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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 equity joint venture company incorporated in the

(Stock Code: 568)

PRELIMINARY FINANCIAL DATA FOR THE YEAR 2019

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong, the "**SFO**").

Special reminder The financial information of the Company for the year of 2019 set out in this announcement is preliminary data audited by the internal audit department of the Company, but have not been audited by an external accounting firm. As such, there may be discrepancies between the above-mentioned data and the final information disclosed in the annual report. Shareholders and potential investors are hereby reminded to exercise caution when dealing in the shares of the Company.

1. KEY FINANCIAL DATA AND FINANCIAL INDICATORS FOR THE YEAR OF 2019

Reporting period: 1 January 2019 - 31 December 2019

Currency: RMB

Item	For the year ended 31 December 2019	For the year ended 31 December 2018	Year-on-year Change Rate (%)
Total operating income	4,388,904,215.91	4,452,014,810.12	-1.42%
Operating profit	-189,048,670.21	69,122,996.22	-373.50%
Gross profit	-215,227,132.00	61,162,501.12	-451.89%
Net profit attributable to the equity holders of the Company	-190,952,177.60	92,476,375.01	-306.49%
Basic earnings per share RMB	-0.24	0.12	-300.00%
Return on net assets on weighted average basis %	-10.33%	4.82%	-15.15%
	As at 31 December 2019	**As at 1 January 2019**	**Year-on-year change**
Total assets	5,741,109,434.89	6,607,536,593.37	-13.11%
Equity attributable to equity holders of the Company	1,752,876,061.15	1,944,091,288.19	-9.84%
Share capital	797,848,400.00	797,848,400.00	0.00%
Net asset per share attributable to equity holders of the Company (RMB)	2.20	2.44	-9.84%

Note: The data in the table is extracted from the financial statement (unaudited).

2. BRIEF ANALYSIS ON OPERATING RESULTS AND FINANCIAL POSITION

1. Brief Analysis on Operating Results

For the reporting period, the operating income of the Company was RMB4,388,904,215.91, recording a decrease of 1.42% comparing with that of the previous year; the operating profit was RMB -189,048,670.21, recording a decrease of 373.50% comparing with that of the previous year; the total profit was RMB -215,227,132.00, recording a decrease of 451.89% comparing with that of the previous year; the net profit attributable to the shareholders of the Company was RMB -190,952,177.60, recording a decrease of 306.49% comparing with that of the previous year.

2. Main Reasons for Change in Financial Results

(1) the significant increase in the price of raw materials during 2019, which in turn resulted in a significant increase in production costs. At the same time, there has been a decrease in the price of the products of the Company, which in turn resulted in a decrease in profit;

(2) there has been an increase in inspection and maintenance costs as a result of the suspension of production for inspection and maintenance and partial technical modification of production facilities of Shouguang Maolong New Materials Technology Development Company Limited* ( ), a wholly owned subsidiary of the Company, which has resulted in a limited supply of raw materials to the downstream subsidiaries and thus increased the product costs;

(3) in light of litigations brought by investors, the provisions for loss resulting from claims of investors in 2019 is estimated to be a total of RMB29.17 million; and

(4) the Company has conducted preliminary tests on impairment of goodwill and the estimated provision for impairment of goodwill is in the amount of RMB23.68 million.

3. Brief Analysis on Financial Position

As at the end of the reporting period, the total assets of the company was RMB5,741,109,434.89, recording a decrease of 11% comparing with that as at the beginning of the reporting period; the owners' equity attributable to the shareholders of the listed company was RMB1,752,876,061.15, recording a decrease of 9.84% comparing with that as at the beginning of the reporting period; the net assets per share attributable to the shareholders of the listed company was RMB2.20, recording a decrease of 9.84% comparing with that as at the beginning of the reporting period.

3. OTHER INFORMATION

For details of the 2019 annual report of the Company, please refer to the summary and full text of the annual report of the Company expected to be published on 28 March 2020.

4. DOCUMENTS FOR INSPECTION

(1) The Comparison-Balance Sheet and the Comparison-Income Statement, signed and sealed by the current legal representative, the accounting supervisor(s) and the responsible person(s) of the accounting department of the Company (the accounting supervisor);

(2) The internal audit report signed by the responsible person(s) of the internal audit department; and

(3) Other documents as required by the Shenzhen Stock Exchange.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited
Liu Yunlong
Chairman

Shandong, People's Republic of China
26 February 2020

As at the date of this announcement, the Board comprises the executive Directors, namely Mr. Liu Yun Long, Mr. Liu Min, Mr. Zhang Yu Zhi and Mr. Li Zhi Xin; the non-executive Directors, namely Mr. Yao You Ling and Mr. Wang Quan Hong; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.

** For identification purpose only*