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)

SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
DEBT SETTLEMENT AGREEMENT

Reference is made to (i) the announcement of Shandong Molong Petroleum Machinery Company Limited* (the "**Company**") dated 29 December 2025 (the "**Announcement**"); and (ii) the circular of the Company dated 31 December 2025 in relation to the Debt Settlement Agreement and the transactions contemplated thereunder. Capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement, unless the context requires otherwise.

VALUATION

As disclosed in the Announcement, the consideration was determined after arm length negotiations between the Company and Vegetable Wholesale Company with reference to, amongst others, the appraised value of the Land (together with buildings and constructions erected thereon and machinery and equipment) in the amount of RMB361,850,200 as at 31 January 2025 (the "**Valuation Benchmark Date**") based on a property valuation report prepared by the Valuer.

The Company would like to provide further information in relation to the valuation of the Land (together with buildings and constructions erected thereon).

Land use right

Benchmark land price coefficient adjustment approach

As disclosed in the Announcement, the formula used in benchmark land price coefficient adjustment approach is as follows:

Land price = S x K1 x K2 x K3 x (1 + ΣK) ± K4

Whereas:

S — benchmark land price
K1 — valuation date adjustment coefficient
K2 — term of use of land adjustment coefficient
K3 — plot ratio adjustment coefficient
K4 — development progress adjustment value
ΣK — sum of regional and specific parameters affecting land price adjustment coefficient

1. According to the "2023 Shouguang City Urban State-Owned Land Classification and Benchmark Land Price Application Technical Manual* (2023 年度壽光市城鎮國有土地級別與基準地價應用技術手冊)", the Land is located within the Class I industrial land coverage area of Shouguang City, with a benchmark land price S = RMB516.00/square metre.

2. Adjustment for determination date factor (K1):

   The government-published valuation benchmark date for benchmark land price is 1 January 2023, and valuation benchmark date for the Land was 31 January 2025. According to information from the Department of Natural Resources of the Shandong Province (山東省自然資源廳), land price levels for the first quarter of 2025 have not yet been released. As land prices in that region have not been fluctuating significantly, the benchmark date is based on information from the fourth quarter of 2023. Calculations show that the price index K1 from the benchmark land price to the valuation benchmark date is 1.0063.

3. Determining the land use right term adjustment coefficient (K2)

   The maximum statutory term of grant for industrial land at the benchmark land price is 50 years. The remaining usable land term for the Land is 30.85 years. Using a land capitalization rate of 5.50%, the land use right term adjustment coefficient is:

   K2 = [1 – 1 / (1 + r) n] / [1 – 1 / (1 + r) m]

   Whereas:

   K2 — usable term adjustment coefficient;
   r — land capitalization rate of 5.50%;
   m — term of land use with benchmark land price;
   n — remaining useful life of the land parcel to be appraised

   K2 = [1-(1+5.50%)^30.85]/[1-(1+5.50%)/^50] = 0.868

4. Determination of the plot ratio adjustment coefficient (K3)

Based on the benchmark land prices, industrial land is less sensitive to plot ratio; the impact of plot ratio on land prices has not been considered; therefore, K3 = 1.

5. Adjustment for development level (K4)

According to the "2023 Shouguang City Urban State-Owned Land Classification and Benchmark Land Price Application Technical Manual* (2023 年度壽光市城鎮國有土地級別與基準地價應用技術手冊)", the average land development level of the area where the appraised property is located is "five connections and one formation" (including water supply, drainage, road access, power supply, communication and site formation). The Land's development level is "seven connections and one formation" (including water supply, drainage, road access, power supply, communication, heating, gas supply and site formation).

Land development cost table

Connection and formation items	Road access	Power supply	Water supply	Drainage
Land development cost (RMB/square metre)	30	20	20	15
Connection and formation item	Communication	Heating	Gas supply	Site formation
Land development cost (RMB/square metre)	20	30	30	15

Therefore, K4 = RMB60/square metre.

