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 company incorporated in the People's Republic of China with limited liability)
(Stock Code: 568)

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

Sole Overall Coordinator and Sole Placing Agent

CMS 招商證券國際

The Board is pleased to announce that on 21 July 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company agrees to issue the Placing Shares, and the Placing Agent agrees, as agent of the Company, to procure the Placees on a best efforts basis to purchase the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement. The Placing Shares will be allotted and issued pursuant to the General Mandate.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK$117.61 million and the aggregate net proceeds (after deduction of the commissions and estimated expenses) from the Placing are expected to be approximately HK$115.68 million. The net proceeds from the Placing are intended to be used by the Group as follows:

(a) approximately 90% or HK$104.11 million for the enhancement of the financial structure of the Group by repaying outstanding borrowings; and

(b) approximately 10% or HK$11.57 million for working capital and general corporate purposes.

On the assumption that all Placing Shares are fully placed, the Placing Shares represent approximately 10.03% of the existing number of H Shares in issue, being 256,126,400 H Shares, and approximately 3.22% of the number of total issued Shares as at the date of this announcement. The Placing Shares represent approximately 9.11% of the number of issued H Shares and approximately 3.12% of the number of total issued Shares, in each case, as enlarged by the allotment and issue of the Placing Shares (and assuming there is no other change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares). The aggregate nominal value of the Placing Shares under the Placing will be RMB25,678,400.

The Placing Agent will place the Placing Shares to not less than six Placees who are independent professional, institutional and/or other investors on a best efforts basis, subject to termination in certain events, as set out below under the heading "Termination".

The Company shall apply to the Stock Exchange for the listing and permission to trading of the Placing Shares, and shall comply with CSRC Rules and complete the CSRC Filings in connection with the Placing.

As Completion is subject to the satisfaction of the condition precedent and the termination rights of the Placing Agent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING OF NEW H SHARES

The Board is pleased to announce that on 21 July 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

21 July 2026 (after trading hours)

Parties

(1) The Company; and

(2) The Placing Agent as sole placing agent.

Placing Shares

25,678,400 new H Shares of RMB1.00 each in the registered capital of the Company will be issued by the Company pursuant to the terms and subject to the conditions set out in the Placing Agreement.

On the assumption that all Placing Shares are fully placed, the Placing Shares represent approximately 10.03% of the existing number of H Shares in issue, being 256,126,400 H Shares, and approximately 3.22% of the number of total issued Shares as at the date of this announcement. The Placing Shares represent approximately 9.11% of the number of issued H Shares and approximately 3.12% of the number of total issued Shares, in each case, as enlarged by the allotment and issue of the Placing Shares (and assuming there is no other change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares). The aggregate nominal value of the Placing Shares under the Placing will be RMB25,678,400.

The Placing

The Company agrees to issue the Placing Shares, and the Placing Agent agrees, as the agent of the Company, to procure the Placees on a best efforts basis to purchase the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of, and not connected with the Company and its associates and connected persons.

The Placees

The Placing Agent will place the Placing Shares to not less than six Placees who are independent professional, institutional and/or other investors on a best efforts basis who and whose ultimate beneficial owners are not connected with the Company, connected persons of the Company and any of the Directors, supervisors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. Upon the Completion, it is expected that none of the Placees will become a substantial shareholder. If any of the Placees will become a substantial shareholder after the Completion, further announcement will be made by the Company.

Placing Price

The Placing Price of HK$4.58 per Placing Share represents:

(a) a discount of approximately 16.76% to the average closing price of HK$5.50 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 21 July 2026, being the last trading day before the publication of this announcement;

(b) a discount of approximately 19.90% to the average closing price of HK$5.72 per H Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 21 July 2026; and

(c) a discount of approximately 18.94% to the closing price of HK$5.65 per H Share as quoted on the Stock Exchange on 21 July 2026.

On the assumption that all Placing Shares are fully placed, the aggregate net proceeds (after deduction of the commissions and estimated expenses) from the Placing are expected to be approximately HK$115.68 million. The net price (after deduction of the commissions and estimated expenses) raised per H Share upon Completion of the Placing will be approximately HK$4.50. The Placing Price has been negotiated and arrived at on an arm's length basis and by reference to the market conditions and the recent closing prices per H Share. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the existing H Shares in issue as at the date of issue of the Placing Shares free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on a record date which falls on or after the date of issue of the Placing Shares.

