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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

- For the six months ended 30 June 2026, revenue of the Group amounted to RMB1,252.9013 million, representing an increase of approximately 57.10% as compared to approximately RMB797.5203 million for the corresponding period of last year.
- Net profit attributable to the equity owners of the Company amounted to RMB4.2108 million, as compared to RMB12.1637 million for the corresponding period of last year.
- Earnings per share was approximately RMB0.0053, as compared to RMB0.0152 for the corresponding period of last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

The board of directors (the **"Board"**) of Shandong Molong Petroleum Machinery Company Limited (the **"Company"**) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the **"Group"**) for the six months ended 30 June 2026 (the **"Reporting Period"**).

The information contained in this announcement does not constitute the statutory financial statements of the Group for the six months ended 30 June 2026 but the financial information is extracted therefrom. The interim results for the six months ended 30 June 2026 have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and relevant requirements. They have not been audited by any accounting firm but have been reviewed by the audit committee of the Board (the **"Audit Committee"**).

Unless otherwise specified, the financial information of the Company is expressed in Renminbi (**"RMB"**).

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

		For the six months ended 30 June	
	Notes	**2026 (Unaudited)**	2025 (Unaudited)
Total operating revenue	*3 and 4*	**1,252,901,274.61**	797,520,309.74
Total operating costs		**1,251,111,738.35**	801,231,181.44
Operating costs		**1,131,276,276.57**	719,465,857.46
Business tax and surcharges		**6,707,248.67**	2,818,845.59
Selling expenses		**6,838,014.54**	6,242,978.05
Administrative expenses		**27,693,323.58**	18,546,581.79
Research and development expenditures		**11,832,960.14**	11,093,107.81
Finance costs	*5*	**66,763,914.85**	43,063,810.74
Including: Interest expenses		**55,196,364.02**	45,322,629.95
Interest income		**1,372,767.12**	799,536.45
Add: Credit impairment losses	*6*	**3,205,677.50**	2,989,050.80
Asset impairment losses	*7*	**-3,513,012.59**	116,035.70
Gains on changes in fair value			
Investment income		**23,524.55**	-96,433.34
Including: Gain on investment in associates and joint ventures			
Gains on disposal of assets	*8*	**95,416.52**	4,114,238.28
Other gains	*9*	**1,247,252.79**	1,368,676.13
Operating profit		**2,848,395.03**	4,780,695.87
Add: Non-operating income	*10*	**1,542,100.49**	8,411,353.29
Less: Non-operating expenses		**171,500.60**	1,156,954.87
Total profit	*11*	**4,218,994.92**	12,035,094.29
Less: Income tax expenses	*12*	**7,142.85**	73,847.69
Net profit		**4,211,852.07**	11,961,246.60
Other comprehensive income		**603,481.36**	76,484.82
Total comprehensive income		**4,815,333.43**	12,037,731.42
Net profit attributable to			
Shareholders of the Company		**4,210,815.79**	12,163,676.06
Minority interests		**1,036.28**	-202,429.46
Total comprehensive income attributable to			
Shareholders of the Company		**4,753,949.01**	12,232,512.40
Minority interests		**61,384.42**	-194,780.98
Earnings per share	*13*		
(I) Basic earnings per share		**0.0053**	0.0152
(II) Diluted earnings per share		**N/A**	N/A
Dividends	*14*	**N/A**	N/A

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2026

	Notes	**As at 30 June 2026 (Unaudited)**	As at 31 December 2025 (Audited)
Current assets			
Monetary funds		**218,387,887.52**	273,493,158.99
Bills receivable		**31,440,147.57**	77,020,624.57
Accounts receivable	*15*	**367,057,822.44**	464,170,047.25
Loans and advances			
Financing receivables		**13,385,921.36**	0.00
Prepayments		**164,209,507.81**	112,468,236.53
Other receivables		**256,413,251.82**	646,926,136.76
Including: Interests receivable			
Dividends receivable			
Inventories		**773,953,172.63**	564,595,771.94
Including: Data resources			
Assets classified as held for sale			
Other current assets		**31,912,926.78**	2,143,508.70
Total current assets		**1,856,760,637.93**	2,140,817,484.74
Non-current assets			
Other equity instrument investments		**33,403,349.84**	3,403,349.84
Long-term equity investments		**46,340,865.68**	46,340,865.68
Other non-current financial assets			476,475.45
Fixed assets		**453,383,761.53**	297,484,473.82
Construction-in-progress		**1,426,352.11**	139,310.39
Right-of-use assets			331,614.54
Intangible assets		**345,799,197.56**	190,074,048.99
Goodwill			
Deferred income tax assets			
Research and development expenditures		**18,648,671.50**	
Long-term deferred expenses			
Gain or loss on properties to be dealt			
Other non-current assets		**79,582,273.77**	3,058,459.20
Total non-current assets		**978,584,471.99**	541,308,597.91
Total assets		**2,835,345,109.92**	2,682,126,082.65