6. The factor adjustment coefficient refers to the integrated adjustment coefficient for land price influencing factors other than plot ratio, date, term, and land use. The adjustment coefficient for each factor is determined based on various factors of the land parcel, and the following formula is used to calculate the land parcel factor adjustment coefficient:

Factor adjustment coefficient = $1 + \sum Ki$

Where ki: Adjustment coefficient for the i-th factor

Land parcel adjustment coefficient table

Factor items	**Description of factors of appraised object and assessment**	**Merits**	**Assessed adjustment factor**
Industrial cluster scale	The businesses in the area are not contiguous; the number of businesses is average, but they are close together, with no restrictions on each other, with an average setup.	Average	0.00%
Roadside type	Mixed main roads	Average	0.00%
Land parcel industry nature	Machinery, metallurgy, chemical industry, food, pharmaceuticals, warehousing.	Average	0.00%
Compatibility between factory and raw material market	Relatively convenient.	Good	0.90%
Convenience of external transportation	Far from major transportation hubs, but transportation is convenient.	Average	0.00%
Water supply	24-hour uninterrupted water supply.	Excellent	1.35%
Drainage conditions	Smooth drainage.	Excellent	1.05%
Land area	Moderate area which is extremely favourable for land use.	Excellent	0.90%
Shape of land	A regular land shape which is highly advantageous for land use.	Excellent	0.75%
Geological conditions	Good	Excellent	0.75%
Total			5.70%

7. Use adjustment

The land use of the land parcel being appraised is industrial use. No land use adjustment was made.

Land price calculations:

$P = S \times K1 \times K2 \times K3 \times (1 + \sum K) \pm K4$

$= 516.00 \times 1.0063 \times 0.868 \times 1.00 \times (1 + 5.70\%) + 60.00$

= 536.00 (RMB/square metre)

Market approach

As stated in the Announcmeent, the formula used in market approach is as follows:

Land price = Land price in comparison cases x transaction condition adjustment coefficient x transaction date adjustment coefficient x regional parameters adjustment coefficient x specific parameters adjustment coefficient x term adjustment coefficient

1. Selection of comparable transactions

   Through investigation and analysis, the Valuer selected three (3) cases with similar land conditions as comparative cases for the Land.

2. Taking into account the specific circumstances of the appraised property and the comparable transactions, the main factors affecting the land price of the Land selected by the Valuer are:

   a. Transaction date: proximity to the valuation benchmark date
   b. Transaction circumstances: whether the transaction was normal, objective and fair
   c. Transaction method: adjustments made according to different transaction methods
   d. Land use term: refers to adjustments made for differences in the effective land use term from the valuation benchmark date
   e. Land use: adjustments made according to the land use
   f. Regional factors: mainly including industrial concentration, transportation conditions, direction of regional land use, infrastructure conditions, environmental conditions, and public facilities conditions etc.
   g. Individual factors: mainly including land parcel size (square metres), land parcel shape and usability, street frontage, land parcel planning restrictions, and hydrogeological conditions etc.

3. After investigation and analysis, the Valuer selected three (3) parcels of land having similar conditions with the Land as comparables. The basic information of each comparable is as follows:

Table of basic information on the appraised object and comparables

Investigation factors	Appraised object	Comparable 1	Comparable 2	Comparable 3
Location	North of the Beihuan Road in Shouguang City* (壽光市區北環路以北)	North of Luoxing Street and east of Yongning Road, Luocheng Subdistrict * (洛城街道洛興街以北、永甯路以東)	North of Luoxing Street, and east of Yongning Road, Luocheng Subdistrict, Shouguang City* (壽光市洛城街道洛興街以北、永甯路以東)	West of Jinhai Road and north of Anhou Street in Shouguang City*（壽光市金海路以西、安後街以北）
Land use	Industrial	Industrial use	Industrial use	Industrial use
Land parcel area (square metres)	297,321	1,824	44,533	10,872
Area details	Construction land area, excluding land to be requisitioned.	Construction land area, excluding land to be requisitioned.	Construction land area, excluding land to be requisitioned.	Construction land area, excluding land to be requisitioned.
Plot ratio	0.19	1	1	1
Land development level	Seven connections and one formation: Access to roads, power, communications, water supply, drainage, gas, and heating outside the land parcel boundary; site formation completed within the land parcel boundary.	Five connections and one formation: Access to roads, power, communications, water supply, and drainage outside the land parcel boundary; site formation completed within the land parcel boundary.	Five connections and one formation: Access to roads, power, communications, water supply, and drainage outside the land parcel boundary; site formation completed within the land parcel boundary.	Five connections and one formation: Access to roads, power, communications, water supply, and drainage outside the land parcel boundary; site formation completed within the land parcel boundary.
Transaction time	2025/1/31	2023/9/12	2023/6/25	2023/2/1
Term of land use (years)	30.76	50	50	50
Transaction method	Proposed listing for sale	Listing for sale	Listing for sale	Listing for sale
Transaction condition	Normal	Normal	Normal	Normal

