山東墨 石油機械股份有限公司
Shando chinery Company Limited*

(A

(Stock Code: 568)

ANNOUNCEMENT
UNAUDITED 2021 FIRST QUARTERLY REPORT

This report is published simultaneously in the People's Republic of China pursuant to the Rules Governing the Listing of Shares on Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》) and in Hong Kong pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PART 1 IMPORTANT NOTICE

The board of directors, supervisory committee and the directors, supervisors and senior management of the Company confirm that this quarterly report does not contain any false information, misleading statements or material omissions, and collectively and individually accept responsibility for the truthfulness, accuracy and completeness of its contents.

All directors attended the Board meeting for approving this quarterly report.

Yang Yun Long, person in charge of the Company, Liu Min, accounting officer in charge of the Company and Zhang Xue Mei, head of accounting section (accounting executive) of the Company, hereby confirm the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

PART 2 BASIC INFORMATION OF THE COMPANY

I. KEY FINANCIAL DATA AND FINANCIAL INDICATORS

Any necessary retrospective adjustment or restatement of accounting data of prior years

☐ Yes ✓No

	The current reporting period	The corresponding period of last year	Increase/decrease in the current reporting period as compared to the corresponding period of last year

Unit: RMB

Item	Amount from the beginning of the year to the end of the reporting period	Note
Profit or loss on disposal of non-current assets (including written-off of provisions for assets impairment)	–249,203.45	Mainly comprised the loss on the disposal of certain scrap equipment by the Company.
Government grants included in the profit or loss for the current period (excluding those grants that are closely related to the Company's business and that were granted in accordance with the standard amount or volume prescribed by the State)	1,074,438.69	Mainly comprised the government grants received by the Company such as the subsidies for on-the-job training paid by Shouguang Human Resources and Social Security Bureau.
Other non-operating income and expenses other than the above items	67,879.03	—
Less: Effect of income tax	112,063.72	—
Effect of minority interests (after tax)	57,743.71	—
Total	723,306.84	—

Explain the reasons for determination of the extraordinary profit or loss items defined by the Company in accordance with the definition set out in the Explanatory Announcement No. 1 on Information Disclosure by Public Issuers — Extraordinary Profit or Loss Items (《公開　行證券　公司信息披露解釋性公告第1號 — 非經常性損　》), and of the recurring profit or loss items that are in conformity with the definition of "extraordinary profit or loss items" as set out in the abovementioned document.

□ Applicable ✓Not applicable

No extraordinary profit or loss item as defined and illustrated in the Explanatory Announcement No. 1 on Information Disclosure by Public Issuers — Extraordinary Profit or Loss Items was deemed to be ordinary profit or loss item for the reporting period.

II. TOTAL NUMBER OF SHAREHOLDERS AND TOP TEN SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

1. Total number of ordinary shareholders, number of preferred shareholders restored by voting rights and top ten shareholders

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	31,194 (including 31,149 holders of A shares and 45 holders of H shares)	Total number of preferred shareholders restored by voting rights at the end of the reporting period (if any)	0

Shareholdings of top ten shareholders

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held	Number of shares with sale restriction	Pledged or frozen	
					Status of shares	Quantity
Shouguang Molong Holdings Co., Ltd.	State-owned legal person	29.53%	235,617,000	—	—	—
HKSCC Nominees Limited	Overseas legal person	20.31%	162,044,590	—	—	—
Shandong Zhimeng Holdings Co., Ltd.	Domestic non-stated owned legal person	8.46%	67,494,910	—	—	—
Zhang Yun San	Domestic natural person	4.03%	32,168,400	—	—	—
Lin Fu Long	Domestic natural person	3.08%	24,602,700	—	—	—
Shouguang Panjin Property Co., Ltd.	Domestic non-stated owned legal person	2.53%	20,200,000	—	—	—
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.15%	9,153,438	—	—	—
Lin Wei Rong	Domestic natural person	0.29%	2,300,000	—	—	—
Sun Xiao Ou	Domestic natural person	0.26%	2,085,500	—	—	—
Xie Kun	Domestic natural person	0.25%	1,999,600	—	—	—