	Notes	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Current liabilities			
Short-term borrowings		**1,376,322,377.32**	1,351,121,751.47
Bills payable		**197,372,320.95**	66,591,079.41
Accounts payable	*16*	**439,984,793.29**	397,985,748.47
Receipts in advance			
Contract liabilities		**78,880,106.31**	138,946,640.35
Salaries payable		**30,836,921.52**	33,499,464.98
Taxes payable		**10,433,593.00**	12,885,662.22
Other payables		**36,615,874.62**	41,087,652.71
Including: Interests payable			
Other current liabilities		**12,648,936.00**	39,971,720.36
Non-current liabilities due within one year		**64,761,265.04**	38,215,100.73
Total current liabilities		**2,247,856,188.05**	2,120,304,820.70
Net current assets		**-391,095,550.12**	20,512,664.04
Total assets less current liabilities		**587,488,921.87**	561,821,261.95
Non-current liabilities			
Long-term borrowings			
Lease liabilities			
Long-term payables		**74,211,436.92**	52,698,375.15
Estimated liabilities		**4,976,675.84**	5,058,038.23
Deferred revenue		**5,904,691.03**	6,461,626.72
Bonds payable			
Deferred income tax liabilities		**26,502.51**	48,939.72
Other non-current liabilities			
Total non-current liabilities		**85,119,306.30**	64,266,979.82
Total liabilities		**2,332,975,494.35**	2,184,571,800.52
Shareholders' equity			
Share capital		**797,848,400.00**	797,848,400.00
Capital reserve		**979,798,749.43**	979,798,749.43
Surplus reserve		**187,753,923.88**	187,753,923.88
General risk reserve			
Undistributed profits		**-1,460,212,476.14**	-1,464,423,291.93
Other comprehensive income		**-2,559,415.07**	-3,102,548.29
Total equity attributable to shareholders of the parent company		**502,629,182.10**	497,875,233.09
Minority interests		**-259,566.53**	-320,950.96
Total shareholders' equity		**502,369,615.57**	497,554,282.13

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2026

	2026								
	Equity attributable to shareholders of the parent company								
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Minority interests	Total owners' equity
I. 1 January 2026 (audited)	797,848,400.00	979,798,749.43	-3,102,548.29		187,753,923.88		-1,464,423,291.93	-320,950.96	497,554,282.13
II. Changes during the period			543,133.22				4,210,815.79	61,384.43	4,815,333.44
(I) Total comprehensive income			543,133.22				4,210,815.79	61,384.43	4,815,333.44
(II) Shareholders' capital injection and reduction									
1. Ordinary shares contributed by shareholders									
2. Capital contributed by holders of other equity instruments									
3. Share-based payments included in shareholders' equity									
4. Others									
(III) Profit appropriations									
1. Appropriations of surplus reserve									
2. Appropriations of general risk reserve									
3. Appropriations to the owners									
4. Others									
(IV) Transfer within 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 period				2,941,899.44					2,941,899.44
2. Utilisations during the period				2,941,899.44					2,941,899.44
(VI) Others									
III. 30 June 2026 (unaudited)	797,848,400.00	979,798,749.43	-2,559,415.07		187,753,923.88		-1,460,212,476.14	-259,566.53	502,369,615.57

	2025								
	Equity attributable to shareholders of the parent company								
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Minority interests	Total owners' equity
I. 1 January 2025 (audited)	797,848,400.00	979,777,355.57	-3,531,286.66		187,753,923.88		-1,469,578,894.72	-375,432.98	491,894,065.09
II. Changes during the period			68,836.34				12,163,676.06	23,825.16	12,256,337.56
(I) Total comprehensive income			68,836.34				12,163,676.06	23,825.16	12,256,337.56
(II) Shareholders' capital injection and reduction									
1. Ordinary shares contributed by shareholders									
2. Capital contributed by holders of other equity instruments									
3. Share-based payments included in shareholders' equity									
4. Others									
(III) Profit appropriations									
1. Appropriations of surplus reserve									
2. Appropriations of general risk reserve									
3. Appropriations to the owners									
4. Others									
(IV) Transfer within 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				4,036,068.36					4,036,068.36
2. Utilisations during the year				4,036,068.36					4,036,068.36
(VI) Others									
III. 30 June 2025 (unaudited)	797,848,400.00	979,777,355.57	-3,462,450.32		187,753,923.88		-1,457,415,218.66	-351,607.82	504,150,402.65

