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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 SUSPENSION OF PRODUCTION FOR INSPECTION AND MAINTENANCE OF A WHOLLY-OWNED SUBSIDIARY**

This announcement is made by Shandong Molong Petroleum Machinery Company Limited\* (“**Shandong Molong**” or the “**Company**”) pursuant to Rule 13.09(2)(a) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company has recently received a notice from its wholly-owned subsidiary, 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**”) in relation to its suspension of production for inspection and maintenance, the relevant information is hereby announced as follows:

### **I. Reason for the suspension of production for inspection and maintenance**

In order to further enhance the stability of equipment of the production line(s) of Shouguang Maolong and improve product quality, Shouguang Maolong has recently suspended production for inspection and maintenance in accordance with its production work arrangement. It will repair and replace some production equipment and parts. It is estimated that the duration for the suspension of production will be 40-50 days, and resumption of production shall be subject to the progress of inspection and maintenance.

### **II. Basic information of the wholly-owned subsidiary**

1. Name of company: Shouguang Maolong New Materials Technology Development Co., Ltd.\* (壽光懋隆新材料技術開發有限公司)
2. Type of company: Limited liability company
3. Unified Social Credit Code: 91370783724814405U
4. Registered address: Southwest corner of the juncture of Shenghai Road East and Xingang Road, Yangkou Town, Shouguang City\* (壽光市羊口鎮聖海東路與新港路交叉口西南角)
5. Legal representative: Wang Zhenhua\* (王振華)
6. Registered capital: RMB712.38 million

7. Date of establishment: 1 August 2000
8. Scope of business: Research, development, technical promotion and technical services involving energy equipment new materials; production and sales: oil drilling equipment, tools and parts; metal castings and forgings; seawater desalination, waste heat and waste gas power generation (for items subject to approval in accordance with the laws, operating activities can only be conducted after approval of the relevant authorities)\*\*\*
9. Shareholding ratio: 100% of shares held by Shandong Molong
10. Major financial data for the latest year and period:

As of 31 December 2020, Shouguang Maolong's total assets amounted to RMB1,450.8297 million, total liabilities amounted to RMB1,102.4707 million and net assets amounted to RMB348.3590 million. For the year of 2020, the revenue realization and net profit amounted to RMB1,419.2103 million and RMB-67.2968 million, respectively. (The above financial data has been audited)

As of 30 September 2021, Shouguang Maolong's total assets amounted to RMB1,787.5760 million, total liabilities amounted to RMB1,498.9352 million and net assets amounted to RMB288.6408 million. For the first nine months of 2021, the revenue realization and net profit amounted to RMB946.6758 million and RMB-59.7182 million, respectively. (The above financial data has not been audited)

### **III. The impact of the suspension of production for inspection and maintenance on the Company**

It is expected the suspension of production for inspection and maintenance of Shouguang Maolong will lead to an increase in the related costs and expenses of the Company, which will have an adverse impact on the operating results of the Company for the fourth quarter of and on an annual basis for the year 2021. However, in the long run, the completion of the suspension of production for inspection and maintenance of Shouguang Maolong will improve stability of the equipment of the production line(s), further enhance the production capacity of high-end castings and forgings and improve product quality.

The Company will closely monitor the progress of the suspension of production for inspection and maintenance of Shouguang Maolong, and fulfill its information disclosure obligations in a timely manner in accordance with the relevant regulations. Investors are advised to pay attention to investment risks.

Further announcements will be issued as and when required under the Listing Rules.

**Shareholders and potential investors 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, the PRC

28 October 2021

*As at the date of this announcement, the board of directors of the Company 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*