during the year ended 31 December 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.molonggroup.com). The annual report for the year ended 31 December 2024 will be dispatched to shareholders as soon as possible and will be available on the website of the Company, the Stock Exchange and Shenzhen Stock Exchange.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Han Gao Gui
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*