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS:

1. GENERAL INFORMATION

The Company is a limited liability company established in the People's Republic of China (**"PRC" or "China"**), with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) and the Main Board of Shenzhen Stock Exchange (**"SZSE"**) in Chinese Mainland. The address of the registered office of the Company is at No. 99 Xing Shang Road, Gucheng Subdistrict, Shouguang City, Shandong Province, PRC, and the address of the principal place of business in Hong Kong is 5/F, Kam Sang Building, 257 Des Voeux Road Central, Hong Kong.

The financial statements are presented in RMB, which is also the functional currency of the Company.

During the six months ended 30 June 2026, the Group was principally engaged in 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 transportation equipment, and petroleum and natural gas exploitation equipment. The products are widely used in various fields such as petroleum, natural gas, shale gas, coalbed methane, hydrogen energy, oil refining, coal mining machinery, boiler manufacturing, engineering machinery manufacturing and oilfield services.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group have been prepared, on the basis of actual transactions and events, in accordance with the Accounting Standard for Business Enterprises promulgated by the Ministry of Finance and its application guidelines, interpretations and relevant requirements (collectively "Accounting Standard for Business Enterprises"), the disclosure requirements under the China Securities Regulatory Commission (the "CSRC")'s Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2023 Revision) and its relevant requirements, and the disclosure-related requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

There were no changes in the accounting policies adopted for the preparation of the financial statements for the current period.

3. TOTAL OPERATING REVENUE

Total operating revenue includes operating revenue and revenue from other businesses. Operating revenue only represents the net amounts received and receivable by the Group from external sales of goods and rendering of services less trade discounts during the six months ended 30 June 2026.

Analysis of the Group's operating revenue for the six months ended 30 June 2026 is as follows:

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
Pipe products	**1,196,306,347.49**	755,173,945.20
Three kinds of pumping units	**14,115,064.64**	13,830,858.84
Petroleum machinery parts		12,976.43
Others	**42,479,862.48**	28,502,529.27
Total	**1,252,901,274.61**	797,520,309.74

4. SEGMENT INFORMATION

(1) Basis for determining reportable segments and accounting policies

1) Basis for determining reportable segments

Based on its internal organisational structure, management requirements and internal reporting system, the Group's operating businesses are divided into three reportable segments. Management of the Group regularly evaluates the operating results of these reportable segments for the purposes of making decisions on resource allocation to and performance evaluation of these segments. The main products provided by the Group's reportable segments include pipe products, three kinds of pumping units, and others.

2) Accounting policies for the reportable segments

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 financial statements.

Segment reporting information – For the six months ended 30 June 2026 (Unaudited)

	Pipe products	Three kinds of pumping units	Others	Undistributed profits	Total
Operating revenue					
External transaction revenue	**1,196,306,347.49**	**14,115,064.64**	**42,479,862.48**		**1,252,901,274.61**
Inter-segment transaction revenue					
Total segment operating revenue	**1,196,306,347.49**	**14,115,064.64**	**42,479,862.48**		**1,252,901,274.61**
Total operating revenue in financial statements	**1,196,306,347.49**	**14,115,064.64**	**42,479,862.48**		**1,252,901,274.61**
Segment expenses	**1,095,429,892.02**	**12,116,378.68**	**40,788,281.67**	**-3,205,677.50**	**1,145,128,874.87**
Segment operating profit	**100,876,455.47**	**1,998,685.96**	**1,691,580.81**	**3,205,677.50**	**107,772,399.74**
Adjusted for:					**0.00**
Administrative expenses				**27,693,323.58**	**27,693,323.58**
Research and development expenditures				**11,832,960.14**	**11,832,960.14**
Finance costs				**66,763,914.85**	**66,763,914.85**
Gains on disposal of assets				**95,416.52**	**95,416.52**
Other gains				**1,247,252.79**	**1,247,252.79**
Gain or loss from changes in fair value					**0.00**
Investment income				**23,524.55**	**23,524.55**
Operating profit in financial statements	**100,876,455.47**	**1,998,685.96**	**1,691,580.81**	**-101,718,327.21**	**2,848,395.03**
Non-operating income				**1,542,100.49**	**1,542,100.49**
Non-operating expenses				**171,500.60**	**171,500.60**
Total profit	**100,876,455.47**	**1,998,685.96**	**1,691,580.81**	**-100,347,727.32**	**4,218,994.92**
Income tax				**7,142.85**	**7,142.85**
Net profit	**100,876,455.47**	**1,998,685.96**	**1,691,580.81**	**-100,354,870.17**	**4,211,852.07**
Total segment assets	**2,380,022,945.23**	**50,947,332.40**	**188,090,630.77**	**216,284,201.53**	**2,835,345,109.92**
Total segment liabilities	**1,113,753,673.58**	**12,632,979.72**	**19,195,180.95**	**1,187,393,660.10**	**2,332,975,494.35**

