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山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited*

(A sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 568)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- For the year ended 31 December 2025, the total revenue from operations of the Group in the consolidated financial statements amounted to RMB1,761,625,563.47, which represents an increase of approximately 29.88% compared with that of RMB1,356,346,670.03 last year.
- Profit attributable to the equity owners of the Company in the consolidated financial statements amounted to RMB5,155,602.79, compared with a loss of RMB 43,699,833.39 last year.
- Earnings per share of the Company in the consolidated financial statements amounted to approximately RMB0.01, compared with a loss per share of RMB0.05 last year.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Shandong Molong Petroleum Machinery Company Limited (the “**Company**” or “**Shandong Molong**”) announces the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025.

The financial information set out in this announcement below does not constitute the Group’s statutory financial statements for the year ended 31 December 2025, but represents an extract from those financial statements. The financial information has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed by the Group’s external auditors, Grant Thornton Zhitong Certified Public Accountants LLP.

Unless otherwise indicated, the financial information of the Company are stated in RMB.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

Item	2025	2024
I. Total operating income	1,761,625,563.47	1,356,346,670.03
Including: Operating revenue	1,761,625,563.47	1,356,346,670.03
Interest income		
Insurance premium earned		
Brokerage and commission income		
II. Total operating cost	1,791,092,545.00	1,572,301,308.13
Including: Operating costs	1,585,917,667.15	1,301,582,840.88
Interest expenses		
Brokerage and commission expenses		
Surrenders		
Net compensation expenses		
Net amount of insurance contract reserves provided		
Policyholder dividend expenses		
Reinsurance premiums		
Tax and surcharges	6,043,825.55	8,999,662.52
Selling expenses	18,252,787.62	16,842,360.97
Administrative expenses	39,858,943.88	118,952,881.37
Research and development expenditures	46,689,481.30	29,309,446.94
Finance costs	94,329,839.50	96,614,115.45
Including: Interest expenses	93,838,769.72	102,961,159.42
Interest income	1,385,677.63	1,055,114.19
Add: Other gains	25,600,049.23	10,062,983.36
Return on investment	517,806.43	260,617,460.17
Including: Gains on investment in associates and joint ventures	674,408.34	32,925.85
Gains on derecognition of financial assets measured at amortised cost		
Gains on exchange		
Gains on net exposure hedging		
Gain on change of fair value	(23,524.55)	
Credit impairment loss	1,754,901.62	(1,484,223.50)
Asset impairment loss	(4,987,753.50)	(106,989,615.44)
Gain on disposal of assets	4,205,730.84	5,465,378.04
III. Operating loss	(2,399,771.46)	(48,282,655.47)
Add: Non-operating income	9,122,091.80	6,594,454.34
Less: Non-operating expenses	1,622,129.79	5,904,948.42

IV.Total profit/(loss)	5,100,190.55	(47,593,149.55)
Less: Income tax expenses	149,126.76	(2,956,531.39)
V. Net profit/(loss)	4,951,063.79	(44,636,618.16)
(i) Classified by continued operation		
1. Net profit/(loss) of continuous operation	4,951,063.79	(44,636,618.16)
2. Net profit of terminated operation		
(ii) By attributable ownership		
1. Net profit/(loss) attributable to the shareholders of the parent company	5,155,602.79	(43,699,833.39)
2. Loss attributable to minority interests	(204,539.00)	(936,784.77)
VI.Net after-tax amount of other consolidated income/(loss)	469,153.25	(256,730.10)
Other comprehensive income/(loss) attributable to owners of the parent company, net of tax	428,738.37	(229,606.78)
(i) Other comprehensive income that may not be reclassified to profit or loss	65,004.38	14,503.12
1. Changes on remeasurement of defined benefit plans		
2. Other comprehensive income that may not be transferred to profit or loss under equity accounting		
3. Fair value changes in investments in other equity instruments	65,004.38	14,503.12
4. Fair value changes in credit risk of the Company		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss	363,733.99	(244,109.90)
1. Other comprehensive income that may be transferred to profit or loss under equity accounting		
2. Fair value changes in other debt investments		
3. Reclassification of financial assets to other comprehensive income		
4. Credit-impaired provision for other debt investments		
5. Cash flow hedge reserve		
6. Exchange gains/(losses) on translation of foreign financial statements	363,733.99	(244,109.90)
7. Others		
Other comprehensive income/(loss) attributable to minority shareholders, net of tax	40,414.88	(27,123.32)
VII.Total comprehensive income/(loss)	5,420,217.04	(44,893,348.26)
Total comprehensive income/(loss) attributable to owners of the parent company	5,584,341.16	(43,929,440.17)
Total comprehensive loss attributable to minority interests	(164,124.12)	(963,908.09)
VIII.Earnings per share (EPS):		
(i) Basic earnings per share	0.01	(0.05)
(ii) Diluted earnings per share	0.01	(0.05)

