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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 2021

HIGHLIGHTS

- For the year ended 31 December 2021, the total operating revenue of the Group in the consolidated financial statements amounted to RMB3,734,462,841.12, representing an increase of approximately 24.08% as compared to RMB3,009,719,029.66 in the corresponding period of last year.
- Revenue attributable to the equity owners of the Company in the consolidated financial statements amounted to –RMB368,017,768.12, representing a decrease of approximately 1,243.67% as compared to RMB32,178,630.99 in the corresponding period of last year.
- Earnings per share in the consolidated financial statements amounted to approximately –RMB0.46, representing a decrease of approximately 1,250.00% as compared to the earnings per share of RMB0.04 in the corresponding period of last year.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

The board of directors (the “**Board**”) 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 2021.

The financial information set out below in this announcement does not constitute the Group’s statutory financial statements for the year ended 31 December 2021, 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 auditor, Shinewing Certified Public Accountants Ltd., Certified Public Accountants Ltd. (Special General Partnership).

Unless specified otherwise, the financial information of the Company was stated in Renminbi.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	2021	2020
I. Total operating revenue	3,734,462,841.12	3,009,719,029.66
Including: Operating revenue	3,734,462,841.12	3,009,719,029.66
Interest income		
Insurance premium earned		
Brokerage and commission income		
II. Total operating costs	3,999,888,750.28	3,342,727,781.59
Including: Operating costs	3,514,477,916.63	2,902,436,729.61
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	20,493,455.61	19,116,487.72
Selling expenses	13,402,249.30	14,948,332.92
Administrative expenses	278,990,958.47	194,470,836.86
Research and development expenses	57,076,465.12	52,542,810.96
Finance costs	115,447,705.15	159,212,583.52
Including: Interest expenses	114,302,110.50	137,373,401.15
Interest income	4,907,692.93	5,507,436.70
Add: Other gains	2,335,726.68	17,770,915.00
Investment income	(169,863.60)	(39,767.09)
Including: Gains on investment in associates and joint ventures	(169,863.60)	(242,363.72)
Gain on derecognition of financial assets measured at amortised cost		
Exchange gains		
Net gains on exposure hedges		
Gain on fair value changes		
Credit impairment losses	14,647,126.44	1,142,033.60
Asset impairment losses	(112,901,651.42)	(1,047,770.83)
Gain on disposal of assets	399,239.27	353,358,239.23

	2021	2020
III. Operating profit	(361,115,331.79)	38,174,897.98
Add: Non-operating income	5,272,356.06	7,928,370.13
Less: Non-operating expenses	6,213,826.89	28,574,721.15
IV. Total profit	(362,056,802.62)	17,528,546.96
Less: Income tax expenses	6,363,692.81	6,073,146.60
V. Net profit	(368,420,495.43)	11,455,400.36
(i) By business continuity		
1. Net profit from continuing operations	(368,420,495.43)	11,455,400.36
2. Net profit from discontinued operations		
(ii) By attributable ownership		
1. Net profit attributable to the shareholders of the parent company	(368,017,768.12)	32,178,630.99
2. Loss or profit attributable to minority interests	(402,727.31)	(20,723,230.63)
VI. Other comprehensive income, net of tax	381,810.59	1,154,980.84
Other comprehensive income attributable to owners of the parent company, net of tax	343,629.53	1,039,482.75
(i) Other comprehensive income that may not be reclassified to profit or loss		
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		
4. Fair value changes in credit risk of the Company		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss	343,629.53	1,039,482.75
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	343,629.53	1,039,482.75
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax	38,181.06	115,498.09

	2021	2020
VII. Total comprehensive income	(368,038,684.84)	12,610,381.20
Total comprehensive income attributable to owners of the parent company	(367,674,138.59)	33,218,113.74
Total comprehensive income attributable to minority interests	(364,546.25)	(20,607,732.54)
VIII. Earnings per share:		
(i) Basic earnings per share	(0.46)	0.04
(ii) Diluted earnings per share	(0.46)	0.04

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

Item	31 December 2021	31 December 2020
Current assets:		
Monetary funds	475,191,176.69	759,979,803.03
Settlement deposits		
Lending funds		
Financial assets held for trading		
Derivative financial assets		
Bills receivable	235,005,278.71	164,945,170.51
Accounts receivable	299,530,976.41	287,920,595.28
Financing receivables	28,539,024.92	33,575,777.00
Loans and advances		951,005.30
Prepayments	49,598,390.41	24,755,942.84
Insurance receivables		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other receivables	17,440,781.64	156,486,818.72
Including: Interests receivable		
Dividends receivable		
Purchases of sell-back financial assets		
Inventories	715,282,787.11	787,377,614.78
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	26,180,538.95	21,904,932.90
Total current assets	1,846,768,954.84	2,237,897,660.36

Item	31 December 2021	31 December 2020
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	2,144,833.69	2,314,697.29
Investments in other equity instruments		
Other non-current financial assets		
Investment properties	9,929,101.58	
Fixed assets	2,181,361,123.66	2,493,577,016.35
Construction-in-progress	10,029,521.56	7,620,542.62
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,530,636.81	4,591,910.73
Intangible assets	376,053,902.88	393,688,845.70
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	29,065,116.69	35,217,034.73
Other non-current assets	728,107.60	728,107.60
Total non-current assets	2,610,842,344.47	2,937,738,155.02
Total assets	4,457,611,299.31	5,175,635,815.38

