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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)

UNAUDITED 2024 FIRST QUARTERLY REPORT

This announcement is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The following is the first quarterly report of Shandong Molong Petroleum Machinery Company Limited* (the “Company”) for the financial year of 2024.

The Company and all members of the board (“Board”) of directors of the Company (“Director(s)”) warrant that the information disclosed herein are true, accurate and complete, and that there is no false representation or misleading statement contained herein or material omission herefrom.

IMPORTANT NOTICE:

1. The board of directors, the supervisory committee and the directors, supervisors and senior management warrant that this quarterly report is true, accurate, and complete without any false information, misleading statements or material omissions, and individually and jointly accept legal responsibility for the contents of this report.
2. The person-in-charge of the Company, the person-in-charge of the accounting and the person-in-charge of the accounting department (head of accounting) declare: that the financial information contained in this quarterly report is true, accurate and complete.
3. Whether the First Quarterly Report has been audited

Yes No

I. KEY FINANCIAL DATA

(I) KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Whether the Company made retroactive adjustment or restated accounting data in previous years

Yes No

	The reporting period	The corresponding period of last year	Increase/decrease for the reporting period as compared with the corresponding period of last year
Operating revenue (RMB)	193,609,052.43	408,037,331.85	-52.55%
Net profit attributable to shareholders of listed company (RMB)	216,912,792.77	(87,097,310.59)	349.05%
Net loss after extraordinary gains or losses attributable to shareholders of listed company (RMB)	(67,637,300.87)	(87,328,973.96)	22.55%
Net cash flows generated from operating activities (RMB)	(2,664,458.90)	34,975,015.23	-107.62%
Basic earnings per Share (RMB/share)	0.2719	(0.1092)	348.99%
Diluted earnings per Share (RMB/share)	0.2719	(0.1092)	348.99%
Weighted average return on net assets	40.69%	-9.22%	49.91%
	As at the end of the current reporting period	As at the end of last year	Increase/decrease at the end of the reporting period as compared with the end of last year
Total assets (RMB)	2,988,226,064.61	2,888,081,988.80	3.47%
Total owners' equity attributable to shareholders of the listed company (RMB)	642,034,543.92	424,013,364.43	51.42%

(II) NON-RECURRING GAIN OR LOSS ITEMS AND AMOUNTS✓ Applicable Not applicable

Unit: RMB

Item	Amount for the current reporting period	Explanation
Gains or losses arising from the disposal of non-current assets (including the written-offs that have been provided for impairment of assets)	281,593,361.45	Mainly gain from disposal of equity interest in subsidiaries during the reporting period.
Government grant recognised in current profit and loss (excluding those grants that are closely related to the Company's normal business operation, that met the requirements of national policy, and that were continuously granted in accordance with the certain standard amount or volume prescribed by the State)	33,789.37	Mainly receipt of returned processing fees for withholding and payment of personal income tax during the reporting period.
Gains and losses from changes in fair value arising from the holding of financial assets and financial liabilities held by non-financial enterprises and gains and losses from the disposal of financial assets and financial liabilities, other than effective hedging treasury business related to the Company's normal operating business.	767,204.43	Due to the transfer of equity interest, 1.92% of Weihai Baolong's equity interest held by the subsidiary Molong Electromechanical was converted from long-term equity investment to other equity instruments investments.
Non-operating income and expenses other than the above items	2,447,832.52	Mainly penalties etc. received from overseas customers during the reporting period.
Less: Effect on income tax	271,719.02	—
Effect on minority interests (after tax)	20,375.11	—
Total	284,550,093.64	—

Details of other gain or loss items that fall within the definition of non-recurring gains or losses:

Applicable Not applicable

The Company did not have any extraordinary profit and loss items that fall within the definition of extraordinary gain or loss.

Explanation for defining the non-recurring gain or loss items listed in the Interpretation No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Extraordinary Profit and Loss as extraordinary gain and loss items.

Applicable Not applicable

The Company did not define any non-recurring gain or loss items listed in the Interpretation No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Gains and Loss as extraordinary profit and loss items.