CONSOLIDATED BALANCE SHEET

As at 31 December 2025

Item	2025	2024
Current assets:		
Monetary funds	273,493,158.99	86,788,890.12
Settlement deposits		
Lending funds		
Financial assets held for trading		
Derivative financial assets		
Bills receivable	77,020,624.57	28,076,117.35
Accounts receivable	464,170,047.25	220,326,415.43
Financing receivables		40,000.00
Loans and advances to customers		
Advances	112,468,236.53	25,073,201.17
Insurance receivables		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other receivables	646,926,136.76	1,177,001,129.72
Including: Interests receivable		
Dividends receivable		
Purchases of sell-back financial assets		
Inventories	564,595,771.94	397,733,225.95
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	2,143,508.70	368,914.64
Total current assets	2,140,817,484.74	1,935,407,894.38
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	46,340,865.68	1,666,457.34
Investments in other equity instruments	3,403,349.84	3,316,677.33
Other non-current financial assets	476,475.45	
Investment properties		
Fixed assets	297,484,473.82	327,402,077.12
Construction-in-progress	139,310.39	

Productive biological assets		
Oil and gas assets		
Right-of-use assets	331,614.54	8,256,248.21
Intangible assets	190,074,048.99	143,873,622.76
Development expenditures		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	3,058,459.20	259,900.00
Total non-current assets	541,308,597.91	484,774,982.76
Total assets	2,682,126,082.65	2,420,182,877.14
Current liabilities:		
Short-term borrowings	1,351,121,751.47	1,425,765,913.39
Borrowings from the central bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable	66,591,079.41	7,128.75
Accounts payable	397,985,748.47	294,207,878.68
Receipts in advance		
Contract liabilities	138,946,640.35	35,099,585.13
Proceeds from disposal of buy-back financial assets		
Deposits from customers and banks and other financial institutions		
Securities brokerage deposits		
Securities underwriting brokerage deposits		
Salaries payable	33,499,464.98	57,404,024.93
Taxes payable	12,885,662.22	15,106,998.95
Other payables	41,087,652.71	40,123,921.92
Including: Interests payable		
Dividends payable		
Brokerage and commission payables		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	38,215,100.73	30,042,081.68
Other current liabilities	39,971,720.36	19,147,733.93
Total current liabilities	2,120,304,820.70	1,916,905,267.36
Non-current liabilities:		
Insurance contract reserves		

Long-term borrowings		153,809.38
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		178,746.58
Long-term payables	52,698,375.15	
Long-term salaries payable		
Estimated liabilities	5,058,038.23	4,960,656.25
Deferred revenue	6,461,626.72	6,085,498.10
Deferred income tax liabilities	48,939.72	4,834.38
Other non-current liabilities		
Total non-current liabilities	64,266,979.82	11,383,544.69
Total liabilities	2,184,571,800.52	1,928,288,812.05
Owners' equity:		
Share capital	797,848,400.00	797,848,400.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	979,798,749.43	979,777,355.57
Less: Treasury shares		
Other comprehensive income	(3,102,548.29)	(3,531,286.66)
Special reserve		
Surplus reserve	187,753,923.88	187,753,923.88
General risk reserve		
Undistributed profits	(1,464,423,291.93)	(1,469,578,894.72)
Total equity attributable to owners of the parent company	497,875,233.09	492,269,498.07
Minority interests	(320,950.96)	(375,432.98)
Total owners' equity	497,554,282.13	491,894,065.09
Total liabilities and owners' equity	2,682,126,082.65	2,420,182,877.14

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2025

2025										
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Sub-total	Minority interests	Total owners' equity
I.	Balance at the end of last year	797,848,400.00	979,777,355.57	(3,531,286.66)	187,753,923.88		(1,469,578,894.72)	492,269,498.07	(375,432.98)	491,894,065.09
	Add: Changes in accounting policies									
	Correction of prior errors									
	Business combination under common control									
	Others									
II.	Balance at the beginning of the current year	797,848,400.00	979,777,355.57	(3,531,286.66)	187,753,923.88		(1,469,578,894.72)	492,269,498.07	(375,432.98)	491,894,065.09
III.	Changes during the current period (reduction by "-")		21,393.86	428,738.37			5,155,602.79	5,605,735.02	54,482.02	5,660,217.04
	(i) Total comprehensive income		21,393.86	428,738.37			5,155,602.79	5,584,341.16	(164,124.12)	5,420,217.04
	(ii) Owners' capital contribution and capital reduction		21,393.86					21,393.86	240,000.00	261,393.86
	1. Ordinary shares contributed by owners								240,000.00	240,000.00
	2. Capital contributed by other equity instruments holders									
	3. Amounts of share-based payments recognised in owners' equity									
	4. Others									
	(iii) Profit distribution		21,393.86					21,393.86	(21,393.86)	21,393.86
	1. Appropriations to surplus reserve									
	2. Appropriations to general risk reserve									
	3. Distributions to owners (or shareholders)									
	4. Others									
	(iv) Transfer of owners' equity								(21,393.86)	(21,393.86)
	1. Transfer of capital reserve to capital (or share capital)									
	2. Transfer of surplus reserve to capital (or share capital)									
	3. Surplus reserve making up of losses									
	4. Changes in defined benefit plans carried forward to retained earnings									
	5. Other comprehensive income carried forward to retained earnings									
	6. Others									
	(v) Special reserve									
	1. Change for the period			7,739,267.07				7,739,267.07		7,739,267.07
	2. Utilised during the period			7,739,267.07				7,739,267.07		7,739,267.07
	Others									
IV.	Balance at the end of this year	797,848,400.00	979,798,749.43	(3,102,548.29)	187,753,923.88		(1,464,423,291.93)	497,875,233.09	(320,950.96)	497,554,282.13

Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Sub-total	Minority interests	Total owners' equity
I. Balance at the end of last year	797,848,400.00	867,591,781.76	(3,301,679.88)		187,753,923.88		(1,425,879,061.33)	424,013,364.43	(89,310,843.88)	334,702,520.55
Add: Changes in accounting policies										
Correction of prior period errors										
Business combination under common control										
Others										
II. Balance at the beginning of the current year	797,848,400.00	867,591,781.76	(3,301,679.88)		187,753,923.88		(1,425,879,061.33)	424,013,364.43	(89,310,843.88)	334,702,520.55
III. Changes during the current period (reduction by "-")		112,185,573.81	(229,606.78)				(43,699,833.39)	68,256,133.64	88,935,410.90	157,191,544.54
(i) Total comprehensive income			(229,606.78)				(43,699,833.39)	(43,929,440.17)	(963,908.09)	(44,893,348.26)
(ii) Owners' capital contribution and capital reduction		112,185,573.81						112,185,573.81	89,899,318.99	202,084,892.80
1. Ordinary shares contributed by owners									100,000.00	100,000.00
2. Capital contributed by other equity instruments holders										
3. Amounts of share-based payments recognised in owners' equity										
4. Others		112,185,573.81						112,185,573.81	89,799,318.99	201,984,892.80
(iii) Profit distribution										
1. Appropriations to surplus reserve										
2. Appropriations to general risk reserve										
3. Distributions to owners (or shareholders)										
4. Others										
(iv) Transfer of owners' equity										
1. Transfer of capital reserve to capital (or share capital)										
2. Transfer of surplus reserve to capital (or share capital)										
3. Surplus reserve making up of losses										
4. Changes in defined benefit plans carried forward to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(v) Special reserve										
1. Charge for the period				7,063,751.59				7,063,751.59		7,063,751.59
2. Utilised during the period				7,063,751.59				7,063,751.59		7,063,751.59
(vi) Others										
IV. Balance at the end of this year	797,848,400.00	979,777,355.57	(3,531,286.66)		187,753,923.88		(1,469,578,894.72)	492,269,498.07	(375,432.98)	491,894,065.09

NOTES TO THE FINANCIAL STATEMENTS:

1. GENERAL

The Company was established in the PRC with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Main Board of Shenzhen Stock Exchange (the “**Shenzhen Stock Exchange**”). The registered address of the Company is at No. 99 Xing Shang Road, Gucheng Subdistrict, Shouguang City, Shandong Province, PRC and 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 Renminbi (“**RMB**”), which is also the functional currency of the Company.

During the year, the Group was principally engaged in the design, research and development, processing and manufacturing, sale service and export trade of products for the energy equipment industry. The main products included petroleum-drilling machinery equipment, petroleum and natural gas pipeline equipment and oil and 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.

2. BASIS FOR PREPARATION OF 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 the “**Accounting Standard for Business Enterprises**”), the disclosure requirements under the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2023 Revision) of the China Securities Regulatory Commission (the “**CSRC**”) and its relevant requirements, and the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

3. OPERATING REVENUE

Total operating revenue consists of operating revenue and revenue from other operations. Operating revenue only represents the net amount received and receivable by the Group from external sales of goods and rendering of services less trade discounts during the year.

The following is an analysis of the Group's operating revenue for the year of 2025:

Item	2025	2024
Pipe products	1,658,132,685.70	1,230,613,168.65
Three kinds of pumping units	29,474,796.09	34,145,876.14
Petroleum machinery parts		1,867,935.18
Castings and forgings		7,141,888.99
Others	74,018,081.68	82,577,801.07
Total	1,761,625,563.47	1,356,346,670.03

4. SEGMENT INFORMATION

According to the internal organisational structure, management requirements and internal reporting system of the Group, the Group classified its operating segments into three reportable segments based on the internal organization structure, management requirements and internal reporting system. The Group's management regularly evaluates the operating results of these reportable segments to determine the resources to be allocated and to evaluate its results.

(1) Segment Reporting

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted for reporting to the management by each segment, which are consistent with the accounting and measurement basis for preparing the financial statements.