Item	31 December 2021	31 December 2020
Current liabilities:		
Short-term borrowings	1,916,706,214.72	2,054,225,378.29
Borrowings from the central bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable	101,209,067.42	121,472,511.10
Accounts payable	599,514,345.81	648,352,428.48
Receipts in advance		
Contract liabilities	70,368,931.26	83,749,468.02
Proceeds from disposal of buy-back financial assets		
Customer bank deposits and due to banks and other financial institutions		
Securities brokerage deposits		
Securities underwriting brokerage deposits		
Salaries payable	57,833,087.83	54,493,884.87
Taxes payable	25,793,838.53	27,192,105.60
Other payables	64,231,003.43	43,853,326.94
Including: Interests payable		
Dividends payable		
Brokerage and commission payables		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	107,001,393.82	139,784,923.46
Other current liabilities	67,434,388.00	50,195,434.08
Total current liabilities	3,010,092,270.82	3,223,319,460.84

Item	31 December 2021	31 December 2020
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	37,141,617.50	114,063,150.53
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		4,968,359.84
Long-term payables	37,742,329.02	4,585,000.00
Long-term salaries payable		
Estimated liabilities	558,467.38	14,392,824.64
Deferred revenue	6,966,655.18	7,176,480.86
Deferred income tax liabilities	5,362,198.02	5,560,648.87
Other non-current liabilities		
Total non-current liabilities	87,771,267.10	150,746,464.74
Total liabilities	3,097,863,537.92	3,374,065,925.58
Owners' equity:		
Share capital	797,848,400.00	797,848,400.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	863,356,311.20	863,169,158.42
Less: Treasury shares		
Other comprehensive income	(1,671,948.29)	(2,015,577.82)
Special reserve		
Surplus reserve	187,753,923.88	187,753,923.88
General risk reserve		11,236.91
Undistributed profits	(434,047,824.92)	(66,030,056.80)
Total equity attributable to owners of the parent company	1,413,238,861.87	1,780,737,084.59
Minority interests	(53,491,100.48)	20,832,805.21
Total owners' equity	1,359,747,761.39	1,801,569,889.80
Total liabilities and owners' equity	4,457,611,299.31	5,175,635,815.38

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021

Item	2021									
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of the previous year	797,848,400.00	863,169,158.42	(2,015,577.82)		187,753,923.88	11,236.91	(66,030,056.80)	1,780,737,084.59	20,832,805.21	1,801,569,889.80
Add: Changes of accounting policy										
Correction of prior period errors										
Business combination under common control										
Others										
II. Balance at the beginning of the current year	797,848,400.00	863,169,158.42	(2,015,577.82)		187,753,923.88	11,236.91	(66,030,056.80)	1,780,737,084.59	20,832,805.21	1,801,569,889.80
III. Changes in the current period		187,152.78	343,629.53			(11,236.91)	(368,017,768.12)	(367,498,222.72)	(74,323,905.69)	(441,822,128.41)
(i) Total comprehensive income			343,629.53				(368,017,768.12)	(367,674,138.59)	(364,546.25)	(368,038,684.84)
(ii) Owners' capital injection and capital reduction		187,152.78						187,152.78		187,152.78
1. Ordinary shares contributed by owners										
2. Capital contributed by holders of other equity instruments										
3. Amounts of share-based payments recognised in owners' equity										
4. Others		187,152.78						187,152.78		187,152.78
(iii) Profit distribution										
1. Appropriations of surplus reserve										
2. Appropriations of general risk reserve										
3. Distribution to the owners (or shareholders)										
4. Others										
(iv) Internal carry-forward 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 offsetting against 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. Appropriations during the period				24,468,609.59				24,468,609.59		24,468,609.59
2. Utilisations during the period				24,468,609.59				24,468,609.59		24,468,609.59
(vi) Others						(11,236.91)		(11,236.91)	(73,959,359.44)	(73,970,596.35)
IV. Balance at the end of the current year	797,848,400.00	863,356,311.20	(1,671,948.29)		187,753,923.88		(434,047,824.92)	1,413,238,861.87	(53,491,100.48)	1,359,747,761.39

	2020								
	Equity attributable to shareholders of the parent company							Minority interests	Total owners' equity
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits		
I. Balance at the end of the previous year	797,848,400.00	863,169,158.42	(3,055,060.57)		187,753,923.88	11,236.91	(98,208,687.79)	41,440,537.75	1,788,959,508.60
Add : Changes of accounting policy									
II. Opening balance of the current year	797,848,400.00	863,169,158.42	(3,055,060.57)		187,753,923.88	11,236.91	(98,208,687.79)	41,440,537.75	1,788,959,508.60
III. Changes in the current year			1,039,482.75				32,178,630.99	(20,607,732.54)	12,610,381.20
(i) Total comprehensive income			1,039,482.75				32,178,630.99	(20,607,732.54)	12,610,381.20
(ii) Shareholder' capital injection and capital reduction									
1. Ordinary shares contributed by shareholders									
2. Capital contributed by holders of other equity instruments									
3. Amounts of share-based payments recognised in shareholders' equity									
4. Others									
(iii) Profit distribution									
1. Appropriations of surplus reserve									
2. Appropriations of general risk reserve									
3. Distribution to the owners									
4. Others									
(iv) Internal carry-forward of shareholders' equity									
1. Transfer of capital reserve to share capital									
2. Transfer of surplus reserve to share capital									
3. Surplus reserve offsetting against losses									
4. Others									
(v) Special reserve									
1. Appropriations during the year				26,986,008.44					26,986,008.44
2. Utilisations during the year				26,986,008.44					26,986,008.44
(vi) Others									
IV. Others	797,848,400.00	863,169,158.42	(2,015,577.82)		187,753,923.88	11,236.91	(66,030,056.80)	20,832,805.21	1,801,569,889.80

