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4. Matters of which our auditor issues non-standard opinions

☐ Applicable ✓ Not applicable

I. KEY FINANCIAL DATA

(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
Operating income (RMB)	**560,910,297.59**	544,093,801.68	3.09%
Net profit attributable to shareholders of the listed Company (RMB)	**-67,308,447.89**	-109,329,169.93	38.44%
Net profit attributable to shareholders of the listed Company excluding extraordinary profit or loss (RMB)	**-70,441,437.90**	-110,052,476.77	35.99%
Net cash flow from operating activities (RMB)	**-79,690,821.17**	-198,994,506.89	59.95%
Basic earnings per share (RMB per share)	**-0.0844**	-0.137	38.39%
Diluted earnings per share (RMB per share)	**-0.0844**	-0.137	38.39%
Weighted average return on net assets	**-4.88%**	-6.33%	1.45%

	At the end of the current reporting period	At the end of last year	Increase/decrease at the end of the current reporting period as compared to the end of last year
Total assets (RMB)	**4,933,487,780.41**	4,457,611,299.31	10.68%
Owner's equity attributable to shareholders of the listed company (RMB)	**1,346,445,866.34**	1,413,238,861.87	-4.73%
Total share capital of the Company as at the trading day preceding the disclosure date:			
Total share capital of the Company as at the trading day preceding the disclosure date (shares)			797,848,400
Fully diluted earnings per share calculated based on the latest share capital:			
Preference share dividend paid (RMB)			0.00
Perpetual bonds interest paid (RMB)			0.00
Fully diluted earnings per share calculated based on the latest share capital (RMB/share)			-0.0844

(II) EXTRAORDINARY PROFIT OR LOSS ITEMS AND AMOUNTS

✓Applicable □Not applicable

Unit: RMB

Items	Amount for the reporting period	Note
Profit or loss on disposal of non-current assets (including written-off of provisions for assets impairment)	-210,804.66	Mainly due to the loss arising from the scrapping of certain equipment of the Company.
Other non-operating income and expenses other than the above items	4,448,779.00	Mainly due to the recovery of assets written off during the current period.
Other profit or loss items that fall within the meaning of non-recurring gain or loss	49,128.67	–
Less: Effect of income tax	10,896.89	–
Effect of minority interests (after tax)	1,143,216.11	–
Total	3,132,990.01	–

Specific details of other profit or loss items that fall within the meaning of Non-recurring gain or loss:

✓Applicable ☐ Not applicable

Mainly due to the refund of withholding and personal income tax handling fees received during the current period.

Please explain the reasons for defining the Non-recurring gain or loss items stated in the "Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Non-recurring Gain or Loss Items" by the Company as the recurring gain or loss items

☐ Applicable ✓ Not applicable

There was no circumstance that the Company defined the Non-recurring gain or loss items as stated under the "Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Extraordinary Gain or Loss Items" as the recurring gain or loss item.

III. CHANGES IN KEY FINANCIAL DATA 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 2022 (Unaudited)**	31 December 2021 (Audited)	**Change (%)**	**Reason for difference**
Monetary funds	**729,784,437.54**	475,191,176.69	53.58%	Mainly due to an increase in cash received for financing during the current period.
Financing receivables	**55,357,225.81**	28,539,024.92	93.97%	Mainly due to an increase in the amount of goods settled by bank acceptances and not transferred.
Prepayment	**171,010,781.46**	49,598,390.41	244.79%	Mainly due to an increase in prepayments for material purchases during the current period.