Shareholdings of top ten shareholders not subject to lock-up

Name of shareholder	Number of shares not subject to lock-up held	Share type	
		Share type	Quantity
Shouguang Molong Holdings Co., Ltd.	235,617,000	RMB ordinary shares	235,617,000
HKSCC Nominees Limited	162,044,590	Overseas listed foreign shares	162,044,590
Shandong Zhimeng Holdings Co., Ltd.	67,494,910	RMB ordinary shares	2,754,910
		Overseas listed foreign shares	64,740,000
Zhang Yun San	32,168,400	RMB ordinary shares	23,108,000
		Overseas listed foreign shares	9,060,400
Lin Fu Long	24,602,700	RMB ordinary shares	24,602,700
Shouguang Panjin Property Co., Ltd.	20,200,000	RMB ordinary shares	200,000
		Overseas listed foreign shares	20,000,000
Hong Kong Securities Clearing Company Limited	9,153,438	RMB ordinary shares	9,153,438
Lin Wei Rong	2,300,000	RMB ordinary shares	2,300,000
Sun Xiao Ou	2,085,500	RMB ordinary shares	2,085,500
Xie Kun	1,999,600	RMB ordinary shares	1,999,600
Connected relationship or concert party relationship among the above shareholders	Shandong Zhimeng Holdings Co., Ltd. and Shouguang Panjin Property Co., Ltd. became parties acting in concert through entering into a concert party agreement and they do not control each other.		
Description of the top ten ordinary shareholders participating in margin trading business (if any)	Not applicable		

Whether the top ten ordinary shareholders and the top ten shareholders not subject to lock-up made the repurchase transactions during the reporting period.

□ Yes ✓No

The top ten ordinary shareholders and the top ten shareholders not subject to lock-up did not undertake the repurchase transactions during the reporting period.

2. Total number of preferred shareholders and top ten preferred shareholders

□ Applicable ✓Not applicable

PART 3 MATERIAL MATTERS

I. CHANGES IN MAJOR FINANCIAL STATEMENTS AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD AND THE REASONS THEREFOR

✓ Applicable □ Not applicable

(I) The explanation for major changes of the Company's assets and liabilities structure during the reporting period

Unit: RMB

Items	**31 March 2021 (Unaudited)**	31 December 2020 (Audited)	**Change (%)**	**Reason for difference**
Financing receivables	**18,825,342.43**	33,575,777.00	–43.93%	(1)
Prepayments	**71,966,964.14**	24,755,942.84	190.71%	(2)
Other receivables	**108,188,767.56**	156,486,818.72	–30.86%	(3)
Other current assets	**28,988,342.93**	21,904,932.90	32.34%	(4)
Taxes payable	**8,956,345.00**	27,192,105.60	–67.06%	(5)
Other payables	**66,982,576.70**	43,853,326.94	52.74%	(6)
Non-current liabilities due within 1 year	**94,438,619.62**	139,784,923.46	–32.44%	(7)

(1) Financing receivables decreased by 43.93% compared with the beginning of the year, mainly attributable to the negotiation of bank acceptance bills during the current period.

(2) Prepayments increased by 190.71% compared with the beginning of the year, mainly attributable to the increased prepayments for materials at the end of the reporting period.

(3) Other receivables decreased by 30.86% compared with the beginning of the year, mainly attributable to the collection of certain outstanding amounts during the current period in respect of the disposal of assets in last year.

(4) Other current assets increased by 32.34% compared with the beginning of the year, mainly attributable to the increase in input value-added tax at the end of the reporting period.

(5) Taxes payable decreased by 67.06% compared with the beginning of the year, mainly attributable to the payment of tax for last year during the current period.

(6) Other payables increased by 52.74% compared with the beginning of the year, mainly attributable to the increase in accrued energy charges at the end of the current period.

(7) Non-current liabilities due within 1 year decreased by 32.44% compared with the beginning of the year, mainly attributable to the decrease in long-term borrowings due within one year at the end of the current period.

(II) The explanation for major changes of profit or loss indicators year on year during the reporting period

Unit: RMB

Items	**January to March 2021 (Unaudited)**	January to March 2020 (Unaudited)	**Change (%)**	**Reason for difference**
Business tax and surcharges	**2,441,714.88**	6,111,171.52	–60.05%	(1)
Administrative expenses	**75,691,897.75**	58,132,503.25	30.21%	(2)
Research and development expenses	**5,028,713.10**	2,591,581.91	94.04%	(3)
Asset impairment loss (loss expressed with "–")	**–1,255,284.76**	–2,068,041.57	–39.30%	(4)
Credit impairment losses (loss expressed with "–")	**–1,876,507.24**	–3,836,940.14	–51.09%	(5)
Gain on disposal of assets	**7,096.07**	46,389.96	–84.70%	(6)
Non-operating income	**407,657.70**	222,851.14	82.93%	(7)
Non-operating expenses	**596,078.19**	367,744.50	62.09%	(8)
Income tax expenses	**620,782.29**	1,432,996.79	–56.68%	(9)

(1) Business tax and surcharges decreased by 60.05% compared with the same period of last year, mainly attributable to the decrease in value-added tax payables for the current period and the resulting decrease in surcharges.