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 address of the Company’s registered office is No. 999 WenSheng Street, Shouguang City, Shandong Province, PRC and the principal place of business in Hong Kong is 5/F., Kam Sang Building, 257 Des Voeux Road, 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, oil and gas exploitation equipment and high-end castings, etc. The products were mainly used in the manufacture of equipment for oil and gas drilling, machinery processing, urban pipeline network and wind turbine castings.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared on the going-concern basis and transactions and events actually occurred in accordance with the Accounting Standard for Business Enterprises promulgated by the Ministry of Finance of the People’s Republic of China (the “**Ministry of Finance**”) and relevant requirements (collectively “**Accounting Standard for Business Enterprises**”), and the disclosure requirements pursuant to China Securities Regulatory Commission’s Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reports (2014 Revision), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as well as the accounting policies and estimation as stated in “**Significant Accounting Policies and Accounting Estimates**”. During the year, there were no material changes in the Company’s accounting policies and accounting estimates.

3. OPERATING REVENUE

Total operating revenue consists of operating revenue and revenue from other operations. Operating revenue solely represents the net amount received and receivable for goods sold and services rendered to external by the Group during the year, excluding any trade discounts.

The following is an analysis of the Group’s operating revenue for the year of 2021:

Item	2021	2020
Pipe products	2,047,507,945.84	2,458,265,692.32
Three kinds of pumping units	25,281,830.99	40,046,101.68
Petroleum machinery parts	8,885,631.54	8,346,558.77
Tube blanks	815,847,918.60	178,497,433.73
High-end castings and forgings	710,405,198.10	241,350,397.49
Others	126,534,316.05	83,212,845.67
Total	3,734,462,841.12	3,009,719,029.66

4. SEGMENT INFORMATION

According to the internal organisational structure, management requirements and internal reporting system of the Group, the Group's operating segments are divided into six reportable segments. The Group identifies the operating segments according to 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 its results to be evaluated.

(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 policies and measurement basis for preparing the financial statements.

Segment reporting information — the year of 2021

Item	Pipe products	Three kinds of pumping units	Petroleum machinery parts	Tube blanks	High-end castings and forgings	Others	Unallocated	Elimination	Total
Operating revenue									
External transaction revenue	2,047,507,945.84	25,281,830.99	8,885,631.54	815,847,918.60	710,405,198.10	126,534,316.05			3,734,462,841.12
Inter-segment transaction revenue									
Total segment operating revenue	2,047,507,945.84	25,281,830.99	8,885,631.54	815,847,918.60	710,405,198.10	126,534,316.05			3,734,462,841.12
Total operating revenue in financial statements	2,047,507,945.84	25,281,830.99	8,885,631.54	815,847,918.60	710,405,198.10	126,534,316.05			3,734,462,841.12
Segment expenses	1,979,934,816.66	27,271,693.42	11,580,767.52	758,670,198.97	750,979,059.40	118,191,610.55			3,646,628,146.52
Segment operating profit	67,573,129.18	(1,989,862.43)	(2,695,135.98)	57,177,719.63	(40,573,861.30)	8,342,705.50			87,834,694.60
Adjusted for:									
Administrative expenses							278,990,958.47		278,990,958.47
Research and development expenses							57,076,465.12		57,076,465.12
Finance costs							115,447,705.15		115,447,705.15
Investment income							(169,863.60)		(169,863.60)
Gain on disposal of assets							399,239.27		399,239.27
Other income							2,335,726.68		2,335,726.68
Operating profit in financial statements	67,573,129.18	(1,989,862.43)	(2,695,135.98)	57,177,719.63	(40,573,861.30)	8,342,705.50	(448,950,026.39)		(361,115,331.79)
Non-operating income							5,272,356.06		5,272,356.06
Non-operating expenses							6,213,826.89		6,213,826.89
Total profit	67,573,129.18	(1,989,862.43)	(2,695,135.98)	57,177,719.63	(40,573,861.30)	8,342,705.50	(449,891,497.22)		(362,056,802.62)
Income tax							6,363,692.81		6,363,692.81
Net profit	67,573,129.18	(1,989,862.43)	(2,695,135.98)	57,177,719.63	(40,573,861.30)	8,342,705.50	(456,255,190.03)		(368,420,495.43)
Total segment assets	3,141,797,055.40	64,490,238.06	20,572,976.89	180,209,159.71	387,517,228.74	267,715,952.25	395,308,688.26		4,457,611,299.31
Total segment liabilities	986,167,467.81	12,439,302.38	10,815,112.02	227,342,205.34	335,342,170.30	39,748,547.64	1,486,008,732.43		3,097,863,537.92