Segment reporting information – For the six months ended 30 June 2025 (Unaudited)

	Pipe products	Three kinds of pumping units	Petroleum machinery parts	Others	Undistributed profits	Total
Operating revenue						
External transaction revenue	755,173,945.20	13,830,858.84	12,976.43	28,502,529.27		797,520,309.74
Inter-segment transaction revenue						
Total segment operating revenue	755,173,945.20	13,830,858.84	12,976.43	28,502,529.27		797,520,309.74
Total operating revenue in financial statements	755,173,945.20	13,830,858.84	12,976.43	28,502,529.27		797,520,309.74
Segment expenses	689,036,287.39	12,266,816.72	4,216.94	27,104,324.35	-2,989,050.80	725,422,594.60
Segment operating profit	66,137,657.81	1,564,042.12	8,759.49	1,398,204.92	2,989,050.80	72,097,715.14
Adjusted for:						
Administrative expenses					18,546,581.79	18,546,581.79
Research and development expenditures					11,093,107.81	11,093,107.81
Finance costs					43,063,810.74	43,063,810.74
Investment income					-96,433.34	-96,433.34
Gains on disposal of assets					4,114,238.28	4,114,238.28
Other gains					1,368,676.13	1,368,676.13
Operating profit in financial statements	66,137,657.81	1,564,042.12	8,759.49	1,398,204.92	-64,327,968.47	4,780,695.87
Non-operating income					8,411,353.29	8,411,353.29
Non-operating expenses					1,156,954.87	1,156,954.87
Total profit	66,137,657.81	1,564,042.12	8,759.49	1,398,204.92	-57,073,570.05	12,035,094.29
Income tax					73,847.69	73,847.69
Net profit	66,137,657.81	1,564,042.12	8,759.49	1,398,204.92	-57,147,417.74	11,961,246.60
Total segment assets	1,971,921,392.48	58,966,007.73	4,710,921.98	151,199,288.03	139,868,766.24	2,326,666,376.46
Total segment liabilities	632,431,929.65	13,307,198.48	5,366,212.41	8,394,827.04	1,163,015,806.23	1,822,515,973.81

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

The Group derives all external transaction revenue from the PRC and overseas but all of its assets are located in the PRC. Therefore, the disclosures of external transaction revenue by origin of revenue are as follows:

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
External transaction revenue derived from the PRC	**798,599,581.05**	540,724,609.12
External transaction revenue derived from other countries	**454,301,693.56**	256,795,700.62
Total	**1,252,901,274.61**	797,520,309.74

5. FINANCE COSTS

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
Interest expenses	**55,196,364.02**	45,322,629.95
Less: Interest expenses capitalised		
Less: Interest income	**-1,374,480.68**	-799,536.45
Exchange differences	**12,194,281.70**	-1,650,660.89
Others	**747,749.81**	191,378.13
Total	**66,763,914.85**	43,063,810.74

6. CREDIT IMPAIRMENT LOSSES

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
Loss on bad debts	**3,205,677.50**	2,989,050.80
Including: Accounts receivable	**2,728,286.17**	2,678,442.15
Bills receivable	**383,635.00**	70,143.82
Other receivables	**93,756.33**	240,464.83
Others		
Total	**3,205,677.50**	2,989,050.80

7. ASSET IMPAIRMENT LOSSES

For the six months ended 30 June 2026 (Unaudited)