(III) DETAILS OF AND REASONS FOR CHANGES IN KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Applicable Not applicable

(I) *Analysis of and explanation for significant changes in the Company's asset and liability structure during the reporting period*

Unit: RMB

Items	31 March 2024 (Unaudited)	31 December 2023 (Audited)	Change (%)	Reason for difference
Monetary funds	193,006,919.89	99,072,876.12	94.81%	Mainly due to receipt of proceeds of transfer of equity interest during the reporting period.
Accounts receivable	170,556,855.85	253,264,672.00	-32.66%	Mainly due to increase in trade receivables during the reporting period.
Financing receivables	1,438,249.31	2,485,020.78	-42.12%	Mainly due to decrease in unexpired bank acceptances at end of the reporting period.
Prepayments	14,391,300.60	30,163,124.55	-52.29%	Mainly due to decrease in prepaid material costs during the reporting period.

Other receivables	403,250,670.82	4,675,103.22	8525.49%	Mainly due to deconsolidation of subsidiaries after transfer of equity interest during the reporting period.
Other current assets	8,923,438.42	858,918.49	938.92%	Mainly due to increase in retained tax credit at the end of the reporting period.
Other investments in equity instrument	3,297,339.83	—	—	— Due to the transfer of equity interest, 1.92% of Weihai Baolong's equity interest held by the subsidiary Molong Electromechanical was converted from long-term equity investment to investment by other equity instruments investments.
Intangible assets	234,040,170.30	341,873,447.91	-31.54%	Mainly due to deconsolidation of subsidiaries after transfer of equity interest during the reporting period.
Contract liabilities	84,299,028.72	54,732,615.40	54.02%	Mainly due to increase in prepayment as at the end of the reporting period.
Staff wages payable	42,768,635.31	75,699,078.02	-43.50%	Mainly due to increase in payment of staff wages and salaries and deconsolidation of subsidiaries after transfer of equity interest during the reporting period.
Taxes payable	6,262,280.48	19,595,319.94	-68.04%	Mainly due to decrease in value-added tax during the reporting period.
Other current liabilities	63,365,139.05	43,395,150.74	46.02%	Mainly due to increase in payment of unexpired commercial acceptance draft during the reporting period.
Deferred income tax liability	3,206,594.67	8,311,071.27	-61.42%	Mainly due to deconsolidation of subsidiaries after transfer of equity interest during the reporting period.
Long-term payables	13,288,333.40	19,854,583.39	-33.07%	Mainly due to repayment of long term borrowings during the reporting period.
Minority interests	(298,479.66)	(89,310,843.88)	99.67%	Mainly due to transfer of equations interest in non-wholly-owned subsidiaries during the reporting period.

(II) Analysis of and explanation for significant year-on-year changes in gain or loss indicators for the reporting period

Unit: RMB

Item	January to March 2024 (Unaudited)	January to March 2023 (Unaudited)	Change (%) Reason for difference
Operating income	193,609,052.43	408,037,331.85	-52.55% Mainly due to the increase in batch products produced and shipped uniformly during the reporting period, resulting in failure to deliver goods and the revenue recognition conditions not being met after delivery.
Operating cost	187,933,014.42	384,212,165.48	-51.09% Mainly due to the increase in batch products produced and shipped uniformly during the reporting period, resulting in failure to deliver goods and the revenue recognition conditions not being met after delivery.
Business tax and surcharges	1,408,026.19	4,389,101.36	-67.92% Mainly due to the reduction in taxes during the reporting period.
Selling expenses	2,655,910.42	3,888,273.91	-31.69% Mainly due to the reduction in wages and salaries of salespersons during the reporting period.
Administrative expenses	33,948,364.98	67,997,495.48	-50.07% Mainly due to the reduction in remuneration of staff and decrease in related expenses after transfer of equity interest in subsidiaries during the reporting period.
Research and development expenditures	2,633,923.36	4,542,237.38	-42.01% Mainly due to the reduction in R&D investments during the reporting period.
Finance expenses	18,816,229.76	31,074,646.34	-39.45% Mainly due to the reduction in borrowing amounts and movement of exchange gains during the reporting period.
Asset impairment loss	(16,444,430.89)	(1,382,196.59)	-1089.73% Mainly due to the increase in provision for impairment loss of inventory through impairment tests on inventory, with price reduction for general tube products in the market.