Segment reporting information — the year of 2020

Item	Pipe products	Three kinds of pumping units	Petroleum machinery parts	Tube blanks	High-end castings and forgings	Others	Unallocated	Elimination	Total
Operating revenue									
External transaction revenue	2,458,265,692.32	40,046,101.68	8,346,558.77	178,497,433.73	241,350,397.49	83,212,845.67			3,009,719,029.66
Inter-segment transaction revenue									
Total segment operating revenue	2,458,265,692.32	40,046,101.68	8,346,558.77	178,497,433.73	241,350,397.49	83,212,845.67			3,009,719,029.66
Total operating revenue in financial statements	2,458,265,692.32	40,046,101.68	8,346,558.77	178,497,433.73	241,350,397.49	83,212,845.67			3,009,719,029.66
Segment expenses	2,400,298,628.64	36,892,701.49	5,804,696.92	195,779,958.71	226,944,660.53	70,686,641.19			2,936,407,287.48
Segment operating profit	57,967,063.68	3,153,400.19	2,541,861.85	(17,282,524.98)	14,405,736.96	12,526,204.48			73,311,742.18
Adjusted for:									
Administrative expenses							194,470,836.86		194,470,836.86
Research and development expenses							52,542,810.96		52,542,810.96
Finance costs							159,212,583.52		159,212,583.52
Investment income							(39,767.09)		(39,767.09)
Gain on disposal of assets							353,358,239.23		353,358,239.23
Other income							17,770,915.00		17,770,915.00
Operating profit in financial statements	57,967,063.68	3,153,400.19	2,541,861.85	(17,282,524.98)	14,405,736.96	12,526,204.48	(35,136,844.20)		38,174,897.98
Non-operating income							7,928,370.13		7,928,370.13
Non-operating expenses							28,574,721.15		28,574,721.15
Total profit	57,967,063.68	3,153,400.19	2,541,861.85	(17,282,524.98)	14,405,736.96	12,526,204.48	(55,783,195.22)		17,528,546.96
Income tax							6,073,146.60		6,073,146.60
Net profit	57,967,063.68	3,153,400.19	2,541,861.85	(17,282,524.98)	14,405,736.96	12,526,204.48	(61,856,341.82)		11,455,400.36
Total segment assets	3,913,996,219.73	89,170,749.57	19,943,259.66	111,742,444.61	134,010,523.94	227,217,376.27	679,555,241.60		5,175,635,815.38
Total segment liabilities	1,652,442,085.04	19,864,461.62	11,513,612.40	40,794,472.59	98,562,812.69	28,616,772.13	1,522,271,709.11		3,374,065,925.58

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

In the year of 2021 and 2020, the Group derived all external transaction revenue from the PRC and overseas but all of its assets were located in the PRC. Therefore, external transaction revenue by origin of revenue sources is disclosed as follows:

Item	2021	2020
External transaction income derived from the PRC	3,536,780,288.98	2,717,360,137.40
External transaction income derived from other countries	197,682,552.14	292,358,892.26
Total	3,734,462,841.12	3,009,719,029.66

5. FINANCE COSTS

Item	2021	2020
Interest expenses (bank borrowings due within one year)	114,302,110.50	137,373,401.15
Less: Interest expenses capitalised		
Less: Interest income	(4,907,692.93)	(5,507,436.70)
Foreign exchange difference	1,550,959.54	20,442,211.52
Others	4,502,328.04	6,904,407.55
Total	115,447,705.15	159,212,583.52

There was no capitalised borrowing costs in the year of 2021 (2020 : 0).

6. OTHER INCOME

Source of other income	Amount for the period	Amount for the last period
Subsidies and grants for enterprises		13,041,300.00
Stability subsidies and social insurance subsidies	1,402,091.88	2,244,789.32
Grants for defense basement construction	35,954.30	35,954.30
Reward for technological innovation patents and acquisition of international brands	106,000.00	1,630,000.00
Others	791,680.50	818,871.38
Total	2,335,726.68	17,770,915.00

7. ASSETS IMPAIRMENT LOSSES

Item	2021	2020
Loss on bad debts		
Including: Accounts receivable		
Other receivables		
Loss on impairment of inventories	(17,739,032.81)	(1,047,770.83)
Impairment loss on intangible assets		
Impairment loss of fixed assets	(95,162,618.61)	
Loss allowances for loans		
Impairment loss on goodwill		
Total	(112,901,651.42)	(1,047,770.83)

8. CREDIT IMPAIRMENT LOSSES

Item	Amount for the period	Amount for the last period
Loss on bad debts of bills receivable	(707,677.86)	936,263.73
Loss on bad debts of accounts receivable	13,897,008.65	4,580,429.76
Loss on bad debts of other receivables	(633,778.05)	3,314,998.60
Impairment loss on loans	2,091,573.70	(7,689,658.49)
Total	14,647,126.44	1,142,033.60

9. NON-OPERATING INCOME

Item	2021	2020
Gain on scrapping and retirement of fixed assets	58,988.81	
Others	5,213,367.25	7,928,370.13
Total	5,272,356.06	7,928,370.13