Items	**31 March 2022 (Unaudited)**	31 December 2021 (Audited)	**Change (%)**	**Reason for difference**
Other receivables	**27,416,537.26**	17,440,781.64	57.20%	Mainly due to an increase in the payment of tender bonds during the current period.
Other current assets	**34,728,699.28**	26,180,538.95	32.65%	Mainly due to an increase in the amount of VAT retained at the end of the current period.
Right-to-use assets	**765,318.33**	1,530,636.81	-50.00%	Mainly due to the amortisation of right-to-use assets during the current period.
Contract liabilities	**190,940,103.57**	70,368,931.26	171.34%	Mainly due to an increase in trade receivables in advance at the end of the current period.
Taxes payable	**10,234,430.30**	25,793,838.53	-60.32%	Mainly due to the tax realized in the previous year being paid in the current period.
Estimated liabilities	**133,352.66**	558,467.38	-76.12%	Mainly due to a decrease in the amount of investor litigation claims that were not adjudicated 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 2022 (Unaudited)**	January to March 2021 (Unaudited)	**Change (%)**	**Reason for difference**
Business tax and surcharges	**4,135,133.17**	2,441,714.88	69.35%	Mainly due to an increase in VAT realised during the current period and the corresponding increase in additional taxes.
Asset impairment loss (loss expressed with "-")	**-2,414,929.00**	-1,255,284.76	-92.38%	Mainly due to an increase in impairment loss of inventories during the current period.
Credit impairment losses (loss expressed with "-")	**46,606.72**	-1,876,507.24	102.48%	Mainly due to a decrease in the provision for impairment in accordance with the impairment charging policy for assets such as accounts receivable during the current period.
Other gains	**49,128.67**	1,074,438.69	-95.43%	Mainly due to a decrease in grants received during the current period.
Non-operating income	**4,478,592.40**	407,657.70	998.62%	Mainly due to the recovery of assets written off during the current period.
Non-operating expenses	**240,618.06**	596,078.19	-59.63%	Mainly due to a decrease in net loss arising from the scrapping of certain equipment of the Company during the current period.
Income tax expenses	**1,148,489.82**	620,782.29	85.01%	Mainly due to an increase in deferred income tax expense as a result of a decrease in deferred income tax assets during the current period.

Shouguang Hongsen Logistics Co., Ltd.	Domestic non-state-owned legal person	3.99%	31,800,000	0	–	–
Shouguang Panjin Property Co., Ltd.	Domestic non-state-owned legal person	3.89%	31,000,000	0	–	–
Shouguang Ruisen New Building Materials Co., Ltd.	Domestic non-state-owned legal person	2.93%	23,374,800	0	–	–
Zhang Yun Sai	Domestic natural person	2.90%	23,108,000	0	–	–
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.27%	10,096,306	0	–	–
Ma Li Ke	Domestic natural person	0.65%	5,199,922	0	–	–
Fan Xi Sheng	Domestic natural person	0.51%	4,040,900	0	–	–

Shareholdings of top ten shareholders not subject to lock-up

Name of shareholder	Number of shares not subject to lock-up held	Share type	Quantity
Shouguang Molong Holdings Co., Ltd.	235,617,000	RMB ordinary shares	235,617,000
HKSCC Nominees Limited	105,202,930	Overseas listed foreign shares	105,202,930
Shandong Zhimeng Holdings Co., Ltd.	73,394,911	RMB ordinary shares	8,654,911
		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.	31,000,000	RMB ordinary shares	200,000
		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 Sai	23,108,000	RMB ordinary shares	23,108,000
Hong Kong Securities Clearing Company Limited	10,096,306	RMB ordinary shares	10,096,306
Ma Li Ke	5,199,922	RMB ordinary shares	5,199,922
Fan Xi Sheng	4,040,900	RMB ordinary shares	4,040,900

Connected relationship or concert party relationship among the above shareholders	Among the above shareholders, Shandong Zhimeng Holdings Co., Ltd., Shouguang Hongsen Logistics Co., Ltd., Shouguang Panjin Property Co., Ltd., and Shouguang Ruisen New Building Materials Co., Ltd. have entered into a concert party relationship by signing a concert party agreement and have no control over each other. Other than the above, the Company is not aware of the existence of any relationship or concerted relationship between other shareholders.
Description of the top ten ordinary shareholders participating in margin trading business (if any)	Not applicable

(II) TOTAL NUMBER OF PREFERRED SHAREHOLDERS AND TOP TEN PREFERRED SHAREHOLDERS

☐ Applicable ✓ Not applicable

III. OTHER SIGNIFICANT EVENTS

☐ Applicable ✓ Not applicable

IV. QUARTERLY FINANCIAL STATEMENT

(I) FINANCIAL STATEMENT

1. Consolidated balance sheet

Prepared by: Shanghai Molong Petroleum Machinery Company Limited

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	**729,784,437.54**	475,191,176.69
Settlement deposits	**–**	–
Lending funds	**–**	–
Financial assets held for trading	**–**	–
Derivative financial assets	**–**	–
Bills receivable	**166,610,777.65**	235,005,278.71
Accounts receivable	**262,087,299.37**	299,530,976.41
Financing receivables	**55,357,225.81**	28,539,024.92
Prepayments	**171,010,781.46**	49,598,390.41
Insurance receivables	**–**	–
Reinsurance receivables	**–**	–
Reinsurance contract reserves receivable	**–**	–
Other receivables	**27,416,537.26**	17,440,781.64
Including: Interest receivables	**–**	–
Dividends receivable	**–**	–
Purchases of sell-back financial assets	**–**	–
Inventories	**926,883,272.49**	715,282,787.11
Contract assets	**–**	–
Assets held for sale	**–**	–
Non-current assets due within one year	**–**	–
Other current assets	**34,728,699.28**	26,180,538.95
Total current assets	**2,373,879,030.86**	1,846,768,954.84

