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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)

## **INVESTMENT IN AND DEVELOPMENT OF "HIGH-END PETROLEUM PIPES INTELLIGENT PROCESSING LINE PROJECT"**

This announcement is made by Shandong Molong Petroleum Machinery Company Limited\* (the **"Company"**) on a voluntary basis to inform the shareholders (the **"Shareholders"**) and potential investors of the Company about the latest business updates of the Company.

The board of directors (the **"Board"**) of the Company announces that, in accordance with the Company's development strategy and plan and in order to further enhance the Company's processing capacity for pipelines, improve the Company's production chain and enhance market competitiveness, on 15 December 2025, at the ninth extraordinary meeting of the eighth session of the Board held by the Company, the "Resolution on the Investment in and Development of Project" was passed and an agreement has been reached on the utilization by the Company of no more than RMB170 million of its internal or self-raised funds to invest in and develop the "High-end Petroleum Pipes Intelligent Processing Line Project" (the **"Project"**) within the factory area of the Science and Technology Park.

### **BASIC INFORMATION OF THE PROJECT**

Basic information of the Project is set out as follows:

1. Project Name: High-end Petroleum Pipes Intelligent Processing Line Project
2. Implementing Entity: Shandong Molong Petroleum Machinery Company Limited\*
3. Location of Development: Within Shandong Molong Science and Technology Park, Shouguang City, Shandong Province
4. Total Investment: Not exceeding RMB170 million (subject to actual investment amount)

5. Source of Funding: The Company's internal or self-raised funds
6. Development Content: Development of two intelligent processing lines, for producing oil tubing and casing, respectively. Ancillary development of key workmanship equipment including integrated machine for intelligent length measuring, weighing and coding, a CNC threading machine, an automatic pipe end sandblasting machine, an automatic bundling machine, as well as a QR code coding and identification tracing system and a MES intelligent system.
7. Project Development Period: 12 months

## **PURPOSE OF THE PROJECT AND IMPACT ON THE COMPANY**

1. The Project targets to improve the Company's overall operational efficiency and unleash its development potential by expanding scale of production lines, optimizing production layout, improving supporting facilities, and supplementing processing capacity. Upon completion of the Project, it is expected to enhance the Company's capacity for supplying high-end products, reduce production costs, and strengthen Company's core competitiveness and overall capabilities, which is in line with the Company's development strategy.
2. The investment funds for the Project will come from the Company's internal or self-raised funds. The Company will invest funds in phases based on the project plan and implementation schedule. There will be no significant impact on the Company's financial condition and operating results in the short term, no impact on the normal conduct of the Company's existing principal business, and no prejudice to the interests of the Company and all Shareholders.

## **WARNING OF RELEVANT RISK**

1. The Project is still subject to approval procedures from relevant government departments, including project commencement and filing, environmental assessment reporting and approval and construction planning approval. In the event of adjustment in national or local policies leading to changes in conditions of project approval and implementation, the Project may be subject to postponement, modification, suspension, or termination.
2. The investment amount etc. for the Project is an estimate and there is uncertainty as to its implementation. In the process of implementation, there is a risk that the Project may not be completed on schedule due to factors such as natural disasters and construction progress issues.
3. The Project was determined comprehensively based on the prevailing industry prospects, technology levels, and the Company's development strategy. However, due to uncertainties in the macroeconomic environment, industry policies and market demand, there is a risk that the investment return may not meet expectations.

**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\***  
**Han Gao Gui**  
*Chairman*

Shandong, the PRC  
15 December 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. Wang Tao and Mr. Song Guang Jie; the non-executive Directors, namely Mr. Huang Bing De and Ms. Zhang Min; and the independent non-executive Directors, namely Mr. Zhang Zhen Quan, Mr. Dong Shao Hua and Mr. Zhang Bing Gang.*

*\* For identification purposes only*