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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- s Republic of China with limited liability)

(Stock Code: 568)

INSIDE INFORMATION
ANNOUNCEMENT ON THE IMPACT OF THE COVID-19 EPIDEMIC

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

COVID-19 monitored the development of the epidemic, strictly implemented instructions of governments at all levels in respect of the prevention and control of the epidemic, actively taken effective measures to prevent and control the epidemic and earnestly performed its social responsibility. In order to enable investors to adequately, timely and accurately understand the impact of the epidemic on the operation of the Company, the following announcement is made:

I. Impact of the epidemic on the operation of the Company

In order to implement the epidemic preventive and control measures of governments at all levels and prevent the spreading of the disease, save for the production lines which have not been suspended during the period of the Chinese New Year holiday, the Company has arranged some other production lines to resume operation gradually since the end of February 2020, which have taken into consideration that most downstream customers have not resumed operation and the need of epidemic prevention and control. As at the date of this announcement, the Company has not yet resumed operation and production completely due to the following main reasons:

1. Under the influence of the epidemic, some of the downstream customers have delayed their resumption of operation and production and no external vehicles and sales persons are allowed to enter their

2. As road transportation is limited to a certain extent, it has become more difficult for the Company to arrange production due to difficulty in raw material supply because some suppliers have not resumed operation.

It is expected that the epidemic will have considerable adverse impact on the production and operation of the Company. As there is uncertainty about when will the epidemic come to an end, it is difficult to estimate the extent of impact accurately.

II. Measures taken by of the Company in response to the epidemic

Since the outbreak of COVID- safety and health of employees and it has formulated corresponding preventive measures and work arrangements strictly in

accordance with the epidemic prevention and control requirements of the government. Currently, the Company has resumed the production of some production lines. In order to secure the health and safety of the employees who have returned to work, the Company has taken measures such as thorough sanitization of the production and office premises, distribution of facial masks, staggered meal breaks and daily health check etc. The production system of the Company is appropriately adjusted according to the production tasks, while other employees work on site or remotely according to work requirement. As at the date of this announcement, there is no suspected or confirmed coronavirus case discovered by the Company.

The Company will communicate with customers and suppliers proactively, and adjust production and operation plan according to orders and customer demand so as to minimize the adverse impact of the epidemic.

The epidemic may have a relatively considerable adverse impact on the overall operation of the Company. In case there is any relevant matter with material impact subsequently, the Company will publish further announcement in accordance with requirements of the Listing Rules as and when appropriate.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Shandong, People's Republic of China
10 March 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*