Item	**2026**	2025
Loss on impairment of inventories and loss on impairment of costs of contract performance	**-3,513,012.59**	116,035.70
Total	**-3,513,012.59**	116,035.70

8. GAINS ON DISPOSAL OF ASSETS

For the six months ended 30 June 2026 (Unaudited)

Source of gains on disposal of assets	**2026**	2025
Gains on disposal of fixed assets	**95,416.52**	4,114,238.28
Total	**95,416.52**	4,114,238.28

9. OTHER INCOME

For the six months ended 30 June 2026 (Unaudited)

Source of other income	**2026**	2025
Stability subsidies		
Additional deduction on value-added tax	**668,173.10**	1,361,627.77
Others	**579,079.69**	7,048.36
Total	**1,247,252.79**	1,368,676.13

10. NON-OPERATING INCOME

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
Total gains on disposal of non-current assets		
Including: Gains on disposal of fixed assets		
Gains on disposal of intangible assets		
Government grants		
Litigation compensation		7,486,346.36
Others	**1,542,100.49**	925,006.93
Total	**1,542,100.49**	8,411,353.29

11. TOTAL PROFIT

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
Total profit has been arrived at after charging/(crediting)		
Staff costs (including directors' remuneration)	**78,409,943.47**	60,462,868.03
Amortisation of intangible assets	**5,726,303.15**	3,125,808.42
Auditor's remuneration (included in administrative expenses)	**1,320,754.72**	1,349,056.60
Cost of inventories recognised as expense	**1,090,933,436.43**	693,580,969.61
Depreciation of fixed assets	**32,661,773.17**	28,178,102.30
Cost of research and development (included in administrative expenses)	**11,439,798.33**	10,221,955.21
Losses on disposal of non-current assets	**-44,822.45**	4,083,646.35

12. INCOME TAX EXPENSES

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
Current income tax expenses	**29,580.06**	73,847.69
– PRC	**29,580.06**	73,847.69
Deferred income tax expenses	**-22,437.21**	
Total	**7,142.85**	73,847.69

The Company has been listed as a high and new technology enterprise and is subject to the PRC enterprise income tax at a PRC income tax rate of 15% (2025: 15%).

The subsidiaries established in Hong Kong are subject to Hong Kong profits tax at the rate of 8.25% on profits up to HK$2 million and 16.5% on profits exceeding HK$2 million.

13. EARNINGS PER SHARE

For the six months ended 30 June 2026 (Unaudited)

	2026	2025
Calculated based on the net profit attributable to shareholders of the parent company:	**4,210,815.79**	12,163,676.06
Basic earnings per share	**0.0053**	0.0152
Diluted earnings per share	**N/A**	N/A
Calculated based on the net profit from continuing operations attributable to shareholders of the parent company:	**4,210,815.79**	12,163,676.06
Basic earnings per share	**0.0053**	0.0152
Diluted earnings per share	**N/A**	N/A

14. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

15. ACCOUNTS RECEIVABLE

For the six months ended 30 June 2026 (Unaudited)

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Accounts receivable	**403,436,556.78**	503,277,067.76
Less: Provision for bad debts of accounts receivable	**36,378,734.34**	39,107,020.51
Total	**367,057,822.44**	464,170,047.25

The Group as primary obligor satisfies its obligations of supplying products to customers in a timely manner by reference to the category, standard and time requested by the customers in accordance with the provisions of the contracts. There are different payments terms for different customers and different products: domestic customers of pipes are normally subject to payment in advance of delivery, and domestic customers of oil casing are normally subject to payment terms of 3–6 months after invoicing for account settlement. As to export business, transactions are settled mainly in spot foreign-exchange. 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 or upon receipt of the copy of the bill of lading.

Aging analysis of accounts receivable for the six months ended 30 June 2026 based on the date of invoices is as follows:

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Within 1 year	**370,623,926.77**	467,135,179.25
1–2 years	**258,031.83**	258,031.83
2–3 years		
Over 3 years	**32,554,598.18**	35,883,856.68
Total	**403,436,556.78**	503,277,067.76

16. ACCOUNTS PAYABLE

Aging analysis of accounts payable for the six months ended 30 June 2026 based on the date of invoices is as follows:

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Within 1 year	**392,957,536.31**	330,150,178.65
1–2 years	**12,630,473.80**	21,439,107.95
2–3 years	**4,073,283.24**	13,986,511.36
Over 3 years	**30,323,499.94**	32,409,950.51
Total	**439,984,793.29**	397,985,748.47