Conditions

The Completion is conditional upon the fulfilment or waiver (in respect of the conditions under (b) to (e) below only) of the following conditions on or prior to 8:30 a.m. (Hong Kong time) on the Closing Date or such later time and/or date as may be agreed between the Company and the Placing Agent:

(a) the Listing Committee granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares);

(b) before the Completion, there shall not have occurred:

  (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Group taken as a whole; or

  (ii) any suspension or limitation of trading of more than 10 Business Days (a) in any of the Company's securities by the Stock Exchange (save and except for any trading halt in relation to the Placing), or (b) generally on the Stock Exchange; or

  (iii) any outbreak or escalation of hostilities, act of terrorism, the declaration of a national emergency or war or other calamity or crisis in Hong Kong or the PRC; or

(iv) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong or the PRC and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong or the PRC; or

(v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong or the PRC or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

(c) the representations and warranties made by the Company pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Closing Date;

(d) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Closing Date; and

(e) the Placing Agent having received on the Closing Date an opinion from the counsel for the Company as to PRC laws relating to such matters as the Placing Agent shall reasonably request, such opinion to be in form and substance reasonably satisfactory to the Placing Agent.

The Company shall, as soon as is reasonably practicable, apply to the Stock Exchange for the granting of listing of, and permission to deal in, the Placing Shares and the Company shall use all reasonable endeavours to obtain the granting of such listing and permission to deal in by the Listing Committee as soon as is reasonably practicable, and will inform the Placing Agent promptly following the granting of the same. The Company shall furnish such information, supply such documents, pay such fees and do all such acts and things as may reasonably be required by the Placing Agent and/or the relevant regulatory authorities in connection with the fulfilment of the above condition.

If any of the conditions above is not fulfilled or waived (in respect of the conditions under (b) to (e) above only) at or prior to 8:30 a.m. (Hong Kong time) on the Closing Date or such later time and/or date as may be agreed between the Company and the Placing Agent, the obligations and liabilities of the Placing Agent and the Company under the Placing shall be null and void and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches.

Termination

The Placing Agreement may be terminated by the Placing Agent, without liability to the Company, by giving written notice to the Company at any time prior to 8:30 a.m. (Hong Kong time) on the Closing Date, in accordance with the terms thereof, on the grounds of, including but not limited to, breach of any of the representations, warranties and undertakings by the Company and the occurrence of certain force majeure events as set out in the Placing Agreement.

Completion

Subject to the conditions mentioned above, the Completion shall take place on the Closing Date or as soon as practicable thereafter or such other time and/or date as the Placing Agent and the Company may agree in writing.

As Completion is subject to the satisfaction of the condition precedent and the termination rights of the Placing Agent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued and allotted under the General Mandate. Therefore, the issue and allotment of the Placing Shares are not subject to separate approval of the Shareholders. Pursuant to the General Mandate, the Board is authorised to allot and issue up to 159,569,680 H Shares. As at the date of this announcement, no H Shares have been issued under the aforementioned General Mandate.

REASONS FOR AND BENEFITS OF THE PLACING

The Group is principally engaged in the design and research and development, processing and manufacturing, sales service and export trade of products required by the energy equipment industry. The products are widely deployed in a range of sectors, including oil, natural gas, shale gas, coalbed methane, hydrogen energy, oil refining and petrochemicals, coal mining machinery, boiler manufacturing, construction machinery manufacturing and oilfield services.

The Directors believe that the Placing will be conducive to strengthening the Company's liquidity and financial position, broadening its Shareholder base, optimizing the capital structure of the Company and supporting the healthy and sustainable development of the Company.

The Directors are of the opinion that the terms of the Placing Agreement, including but not limited to the Placing Price, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS FROM THE PLACING

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK$117.61 million and the aggregate net proceeds (after deduction of the commissions and estimated expenses) from the Placing are expected to be approximately HK$115.68 million. The net proceeds from the Placing are intended to be used by the Group as follows:

(a) approximately 90% or HK$104.11 million for the enhancement of the financial structure of the Group by repaying outstanding borrowings; and

(b) approximately 10% or HK$11.57 million for working capital and general corporate purposes.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not undertaken any equity fund raising exercise over the period of twelve months prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out below, on the assumption that: (a) there will be no other change to the share capital of the Company between the date of this announcement and the completion of the Placing save of the issue of the Placing Shares; and (b) the Placees do not and will not hold any Shares other than the Placing Shares.