Gain on asset disposition	163,084.71	83,599.88	95.08%	Mainly due to the increase in gain on disposal of certain assets during the reporting period.
Investment income	282,197,481.17	—	—	Mainly due to gain arising from transfer of equity interest in subsidiaries during the reporting period.
Non-operating income	2,710,092.85	684,421.68	295.97%	Mainly due to the receipt of penalties from overseas customers during the reporting period.
Non-operating expenses	262,260.33	486,983.93	-46.15%	Mainly due to the payment of social insurance late payment fee during the reporting period.
Income tax expense	86,399.55	1,379,863.65	-93.74%	Mainly due to unrecognized deferred income tax expense during the reporting period

(III) Analysis of and explanation for year-on-year changes in the Company's cash flows during the reporting period

Unit: RMB

Item	January to March 2024 (Unaudited)	January to March 2023 (Unaudited)	Change (%)	Reason for difference
Net cash flows from operating activities	(2,664,458.90)	34,975,015.23	-107.62%	Mainly due to the decrease in revenue during the reporting period.
Net cash flows generated from investment activities	141,716,637.04	(4,053,463.91)	3596.19%	Mainly due to the receipt of proceeds of transfer of equity interest in subsidiaries during the reporting period.
Net cash flow generated from financing activities	(114,672,859.01)	(165,815,321.89)	30.84%	Mainly due to the decrease in repayment of indebtedness during the reporting period.

II. INFORMATION OF THE SHAREHOLDERS

(I) Total Number of Ordinary Shareholders And Number Of Preferred Shareholders With Restored Voting Rights and Shareholding of Top Ten Shareholders

Unit: Share

Total number of ordinary shareholders by the end of the Reporting Period	35,514 (including 35,472 A-share holders and 42 H-share holders)	Total number of preferred shareholders whose voting powers have been restored by the end of the Reporting Period (if any)	0
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Shareholding of Top ten shareholders (Not inclusive of stock borrowing through refinancing)

Name of Shareholders	Nature of Shareholders	Shareholding Percentage	Number of shares held	Number of Shares with sale restriction	Pledged, marked or frozen status Share Status	Quantity
Shouguang Molong Holdings Co., Ltd.	State-owned legal person	29.53%	235,617,000	—	Pledged	102,318,182
HKSCC Nominees Limited	Overseas Legal Person	13.19%	105,223,380	—	—	—
Shandong Zhimeng Holdings Co., Ltd.	Domestic non-state-owned legal person	8.23%	65,640,000	—	—	—
Shouguang Hongsen Logistics Co., Ltd.	Domestic non-state-owned legal person	3.99%	31,800,000	—	—	—
Shouguang Panjin Property Co., Ltd.	Domestic non-state-owned legal person	3.86%	30,800,000	—	—	—
Shouguang Ruisen New Building Materials Co., Ltd.	Domestic non-state-owned legal person	2.93%	23,374,800	—	—	—
Zhang Yun San	Domestic Natural Person	2.27%	18,108,000	—	—	—
Hong Kong Securities Clearing Company Limited	Overseas Legal Person	1.65%	13,188,383	—	—	—
Fan Xi Sheng	Domestic Natural Person	1.14%	9,064,900	—	—	—
Ma Li Ke	Domestic Natural Person	0.68%	5,420,740	—	—	—