10. TOTAL (LOSS) PROFIT

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

Item	2021	2020
Staff costs (including directors' remuneration)	238,853,255.44	220,966,043.70
Amortisation of intangible assets	22,352,887.18	19,184,422.00
Auditor's remuneration (included in administrative expenses)	1,367,924.49	1,365,309.14
Cost of inventories recognised as expenses	3,514,477,916.63	2,902,436,729.61
Depreciation on fixed assets	223,973,971.67	234,379,707.18
Research and development expenses	49,978,469.51	44,788,225.44
Gain on disposal of fixed assets	399,239.27	353,358,239.23

11. INCOME TAX (CREDIT) EXPENSES

Item	2021	2020
Current income tax expenses	410,225.62	1,251,926.93
— Hong Kong		
— Mainland China	410,225.62	1,251,926.93
Deferred income tax expenses	5,953,467.19	4,821,219.67
Total	6,363,692.81	6,073,146.60

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% (2020: 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% (2020: 16.5%) in Hong Kong.

12. (LOSSES)/EARNINGS PER SHARE

Item	2021	2020
Net (loss)/profit attributable to shareholders of the Company is calculated based on:		
Basic (losses)/earnings per share	(0.46)	0.04
Diluted (losses)/earnings per share	(0.46)	0.04
Net (loss)/profit from continuing operations attributable to shareholders of the Company is calculated based on:		
Basic (losses)/earnings per share	(0.46)	0.04
Diluted (losses)/earnings per share	(0.46)	0.04

13. DIVIDENDS

Item	2021	2020
Dividends recognised and distributed during the year	0	0
2021 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 2021. It has been proposed by the Board but shall be subject to approval from shareholders at the general meeting.

14. BILLS RECEIVABLE

Item	2021			2020		
	Balance of accounts receivable	Provision for bad debts	Net amount of accounts receivable	Balance of accounts receivable	Provision for bad debts	Net amount of accounts receivable
Bills receivable	237,379,069.40	2,373,790.69	235,005,278.71	166,611,283.34	1,666,112.83	164,945,170.51
Total	237,379,069.40	2,373,790.69	235,005,278.71	166,611,283.34	1,666,112.83	164,945,170.51

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

15. ACCOUNTS RECEIVABLE

Item	2021			2020		
	Balance of accounts receivable	Provision for bad debts	Net amount of accounts receivable	Balance of accounts receivable	Provision for bad debts	Net amount of accounts receivable
Balance of accounts receivable	406,840,660.08	107,309,683.67	299,530,976.41	411,339,480.85	123,418,885.57	287,920,595.28
Total	406,840,660.08	107,309,683.67	299,530,976.41	411,339,480.85	123,418,885.57	287,920,595.28

The Group as primary obligor satisfy its obligations of supplying products customers in a timely manner by reference to the category, standard and time requested by the customer 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 is 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. As to petroleum machinery parts, the credit term is normally 2 months.

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

Age	2021	2020
Within 1 year	286,440,544.44	270,075,676.86
1 to 2 years	9,564,790.04	8,761,658.21
2 to 3 years	2,354,706.30	168,705.00
3 to 4 years	168,705.00	2,109,650.15
4 to 5 years	977,938.85	17,776,652.99
Over 5 years	107,333,975.45	112,447,137.64
Total	406,840,660.08	411,339,480.85

16. BILLS PAYABLE

Category	2021	2020
Bills payable	101,209,067.42	121,472,511.10
Total	101,209,067.42	121,472,511.10

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

17. ACCOUNTS PAYABLE

Category	2021	2020
Accounts payable	599,514,345.81	648,352,428.48
Total	599,514,345.81	648,352,428.48

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

Age	2021	2020
Within 1 year	433,416,450.73	464,534,823.44
1 to 2 years	60,116,780.67	90,009,423.77
2 to 3 years	36,152,773.49	31,048,337.92
Over 3 years	69,828,340.92	62,759,843.35
Total	599,514,345.81	648,352,428.48

18. CAPITAL COMMITMENTS

The Group did not have any capital commitments as at the end of the year. The Group has initiated the related work for factory relocation, and has received the Filing Proof for Construction Project in Shandong. The procedures for capability assessment, safety assessment and environmental assessment are being processed. The Group is also in the process of architectural design of new plant area. The actual amount of expenses is yet to be ascertained.

19. CONTINGENT LIABILITIES

As at the date of these financial statements, the proceedings against the Company by investors regarding false statements about securities have been entertained by the Intermediate People's Court of Jinan, and the aggregate sum involved was RMB123,757,110.17. Currently, the total amount involved in cases that have been judged or closed through mediation was RMB123,100,089.73, with settlement amount of RMB72,439,251.03. For closed proceedings, the Company is performing its obligations according to the judgment results. For other unclosed proceedings, an estimated liabilities of RMB558,467.38 were provided at a rate of 85% with reference to the proceedings already closed. The total amount of estimated liabilities provided for this matter by the Company was RMB72,997,718.41.

ANNUAL RESULTS

For the year ended 31 December 2021, the Group recorded a revenue of RMB3,734,462,841.12, representing an increase of approximately 24.08% as compared with last year. Profit attributable to equity owners of the Company and earnings per share amounted to –RMB368,017,768.12 and –RMB0.46, respectively.