(2) Administrative expenses increased by 30.21% compared with the same period of last year, mainly attributable to the inclusion of expenses incurred by subsidiaries for routine maintenance in the current period, and the lesser orders secured in the oilfield market which led to a low capacity utilisation rate of certain production lines for further processing and, in turn, an increase in relevant expenses.

(3) Research and development expenses increased by 94.04% compared with the same period of last year, mainly attributable to the increased efforts in research and development of new products during the current period and the decreased investment in research and development due to the COVID-19 pandemic over the corresponding period of last year, which resulted in a relatively higher growth in research and development expenses in the current period.

(4) Asset impairment loss decreased by 39.30% compared with the same period of last year, mainly attributable to the lower impairment loss provided in respect of inventories for the current period.

(5) Credit impairment loss decreased by 51.09% compared with the same period of last year, mainly attributable to the lower credit impairment loss provided in respect of account receivables for the current period.

(6) Gain on disposal of assets decreased by 84.70% compared with the same period of last year, mainly attributable to the lesser equipment disposed during the current period compared with the same period of last year.

(7) Non-operation income increased by 82.93% compared with the same period of last year, mainly attributable to the more income from claims of breach of contracts received during the current period compared with the same period of last year.

(8) Non-operating expenses increased by 62.09% compared with the same period of last year, mainly attributable to increase in net loss on retirement of certain equipment during the current period.

(9) Income tax expenses decreased by 56.68% compared with the same period of last year, mainly attributable to decrease in deferred income tax expenses recognised for the current period.

(III) The explanation for changes of cash flow statement year on year during the reporting period

Unit: RMB

Items	**January to March 2021 (Unaudited)**	January to March 2020 (Unaudited)	**Change (%)**	**Reason for difference**
Net cash flow generated from operating activities	**–198,994,506.89**	–121,768,899.10	–63.42%	(1)
Net cash flows generated from investing activities	**41,565,007.36**	–11,021,698.76	477.12%	(2)
Net cash flow generated from financing activities	**–158,652,310.39**	73,991,695.09	–314.42%	(3)

(1) Net cash flow generated from operating activities decreased by 63.42% compared with the same period last year, mainly attributable to the increase in cash payments for purchase of raw materials during the current period.

(2) Net cash flows generated from investing activities increased by 477.12% compared with the same period last year, mainly attributable to the collection of certain outstanding amounts during the current period in respect of the disposal of assets in last year.

(3) Net cash flow generated from financing activities decreased by 314.42% compared with the same period last year, mainly attributable to the increase in cash repayment for due debts during the current period.

II. THE PROGRESS OF SIGNIFICANT EVENTS, THEIR IMPACT AND THE ANALYSIS OF SOLUTIONS

✓Applicable □ Not Applicable

1. Change of the scope of business of the Company

The Company convened the eighth extraordinary meeting of the sixth session of the board of directors on 8 February 2021 and the first extraordinary general meeting for 2021 on 3 March 2021. At the meetings, the Company considered and approved the Resolution on the Change of the Scope of Business of the Company and the Amendments to the Articles of Association (《關於變更公司經營範圍及修訂〈公司章程〉 議案》). The related announcement is available on the information disclosure website of cninfo (http://www.cninfo.com.cn). On 4 March 2021, the Company completed the industrial and commercial registration for the change, and received the replaced business licence from Weifang Municipal Administration for March Regulation (濰坊市市□ 督管理局).

2. Completion of registration for the transfer under controlling shareholder agreement and change in controlling shareholders of the Company

On 24 March 2021, the Company was notified by Shouguang Molong Holdings Co., Ltd., a controlling shareholder, that it has entered into an agreement for the transfer of 235,617,000 A shares of the Company held by Mr. Zhang En Rong (which represented 29.53% of the total share capital of the Company), and the registration of transfer was completed with China Securities Depository and Clearing Co., Ltd. Shenzhen Branch on 23 March 2021. Upon completion of the share transfer, Molong Holdings holds 235,617,000 shares of the listed company, all of them are circulating shares not subject to lock-up and representing 29.53% of the total share capital of the listed company, making it become a controlling shareholder of the listed company. the actual controller of the listed company remains e State-owned Assets Supervision and Administration Commission of Shouguang City (□光市國有資產 督管理局). The related announcement is available on the information disclosure website of cninfo (http://www.cninfo.com.cn).