Segment reporting information – 2025

Item	Pipe products	Three kinds of pumping units	Others	Unallocated items	Total
Operating revenue					
External transaction revenue	1,658,132,685.70	29,474,796.09	74,018,081.68		1,761,625,563.47
Inter-segment transaction revenue					
Total segment operating revenue	1,658,132,685.70	29,474,796.09	74,018,081.68		1,761,625,563.47
Total operating revenue in financial statements	1,658,132,685.70	29,474,796.09	74,018,081.68		1,761,625,563.47
Segment expenses	1,519,859,121.52	26,612,194.82	68,730,717.48	(1,754,901.62)	1,613,447,132.20
Segment operating profit	138,273,564.18	2,862,601.27	5,287,364.20	1,754,901.62	148,178,431.27
Adjusted by:					0.00
Administrative expenses				39,858,943.88	39,858,943.88
Research and development expenses				46,689,481.30	46,689,481.30
Finance costs				94,329,839.50	94,329,839.50
Gain on disposal of assets				4,205,730.84	4,205,730.84
Other income				25,600,049.23	25,600,049.23
Loss from changes in fair value				(23,524.55)	(23,524.55)
Investment income				517,806.43	517,806.43
Operating profit/(loss) in financial statements	138,273,564.18	2,862,601.27	5,287,364.20	(148,823,301.11)	(2,399,771.46)
Non-operating income				9,122,091.80	9,122,091.80
Non-operating expenses				1,622,129.79	1,622,129.79
Total profits/(loss)	138,273,564.18	2,862,601.27	5,287,364.20	(141,323,339.10)	5,100,190.55
Income tax				149,126.76	149,126.76
Net profit/(loss)	138,273,564.18	2,862,601.27	5,287,364.20	(141,472,465.86)	4,951,063.79
Total segment assets	2,192,961,645.12	63,898,706.84	178,272,462.85	246,993,267.84	2,682,126,082.65
Total segment liabilities	1,002,369,898.41	17,133,864.68	18,268,808.44	1,146,799,228.99	2,184,571,800.52

Segment reporting information – 2024

Item	Pipe products	Three kinds of pumping units	Petroleum machinery parts	Castings and forgings	Others	Unallocated items	Total
Operating revenue							
External transaction revenue	1,230,613,168.65	34,145,876.14	1,867,935.18	7,141,888.99	82,577,801.08		1,356,346,670.03
Inter-segment transaction revenue							
Total segment operating revenue	1,230,613,168.65	34,145,876.14	1,867,935.18	7,141,888.99	82,577,801.08		1,356,346,670.03
Total operating revenue in financial statements	1,230,613,168.65	34,145,876.14	1,867,935.18	7,141,888.99	82,577,801.08		1,356,346,670.03
Segment expenses	1,298,938,665.44	29,707,850.21	1,519,842.58	7,637,017.04	96,611,104.54	1,484,223.50	1,435,898,703.31
Segment operating profit/(loss)	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	(1,484,223.50)	(79,552,033.28)
Adjusted by:							0.00
Administrative expenses						118,952,881.37	118,952,881.37
Research and development expenses						29,309,446.94	29,309,446.94
Finance costs						96,614,115.45	96,614,115.45
Investment income						260,617,460.17	260,617,460.17
Gain on disposal of assets						5,465,378.04	5,465,378.04
Other income						10,062,983.36	10,062,983.36
Operating profit/(loss) in financial statements	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	29,785,154.31	(48,282,655.47)
Non-operating income						6,594,454.34	6,594,454.34
Non-operating expenses						5,904,948.42	5,904,948.42
Total profit/(loss)	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	30,474,660.23	(47,593,149.55)
Income tax						(2,956,531.39)	(2,956,531.39)
Net profit/(loss)	(68,325,496.79)	4,438,025.93	348,092.60	(495,128.05)	(14,033,303.46)	33,431,191.62	(44,636,618.16)
Total segment assets	2,044,088,195.50	79,648,199.73	7,408,260.00	0.00	212,318,533.30	76,719,688.62	2,420,182,877.14
Total segment liabilities	704,851,509.88	19,732,358.12	6,618,608.36	0.00	17,412,650.36	1,179,673,685.32	1,928,288,812.05

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

In the years of 2025 and 2024, the Group derived all external transaction income from the PRC and overseas but all of its assets were located in the PRC. Therefore, external transaction income by origin of income sources is disclosed as follows:

Item	2025	2024
External transaction income derived from the PRC	1,150,301,118.64	946,365,785.91
External transaction income derived from other countries	611,324,444.83	409,980,884.12
Total	1,761,625,563.47	1,356,346,670.03

5. FINANCE COSTS

Item	2025	2024
Interest expenses (bank borrowings due within one year)	93,838,769.72	102,961,159.42
Less: Interest expenses capitalized		
Less: Interest income	1,385,677.63	1,055,114.19
Foreign exchange gains/(losses)	162,148.89	(7,174,471.47)
Others	1,714,598.52	1,882,541.69
Total	94,329,839.50	96,614,115.45

There was no capitalized borrowing costs in the year of 2025 (2024: 0).