BUSINESS REVIEW

(I) Descriptions of the Company’s main businesses during the reporting period

During the year, the Company 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, oil and gas exploitation equipment and high-end castings, etc. The products were mainly used in the manufacture of equipment for oil and gas drilling, machinery processing, urban pipeline network and wind turbine castings. During the reporting period, the principal business of the Company was the manufacturing and sales of special equipment and castings and forgings, and the Company achieved a growth in operating revenue as compared to the same period of last year.

The Company’s main products are pipe products and high-end castings and forgings. The Company has adopted a “sales-based production” business model for production under which the Company manufactures, inspects and delivers products under its production system and according to the plan specified in the customer orders secured by the sales department through market sales initiatives. 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) General overview of the Company’s industry during the reporting period

The Company operates in the energy equipment industry covering energy sources such as petroleum, natural gas, shale gas, coal and coalbed methane, which is apparently vulnerable to changes in economic development cycle, market consumption and demand, cycle of crude oil prices and cycle of raw material prices. Since 2021, in line with the gradual improvement in global economic development, demand for oil and gas has become increasingly stronger with international oil prices fluctuated upward, which helped further boost active investment in capital expenditure by oil and gas companies and in turn drive the sentiment in the oilfield services industry to

rebound. However, the downstream equipment manufacturers for oilfield services continued to face a fierce industry competition as international oil and gas companies remained conservative in their investment in oil and gas exploration and development and there was only limited improvement in the imbalance of supply over demand due to the combined impacts of the persistent global COVID-19 pandemic, volatility of international oil and gas industry and accelerated transformation of the energy industry. Under the background of carbon peaking and carbon neutrality, international oil and gas companies speeded up their pace of exploring opportunities for transformation towards new energy business by making greater investment in new energy sector. In addition, costs remained a tough challenge for industry players as raw material prices fluctuated widely along with commodity prices.

In recent years, the ongoing “Seven-Year Action Plan” in China has driven continued improvement in the overall domestic economy and the domestic oil and gas exploration and development market has experienced growth momentum. 2021 is the first year of China’s 14th Five-Year Plan, which explicitly advocated that players in China’s oil and gas exploration and development shall concentrate advantageous resources to make breakthroughs in core equipment for sectors such as oil and gas exploration and development, accelerate the utilisation of deep-sea, deep-seated, and unconventional oil and gas resources, and promote the increase of oil and gas reserves and production, and build on domestic output to maintain a high and steady yield of crude oil and natural gas. As China continues high external dependence on energy, it is imperative to increase efforts in the exploration and development without hesitation. The National Energy Administration stated in the Guiding Opinions on Energy-Related Work in 2021 that it is important to vigorously strengthen the foundation for safeguarding energy supply and promote the increase of oil and gas reserves and production, ensure that the investment in exploration and development is maintained, and accelerate the development of unconventional resources such as shale oil and gas, tight gas and coalbed methane. Moreover, the National Energy Administration held a meeting for the promotion of shale oil exploration and development in 2021, calling for making all-out efforts in the exploration and development of shale oil and gas, and including the strengthening of the exploration and development of shale oil into the 14th Five-Year Plan for energy and oil and gas field development. As the global economy continues to recover and the demand and supply come closer to balance, China’s energy strategy of increasing efforts in the exploration and development and the increase in reserves of production of oil and gas resources brings added certainty to the domestic demand for energy equipment.

(III) Discussion and analysis of operation of the Company during the reporting period

As at the end of the reporting period, the Company had total assets of RMB4.458 billion, representing a decrease of 13.87% year-on-year. Net assets attributable to shareholders of the listed company were RMB1.413 billion, representing a decrease of 20.64% year-on-year. Gearing ratio dropped by 4.31 percentage points year-on-year to 69.50%. During the reporting period, the Company realised an operating revenue of RMB3.734 billion, representing a year-on-year growth of 24.08%. Net profit attributable to shareholders of the listed company was –RMB368 million. During the reporting period, due to the significant increase in the purchase prices of coal and

mineral powder, the major raw materials of the Company, the suspension of production for overhaul of Shouguang Maolong and Shouguang Baolong, the Company's principal subsidiaries, and the shortage in supply of raw materials, there was an increase in the production costs and procurement costs. Meanwhile, the suspension of production also led to the increase in costs and expenses. During the reporting period, the Company carried out a thorough review on assets at the end of the year and provided for an impairment loss of RMB98,254.5 thousand in respect of those assets with an indication of impairment according to the relevant requirements.

PROSPECTS

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

Under the background of continued global efforts in fighting against COVID-19 pandemic and weak economic recovery, the internal and external environment remains complex and difficult which exposes China to risks and challenges. The sentiment in the energy equipment manufacturing industry is highly sensitive to factors such as demand for energy consumption, economic changes in economic cycles and movements of raw material prices. Currently, due to the combined impacts of the sporadic COVID-19 cases in China, price movements of commodities at high levels, volatility in international oil and gas industry, accelerated transformation of the energy sector and other factors, international oil and gas companies remain conservative in the investment in oil and gas exploration and development. Competition in the energy equipment manufacturing industry remains fierce.