Particulars of significant matters	Date of disclosure	Search index of interim report disclosure website
Change of scope of business of the Company	6 March 2021	cninfo.com (http://www.cninfo.com.cn) (Announcement No. 2021-011)
Completion of registration for the transfer under controlling shareholder agreement and change in controlling shareholders of the Company	25 March 2021	cninfo.com (http://www.cninfo.com.cn) (Announcement No. 2021-015)

The implementation of share repurchase

□ Applicable ✓Not Applicable

The implementation of reducing shareholdings in share repurchase through centralized bidding

□ Applicable ✓Not Applicable

III. OBLIGATED PARTIES SUCH AS ACTUAL CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, ACQUIRER AND THE COMPANY WHO HAVE NOT FULFILLED THEIR OBLIGATIONS DURING THE REPORTING PERIOD AS SCHEDULED

□ Applicable ✓Not Applicable

There were no obligations in the reporting period that the obligated parties such as actual controllers, shareholders, related parties, acquirer and the Company who have not fulfilled their obligations during the reporting period as scheduled.

IV. INVESTMENTS IN FINANCIAL ASSETS

1. Investments in securities

□ Applicable ✓Not applicable

The Company did not hold any investments in securities during the reporting period.

2. Investments in derivatives

□ Applicable ✓Not applicable

The Company did not hold any investments in derivatives during the reporting period.

V. PROGRESS OF FUND-RAISING INVESTMENT PROJECTS

☐ Applicable ✓Not applicable

VI. FORECAST OF THE OPERATING RESULTS FROM JANUARY TO JUNE 2021

Alert of forecast regarding potential loss in total net profit from the beginning of the year to the end of the next reporting period or significant year-on-year changes and its reason(s)

☐ Applicable ✓Not applicable

VII. MATERIAL CONTRACTS IN THE ORDINARY COURSE OF BUSINESS

☐ Applicable ✓Not applicable

VIII. ENTRUSTED WEALTH MANAGEMENT

✓ Applicable ☐ Not applicable

Unit: RMB ten thousand

Type	Source of funds for the entrusted wealth management	Amount for the entrusted wealth management	Unmatured balance	Amount due but not received
Bank financial products	Self-owned fund	1,000	0	0
Total		1,000	0	0

Particulars of high-risk entrusted wealth management with individually significant, low-security, low-liquidity, non-principal protected products

☐ Applicable ✓Not applicable

Expected irrecoverable principal or other potential impairment in entrusted wealth management

☐ Applicable ✓Not applicable

IX. NON-COMPLIANT EXTERNAL GUARANTEES

☐ Applicable ✓Not applicable

There were no non-compliant external guarantees during the reporting period.

X. OCCUPATION OF NON-OPERATING FUNDS OF THE LISTED COMPANY BY CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES

☐ Applicable ✓Not applicable

There was no occupation of non-operating funds of the listed company by controlling shareholders and their related parties during the reporting period.

XI. ACTIVITY REGISTRATION FORM OF RECEPTION INVESTIGATION, COMMUNICATION, INTERVIEWS AND OTHER ACTIVITIES DURING THE REPORTING PERIOD

□ Applicable ✓Not applicable

There were no such activities during the reporting period.

PART 4 FINANCIAL STATEMENTS

I. FINANCIAL STATEMENTS

1. Consolidated balance sheet

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	**31 March 2021**	31 December 2020
Current assets:		
Monetary funds	**559,304,957.53**	759,979,803.03
Settlement deposits	**—**	—
Lending funds	**—**	—
Financial assets held for trading	**—**	—
Derivative financial assets	**—**	—
Bills receivable	**135,794,852.67**	164,945,170.51
Accounts receivable	**211,149,208.60**	287,920,595.28
Financing receivables	**18,825,342.43**	33,575,777.00
Loans and advances	**846,005.30**	951,005.30
Prepayments	**71,966,964.14**	24,755,942.84
Insurance receivables	**—**	—
Reinsurance receivables	**—**	—
Reinsurance contract reserves receivable	**—**	—
Other receivables	**108,188,767.56**	156,486,818.72
Including: Interest receivables	**—**	—
Dividends receivable	**—**	—
Purchases of sell-back financial assets	**—**	—
Inventories	**922,801,841.46**	787,377,614.78
Contract assets	**—**	—
Assets held for sale	**—**	—
Non-current assets due within one year	**—**	—
Other current assets	**28,988,342.93**	21,904,932.90
Total current assets	**2,057,866,282.62**	2,237,897,660.36