6. OTHER INCOME

Source of other income	Amount for the period	Amount for the last period
Additional deduction on input value-added tax	4,814,751.30	9,582,861.97
Incentives and subsidies for energy conservation and emission reduction		
Subsidies and grants for recycling resource enterprises		
Subsidies and grants for enterprises	20,604,378.19	
Stability subsidies and social insurance subsidies		272,460.64
Bonuses for technology upgrade and energy conversion		
Grants for defense basement construction		
Special funds for external trade development		
Reward for technological innovation patents and acquisition of international brands		
Others	180,919.74	207,660.75
Total	25,600,049.23	10,062,983.36

7. ASSETS IMPAIRMENT LOSSES

Item	2025	2024
Loss on bad debts		
Including: Accounts receivable		
Other receivables		
Loss on impairment of inventories	(4,987,753.50)	(21,035,114.57)
Impairment loss on intangible assets		(20,840,172.65)
Impairment loss of fixed assets		(65,114,328.22)
Loss allowances for loans		
Impairment loss on goodwill		
Total	(4,987,753.50)	(106,989,615.44)

8. CREDIT IMPAIRMENT LOSSES

Item	Amount for the period	Amount for the last period
Loss on bad debts of bills receivable	(467,250.85)	541,494.90
Gain on reversed of loss on bad debts of accounts receivable	7,243,706.22	2,955,091.72
Loss on bad debts of other receivables	(5,021,553.75)	(4,980,810.12)
Impairment loss on loans		
Loss of the parent company's creditor rights in subsidiaries with excess losses		
Total gains/(losses)	1,754,901.62	(1,484,223.50)

9. NON-OPERATING INCOME

Item	2025	2024
Government grants		
Penalty income		
Others	9,122,091.80	6,594,454.34
Total	9,122,091.80	6,594,454.34

10. TOTAL PROFIT/(LOSS)

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

Item	2025	2024
Staff costs (including Directors' remuneration)	137,721,853.96	130,228,148.44
Amortisation of intangible assets	6,483,513.22	9,163,547.86
Auditor's remuneration (included in administrative expenses)	1,349,056.60	1,349,056.60
Cost of inventories recognised as expenses	1,585,917,667.15	1,301,582,840.88
Depreciation on fixed assets	55,828,584.80	132,008,314.37
Research and development expenses	45,080,295.48	27,102,934.69
Gain on disposal of fixed assets	4,205,730.84	5,465,378.04

11. INCOME TAX EXPENSES/(CREDIT)

Item	2025	2024
Current income tax expenses	126,689.55	85,089.98
– Hong Kong		
– Chinese Mainland	126,689.55	85,089.98
Deferred income tax expense/(credit)	22,437.21	(3,041,621.37)
Total	149,126.76	(2,956,531.39)

The Company has been listed as a new high-technology enterprise and was subject to the PRC enterprise income tax at a rate of 15% (2024: 15%) pursuant to the Enterprise Income Tax Law of the People's Republic of China.

The subsidiaries of the Company incorporated in Hong Kong were subject to the profits tax at the rate of 16.5% (2024: 16.5%) in Hong Kong.

12. EARNINGS/(LOSSES) PER SHARE

Item	2025	2024
Net profit/(loss) attributable to shareholders of the Company is calculated based on:		
Basic earnings/(losses) per share	0.01	(0.05)
Diluted earnings/(losses) per share	0.01	(0.05)
Net profit/(loss) from continuing operations attributable to shareholders of the Company is calculated based on:		
Basic earnings/(losses) per share	0.01	(0.05)
Diluted earnings/(losses) per share	0.01	(0.05)

13. DIVIDENDS

Item	2025	2024
Dividends recognized and distributed during the year	0	0
2024 final dividend – RMB per ordinary share	0	0

The Board does not recommend any payment of final dividend in respect of the year ended 31 December 2025. It has been proposed by the Board but shall be subject to approval from shareholders at the general meeting.

14. BILLS RECEIVABLE

Item	2025			2024		
	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable
Bills receivable	77,721,836.82	701,212.25	77,020,624.57	28,310,078.75	233,961.40	28,076,117.35
Total	77,721,836.82	701,212.25	77,020,624.57	28,310,078.75	233,961.40	28,076,117.35

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

15. ACCOUNTS RECEIVABLE

Item	2025			2024		
	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable	Balance of accounts receivable	Provision for bad debt	Net amount of accounts receivable
Accounts receivable	503,277,067.76	39,107,020.51	464,170,047.25	266,677,142.16	46,350,726.73	220,326,415.43
Total	503,277,067.76	39,107,020.51	464,170,047.25	266,677,142.16	46,350,726.73	220,326,415.43

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: Customers of tubes of Chinese Mainland are normally subject to payment in advance of distribution and customers of oil casing of Chinese Mainland are normally subject to payment terms of 3-6 months after bill settlement. As to export business, payment terms are mainly payment upfront. As to oil casing products, most of the customers are subject to payment in advance, under which customers are to make full payment before distribution of products or upon receipt of the copy of the bill of lading.

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

Age	2025	2024
Within 1 year	309,444,855.00	221,427,518.61
1 to 2 years	227,967.83	2,226,344.02
2 to 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years	35,883,856.68	43,023,279.53
Total	503,277,067.76	266,677,142.16

16. BILLS PAYABLE

Category	2025	2024
Bills payable	66,591,079.41	7,128.75
Total	66,591,079.41	7,128.75

17. ACCOUNTS PAYABLE

Category	2025	2024
Accounts payable	397,985,748.47	294,207,878.68
Total	397,985,748.47	294,207,878.68

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

Age	2025	2024
Within 1 year	334,389,863.29	224,922,819.46
1 to 2 years	21,417,130.36	20,829,304.40
2 to 3 years	8,426,822.60	11,350,090.01
Over 3 years	33,751,932.22	37,105,664.81
Total	397,985,748.47	294,207,878.68

18. CAPITAL COMMITMENTS

The Group did not have any capital commitments as at the end of the year.

19. CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities at the end of the year.

ANNUAL RESULTS

For the year ended 31 December 2025, the Group recorded a revenue of RMB1,761,625,563.47, representing an increase of approximately 29.88% as compared with last year. Profit attributable to equity owners of the Company and earnings per share amounted to RMB5,155,602.79 and RMB0.01, respectively.

BUSINESS REVIEW

(I) DESCRIPTIONS OF THE GROUP'S MAIN BUSINESSES DURING THE REPORTING PERIOD

During the reporting period (the “**Reporting Period**”), the Company was 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 are pipe products such as oil pipes, casing, pipeline pipes, boiler pipes, hydraulic supporting pipes, gas cylinder pipes, ship pipes and nuclear power pipes, accounting for more than 90% of the Company’s operation 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 according to the orders placed by customers specifying the required specifications and quantity and based on the market sales initiatives of the sales department. The Company has adopted a centralised procurement model under which the procurement department is responsible for the purchase of all raw materials, moulds and equipment, including the signing of procurement contracts, procurement status tracking, facilitating quality improvement of raw materials, etc. The procurement department strictly controls the selection of suppliers based on a comprehensive overall evaluation index system. It fosters quality partners and develops long-term and stable strategic partnership. The Company has a relatively mature sales network and has established a professional team dedicated to sales and import and export operations with members responsible for domestic and international market research and study, development, product sales and after-sales services, respectively.

(II) BASIC INFORMATION OF THE GROUP'S INDUSTRY DURING THE REPORTING PERIOD

The Company operates in the energy equipment industry covering the manufacturing of dedicated energy exploitation equipment for energy sources such as petroleum, natural gas, shale gas, coal and coalbed methane, which falls within the scope of the petroleum and natural gas special equipment manufacturing and services industry. The development and prosperity of the petroleum and natural gas exploitation industry have direct impact to the development of the Company's industry. In the long run, the global economic growth rate, price trends of and consumers' demand for petroleum and natural gas, global spendings in exploration and development of petroleum and scale of oil and gas exploitation, are determinants of the prosperity of the Company's industry. In 2025, against the backdrop of heightened uncertainty in the external environment and persistently high benchmark oil prices, industry prosperity continued to improve, providing support for investment in global oil and gas exploration and development. This has driven a sustained recovery in the capital expenditure of oil and gas companies, leading to increased demand for oil and gas equipment and services.

According to relevant energy data from the National Bureau of Statistics, China's oil and gas production maintained a stable growth trend in 2025, with both crude oil and natural gas output achieving positive year-on-year growth. The capacity to ensure oil and gas supply continued to be strengthened, solidifying the foundation for national energy security. At the policy level, the National Energy Administration's Guiding Opinions on Energy Work in 2025 set out the core objectives and key tasks for the year's energy efforts. The total national energy production steadily increased, with crude oil output remaining above 200 million tons and natural gas output maintaining relatively rapid growth, while the scale of oil and gas reserves continued to expand. The Guiding Opinions emphasised the role of fossil energy in providing a foundational guarantee, explicitly requiring the consolidation of the foundation for energy security, the sustained strengthening of oil and gas exploration and development efforts, and the enhancement of oil and gas reserve capacity. In line with the new energy security strategy, efforts to enhance energy security capabilities continued to intensify, with a focus on advancing the exploration and development of oil and gas resources and stepping up efforts to increase reserves and production. This has driven the industry to form a development pattern characterised by "enhancing quality and efficiency in conventional oil and gas, and promoting integrated empowerment through new energy."

Overall, the implementation of a series of domestic energy security-related policies in 2025, combined with the steady growth of oil and gas production, the continuous enhancement of reserve capacity, and ongoing breakthroughs in technological innovation, effectively strengthened the foundation of China's energy security. This has further driven a steady improvement in the prosperity of the domestic oil and gas industry, providing strong support for the successful completion of the energy targets set out in the 14th Five-Year Plan, and laying a solid foundation for the high-quality development of the oil and gas industry during the 15th Five-Year Plan period.

Furthermore, as the global industrial system transitions toward green and high-end development, seamless steel pipes, as a key foundational material, are seeing their application fields expand from traditional oil and gas extraction to a wider range of non-oil and gas industrial scenarios. In the power industry, seamless steel pipes are mainly used in high-pressure and ultra-high-pressure boiler pipes, heat exchanger pipes, etc. Against the backdrop of energy supply security and peak-shaving demands, the construction of new coal-fired power projects and supporting facilities for new energy power stations is driving demand for related pipe materials. In the high-end equipment and machinery manufacturing industry, such as construction machinery, hydraulic supports, bearings, and automobile manufacturing, the demand for seamless steel pipes with high precision, high strength, and special properties continues to grow. In the chemical industry, chemical equipment and pressure vessel manufacturing impose extremely high requirements for the corrosion resistance and high-temperature and high-pressure resistance of seamless steel pipes, making it an important application market for high-quality seamless steel pipes.