In 2021, China made an auspicious start of the 14th Five-Year Plan by implementing a set of regular prevention and control measures and coordinating pandemic prevention and control with economic and social development. China is creating a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. Driven by the national strategy for energy security, China is on the trajectory of economic improvement, which, together with the rising international crude oil prices, boosts increasing demand for oil and gas exploration and development. This helps the sentiment in the industry rebound.

In the long run, the demand for oil and gas will continue to grow. Under the 14th Five-Year Plan, it is proposed that the oil and gas exploration and development industry shall promote the increase of oil and gas reserves and production and shall maintain a high and steady yield of crude oil and national gas. The National Energy Administration stated in the Guiding Opinions on Energy-Related Work in 2021 that it is important to vigorously strengthen the foundation for safeguarding energy supply and promote the increase of oil and gas reserves and production, and ensure that the investment in exploration and development is maintained. The white paper titled Energy in China's New Era indicated that, China has intensified efforts for the exploration and exploitation of oil and gas resources, to increase their reserve and production volumes, and has been enhancing its supply capacity for safer and higher-quality energy. The national strategy for energy security has provided a strong support to the development of the energy equipment manufacturing industry. Against the backdrop of China's continued high external dependence on crude oil and natural gas, the goal of

“stabilising oil market and increasing demand for natural gas” will remain unchanged. The national strategy for energy security has driven increased upstream capital expenditure, as evidenced by the proposals of CNPC and CNOOC on their “Seven-Year Action Plan” to vigorously develop the business of domestic energy exploration and development.

In addition, the PRC has comprehensively liberalised the oil and gas exploration and development market. Private and foreign-invested enterprises and other social capitals are expected to enter the domestic oil and gas exploration and development market to inject new blood into the domestic oil and gas exploration and development, driving new demands for the energy equipment industry. With the acceleration of oil and gas production and the continuous growth of oil and gas capital expenditures, the overall demand for the energy equipment manufacturing industry will continue to expand, and the industry’s prosperity is expected to further improve.

(II) Business plans of the Company for 2022

In 2022, centering around the strategic goal of “becoming an internationally renowned energy equipment manufacturer and service provider, Shandong Molong will adhere to the general tone of making progress while remaining stable, with the main focus on the promotion of high-quality corporate development. The Company will persist on a customer-centered and market-oriented approach, with a key focus on developing and selling high-end, precise and advanced new products. The Company will capitalise on its industry strengths to strengthen the research and development of technology and service capability, forming an economical, efficient, advanced and eco-friendly industry chain of energy equipment manufacturing, striving to achieve steady corporate development.

1. Adhere to market-oriented approach and proactively expand the market

The Company will set its sight on market segments according to the trends of industry development with its marketing activities centering around key markets and focusing on major customer. The Company will work hard on tender and bidding in the oilfield market (such as CNPC, Sinopec and CNOOC) and client acquisition in the tube market; take full advantages of the industry, actively explore marketing channels, vigorously push forward to management of key projects, further capitalise on its advantages to explore new applications markets, increase order volume and capacity of high value-added products to promote the formulation of diversified product structures that effectively increase market share and help achieve improved business results.

2. Strengthen the basic management to promote the quality and efficiency improvement

The Company will strictly pay attention to safety, environmental protection and production management, continue to implement safety education and training for all employees, practically raise their safety awareness and pre-control safety risks in advance. The Company will also strengthen equipment operation management, strictly implement hidden danger identification and rectification and ensure stable production operations. The Company will

further consolidate basic management, pay attention to product quality, and establish a good reputation for the Company. Production process management will also be practically implemented and the Company will raise the awareness of cost control, reduce costs in various aspects. The Company will also further enhance its standard of quality management and capability in production and manufacturing, explore internal potential, exercise measures to reduce costs and increase efficiency, with an aim to improve its profitability.

3. *Attach importance to technology innovation and research and development and strengthen the construction of an echelon of talents*

The Company will continue to strengthen the collaboration with scientific research institutes and tertiary schools. Leveraging on the technological advantages of tertiary schools and scientific research institutes and the advanced equipment of the Company, the Company will promptly implement process testing, development and design, so as to enhance its capability in technological innovation and lay a solid foundation for the application of new products and new technology in the future. The Company will also accelerate the development, introduction and application of new products and techniques. Intensified efforts will be made in the construction and upgrade of supporting infrastructure and production lines as a driving force and hardware protection for efficient achievement of development goals and rapid growth in business results.

The Company will strengthen the construction of the team of professional and technical personnel, the Company forms a professional and stable scientific research team through independent cultivation and introduction of talents, gradually establishing a technological innovation system that integrates production, education and research. The Company will also further perfect the management mechanisms on cadre appointment and talents management and gradually enhance and improve the remuneration and labour security systems, as well as further improve the overall quality of employees through business training, management training, etc.

4. *Reinforce the internal control management and reduce operation risks*

The Company will further perfect and complete the internal control management system, intensify internal audit, establish efficient monitoring and inspection mechanisms, regulate the specific business process and strengthen risk-resistance ability; continue to reinforce risk control and monitoring mechanisms at all levels, so as to lower the risks of corporate operation.