Investigation factors	Appraised object	Comparable 1	Comparable 2	Comparable 3
Means of payment	One-off payment	One-off payment	One-off payment	One-off payment
Currency	RMB	RMB	RMB	RMB
Transaction price (RMB/square metre)	To be appraised	509.87	507.04	538.08
Price details	Ground unit price	Ground unit price	Ground unit price	Ground unit price
Source of information	—	Landchina.com	Landchina.com	Landchina.com

4. Adjustment for comparative factors

Table of comparative factors adjustments coefficient

Comparative factors		Appraised object and comparables		
		Comparable 1	Comparable 2	Comparable 3
Location		North of Luoxing Street and east of Yongning Road, Luocheng Subdistrict * (洛城街道洛興街以北、永甯路以東)	North of Luoxing Street, and east of Yongning Road, Luocheng Subdistrict, Shouguang City* (壽光市洛城街道洛興街以北、永甯路以東)	West of Jinhai Road and north of Anhou Street in Shouguang City*（壽光市金海路以西、安後街以北）
Transaction price [Floor area price per square metre (RMB/square metre)]		509.87	507.04	538.08
Transaction date		100/99.79	100/99.79	100/99.37
Transaction circumstances		100/100	100/100	100/100
Transaction method		100/100	100/100	100/100
Term of land use (years)		100/115.34	100/115.34	100/115.34
Land use		100/100	100/100	100/100
Regional factors	Industrial concentration	100/100	100/100	100/100
	Transportation conditions	100/100	100/100	100/100
	Direction of regional land	100/100	100/100	100/100

Comparative factors		Appraised object and comparables		
		Comparable 1	Comparable 2	Comparable 3
	use			
	Infrastructure conditions	100/96	100/96	100/96
	Environmental conditions	100/100	100/100	100/100
	Public facilities conditions	100/100	100/100	100/100
Individual factors	Land parcel size (square metres)	100/98	100/98	100/98
	Plot ratio	100/100	100/100	100/100
	Land parcel shape and usability	100/100	100/100	100/100
	Street frontage	100/99	100/99	100/99
	Land parcel planning restrictions	100/100	100/100	100/100
	Hydrogeological conditions	100/100	100/100	100/100
Adjustment coefficient (∏)		0.9328	0.9328	0.9368

The following are details of the main comparative factors referenced in compiling the comparative factor adjustment coefficients:

a. Adjustment for transaction date

The transaction dates of the selected transactions are September 2023, June 2023, and February 2023, respectively. The Valuation Benchmark Date for the Land is 31 January 2025. According to the Valuer's inquiry with the Department of Natural Resources of the Shandong Province (山東省自然資源廳), the land price levels of industrial lands in Weifang City for the first, second, and third quarters of 2023 were 476.00, 478.00, and 478.00 respectively, and the industrial land price level for the fourth quarter of 2023 was 479.00. The data for the first quarter of 2025 for Weifang City has not yet been released, as the industrial land price level in Weifang City in 2025 is no longer comparable to previous years in view of changes in the calculation details for land prices of the Department of Natural Resources of the Shandong Province (山東省自然資源廳) from 2024. After verification, there was no material fluctuation of the benchmark land price level in the region from the fourth quarter of 2023 to the benchmark date. Therefore, the land price level for the first quarter of 2025 is based on the data from the fourth quarter of 2023. Hence, the transaction date indices were determined to be 99.79, 99.79, and 99.37, respectively.

b. Term of land use adjustment

$K = [1 – 1 / (1 + r) m] / [1 – 1 / (1 + r) n]$

Whereas:

K – Land use term adjustment coefficient
m – Remaining land use term of the land parcel to be appraised
n – Remaining land use term of comparable transactions
r – Land capitalization rate

The remaining land use term of the Land is 30.76 years. The remaining land use term of all selected transactions is 50.00 years.

c. Regional factor adjustment

Price reductions or increases adjustments caused by merits of regional factors are identified based on factors such as industrial concentration, transportation conditions, direction of regional land use, infrastructure conditions and environmental conditions etc..

d. Individual factor adjustment

Adjustments are made taking into account primarily factors such as land parcel size, shape and usability of land parcel, street frontage, land parcel planning restrictions and hydrogeological conditions etc..