(III) DISCUSSION AND ANALYSIS OF OPERATION OF THE GROUP DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the Company's total assets amounted to approximately RMB2.682 billion, representing an increase of 10.82% compared with the beginning of the year. The net assets attributable to shareholders of the listed company amounted to approximately RMB498 million, representing an increase of 1.14% compared with the beginning of the year. During the Reporting Period, the Company achieved an operating income of approximately RMB1.762 billion, with a year-on-year increase of 29.88%; the net profit attributable to shareholders of the listed company was RMB5.1556 million, with a year-on-year increase of 111.80%; and the net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses was -RMB27.6225 million, with a year-on-year increase of 91.13%.

During the Reporting Period, the Company actively expanded its sales markets, achieving sufficient product orders and a significant year-on-year increase in production and sales volumes. In particular, the Company vigorously implemented its overseas strategy, with revenue from international markets increasing by approximately 50% year-on-year. The capacity utilisation rate further improved, the gross profit margin of products increased significantly year-on-year, and profitability was substantially enhanced. The Company continued to refine its lean management measures, strengthened cost control, achieved internal cost reduction and efficiency enhancement, and comprehensively improved operational efficiency and market competitiveness. These efforts drove a significant increase in the Company's operating results, achieving a turnaround from loss to profit.

PROSPECTS

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

In 2026, the global oil and gas industry officially enters a new development environment characterised by “seeking stability amidst change”. Against the dual backdrop of the deepening transition from old to new energy sources and intensifying global energy competition, the industry's development logic is undergoing profound adjustments. The supply and demand landscape, price trends, and development priorities are all presenting new characteristics, bringing both new opportunities and challenges to the oilfield services industry. In the transition from new to old energy sources, demand for crude oil continues to grow, and in the medium to long term, oil prices are likely to remain at mid-to-high levels. The Key Tasks for Energy Work in 2026 (《2026年能源工作重點任務》) proposes to achieve a higher level of energy security and enhance oil and gas production and supply capacity. It is necessary to consolidate the results of increasing reserves and production, step up the exploration and development of oil and gas resources, keep crude oil production stable at around 215 million tons, and achieve natural gas output exceeding 260 billion cubic meters while maintaining a continuous production growth trend. Efforts should also be made to strengthen the oil and gas reserve system, improve the layout of oil and gas transmission pipeline networks, ensure a stable supply of oil and gas, and comprehensively fortify the bottom line of energy security. China's oil and gas industry will continue to play a critical role in safeguarding energy security, promoting high-quality economic development, and supporting the construction of a new energy system.

In 2026, the full implementation of China's Energy Law and the newly revised Mineral Resources Law, together with the continued advancement of the action plans for the medium- and long-term increase of oil and gas reserves and production, will strongly guide the high-quality development of oil and gas exploration and development. Overall, the high prosperity of the oilfield services industry is expected to be further consolidated.

The development of the seamless steel pipe market in non-oil and gas sectors is closely aligned with national macro strategies and the direction of industrial upgrading. As China's industrial system advances toward high-quality development, coupled with increasingly stringent environmental regulations and a deepening corporate sustainability strategy, related equipment upgrades and retrofits will be indirectly driven. This, in turn, will generate demand for more reliable and corrosion-resistant pipes, providing the non-oil and gas seamless steel pipe industry with stable market demand that also holds high growth potential.

(II) Business plans of the Group for 2026

2026 is a pivotal year for Shandong Molong to consolidate its development achievements and achieve high-quality development. The Company will build on its current position while taking a long-term perspective, diligently embodying the corporate spirit of "loyalty, dedication, innovation, and integrity". It will focus on addressing weaknesses, rigorously implementing initiatives, and anchoring its strategic direction to elevate all aspects of the Company's operations to a new level.

1. Deepening focus on core business and solidifying the development foundation. As a listed company in the petroleum equipment industry, the Company will unwaveringly concentrate on its core business and areas of competitive strength. By upgrading industrial technology, adjusting product mix, and strengthening strategic cooperation, it will continuously enhance the advantages of its core business and comprehensively improve the quality and efficiency of corporate development.
2. Pursuing overseas strategy and increasing market share. The Company will comprehensively expand into the Middle East, Central Asia, and African markets, accelerating the preparation of overseas offices, production bases, and overseas warehousing. Efforts will be made to expand overseas high-end markets, enhance profitability, promote localized production, and provide customers with zero-distance services. The Company will continue to promote the qualification certification of qualified suppliers of international oil and gas companies, further expanding overseas market share and enhancing product export competitiveness and brand influence.