Shareholding of Top Ten Shareholders not Subject to Selling Restrictions

Name of Shareholders	Number of shares not subject to lock-up held	Categories of Shares	Quantity
Shouguang Molong Holdings Co., Ltd.	235,617,000	RMB ordinary shares	235,617,000
HKSCC Nominees Limited	105,223,380	Overseas listed foreign shares	105,223,380
Shandong Zhimeng Holdings Co., Ltd.	65,640,000	RMB ordinary shares	900,000
		Overseas listed foreign shares	64,740,000
Shouguang Hongsen Logistics Co., Ltd.	31,800,000	Overseas listed foreign shares	31,800,000
Shouguang Panjin Property Co., Ltd.	30,800,000	Overseas listed foreign shares	30,800,000
Shouguang Ruisen New Building Materials Co., Ltd.	23,374,800	Overseas listed foreign shares	23,374,800
Zhang Yun San	18,108,000	RMB ordinary shares	18,108,000
Hong Kong Securities Clearing Company Limited	13,188,383	RMB ordinary shares	13,188,383
Fan Xi Sheng	9,064,900	RMB ordinary shares	9,064,900
Ma Li Ke	5,420,740	RMB ordinary shares	5,420,740
Description of the above-mentioned shareholders' association or concertedness	Among the above shareholders, Shandong Zhimeng Holding Co., Ltd., Shouguang Hongsen Logistics Co., Ltd., Shouguang Panjin Real Estate Co., Ltd. and Shouguang Ruisen New Building Materials Co., Ltd. are persons acting in concert by signing a concerted action agreement, without cross-control over each other. Other than the above circumstances, the Company does not know whether there is any relationship or concertedness between other shareholders.		
Description of the participation of the top 10 ordinary shareholders in margin financing and securities lending business (if any)	Not applicable		

Status of shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 shareholders of unrestricted circulated shares participating in the refinancing business and lending shares

Applicable Not applicable

Changes of top 10 shareholders and the top 10 shareholders of unrestricted circulated shares from the previous period due to refinancing lending/returning.

Applicable Not applicable

(II) TOTAL NUMBER OF PREFERRED SHAREHOLDERS AND TABLE OF STATUS OF SHAREHOLDINGS OF TOP 10 PREFERRED SHAREHOLDERS

Applicable Not applicable

III. OTHER IMPORTANT MATTERS

Applicable Not applicable

At the seventh extraordinary meeting of the Company's seventh session of board of directors held on 9 January 2024 and the Company's first extraordinary general meeting in 2024 held on 25 January 2024, the "Resolution on the Sale of Equity Interests in Subsidiaries" were considered and approved. It was agreed that the Company shall transfer the 70% equity interest held directly by it in Shouguang Baolong Petroleum Equipment Co., Ltd. (壽光寶隆石油器材有限公司, hereinafter referred to as "Shouguang Baolong", a subsidiary of the Company) and a total of 98.0769% equity interest in Weihai Baolong Petroleum Special Materials Co., Ltd. (威海市寶隆石油專材有限公司, hereinafter referred to as "Weihai Baolong") held directly by it and indirectly through its wholly-owned subsidiary Shouguang Maolong New Materials Technology Development Co., Ltd. (壽光懋隆新材料技術開發有限公司) to Wuhu Zhiying Project Investment Partnership (Limited Partnership) (蕪湖智贏專案投資合夥企業) at a price of RMB141,606,709.94. After the completion of the transaction, Shouguang Baolong and Weihai Baolong would no longer be consolidated in the Company's financial statements. As at the date of this report, the Company has received all proceeds of the equity transfer. Shouguang Baolong and Weihai Baolong have successively completed changes in industrial and commercial registration and obtained renewed business licenses issued by the Market Supervision Administration.

IV. QUARTERLY FINANCIAL STATEMENT

(I) FINANCIAL STATEMENT

1、 Consolidated Balance Sheet

Prepared by: Shandong Molong Petroleum Machinery Company Limited*

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	193,006,919.89	99,072,876.12
Settlement deposits	—	—
Lending funds	—	—
Financial assets held for trading	—	—
Derivative financial assets	—	—
Bills receivables	62,779,736.91	78,005,897.66
Accounts receivables	170,556,855.85	253,264,672.00
Financing receivables	1,438,249.31	2,485,020.78
Prepayments	14,391,300.60	30,163,124.55
Insurance receivables	—	—
Reinsurance receivables	—	—
Reinsurance contract reserves receivable	—	—
Other receivables	403,250,670.82	4,675,103.22
Including: Interest receivable	—	—
Dividends receivable	—	—
Purchases of sell-back financial assets	—	—
Inventories	551,283,698.70	454,882,307.24
Including: Data resources	—	—
Contract assets	—	—
Assets held for sale	—	—
Non-current assets due within one year	—	—
Other current assets	8,923,438.42	858,918.49
Total current assets	1,405,630,870.50	923,407,920.06