Item	31 March 2021	31 December 2020
Non-current assets:		
Loans and advances	—	—
Debt investments	—	—
Other debt invnd adva~~nc~~es—		

Item	31 March 2021	31 December 2020
Current liabilities:		
Short-term borrowings	**1,986,021,847.68**	2,054,225,378.29
Borrowings from the central bank	**—**	—
Borrowing funds	**—**	—
Financial liabilities held for trading	**—**	—
Derivative financial liabilities	**—**	—
Bills payable	**140,024,134.64**	121,472,511.10
Accounts payable	**623,475,013.23**	648,352,428.48
Receipts in advance	**—**	—
Contract liabilities	**101,795,539.05**	83,749,468.02
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	**54,383,956.92**	54,493,884.87
Taxes payable	**8,956,345.00**	27,192,105.60
Other payables	**66,982,576.70**	43,853,326.94
Including: Interests payable	**—**	—
Dividends payable	**—**	—
Brokerage and commission payables	**—**	—
Reinsurance payables	**—**	—
Liabilities held for sale	**—**	—
Non-current liabilities due within one year	**94,438,619.62**	139,784,923.46
Other current liabilities	**44,228,673.29**	50,195,434.08
Total current liabilities	**3,120,306,706.13**	3,223,319,460.84

Item	31 March 2021	31 December 2020
Non-current liabilities:		
Insurance contract reserves	**—**	—
Long-term borrowings	**110,757,919.31**	114,063,150.53
Bonds payable	**—**	—
Including: Preferred shares	**—**	—
Perpetual bonds	**—**	—
Lease liabilities	**5,121,808.52**	4,968,359.84
Long-term payables	**—**	4,585,000.00
Long-term salaries payable	**—**	—
Estimated liabilities	**12,860,151.58**	14,392,824.64
Deferred income	**7,176,480.86**	7,176,480.86
Deferred income tax liabilities	**5,510,580.98**	5,560,648.87
Other non-current liabilities	**—**	—
Total non-current liabilities	**141,426,941.25**	150,746,464.74
Total liabilities	**3,261,733,647.38**	3,374,065,925.58
Owners' equity:		
Share capital	**797,848,400.00**	797,848,400.00
Other equity instruments	**—**	—
Including: Preferred shares	**—**	—
Perpetual bonds	**—**	—
Capital reserve	**863,169,158.42**	863,169,158.42
Less: Treasury shares	**—**	—
Other comprehensive income	**–2,122,446.88**	–2,015,577.82
Special reserve	**—**	—
Surplus reserve	**187,753,923.88**	187,753,923.88
General risk reserve	**11,236.91**	11,236.91
Undistributed profits (loss expressed with "–")	**–175,359,226.73**	–66,030,056.80
Total equity attributable to owners of the parent company	**1,671,301,045.60**	1,780,737,084.59
Minority interests	**12,262,531.16**	20,832,805.21
Total owners' equity	**1,683,563,576.76**	1,801,569,889.80
Total liabilities and owners' equity	**4,945,297,224.14**	5,175,635,815.38

Legal representative: Yang Yun Long

Chief accounting officer: Liu Min

Head of accounting department: Zhang Xue Mei

2. Balance sheet of the parent company

Unit: RMB

Item	31 March 2021	31 December 2020
Current assets:		
Monetary funds	**493,992,963.74**	708,481,226.15
Financial assets held for trading	**—**	—
Derivative financial assets	**—**	—
Bills receivable	**132,213,668.35**	164,945,170.51
Accounts receivable	**384,588,002.34**	442,232,065.03
Financing receivables	**14,259,646.25**	10,980,000.00
Prepayments	**587,705,316.42**	618,700,408.46
Other receivables	**813,163,416.13**	756,323,484.10
Including: Interest receivables	**—**	—
Dividends receivable	**—**	—
Inventories	**608,551,569.55**	511,814,843.00
Contract assets	**—**	—
Assets held for sale	**—**	—
Non-current assets due within one year	**—**	—
Other current assets	**10,296,829.26**	3,749,202.40
Total current assets	**3,044,771,412.04**	3,217,226,399.65