5. Calculations of adjusted land price of transactions

Determination of appraised value using the comparison method

	Comparable 1	Comparable 2	Comparable 3
Comparable transactions	North of Luoxing Street and east of Yongning Road, Luocheng Subdistrict * (洛城街道洛興街以北、永甯路以東)	North of Luoxing Street, and east of Yongning Road, Luocheng Subdistrict, Shouguang City* (壽光市洛城街道洛興街以北、永甯路以東)	West of Jinhai Road and north of Anhou Street in Shouguang City*（壽光市金海路以西、安後街以北）

Transaction price [Floor area price per square metre (RMB/square metre)]	509.87	507.04	538.08
Adjustment coefficient (∏)	0.9328	0.9328	0.9368
Comparison price	476.00	473.00	504.00
Comparison weight	1/3	1/3	1/3
Ground unit price comparison	484.00		

Both the benchmark land price adjustment method and the market comparison method were used in the valuation. There was no material difference between the appraised values using the two methods. The arithmetic mean of the two valuation methods were adopted by the Valuer as the final appraised value.

Buildings and constructions and machinery and equipment

As stated in the Announcement, the formula used in cost approach is as follows:

Appraised value = Replacement costs x integrated remaining value ratio x (1 + value-added tax rate)

Buildings and constructions

1. Calculation of replacement cost

   Replacement cost = Construction and installation cost + preliminary and other expenses + capital cost - deductible value-added tax

   a. Determination of construction and installation costs

      Budget and final audit adjustment method: For projects with complete construction cost information, the method of adjustment to the final audit is used. The construction and installation costs of the appraised building are determined based on the amount of construction work in the completion audit, as adjusted by the labour and material prices and fee standards as at the valuation benchmark date in accordance with the construction cost calculation procedures, budget quotas and fee quotas published by the local construction administration

department.

b. Calculation of preliminary and other expenses

Preliminary and other expenses include two parts: construction fees stipulated by the local government and other expenses incurred by the construction entity for the construction project, excluding the construction and installation costs.

	Construction cost or name	**Basis of fee**	**Calculation formula**	**Early stage expenses**	**Whether value-added tax can be deducted**
	Fees calculated based on project cost.				
1	Construction entity management fee	Ministry of Finance, Caijian [2016] No. 504	Construction cost * rate	1.19%	No
2	Construction supervision fee	Market price	Construction cost * rate	1.60%	Yes
3	Environmental evaluation fee	Market price	Construction cost * rate	0.11%	Yes
4	Project proposal fee and feasibility study fee	Market price	Construction cost * rate	0.40%	Yes
5	Surveying and design fees	Market price	Construction cost * rate	2.70%	Yes
6	Bidding and tendering agency fee	Market price	Construction cost * rate	0.17%	Yes
	Sub-total			6.17%	
	Fees based on construction area				
1	Lightning protection technical service fee	Market price			Yes
	1.1 Technical review of lightning protection device design	Market price	RMB0.1/m^2 *construction area	0.1	Yes
	1.2 Lightning	Market price	RMB0.9/m^2	0.9	Yes

	Construction cost or name	**Basis of fee**	**Calculation formula**	**Early stage expenses**	**Whether value-added tax can be deducted**
	protection device construction tracking and testing		*construction area		
2	Urban infrastructure fees	Notice on Further Regulating the Collection, Use and Management of Urban Infrastructure Supporting Fees (關於進一步規範城市基礎設施配套費徵收使用管理的通知)	RMB150/m^2 *construction area	150	No
3	Civil defence relocation construction fee	Notice from the Development and Reform Commission of the Shandong Province, Department of Finance of the Shandong Province, and the People's Air Defence Office of the Shandong Province on Re-clarifying the Fee Standards for Off-site Construction	Amount *construction area	108	No