Item	Closing balance	Opening balance
Non-current assets:		
Granted loans and advances	—	—
Debt investments	—	—
Other debt investments	—	—
Long-term receivables	—	—
Long-term equity investments	1,739,535.08	1,754,772.59
Investments in other equity instruments	3,297,339.83	—
Other non-current financial assets	—	—
Investment properties	0.00	16,874,595.83
Fixed assets	1,313,244,139.64	1,577,594,066.22
Construction-in-progress	2,192,776.49	2,192,776.49
Productive biological assets	—	—
Oil and gas assets	—	—
Right-of-use assets	19,550,908.90	21,377,297.83
Intangible assets	234,040,170.30	341,873,447.91
Including: Data resources	—	—
Development expenditures	5,968,204.72	—
Including: Data resources	—	—
Goodwill	—	—
Long-term deferred expenses	—	—
Deferred income tax assets	1,583,615.20	1,628,607.92
Other non-current assets	978,503.95	1,378,503.95
Total non-current assets	1,582,595,194.11	1,964,674,068.74
Total Assets	2,988,226,064.61	2,888,081,988.80

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	1,623,941,775.27	1,633,111,107.94
Borrowings from the central bank	—	—
Borrowing funds	—	—
Financial liabilities held for trading	—	—
Derivative financial liabilities	—	—
Bills payable	5,200,000.00	—
Accounts payable	403,743,163.09	509,647,241.72
Receipts in advance	—	—
Contract liabilities	84,299,028.72	54,732,615.40
Proceeds from disposal of buy-back financial assets	—	—
Customer bank deposits and due to banks and other financial institutions	—	—
Securities brokerage deposits	—	—
Securities underwriting brokerage deposits	—	—
Salaries payable	42,768,635.31	75,699,078.02
Taxes payable	6,262,280.48	19,595,319.94
Other payables	34,203,912.27	34,143,155.71
Including: Interest payable	—	—
Dividends payable	—	—
Brokerage and commission payables	—	—
Reinsurance payables	—	—
Liabilities held for sale	—	—
Non-current liabilities due within one year	41,580,553.72	52,797,378.40
Other current assets	63,365,139.05	43,395,150.74
Total current liabilities	2,305,364,487.91	2,423,121,047.87

Item	Closing balance	Opening balance
Non-current liabilities:		
Insurance contract reserves	—	—
Long-term borrowings	3,328,160.82	—
Bonds payable	—	—
Including: Preferred shares	—	—
Perpetual bonds	—	—
Lease liabilities	15,043,054.07	14,615,767.79
Long-term payables	13,288,333.40	19,854,583.39
Long-term salaries payable	—	—
Estimated liabilities	—	80,929,994.11
Deferred revenue	6,259,369.48	6,547,003.82
Deferred income tax liabilities	3,206,594.67	8,311,071.27
Other non-current liabilities	—	—
Total non-current liabilities	41,125,512.44	130,258,420.38
Total Liabilities	2,346,490,000.35	2,553,379,468.25

Item	Closing balance	Opening balance
Owners' equity:		
Share capital	797,848,400.00	797,848,400.00
Other equity instruments	—	—
Including: Preferred shares	—	—
Perpetual bonds	—	—
Capital reserve	868,728,563.42	867,591,781.76
Less: Treasury shares	—	—
Other comprehensive income	(3,330,074.82)	(3,301,679.88)
Special reserve	—	—
Surplus reserve	187,753,923.88	187,753,923.88
General risk reserve	—	—
Undistributed profits	(1,208,966,268.56)	(1,425,879,061.33)
Total equity attributable to owners of the parent company	642,034,543.92	424,013,364.43
Minority equity	(298,479.66)	(89,310,843.88)
Total owners' equity	641,736,064.26	334,702,520.55
Total liabilities and owners' equity	2,988,226,064.61	2,888,081,988.80