Item	31 March 2021	31 December 2020
Non-current assets:		
Debt investments	**—**	—
Other debt investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investments	**1,144,019,921.73**	1,144,019,921.73
Investments in other equity instruments	**—**	—
Other non-current financial assets	**—**	—
Investment properties	**—**	—
Fixed assets	**865,478,970.23**	889,048,148.96
Construction-in-progress	**888,506.47**	—
Productive biological assets	**—**	—
Oil and gas assets	**—**	—
Right-of-use assets	**3,826,592.25**	4,591,910.73
Intangible assets	**88,920,842.92**	91,321,208.29
Development expenditures	**9,781,661.36**	—
Goodwill	**—**	—
Long-term deferred expenses	**—**	—
Deferred income tax assets	**32,422,656.74**	33,048,514.20
Other non-current assets	**378,107.60**	378,107.60
Total non-current assets	**2,145,717,259.30**	2,162,407,811.51
Total assets	**5,190,488,671.34**	5,379,634,211.16

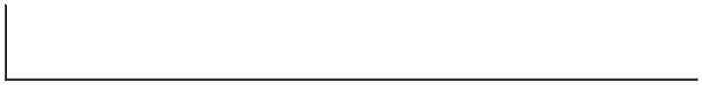
Item	31 March 2021	31 December 2020
Current liabilities:		
Short-term borrowings	**1,474,588,356.88**	1,543,791,887.49
Financial liabilities held for trading	**—**	—
Derivative financial liabilities	**—**	—
Bills payable	**631,891,067.03**	692,839,443.49
Accounts payable	**226,469,698.91**	219,825,699.80
Receipts in advance	**—**	—
Contract liabilities	**52,051,029.23**	55,899,703.37
Salaries payable	**34,253,679.11**	34,757,933.77
Taxes payable	**6,010,684.71**	23,942,984.02
Other payables	**160,361,307.43**	139,153,160.81
Including: Interests payable	**—**	—
Dividends payable	**—**	—
Liabilities held for sale	**—**	—
Non-current liabilities due within one year	**52,800,636.50**	63,235,847.52
Other current liabilities	**37,850,410.82**	46,582,393.75
Total current liabilities	**2,676,276,870.62**	2,820,029,054.02
Non-current liabilities:		
Long-term borrowings	**—**	—
Bonds payable	**—**	—
Including: Preferred shares	**—**	—
Perpetual bonds	**—**	—
Lease liabilities	**5,121,808.52**	4,968,359.84
Long-term payables	**—**	4,585,000.00
Long-term salaries payable	**—**	—
Estimated liabilities	**12,860,151.58**	14,392,824.64
Deferred income	**—**	—
Deferred income tax liabilities	**—**	—
Other non-current liabilities	**—**	—
Total non-current liabilities	**17,981,960.10**	23,946,184.48
Total liabilities	**2,694,258,830.72**	2,843,975,238.50

Item	31 March 2021	31 December 2020
Owners' equity:		
Share capital	**797,848,400.00**	797,848,400.00
Other equity instruments	**—**	—
Including: Preferred shares	**—**	—
Perpetual bonds	**—**	—
Capital reserve	**863,150,490.92**	863,150,490.92
Less: Treasury shares	**—**	—
Other comprehensive income	**—**	—
Special reserve	**—**	—
Surplus reserve	**187,753,923.88**	187,753,923.88
Undistributed profits	**647,477,025.82**	686,906,157.86
Total owners' equity	**2,496,229,840.62**	2,535,658,972.66
Total liabilities and owners' equity	**5,190,488,671.34**	5,379,634,211.16

3. Consolidated income statement

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Total operating revenue	**544,093,801.68**	526,079,581.62
Including: Operating revenue	**544,093,801.68**	526,079,581.62
Interest income	**—**	—
Insurance premium earned	**—**	—
Brokerage and commission income	**—**	—
II. Total operating costs	**659,121,911.28**	598,740,436.26
Including: Operating costs	**531,702,272.26**	486,514,881.33
Interest expenses	**—**	—
Brokerage and commission expenses	**—**	—
Surrenders	**—**	—
Net compensation expenses	**—**	—
Net charge of insurance liability reserve	**—**	—
Policyholder dividend expenses	**—**	—
Reinsurance premiums	**—**	—
Taxes and surcharges	**2,441,714.88**	6,111,171.52
Selling expenses	**3,118,517.16**	2,907,377.52
Administrative expenses	**75,691,897.75**	58,132,503.25
Research and development expenses	**5,028,713.10**	2,591,581.91
Finance costs	**41,138,796.13**	42,482,920.73
Including: Interest expenses	**36,706,445.15**	45,123,737.26
Interest income	**1,274,619.35**	1,343,525.86
Add: Other income	**1,074,438.69**	30,107.74
Investment income (loss expressed with "–")	**—**	—
Including: Gains on investment in associates and joint ventures	**—**	—
Gain on derecognition of financial assets measured at amortised cost	**—**	—
Exchange gains (loss expressed with "–")	**—**	—
Net gains on exposure hedges (loss expressed with "–")	**—**	—
Gain on fair value changes (loss expressed with "–")	**—**	—
Credit impairment losses (loss expressed with "–")	**–1,876,507.24**	–3,836,940.14
Asset impairment losses (loss expressed with "–")	**–1,255,284.76**	–2,068,041.57
Gain on disposal of assets (loss expressed with "–")	**7,096.07**	46,389.96
III. Operating profit (loss expressed with "–")	**–117,078,366.84**	–78,489,338.65
Add: Non-operating income	**407,657.70**	222,851.14
Less: Non-operating expenses	**596,078.19**	367,744.50
IV. Total profit (total loss expressed with "–")	**–117,266,787.33**	–78,634,232.01
Less: Income tax expenses	**620,782.29**	1,432,996.79