	Construction cost or name	Basis of fee	Calculation formula	Early stage expenses	Whether value-added tax can be deducted
		Fees for Air Defence Underground Shelters and Related Issues (Lu Fa Gai Cheng Ben [2021] No. 1074) (山東省發展和改革委員會山東省財政廳山東省人民防空辦公室關於重新明確防空地下室易地建設費收費標準等有關問題的通知 魯發改成本〔2021〕1074號)			

c. Calculation of construction period capital costs

Capital costs refer to the loan interest on funds invested in the construction and development during the construction period. The loan prime rate (LPR) is adopted for interest rate calculations, and the construction period is calculated based on a normal and reasonable construction cycle, based on an even investment schedule:

Capital costs = (integrated construction costs + early stage and other expenses) × reasonable construction period × loan interest rate × 1/2

As of the Valuation Benchmark Date, the loan prime rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China is:

Term	Annual interest rate (%)
Within one year (inclusive)	3.1
Five years or above	3.6

d. Calculation of deductible value-added tax

Deductible value-added tax = Pre-tax replacement cost of construction and installation / 1.09 × 9% + early stage and other expenses (excluding government fees and construction entity management fees) / 1.06 × 6%

2. Calculation of integrated remaining value ratio

There are generally two methods for calculating the integrated remaining value ratio, being the age-based method and the condition rating method.

The age-based method only considers the “economic useful life” and "used years" of a building (structure), without taking into account its specific current condition. Therefore, the remaining value ratio calculated using this method is also called the “theoretical remaining value ratio”. The condition rating method combines the specific conditions of the building (structure) with on-site inspection and rating. Although there are prescribed standards for rating, valuers often find it difficult to accurately grasp them. In view of the above, the integrated remaining value ratio is determined using the average comprehensive method. The respective details are set out below:

a. Theoretical remaining value ratio

Theoretical remaining value ratio = remaining useful life / (accumulated useful life + remaining useful life) × 100%

b. Survey remaining value ratio

First, the main factors affecting the remaining value ratio of a building are categorized by structure (foundation, walls, load-bearing, roof), decoration (floors, interior and exterior decoration, doors and windows, ceilings), and equipment and facilities (plumbing, heating, lighting). The completeness value for each item is determined with reference to the Ministry of Construction's “Standards for Assessing the Condition of Buildings (房屋完損等級評定標準)” taking into account the actual condition observed during the on-site survey. The survey remaining value ratio is then determined based on weightings.

Survey remaining value ratio = ratings for structure × weight + ratings for decoration × weight + ratings for installation × weight

c. Integrated remaining value ratio

The weighting of the theoretical remaining value ratio is 40.00%, and the weighting of the survey remaining value ratio is 60.00%.

Integrated remaining value ratio = theoretical remaining value ratio × 40.00% + survey remaining value ratio × 60.00%

The appraised value of the buildings and constructions is as follows:

	Appraised value (RMB)
Total of buildings and constructions	191,432,046.00
Fixed assets - buildings and constructions	155,902,700.00
Fixed assets - structures and other ancillary facilities	35,529,346.00

Machinery and equipment

1. Determination of replacement cost

Replacement cost comprises acquisition price, freight and miscellaneous costs, installation and commissioning costs, capital costs and various taxes and fees. The specific composition of replacement cost varies depending on the type of equipment and the method of acquisition.

Replacement cost = equipment acquisition price (including tax) + freight and miscellaneous costs + installation and commissioning costs + foundation costs + other costs + capital costs - deductible value-added tax

a. Equipment acquisition price (including tax)

Determination of replacement cost for domestically produced equipment: Price inquiry with equipment manufacturers, distributors and agents, or sourcing current acquisition prices from relevant pricing information. To determine based on the selected current market prices, after giving reasonable consideration to transportation and miscellaneous costs and installation and commissioning fees. For large and valuable equipment, in addition to the above, to determine the replacement cost taking into account the capital costs during the construction period and other necessary intermediate reasonable expenses.

b. Transportation and miscellaneous costs

Equipment transportation and miscellaneous costs mainly include freight, loading and unloading fees and insurance costs. This is generally determined based on the

equipment acquisition price, taking into account factors such as the distance between the manufacturer and the location of the equipment, the weight, shape and dimensions of the equipment, and with reference to different transportation and miscellaneous fee rates.