Legal representative:
Yuan Rui

Chief financial officer:
Zhao Xiao Tong

Head of accounting section:
Zhu Lin

2、 Consolidated Income Statement

		Unit: RMB	
Item	Amount for the current period	Amount of the previous period	
I. Total Operating Income	193,609,052.43	408,037,331.85	
Including: Operating income	193,609,052.43	408,037,331.85	
Interest income	—	—	
Insurance premium earned	—	—	
Brokerage and commission income	—	—	
II. Total operating cost	247,395,469.13	496,103,919.95	
Including: Operating cost	187,933,014.42	384,212,165.48	
Interest expenses	—	—	
Brokerage and commission expenses	—	—	
Surrenders	—	—	
Net compensation expenses	—	—	
Net charge of insurance liability reserve	—	—	
Policyholder dividend expenses	—	—	
Reinsurance premiums	—	—	
Tax and surcharges	1,408,026.19	4,389,101.36	
Selling expenses	2,655,910.42	3,888,273.91	
Administrative expenses	33,948,364.98	67,997,495.48	
Research and development expenditures	2,633,923.36	4,542,237.38	
Finance expenses	18,816,229.76	31,074,646.34	
Including: Interest expenses	21,027,103.93	26,500,795.85	
Interest income	721,355.92	1,115,938.93	

Item	Amount for the current period	Amount of the previous period
Add: Other income	33,789.37	34,823.59
Return on investment	282,197,481.17	—
Including: Gain on investment in associates and joint ventures	—	—
Gain on derecognition of financial assets measured at amortised cost	—	—
Profit on exchange	—	—
Profit/loss on net exposure hedging	—	—
Gain on change of fair value	—	—
Credit impairment loss	1,603,991.60	1,253,764.98
Asset impairment loss	(16,444,430.89)	(1,382,196.59)
Return on asset disposition	163,084.71	83,599.88
III. Operating revenue	213,767,499.26	(88,076,596.24)
Add: Non-operating income	2,710,092.85	684,421.68
Less: Non-operating expenses	262,260.33	486,983.93
IV. Total profit	216,215,331.78	(87,879,158.49)
Less: Income tax expenses	86,399.55	1,379,863.65
V. Net profit	216,128,932.23	(89,259,022.14)
(I) Classified by continued operation		
1. Net profit of continuous operation	216,128,932.23	(89,259,022.14)
2. Net profit of terminated operation	—	—
(II) Classified by attributable ownership		
1. Net profit attributable to the shareholders of the parent company	216,912,792.77	(87,097,310.59)
2. Loss or profit attributable to minority interests	(783,860.54)	(2,161,711.55)

Item	Amount for the current period	Amount of the previous period
VI. Other comprehensive income, net of tax	(31,549.94)	238,177.98
Other comprehensive income attributable to owners of the parent company, net of tax	(28,394.94)	214,360.20
(I) Other comprehensive income that may not be reclassified to profit or loss	—	—
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	—	—
4.Fair value changes in credit risk of the Company	—	—
5.Others	—	—
(II) Other comprehensive income that will be reclassified to profit or loss	(28,394.94)	214,360.20
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 differences on translation of foreign financial statements	(28,394.94)	214,360.20
7.Others	—	—
Other comprehensive income attributable to minority shareholders, net of tax	(3,155.00)	23,817.78
VII.Total comprehensive income	216,097,382.29	(89,020,844.16)
Total comprehensive income attributable to owners of the parent company	216,884,397.83	(86,882,950.39)
Total comprehensive income attributable to minority interests	(787,015.54)	(2,137,893.77)
VIII.Earnings per share (EPS):		
(I) Basic earnings per share	0.2719	(0.1092)
(II) Diluted earnings per share	0.2719	(0.1092)

Legal representative:
Yuan Rui

Chief financial officer:
Zhao Xiao Tong

Head of accounting section:
Zhu Lin

3、 Consolidated Statement of Cash Flows

	Unit: RMB	
Item	Amount for the current period	Amount of the previous period
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	305,244,987.43	491,729,819.37
Net increase in customer bank deposits and due to banks and other financial institutions	—	—
Net increase in borrowings from the central bank	—	—
Net increase in placements from other financial institutions	—	—
Cash received from receiving insurance premium of original insurance contract	—	—
Net cash received from reinsurance business	—	—
Net increase in deposits from policyholders and investments	—	—
Cash received of interests, fees and commissions	—	—
Net increase in inter-bank borrowings	—	—
Net increase in repurchase business capital	—	—
Net cash proceeds from securities brokerage	—	—
Receipts of tax refunds	—	237,314.84
Other cash received relating to operating activities	4,096,323.52	1,848,360.02
Subtotal of cash inflows from operating activities	309,341,310.95	493,815,494.23