Shareholder	**Immediately before the Placing**			**Immediately after the Placing assuming all Placing Shares are placed**		
	Number of Shares	*% of the total issued A Shares or H Shares (as the case may be)*	*% of the total issued Shares*	*Number of Shares*	*% of the total issued A Shares or H Shares (as the case may be)*	*% of the total issued Shares*
A SHARES						
Total issued A Shares *(Note 2)*	**541,722,000**	**100.00**	**67.90**	**541,722,000**	**100.00**	**65.78**
H SHARES						
Placees	-	-	-	25,678,400	9.11	3.12
Other public H Shares Shareholders	256,126,400	100.00	32.10	256,126,400	90.89	31.10
Total issued H Shares	**256,126,400**	**100.00**	**32.10**	**281,804,800**	**100.00**	**34.22**
TOTAL ISSUED SHARES *(Note 1)*	**797,848,400**		**100.00**	**823,526,800**		**100.00**

Notes:

(1) *Certain figures and percentage figures included in the above table have been subject to rounding adjustments.*

(2) *As at the date of this announcement, an aggregate of 235,617,000 A Shares, representing approximately 43.49% of the total number of A Shares in issue and approximately 29.53% of the total number of Shares in issue, were held by the Shouguang Molong Holdings Co., Ltd.*, which is a wholly owned subsidiary of Shandong Shouguang Jinxin Investment Development Holdings Group Limited *. Shandong Shouguang Jinxin Investment Development Holdings Group Limited* was therefore deemed under the SFO to be interested in the 235,617,000 A Shares in which Shouguang Molong Holdings Co., Ltd.* is interested.*

APPLICATION FOR LISTING

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

CSRC FILINGS

The Company shall comply with CSRC Rules and complete the CSRC Filings in connection with the Placing.

PLACING AGENT

The Company has engaged China Merchants Securities (HK) Co., Limited to act as the sole overall coordinator and sole placing agent in respect of the Placing.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"A Share(s)"	ordinary domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shenzhen Stock Exchange and traded in RMB;
"AGM"	the annual general meeting of the Company held on 30 June 2026;
"associate(s)"	has the meaning ascribed to it in the Listing Rules;
"Board"	the board of Directors of the Company;
"Business Day"	any day (excluding a Saturday, Sunday, public holiday in Hong Kong and a day on which a tropical cyclone warning number 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong;

"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region, and Taiwan;
"Closing Date"	the third (3^{rd}) Business Day after the date on which the conditions to the Placing Agreement are fulfilled, but in any event no later than 10 Business Days after the date of the Placing Agreement, or such other date as the Company and the Placing Agent may agree in writing;
"Company"	Shandong Molong Petroleum Machinery Company Limited, a Sino-foreign joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the Main Board of the Stock Exchange and the Shenzhen Stock Exchange, respectively;
"Completion"	completion of the Placing under the Placing Agreement;
"connected person(s)"	has the meaning ascribed to it in the Listing Rules;
"CSRC"	China Securities Regulatory Commission;
"CSRC Archive Rules"	the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) issued by the CSRC on 24 February 2023 (as amended, supplemented or otherwise modified from time to time);
"CSRC Filings"	any and all letters, filings, correspondences, communications, documents, responses, undertakings and submissions in writing, orally or in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Placing, respectively pursuant to the CSRC Filing Rules and other applicable laws, regulations and requirements of the CSRC (including, without limitation, the CSRC Filing Report);
"CSRC Filing Report(s)"	the filing report in relation to the Placing, respectively, including any amendments, supplements and/or modifications thereof, to be submitted by the Company or its subsidiary to the CSRC pursuant to Article 13 of the CSRC Filing Rules;

"CSRC Filing Rules"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC (effective from 31 March 2023), as amended, supplemented or otherwise modified from time to time;
"CSRC Rules"	the CSRC Filing Rules and the CSRC Archive Rules;
"Director(s)"	the director(s) of the Company;
"General Mandate"	the general mandate for the Company to allot and issue H Shares authorized by the Shareholders at the AGM;
"Group"	the Company and its subsidiaries and the expression "member of the Group" shall be construed accordingly;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong;
"H Share(s)"	Ordinary overseas listed foreign invested share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in HK$;
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Placees"	any professional, institutional and other investors whom the Placing Agent have procured to subscribe for any of the Placing Shares pursuant to Placing Agreement;
"Placing"	the placement of Placing Shares by the Placing Agent pursuant to the Placing Agreement;
"Placing Agent"	China Merchants Securities (HK) Co., Limited;

"Placing Agreement"	the placing agreement dated 21 July 2026 entered into between the Company and the Placing Agent in respect of the Placing;
"Placing Price"	HK$4.58 per Placing Share;
"Placing Shares"	Up to 25,678,400 new H Shares to be issued and allotted by the Company pursuant to the terms and subject to the conditions set out in the Placing Agreement;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shares"	A Share(s) and H Share(s);
"Shareholders"	holder(s) of the Share(s);
"Shenzhen Stock Exchange"	Shenzhen Stock Exchange of the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiaries"	has the meaning ascribed to it in the Listing Rules;
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules;
"U.S." or "United States"	the United States of America, its territories and possessions and all areas subject to its jurisdiction; and
"%"	per cent.

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

Shandong, the PRC

22 July 2026

As at the date of this announcement, the Board 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*