c. Installation and commissioning fees

Installation and commissioning fees are determined based on the acquisition price , taking into account the characteristics, weight and ease of installation of the equipment, and with reference to different fee rates. No installation and commissioning fees will be included for equipment that does not require installation and commissioning, or where installation and commissioning fee has already been included in the equipment price.

d. Foundation fee

For equipment requiring a foundation, the foundation fee shall be calculated based on the actual condition of the equipment with reference to the assessment parameters manual, provided that it does not overlap with the calculation of building (structure) fees.

e. Other costs

Other costs : Other costs include construction management fees, survey and design fees, feasibility study fees, environmental impact evaluation fees, engineering bidding and tendering fees, engineering supervision fees etc., which are calculated based on the standards for other construction and development fees in the location of the equipment and taking into account the characteristics of the equipment itself. The calculation basis is the sum of the equipment's acquisition price, transportation and miscellaneous costs, installation and commissioning fees and foundation fee (all of the aforementioned are tax inclusive).

Therefore, the specific items and related rates for the calculation of other costs prior to the benchmark date are set out as follows:

	Basis	**Fee rate (tax inclusive)**	**Deductibility**
1	Project construction management fee	1.19%	No
2	Construction supervision fee	1.60%	Yes
3	Project proposal fee and feasibility study fee	0.11%	Yes
4	Surveying and design fees	0.40%	Yes

5	Bidding and tendering agency fee	2.70%	Yes
6	Environmental evaluation fee	0.17%	Yes
Sub-total		6.17%	

f. Determination of capital cost

Capital cost: Calculated based on a reasonable construction period and the bank loan interest rate on the valuation benchmark date.

Capital cost = (equipment acquisition price + freight and miscellaneous costs + installation and adjustment costs + foundation costs + other costs) × loan interest rate × construction period × 1/2

g. Deductible value-added tax

According to relevant finance and tax documents such as Cai Shui [2008] No. 170, Cai Shui [2013] No. 106, Cai Shui [2016] No. 36, and Announcement No. 39 of 2019 issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, on the valuation benchmark date, the input tax incurred by general value-added tax taxpayers for purchasing or self-manufacturing fixed assets can be deducted from the output tax based on value-added tax special invoices, customs import value-added tax payment certificates, and transportation cost settlement documents. The input tax is recorded in the "Taxes payable - value-added tax payable (input tax)" account. Therefore:

Deductible value-added tax = equipment purchase price × 13% / (1 + 13%) + (freight and miscellaneous costs + installation and commissioning fees + foundation fees) × 9% / (1 + 9%) + other deductible expenses

2. Determination of remaining value ratio

Key machinery and equipment are determined using an integrated remaining value ratio, while general equipment is determined using age-based remaining value ratio.

Integrated remaining value ratio = age-based remaining value ratio × 40% + survey remaining value ratio × 60%

Age-based remaining value ratio = (economic useful life - years used) / economic useful life × 100%

Survey remaining value ratio: Using an equipment technical surveying rating system, the overall technical condition of the equipment and its individual components are

graded and rated according to the importance, complexity and recent inspection results or value of each component. Through on-site observation, based on the equipment's current condition, actual usage time, load rate, original manufacturing quality, maintenance status, working environment and conditions, appearance and integrity, and after extensive consultation with operators, maintenance personnel and managers, the remaining value ratio is determined through a joint technical survey by experts and the factory's engineering and technical personnel.

The valuation of the machinery and equipment is as follows:

	Appraised value (RMB)
Fixed assets - machinery and equipment	5,137,432.00

Valuation benchmark date

The Valuation Benchmark Date for the Land (together with buildings and constructions erected thereon and machinery and equipment) was 31 January 2025, and the Debt Settlement Agreement was entered into on 29 December 2025.

The Company considers that there had been no material change in relation to the Land (together with buildings and constructions erected thereon and machinery and equipment) that would have a specific impact on the valuation between the Valuation Benchmark Date and the date of the Debt Settlement Agreement (i.e. 29 December 2025), nor had there been any material changes in the external market environment involving the Land (together with buildings and constructions erected thereon and machinery and equipment).