Item	Amount for the current period	Amount of the previous period
Cash paid for purchasing goods and receiving services	220,508,664.69	353,684,552.60
Net increase in loans and advances to customers	—	—
Net increase in deposits with central bank and other financial institutions	—	—
Cash paid for compensation of original insurance contract	—	—
Net increase in lending funds	—	—
Cash paid for interests, fees and commissions	—	—
Cash paid for policy dividends	—	—
Cash paid to and on behalf of employees	64,331,564.53	53,011,145.35
Cash paid for taxes	15,285,845.47	13,117,704.72
Other cash paid relating to operating activities	11,879,695.16	39,027,076.33
Subtotal of cash outflows from operating activities	312,005,769.85	458,840,479.00
Net cash flows from operating activities	(2,664,458.90)	34,975,015.23
 II. Cash Flow from Investment Activities:		
Cash received from disposal of investments	—	—
Cash received from gains on investments	—	—
Net cash from disposal of fixed assets, intangible assets and other long-term assets	164,292.04	85,500.00
Net cash received from disposal of subsidiaries and other business units	141,552,345.00	—
Other cash received relating to investing activities	—	—
Subtotal of cash inflows from investing activities	141,716,637.04	85,500.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	—	4,138,963.91
Cash paid for acquisition of investments	—	—
Net increase in pledged loans	—	—
Net cash paid for acquisition of subsidiaries and other business units	—	—
Other cash paid relating to investing activities	—	—
Subtotal of cash outflows from investing activities	—	4,138,963.91
Net cash flows generated from investing activities	141,716,637.04	(4,053,463.91)

Item	Amount for the current period	Amount of the previous period
III. Cash Flow from Financing Activities:		
Cash received from capital contributions	—	—
Including: Cash received from minority shareholder investment by subsidiaries	—	—
Borrowings received	964,122,945.97	1,341,474,137.44
Other cash received relating to financing activities	—	—
Subtotal of cash inflows from financing activities	964,122,945.97	1,341,474,137.44
Cash repayments of amounts borrowed	951,610,631.70	1,243,499,538.32
Cash paid for dividend and profit distribution or interest payment	55,295,173.28	25,838,421.01
Including: Dividends and profits paid to minority shareholders by subsidiaries	—	—
Other cash paid relating to financing activities	71,890,000.00	237,951,500.00
Subtotal of cash outflows from financing activities	1,078,795,804.98	1,507,289,459.33
Net cash flow generated from financing activities	(114,672,859.01)	(165,815,321.89)
IV. Effect of Foreign Exchange Rate Change on Cash and Cash Equivalents	(1,539,786.59)	(3,329,563.41)
V. Net Accrual of Cash and Cash Equivalents	22,839,532.54	(138,223,333.98)
Add: Balance of cash and cash equivalents at the beginning of the period	87,640,771.80	358,672,243.57
VI. Closing Balance of Cash and Cash Equivalents	110,480,304.34	220,448,909.59

(II) CONDITION OF FIRST IMPLEMENTATION OF RELEVANT ADJUSTMENT ITEMS AT THE BEGINNING OF THE YEAR ON WHICH NEW ACCOUNTING STANDARDS WERE IMPLEMENTED FOR THE FIRST TIME IN 2024

Applicable Not applicable

(III) AUDITOR'S REPORT

Whether the First Quarterly Report has been audited

Yes No

The First Quarterly Report of the Company has not been audited.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Yuan Rui
Chairman

Shandong, the PRC
12 April 2024

As at the date of this announcement, the board of directors of the Company comprises the executive Directors, namely Mr. Yuan Rui, Mr. Yao You Ling, Mr. Li Zhi Xin and Mr. Zhao Xiao Tong; the non-executive Directors, namely Mr. Ding Yi and Ms. Zhang Min; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.

** For identification purposes only*