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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**)

ACCEPTANCE OF APPLICATION FOR LIQUIDATION OF DEBTOR

Shandong Molong Petroleum Machinery Company Limited* (the “**Company**”) announces that it has received a creditor notice issued by the People's Court of Shouguang City, Shandong Province (the “**Court**”) that the application for liquidation of Shouguang Baolong Petroleum Equipment Co., Ltd.* (壽光寶隆石油器材有限公司) (“**Shouguang Baolong**”), a debtor of the Company (the “**Liquidation**”), has been accepted. The Company may submit debt reporting materials in accordance with the relevant requirements of the Court within a specified period.

References are made to the Company's announcements dated 9 January 2024, 12 January 2024, 13 February 2025 and 19 February 2025 (the “**Announcements**”) in relation to, amongst others, the Shouguang Baolong Repayment Agreement, pursuant to which Shouguang Baolong shall repay the account receivables in the sum of RMB461,709,466.37 to the Company (the “**Debt**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

Pursuant to the Debt Assignment Agreements, an aggregate of RMB169,119,800 of the Debt was assigned by the Company to Shandong Shouguang Vegetable Wholesale Market Co., Ltd.* (山東壽光蔬菜批發市場有限公司). As at the date of this announcement, the remaining balance of the Debt amounts to RMB291,937,181.56.

Shouguang Baolong has charged its fixed assets and intangible assets, including, amongst others, land and buildings and equipment (which had an appraised value of RMB509,215,885 as at 30 September 2023) (the “**Charged Assets**”), to the Company to secure the repayment of the Debt under the Shouguang Baolong Repayment Agreement. The Company as a chargee is entitled to exercise its rights on the Charged Assets.

The Company has previously made provision for bad debts in respect of the Debt in the amount of RMB80.93 million. In order to truly and objectively reflect the Company's assets and financial status, the Company will make provision for asset impairment loss and bad debts based on the principle of prudence and in accordance with the Accounting Standards for Business Enterprises and the Company's accounting policies and other relevant regulations. The actual amount of provision for asset impairment loss and bad debts is subject to the audit conducted by the auditors and the announcement to be made by the Company.

The Company considers that currently its production and operations remain to be normal and the Liquidation does not have a material impact on the Company's normal operations. As at the date of this announcement, the specific plan for the Liquidation has not been released, and the liquidation procedures are expected to be complex and long with an uncertain schedule of time. Hence, the Company is currently unable to make an accurate estimation of the impact of the Liquidation on the Company's future results. The Company will pay close attention to the progress of the Liquidation, actively and legally safeguard its rights and interests and mitigate relevant losses.

Further announcement will be made by the Company in respect of any material development on the Liquidation as and when appropriate.

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*
Han Gao Gui
Chairman

Shandong, the PRC
10 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*