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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)

ANNOUNCEMENT IN RELATION TO IMPOSITION OF OTHER RISK WARNINGS IN RESPECT OF A SHARES AND SUSPENSION OF TRADING IN A SHARES

This announcement is made by Shandong Molong Petroleum Machinery Company Limited* (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions (as defined in the (the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

1. The Company's net profits before and after deducting non-recurring gains and losses in the past three financial years (whichever is lower) were negative, and the 2023 audit report shows that there is uncertainty in the Company's ability to continue as a going concern, and the Company's A Shares stock trading has fallen into situations of other risk warnings.
2. Trading in the Company's A Shares will be suspended for one day on 29 March 2024 (Friday), and trading will resume on 1 April 2024 (Monday);
3. After the imposition of other risk warnings, the stock abbreviation is changed from "Shandong Molong" to "ST Molong";
4. After the imposition of other risk warnings, the daily limit in respect of the decrease or increase in the stock price is 5%.

A. TYPE AND ABBREVIATION OF SHARES, STOCK CODE AND DATE OF IMPOSING OTHER RISK WARNINGS

1. Category of Shares: RMB Ordinary Shares (A Shares)
2. Stock Abbreviation: Changed from "Shandong Molong" to "ST Molong";

3. Stock Code: 002490
4. Date of Imposition of Other Risk Warnings: 1 April 2024 (Monday).

B. KEY REASONS FOR THE IMPOSITION OF OTHER RISK WARNINGS

The Company's net profits before and after deducting non-recurring gains and losses (whichever is lower) in 2021, 2022, and 2023 were RMB-369,613,746.87, RMB -424,969,725.59 and RMB-566,861,510.82, respectively. The lower of the Company's net profits before and after non- deducting recurring gains and losses for the last three consecutive financial years were negative; and ShineWing Certified Public Accountants (Special General Partnership) issued an unqualified audit report (XYZH/2024JNAA3B0050) to the Company for 2023 with a paragraph on significant uncertainty in continuing its operations as a going concern.

According to Rule 9.8.1(7) of the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, the Company's net profits before and after deducting non-recurring gains and losses in the past three financial years (whichever is lower) were negative, and the audit report for the most recent year shows that there is uncertainty as to the Company's ability in continuing its operations as a going concern; the Company's A Share stock trading has fallen into situations of other risk warnings.

C. INDICATION ON ISSUES IN RELATION TO THE IMPOSITION OF OTHER RISK WARNINGS

According to the relevant requirements under Rule 9.8.1 of the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, trading in the Company's A Shares will be suspended for one day on 29 March 2024 (Friday), and trading will resume on 1 April 2024 (Monday), on which day the other risk warnings will be imposed. After the imposition of other risk warnings, the stock abbreviation will be changed from "Shandong Molong" to "ST Molong", the stock code will remain as 002490. 4. After the imposition of other risk warnings, the daily limit in respect of the decrease or increase in the stock price of the A Shares of the Company is 5%.

D. OPINION OF THE BOARD OF DIRECTORS OF THE COMPANY AND MAJOR MEASURES IN RELATION TO THE IMPOSITION OF OTHER RISK WARNINGS

The Company's board of directors is aware of the adverse impact of the above-mentioned matters on the Company. Effective measures will be taken, and the Company's board of directors will actively facilitate and make every effort to improve its ability in continuing operation as a going concern, and drive the Company back to a healthy track of sustainable development as soon as possible. The measures to be taken are set out as below:

1. Disposal of inefficient assets and optimize the asset-liability structure. On 9 January 2024, the Company convened the seventh interim meeting of the seventh session of the board of directors, at which the “Resolution on disposal of equity interest in subsidiaries” was passed. The disposal of Shouguang Baolong Petroleum Equipment Co., Ltd.* (壽光寶隆石油器材有限公司) and Weihai City Baolong Petroleum Special Equipment Co., Ltd.* (威海市寶隆石油專材有限公司) were approved. It was also agreed to optimize the Company's asset allocation, recover funds, enhance the liquidity of assets, and improve the Company's profitability, which will have a positive impact on the Company's production, operations and financial position, and are in line with the long-term development plan. As at 13 March 2024, changes in industrial and commercial registration were completed in respect of the two subsidiaries and renewed business licenses issued by the Market Supervision Administration have been obtained.
2. Strengthen marketing work and optimize sales strategies, to adjust sales strategies in a timely manner based on market conditions. In 2024, the Company is to carry out a good job in the market, especially new markets and new customer development, sales and customer service, and adhere to the business strategy of "export first, oil pipelines as the focus, and general management as strong", continue to optimize product and customer structure. Business marketing shall 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, and promoting the formation of a diversified product structure, which is expected to effectively increase market share, gradually restore market confidence, boost performance growth, and strive to improve operating conditions.
3. Consolidate basic management and promote quality and efficiency improvement. Strengthen production management and seek benefits from the production site. Effectively control the production process and improve various economic and technical indicators; consolidate basic management, pay attention to product quality, and continuously improve product quality; improve cost control awareness, reduce costs in many aspects, tap potential, effectively do a good job in cost reduction and efficiency improvement, and strive to derive efficiency in positions, machineries, every ton of products, so as to improve profitability.
4. Enhance financing efforts and ensure fund security. Strengthening communication between banks and us, enhance communication and exchanges with banks and other financial institutions to ensure the safety and continuity of the capital chain. The security of the capital chain is related to the survival and development of enterprises. To focus on the five major banks, use commercial banks as support, and quasi-financial institutions as the supplementation 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. Further strengthen the management of accounts receivable, speed up the turnover rate of accounts receivable, reduce the occurrence of bad debts, and ensure the security of funds.

5. Strengthen exchanges and cooperation and continue to promote the application and promotion of HIs melt. According to the Company's technology promotion plan, we will use our full effort to complete all preparatory work. Strengthen communication and exchanges with design institutes and user companies to ensure that all work is implemented accurately and timely; maintain close contact with units in the same industry, keep up with the forefront of technological development, and continuously improve work efficiency and service levels. The promotion of HIs melt technology and project implementation will become the Company's new focal point of profit growth and help to continuously improve the Company's operating capabilities.

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

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Yuan Rui
Chairman

Shandong, the PRC
28 March 2024

As at the date of this announcement, the board of directors of the Company comprises the executive Directors, namely Mr. Yuan Rui, Mr. Yao You Ling, Mr. Li Zhi Xin and Mr. Zhao Xiao Tong; the non-executive Directors, namely Mr. Ding Yi and Ms. Zhang Min; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.

** For identification purposes only*