17. CAPITAL COMMITMENTS

As at 30 June 2026, the Group had the following commitments in respect of capital expenditures:

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Contracted but not recognised in financial statements – Commitment in respect of acquisition and construction of long-term assets	**0**	0

18. CONTINGENT LIABILITIES

Shouguang Maolong New Materials Technology Development Co., Ltd. ("**Shouguang Maolong**"), originally a wholly-owned subsidiary of the Company, was sued in respect of the dispute over the "Modification and Construction and Lease Framework Agreement in relation to the 600-ton Lime Production Line of Shouguang Maolong", while the Company and Shouguang Maolong were sued in respect of the dispute over the "Cooperative Production Agreement in relation to Shouguang Maolong's 600-ton Lime Production Line". At the end of 2024, the Company made provision for estimated liabilities of RMB4.9607 million based on the best estimate. On 30 June 2026, the Shouguang People's Court delivered a first-instance judgment that the Company was not required to bear joint and several liability for compensation, and that Shouguang Maolong should bear the corresponding losses. Aggrieved by the judgment, Shouguang Maolong lodged an appeal. As at the date of the financial report, the case had not been finally adjudicated.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results

For the six months ended 30 June 2026, the Group recorded unaudited operating revenue of approximately RMB1,252.9013 million, representing an increase of 57.10% compared with the corresponding period of last year. The unaudited operating profit was approximately RMB2.8484 million, compared with a profit of RMB4.7807 million for the corresponding period of last year. The total unaudited profit was approximately RMB4.2190 million, compared with a profit of RMB12.0351 million for the corresponding period of last year. The unaudited net profit attributable to shareholders of the listed company was approximately RMB4.2108 million, compared with a profit of RMB12.1637 million for the corresponding period of last year.

Business Review

The Company is mainly engaged in design, research and development, processing and manufacturing, sales service, and export trade of products for the energy equipment industry. The main products included petroleum-drilling machinery equipment, petroleum and natural gas transportation equipment, and petroleum and natural gas exploitation equipment. These products are widely used in various fields such as petroleum, natural gas, shale gas, coalbed methane, hydrogen energy, oil refining, coal mining machinery, boiler manufacturing, engineering machinery manufacturing and oilfield services. During the Reporting Period, the Company's main products were oil pipes, casing, oil country tubular goods (OCTG), boiler pipes, hydraulic supporting pipes, gas cylinder pipes, ship pipes, as well as sucker rods, oil pumps, pumping units and various downhole tools, among which pipe products accounted for over 95% of the Company's operating revenue.

The Company has adopted a "sales-based production" business model for production under which the production system of the Company manufactures, inspects and delivers products based on the market sales initiatives of the sales department combined with customer order plans. 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.

During the Reporting Period, the Company continued to intensify its market development efforts, with a sufficient number of product orders, full utilisation of production capacity, and a significant year-on-year increase in production and sales volume. The well-targeted overseas strategy achieved remarkable results, as the Company gradually established a "five-in-one" overseas sales model integrating "products + services + trade + warehousing + offices", with overseas revenue increasing by over 70% year-on-year. The Company continued to press ahead with technological research and development, stepped up equipment renewal, strictly observed the red line for production safety, and focused on product quality improvement. By improving product quaility and service standards, the Company built a sound brand image for Shandong Molong. In parallel, the Company implemented refined management and full-process cost control, achieved good results in cost reduction and efficiency improvement, and maintained steady improvement in the profitability of its core business.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 29 July 2026, completion of the placing agreement dated 22 July 2026 entered into by the Company (as issuer) and China Merchants Securities (HK) Co., Limited (as placing agent) has taken place. An aggregate of 25,678,400 new H Shares (the **"Placing Shares"**) (representing approximately 9.11% of the total number of issued H Shares as enlarged by the allotment and issue of the Placing Shares and approximately 3.12% of the total number of issued shares as enlarged by the allotment and issue of the Placing Shares) were successfully allotted and issued by the Company at the placing price of HK$4.58 per Placing Share to not less than six placees (all being independent third parties). The aggregate net proceeds from the Placing (after deducting commissions and estimated expenses) amounted to approximately HK$115.68 million. Approximately 90% or HK$104.11 million of the net proceeds will be used for the enhancement of the financial structure of the Group by repaying outstanding borrowings, and approximately 10% or HK$11.57 million net proceeds will be used for working capital and general corporate purposes.

