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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 RESULTS FORECAST FOR THE YEAR 2020

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the “**Company**”) 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 forecast for the current period

1. Period of the results forecast: 1 January 2020 to 31 December 2020
2. Results forecast: Loss From loss to profit Increase Decrease

Item	Current reporting period	Corresponding period last year
Net profit attributable to shareholders of listed company (RMB)	Profit: 35,000,000 – 45,000,000	Loss: 196,309,300

II. Preliminary audit of the results forecast

This results forecast has not been audited by certified public accountant(s).

III. Reasons for changes in results

1. In order to optimise production plan, achieve intensified production management, further reduce costs and enhance efficiency, the Company sold part of the land and fixtures. A gain of approximately RMB360 million is expected to be realized from the asset sale, which constitutes a non-recurring profit and loss item;
2. During the reporting period, due to the COVID-19 pandemic and fluctuations in international oil prices, the domestic and overseas oil field drilling operation rates were relatively low and the orders from the oilfield market dropped significantly. The average price of the Company's pipe products decreased compared with last year while the prices of major raw materials increased significantly compared with last year. The operating revenue and gross profit margin of the Company have fallen substantially and the profitability of the Company has

decreased.

IV. Other relevant information

This results forecast is only a preliminary estimation made by the finance department of the Company and has not been audited by any certified public accountants. The actual financial information of the Company is subject to the disclosure in the 2020 annual report by the Company.

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 Yunlong
Chairman

Shandong, the PRC

13 January 2021

As at the date of this announcement, the Board comprises the executive Directors, namely Mr. Yang Yun Long, Mr. Yuan Rui, Mr. Liu Min 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*