Item	Amount for the current period	Amount for the previous period
VII. Total comprehensive income	**–118,006,313.04**	–80,345,390.47
Total comprehensive income attributable to owners of the parent company	**–109,436,038.99**	–74,296,951.24
Total comprehensive income attributable to minority shareholders	**–8,570,274.05**	–6,048,439.23
VIII. Earnings per share:		
(I) Basic earnings per share	**–0.137**	–0.0928
(II) Diluted earnings per share	**–0.137**	–0.0928

Net profit of consolidated entity before business combination under common control was RMB nil for the current period, as compared to the net profit of consolidated entity of RMB nil for the prior period.

Yang Yun Long **Liu Min** **Zhang Xue Mei**

4. Income statement of the parent company

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Operating revenue	**484,451,531.33**	464,193,684.53
Less: Operating costs	**469,449,782.89**	427,539,647.88
Taxes and surcharges	**1,014,681.42**	4,752,890.37
Selling expenses	**2,794,473.78**	2,682,387.37
Administrative expenses	**17,453,511.70**	23,473,938.87
Research and development expenses	**5,028,713.10**	2,591,581.91
Finance costs	**24,804,178.93**	27,344,167.61
Including: Interest expenses	**20,631,299.63**	29,867,294.04
Interest income	**1,126,196.50**	1,373,123.92
Add: Other income	**886,529.57**	25,983.64
Investment income (loss expressed with "–")	**—**	—
Including: Gains on investment in associates and joint ventures	**—**	—
Gain on derecognition of financial assets measured at amortised cost (loss expressed with "–")	**—**	—
Net gains on exposure hedges (loss expressed with "–")	**—**	—
Gain on fair value changes (loss expressed with "–")	**—**	—
Credit impairment losses (loss expressed with "–")	**–2,134,642.16**	–3,930,744.20
Asset impairment losses (loss expressed with "–")	**–1,255,284.76**	–2,068,041.57
Gains on disposal of assets (loss expressed with "–")	**—**	—
II. Operating profit (loss expressed with "–")	**–38,597,207.84**	–30,163,731.61
Add: Non-operating income	**140,124.77**	68,688.11
Less: Non-operating expenses	**346,191.51**	321,755.50
III. Total profit (total loss expressed with "–")	**–38,803,274.58**	–30,416,799.00
Less: Income tax expenses	**625,857.46**	1,453,058.79
IV. Net profit (net loss expressed with "–")	**–39,429,132.04**	–31,869,857.79
(I) Net profit from continuing operations (net loss expressed with "–")	**–39,429,132.04**	–31,869,857.79
(II) Net profit from discontinued operations (net loss expressed with "–")	**—**	—

Item	**Amount for the current period**	Amount for the previous period
V. Other comprehensive income, net of tax		
(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		
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	—	—
7. Others	—	—
VI. Total comprehensive income	**–39,429,132.04**	–31,869,857.79
VII. Earnings per share:		
(I) Basic earnings per share	—	—
(II) Diluted earnings per share	—	—