Save as disclosed above, the Group had no significant events after the Reporting Period.

PROSPECTS

The Company is deeply engaged in the energy equipment manufacturing sector. Its main business covers the manufacturing of specialised equipment for energy extraction such as oil, natural gas, shale gas, coal, and coalbed methane, and falls within the scope of the oil and natural gas specialised equipment manufacturing and service industry. The prospects of this industry are tied to the development of the oil and gas extraction industry. In the long term, the global macroeconomic growth rate, the price trend and consumer demand for oil and gas, global exploration and development capital expenditure, and the overall scale of extraction constitute the core driving factors determining the prospects of the industry.

In the first half of 2026, international crude oil prices remained at a relatively high level amid significant volatility. The global oil and gas industry maintained prosperity. Domestic and overseas oil and gas companies have increased their upstream exploration and development, driving a steady recovery in market demand for oil and gas equipment. Domestically, with the in-depth implementation of the 15th Five-Year Plan for the Construction of a New Energy System", the state has placed strategic energy security at its core bottom-line consideration and explicitly called for intensified efforts to increase reserves and production of oil and gas. Focusing on four key areas: deep earth, deep sea, unconventional resources, and mature oil and gas fields, the policies vigorously promoted the "stabilising oil output and increasing natural gas production", coordinated the capacity expansion of infrastructure such as pipeline networks and gas storage facilities, and ensured that annual crude oil production remains stable at around 200 million tons, thus providing solid policy support for the medium- and long-term development of the oil and gas industry.

Meanwhile, against the backdrop of the global industrial system transforming towards green and high-end development, seamless steel pipes, as a key basic material, are seeing their application scenarios expand substantially from traditional oil and gas extraction to a wide range of industrial sectors. In the power sector, demand for energy supply security and peak shaving has driven growth in high-pressure boiler pipes and supporting pipes for new energy power stations. In the high-end equipment manufacturing sector, demand for high-precision, high-strength pipes from engineering machinery, hydraulic supports and automobile manufacturing continues to rise. In the chemical industry, high-quality seamless pipes resistant to high temperature, high pressure and corrosion are an indispensable core material.

In summary, underpinned by the "stabilising oil output and increasing gas production" policy, the fundamental demand for oil and gas equipment remains robust; coupled with the coordinated expansion in multiple downstream segments for seamless steel pipes, the overall development resilience of the industry is continuously strengthening.

SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2026, the Company did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2026, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS ON MATERIAL INVESTMENT OR CAPITAL ASSETS

During the six months ended 30 June 2026, the Group did not have any future plans on material investment or capital assets.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2026, the Group's revenue was denominated in RMB and USD and its expenses were denominated in HKD, RMB and USD. Although the Group currently does not have any foreign currency hedging policy, it does not foresee any significant currency exposure in the near future. However, any prolonged or significant change in the exchange rates of RMB against USD and RMB against HKD may have impact on the Group's results and financial position.

CORPORATE GOVERNANCE

The Company is committed to reaching high standards of corporate governance. The principles of corporate governance adopted by the Company emphasised a high-quality board, sound internal control, and transparency and accountability to stakeholders. During the six months ended 30 June 2026, the Company has adopted and complied with all the code provisions contained in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

AUDIT COMMITTEE

The Company established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and code provision D.3 of the Corporate Governance Code to review and oversee the financial reporting process, risk management and internal audit and control procedures. The Audit Committee has reviewed with the management of the Company the accounting standards and practices adopted by the Group, internal control and financial reporting matters, and has reviewed the unaudited interim results and financial statements for the six months ended 30 June 2026. The Audit Committee is of the view that the financial statements comply with applicable accounting standards and fairly reflect the Group's financial position and the results for the six months ended 30 June 2026. The interim results for the six months ended 30 June 2026 have not been audited by the auditors of the Company.

DIRECTOR'S 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 C3 to the Listing Rules and requires directors to follow the Model Code while conducting securities transactions. The Model Code also applies to the Company's senior management. The Company has made specific enquiries to all directors and all of them have confirmed that they have fully complied with the Model Code for the six months ended 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2026.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange and the Company. The interim report for the six months ended 30 June 2026 will be dispatched to the shareholders of the Company as and when appropriate and will be available on the Company's website at www.molonggroup.com and the websites of the Stock Exchange and SZSE.

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

Shandong, the PRC
28 August 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 purpose only*