3. Targeting deep-sea technology and promoting transformation and upgrading. Focusing on deep-sea technology as a key future industry, the Company will deepen cooperation with research institutions such as China University of Petroleum and Ocean University of China, intensifying efforts to overcome critical technological bottlenecks, advancing the development of deep-sea business, and strengthening core competitive advantages. This will facilitate the transition towards high-value-added products and gradually achieve corporate transformation and upgrading.
4. Implementing equipment updates and enhancing production capabilities. The Company will continue to promote equipment renovation and upgrades, progressively modernising key components of critical equipment, expanding the application scope of automated equipment, reducing labour costs and employment risks, improving the level of intelligence and production efficiency, and consolidating the quality advantages of its products.
5. Addressing capacity shortfalls and strengthening corporate advantages. The Company will accelerate the construction of two high-end oil pipe intelligent processing production lines, coupling production lines, and heat treatment production lines and precision processing, so as to meet processing capacity demands and enhance the Company's market competitiveness.
6. Strengthening capital operations and enhancing corporate strength. On the basis of stabilising core operations, the Company will leverage favourable policies in the capital markets and the platform advantages of being an A+H listed company. It will conduct capital operations as appropriate to achieve resource integration and business optimisation along the industrial chain, further expanding the business scale, reducing the asset-liability ratio, and enhancing its comprehensive competitiveness.
7. Strengthening internal governance and enhancing management standards. The Company will improve corporate management by introducing scientific and advanced management models, establishing management systems suitable for its development, and raising the level of corporate management. The Company will strengthen corporate culture and Party building under the guidance of Party building to focus on building a corporate culture system that supports corporate development, continuously enhancing corporate soft power and consolidating development synergies.

8. Focusing on talent cultivation and attraction to unlock development momentum. The Company will vigorously implement its strategy of innovation-driven development and strengthening corporate through talent. Through measures such as diversifying talent introduction mechanisms, improving talent development mechanisms, and refining talent incentive and restraint mechanisms, the Company strives to build a talent team with strong professional capabilities, excellent overall quality, and a sound overall structure, thereby providing a solid talent guarantee for corporate high-quality development.

(III) Risk factors affecting future development strategy and business goals of the Group

(1) *Risk of raw material price fluctuations*

Any fluctuations in raw material prices will directly affect the manufacturing costs of products and will, in turn, have direct impact on product prices. The Group will closely monitor if there is any fluctuation in raw material prices and will control the manufacturing costs of products by way of fixing raw material prices, etc., and adjusting the product prices and product portfolio in a timely manner as and when necessary.

(2) *Exchange rate risk*

Changes in the RMB exchange rate have impact on the Group's operating results. The Group will closely monitor the changes in exchange rates and will take timely measures to avoid any risks caused by changes in the RMB exchange rate.

EVENTS AFTER THE REPORTING PERIOD

The Group had no major events required to be disclosed after the Reporting Period and up to the date of this announcement.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2025, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2025, the Group did not have any material acquisitions and disposals in respect of subsidiaries, associates and joint ventures.

FUTURE PLANS ON MATERIAL INVESTMENT OR CAPITAL ASSETS

During the year ended 31 December 2025, the Group did not have any future plans on material investment or capital assets.

DIVIDEND

The Board does not recommend any payment of final dividend in respect of the year ended 31 December 2025. It has been proposed by the Board but shall be subject to approval by shareholders at general meeting.

CORPORATE GOVERNANCE

The Company is committed to achieving a high standard of corporate governance. The principles of corporate governance adopted by the Company emphasize a high-quality Board, sound internal control, and transparency and accountability to all shareholders. For the year ended 31 December 2025, the Company has complied with all the code provisions and most of the recommended best practices contained in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Company has introduced and will continue to adopt measures to comply with the changes to the Listing Rules regarding corporate governance. Details of the corporate governance of the Company are set out in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 December 2025.

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

Mr. Zhang Zhi Yong and Mr. Ma Qing Wen resigned as executive Director and non-executive Director, respectively, on 4 June 2025.

At the annual general meeting held on 27 June 2025, Mr. Song Guang Jie was elected as an executive Director and Mr. Huang Bing De was elected as a non-executive Director.

Following the approval by shareholders of the resolution to amend the Company's articles of association and its appendices at the extraordinary general meeting (the “**Extraordinary General Meeting**”) held on 3 November 2025, the Company abolished its supervisory board with effect from the conclusion of the Extraordinary General Meeting.

Mr. Wang Tao was appointed as an employee representative director at the employee representative meeting held on 3 November 2025.

AUDIT COMMITTEE

The Company's audit committee (its members being the three independent non-executive Directors) held the third meeting in 2026 to discuss matters regarding the accounting standards and practices adopted by the Group, internal control and risk management and financial reporting, and they have reviewed the audited results for the year ended 31 December 2025. The audited results for the year ended 31 December 2025 have been agreed by the auditors of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules requiring the Directors of the Company to follow the Model Code while conducting securities transactions. The Model Code is also applicable to the Company's senior management. Having made specific enquiries by the Company, all Directors confirmed that they have fully complied with the Model Code throughout the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including treasury shares) of the Company during the year ended 31 December 2025.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.molonggroup.com). The annual report for the year ended 31 December 2025 will be dispatched to shareholders in due course and will be available on the website of the Company, the Stock Exchange and Shenzhen Stock Exchange.

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

Shandong, the PRC

31 March 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 independent non-executive Directors, namely Mr. Zhang Zhen Quan, Mr. Dong Shao Hua and Mr. Zhang Bing Gang.

* *For identification purposes only*