5. *Optimise the corporate governance and facilitate the standardised operation*

The Company will further complete the relevant rules and regulations according to actual needs and ensure their effective implementation; continue to optimise the corporate governance structure and improve the standardised operation level, 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; optimise the internal control process and constantly perfect the risk prevention mechanisms, so as to guarantee healthy, stable and sustainable development of the Company.

(III) Major risk factors for future development strategy and business goals of the Company

(1) Market risk

The Company 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, regional, political, financial, supply and demand and many other factors, and have strong cyclical and volatility. At the time when oil prices are low, oil and gas companies will reduce capital expenditures accordingly, make less investment in to exploration and development and have lower demand for equipment and services in the oil and gas industry. The Company will adjust product structure and market setting in a timely manner according to market changes.

(2) Raw material price fluctuation risk

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 Company will closely monitor if there is any fluctuation in raw material prices and will control the manufacturing costs of products such as by way of fixing raw material prices, adjusting the product prices and product mix 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 more frequently issuing stricter safety and environmental protection policies and carrying out regular safety and environmental protection supervision. The higher emission standards is bound to increase the Company's environmental protection related costs. The Company 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 circular economy, maximises resource utilisation, and increases environmental protection investment to ensure the waste discharges of the Company is up to standards.

(4) Exchange rate risk

Changes in the RMB exchange rate have impact on the Company's operating results. The Company 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 Company to fair value interest rate risk and financial instruments bearing floating interest rates expose the Company to cash flow interest rate risk. The Company 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

Amendments to Articles of Association

In order to improve corporate governance of the Company, according to the relevant legal and regulatory requirements under the “Company Law of the People’s Republic of China*” (中華人民共和國公司法), the “Securities Law of the People’s Republic of China*” (中華人民共和國證券法) and the Guidance No.1 for Self-regulation of Listed Companies — Standardized Operation of Listed Companies on Main Board” (上市公司自律監管指引第1號–主板上市公司規範運作), the Board will put forward a resolution at the annual general meeting to be held on 30 March 2022 (the “**AGM**”) for the shareholders to approve the proposed amendments to the Articles of Association of the Company. Details of the proposed amendments to the Articles of Association of the Company are set out in the Company’s announcement and circular dated 30 March 2022. The proposed amendments to Articles of Association of the Company are subject to approval by the shareholders at the AGM by way of special resolution.

Save as disclosed above, the Group has no significant events after the reporting period that are discloseable as at the date of the announcement.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2021, the Group did not have any significant investments.

MATERIAL ACQUISITION AND DISPOSAL DURING THE YEAR AND FUTURE INVESTMENT PLAN

During the year ended 31 December 2021, the Group did not have any acquisitions, disposals or future significant investment plans.

DIVIDEND

The Board does not recommend any payment of final dividend in respect of the year ended 31 December 2021, which shall be subject to approval from shareholders at general meeting.

CORPORATE GOVERNANCE

The Company is committed to achieving a high standard of corporate governance. The principles of corporate governance adopted by the Company emphasises a high-quality board of directors, sound internal control, and transparency and accountability to all shareholders. For the year ended 31 December 2021, 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 14 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 2021. In addition, during the year, external independent internal control consultants were appointed to review the internal control and financial reporting of the Company.

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

Due to other work arrangements, Mr. Liu Min has resigned from the positions as an executive director, deputy general manager and chief financial officer of the Company with effect from 13 August 2021.

The resolutions on the election of the non-employee representative supervisors of the seventh session of the supervisory committee of the Company have been approved by shareholders at the extraordinary general meeting of the Company held on 12 October 2021. The term of office of the supervisors of the seventh session of the supervisory committee of the Company shall be three years commencing from the date of approval at the extraordinary general meeting.

The resolutions on the election of the directors of the seventh session of the Board have been approved by shareholders at the extraordinary general meeting of the Company held on 26 November 2021. The term of office shall be three years commencing from the date of approval at the extraordinary general meeting.

AUDIT COMMITTEE

The Company's audit committee (its members consist of three independent non-executive directors of the Company) held seven meetings in 2021 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 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules requiring the directors of the Company to follow the Model Code while conducting securities transactions, the same 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 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The annual general meeting for the year of 2021 of the Company is expected to be held on 19 May 2022. A notice convening the annual general meeting will be published and despatched to the shareholders of the Company in due course.

The register of members of H shares of the Company (“**H Shares**”) will be closed from Monday, 16 May 2022 to Thursday, 19 May 2022 (both days inclusive), during which no transfer of the H Shares will be effected. In order to qualify to attend and vote at the upcoming annual general meeting, all completed forms of transfers accompanied by the relevant share certificates must be lodged with the H Shares registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 13 May 2022.

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 2021 will be despatched to shareholders as soon as possible and will be available on the website of the Company and the websites of the Stock Exchange and Shenzhen Stock Exchange.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Yang Yun Long
Chairman

Shandong, the PRC
30 March 2022

As at the date of this announcement, the Board comprises the executive Directors, namely Mr. Yang Yun Long, Mr. Yuan Rui, Mr. Li Zhi Xin and Mr. Yao You Ling; the non-executive Directors, namely Mr. Wang Quan Hong and Mr. Liu Ji Lu; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.

* *For identification purposes only*