5. Consolidated statement of cash flows

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	**612,714,179.55**	622,939,983.78
Net increase in customer deposits and due to banks and other financial institutions	**—**	—
Net increase in borrowings from the central bank	**—**	—
Net increase in borrowing funds from other financial institutions	**—**	—
Cash received from receiving premiums of original insurance contracts	**—**	—
Net cash received from reinsurance business	**—**	—
Net increase in deposits from policyholders and investments	**—**	—
Cash received of interests, brokerages and commissions	**—**	—
Net increase in borrowing funds	**—**	—
Net increase in repurchase business capital	**—**	—
Net cash proceeds from securities brokerage	**—**	—
Receipts of tax refunds	**2,803,476.82**	6,810,368.90
Other cash received relating to operating activities	**4,360,773.43**	11,173,995.56
Sub-total of cash inflows from operating activities	**619,878,429.80**	640,924,348.24
Cash paid for purchasing goods and receiving services	**574,822,504.93**	524,263,205.81
Net increase in loans and advances to customers	**–434,000.00**	–145,974.85
Net increase in deposits with the central bank and other financial institutions	**—**	—
Cash paid for compensations of original insurance contracts	**—**	—
Net increase in lending funds	**—**	—
Cash paid for interests, brokerages and commissions	**—**	—
Cash paid for policyholder dividends	**—**	—
Cash paid to and on behalf of employees	**58,713,225.60**	41,431,460.65
Taxes paid	**21,366,163.09**	6,601,164.50
Other cash paid relating to operating activities	**164,405,043.07**	190,543,391.23
Sub-total of cash outflows from operating activities	**818,872,936.69**	762,693,247.34
Net cash flow generated from operating activities	**–198,994,506.89**	–121,768,899.10

Item	Amount for the current period	Amount for the previous period
II. Cash flows from investing activities:		
Cash received from return on investments	**—**	—
Cash received from gains on investments	**—**	—
Net cash from disposal of fixed assets, intangible assets and other long-term assets	**50,020,691.50**	—
Net cash received from disposal of subsidiaries and other business entities	**—**	—
Other cash received relating to investing activities	**—**	—
Sub-total of cash inflows from investing activities	**50,020,691.50**	—
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	**8,455,684.14**	11,021,698.76
Cash paid for investments	**—**	—
Net increase in pledged loans	**—**	—
Net cash paid for acquisition of subsidiaries and other business entities	**—**	—
Other cash paid relating to investing activities	**—**	—
Sub-total of cash outflows from investing activities	**8,455,684.14**	11,021,698.76
Net cash flow generated from investing activities	**41,565,007.36**	–11,021,698.76
III. Cash flows from financing activities:		
Cash received from capital contributions	**—**	—
Including: Cash received from capital contributions from minority shareholders by subsidiaries	**—**	—
Cash received from borrowings	**1,017,360,007.53**	1,218,151,500.00
Other cash received relating to financing activities	**—**	—
Sub-total of cash inflows from financing activities	**1,017,360,007.53**	1,218,151,500.00
Cash paid for repayment of debts	**1,140,584,025.11**	1,103,736,783.31
Cash paid for distribution of dividends and profits or repayment of interests	**35,428,292.81**	40,423,021.60
Including: Dividends and profits paid to minority shareholders by subsidiaries	**—**	—
Other cash paid relating to financing activities	**—**	—
Sub-total of cash outflows from financing activities	**1,176,012,317.92**	1,144,159,804.91
Net cash flow generated from financing activities	**–158,652,310.39**	73,991,695.09

Item	**Amount for the current period**	Amount for the previous period
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		

Item	Amount for the current period	Amount for the previous period
III. Cash flows from financing activities:		
Cash received from capital contributions	**—**	—
Cash received from borrowings	**610,760,007.53**	762,551,500.00
Other cash received relating to financing activities	**—**	—
Sub-total of cash inflows from financing activities	**610,760,007.53**	762,551,500.00
Cash paid for repayment of liabilities	**696,484,025.11**	978,136,783.31
Cash paid for dividend and profit distributions or interest repayments	**17,923,898.68**	27,464,641.02
Other cash paid relating to financing activities	**—**	—
Sub-total of cash outflows from financing activities	**714,407,923.79**	1,005,601,424.33
Net cash flow generated from financing activities	**–103,647,916.26**	–243,049,924.33
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	**–38,975.03**	–3,459,799.67
V. Net increase in cash and cash equivalents	**–310,243,762.41**	–62,456,515.08
Add: Balance of cash and cash equivalents at the beginning of the period	**664,816,726.15**	471,734,072.09
VI. Balance of cash and cash equivalents at the end of the period	**354,572,963.74**	409,277,557.01

II. DESCRIPTION OF FINANCIAL STATEMENT ADJUSTMENT

1. Adjustment to the financial statements at the beginning of the year of first implementation since 2021 when the new lease standard was implemented for the first time

☐ Applicable ✓Not applicable

2. Description of the retrospective adjustment to the comparative figures for the previous period since 2021 when the new lease standard was first implemented

☐ Applicable ✓Not applicable

III. AUDIT REPORT

Whether the first quarterly report has been audited

☐ Yes ✓No

The first quarterly report of the Company is unaudited.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Yang Yun Long

Shandong, the PRC
28 April 2021