As advised by the Valuer:

(i) in respect of buildings and constructions and machinery and equipment the appraised value of which was arrived at using the cost approach, after considering the interest rate used to calculate the cost of funds and the remaining value ratio as at the date of the Debt Settlement Agreement (i.e. 29 December 2025), there would be no material difference between the estimated value and the appraised value as at the Valuation Benchmark Date; and

(ii) in respect of land use right the appraised value of which was arrived at using the benchmark land price coefficient adjustment approach and the market approach, after considering: (a) the three comparable transactions adopted in the market approach fall within the three-year effective period as at the date of the Debt Settlement Agreement (i.e. 29 December 2025); a public search revealed that there has been no similar land transactions in the area, and hence the three comparable transactions selected in the valuation report would still be the latest comparable transactions as at the date of the Debt Settlement Agreement; and (b) under the benchmark land price coefficient adjustment approach, as at the date of the Debt Settlement Agreement (i.e. 29

December 2025), no new version of the benchmark land price document was published by the local government and the benchmark land price document adopted in the valuation report remained to be valid. In light of the above, as advised by the Valuer, even if the Valuation Benchmark Date is updated to the date of the Debt Settlement Agreement (i.e. 29 December 2025), the only variable would basically be a slight reduction in the remaining useful life of the land; and hence there would be no material difference between the estimated value and the appraised value of the land use right as at the Valuation Benchmark Date,

therefore, the Valuer is of the view that the time gap did not have a material impact on the appraised value arrived at with 31 January 2025 as the Valuation Benchmark Date.

In view of the above, the Company considers that the appraised value of the Land (together with buildings and constructions erected thereon and machinery and equipment) as at the Valuation Benchmark Date is an appropriate basis for determining the consideration of the Settlement; and hence the consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

THE DEBT

As stated in the Announcement, the Debt in the sum of RMB361,000,000 comprises (i) the account receivables payable by Huarong Agricultural to the Company under the Repayment Agreement of RMB260,961,500; and (ii) the consideration of the Disposal in the sum of RMB100,038,500 payable to the Company by Huarong Agricultural. Following completion of the Settlement, the balance of the account receivable payable by Huarong Agricultural to the Company under the Repayment Agreement will be RMB91,453,400.

Pursuant to the the Repayment Agreement dated 14 October 2024, Huarong Agricultural has undertaken to repay the account receivables in the sum of RMB714,141,700 to the Company for Shouguang Maolong. As there were business transactions in the amount of RMB1,726,800 between the Group and Shouguang Maolong during the period from October to November 2024, the amount of account receivables payable to the Company under the Repayment Agreement has accordingly decreased to RMB712,414,900. Following the repayment by Huarong Agricultural to the Company of account receivables in the amount of RMB360,000,000 in March 2025, the balance of the account receivables payable by Huarong Agricultural to the Company under the Repayment Agreement was RMB352,414,900.

Pursuant to the Equity Transfer Agreement, the total consideration for the Disposal of RMB203,038,500 (the "**Total Disposal Consideration**") shall be settled by Huarong Agricultural in the following manner:

(i) Huarong Agricultural shall pay the first instalment of the Total Disposal Consideration in the sum of RMB103,000,000 (the "**First Instalment**") to the Company within 10 days after the date of the Equity Transfer Agreement; and

(ii) Huarong Agricultural shall pay the remaining balance of the Total Disposal Consideration in the sum of RMB100,038,500 (the "**Second Instalment**") to the Company within 12 months after completion of the Disposal.

Huarong Agricultural has paid the First Instalment to the Company in accordance with the Equity Transfer Agreement.

In view of the above, as at the date of the Debt Settlement Agreement:

(i) the balance of the account receivables payable by Huarong Agricultural to the Company under the Repayment Agreement was RMB352,414,900; and

(ii) the balance of the Total Disposal Consideration payable to the Company by Huarong Agricultural under the Equity Transfer Agreement was RMB100,038,500 (i.e. the Second Instalment).

After the completion of the Settlement, the Debt in the amount of RMB361,000,000 (comprising the account receivables under the Repayment Agreement of RMB260,961,500 and the Second Instalment) will be paid by Huarong Agricultural, and hence:

(i) the balance of the account receivables payable by Huarong Agricultural to the Company under the Repayment Agreement will be RMB91,453,400; and

(ii) the Total Disposal Consideration payable to the Company by Huarong Agricultural under the Equity Transfer Agreement will be fully settled.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Han Gao Gui
Chairman

Shandong, the PRC
23 January 2026

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*