Item	Closing balance	Opening balance
Non-current assets:		
Loans and advances	**–**	–
Debt investments	**–**	–
Other debt investments	**–**	–
Long-term receivables	**–**	–
Long-term equity investments	**2,144,833.69**	2,144,833.69
Investments in other equity instruments	**–**	–
Other non-current financial assets	**–**	–
Investment properties	**9,591,601.91**	9,929,101.58
Fixed assets	**2,132,454,962.84**	2,181,361,123.66
Construction-in-progress	**10,810,269.64**	10,029,521.56
Productive biological assets	**–**	–
Oil and gas assets	**–**	–
Right-of-use assets	**765,318.33**	1,530,636.81
Intangible assets	**371,770,521.13**	376,053,902.88
Development expenditures	**3,476,600.17**	–
Goodwill	**–**	–
Long-term deferred expenses	**–**	–
Deferred income tax assets	**27,866,534.24**	29,065,116.69
Other non-current assets	**728,107.60**	728,107.60
Total non-current assets	**2,559,608,749.55**	2,610,842,344.47
Total assets	**4,933,487,780.41**	4,457,611,299.31

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	**2,287,427,348.90**	1,916,706,214.72
Borrowings from the central bank	**–**	–
Borrowing funds	**–**	–
Financial liabilities held for trading	**–**	–
Derivative financial liabilities	**–**	–
Bills payable	**81,179,735.42**	101,209,067.42
Accounts payable	**747,093,293.57**	599,514,345.81
Receipts in advance	**–**	–
Contract liabilities	**190,940,103.57**	70,368,931.26
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	**45,518,692.00**	57,833,087.83
Taxes payable	**10,234,430.30**	25,793,838.53
Other payables	**49,127,588.88**	64,231,003.43
Including: Interests payable	**–**	–
Dividends payable	**–**	–
Brokerage and commission payables	**–**	–
Reinsurance payables	**–**	–
Liabilities held for sale	**–**	–
Non-current liabilities due within one year	**99,505,379.60**	107,001,393.82
Other current liabilities	**55,232,332.51**	67,434,388.00
Total current liabilities	**3,566,258,904.75**	3,010,092,270.82

Item	Closing balance	Opening balance
Non-current liabilities:		
Insurance contract reserves	**–**	–
Long-term borrowings	**37,352,763.80**	37,141,617.50
Bonds payable	**–**	–
Including: Preferred shares	**–**	–
Perpetual bonds	**–**	–
Lease liabilities	**–**	–
Long-term payables	**27,977,450.54**	37,742,329.02
Long-term salaries payable	**–**	–
Estimated liabilities	**133,352.66**	558,467.38
Deferred income	**6,966,655.18**	6,966,655.18
Deferred income tax liabilities	**5,312,105.39**	5,362,198.02
Other non-current liabilities	**–**	–
Total non-current liabilities	**77,742,327.57**	87,771,267.10
Total liabilities	**3,644,001,232.32**	3,097,863,537.92

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	**863,808,365.36**	863,356,311.20
Less: Treasury shares	**–**	–
Other comprehensive income	**-1,608,550.09**	-1,671,948.29
Special reserve	**–**	–
Surplus reserve	**187,753,923.88**	187,753,923.88
General risk reserve	**–**	–
Undistributed profits	**-501,356,272.81**	-434,047,824.92
Total equity attributable to owners of the parent company	**1,346,445,866.34**	1,413,238,861.87
Minority interests	**-56,959,318.25**	-53,491,100.48
Total owners' equity	**1,289,486,548.09**	1,359,747,761.39
Total liabilities and owners' equity	**4,933,487,780.41**	4,457,611,299.31

Legal representative:

2. Consolidated income statement

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Total operating revenue	**560,910,297.59**	544,093,801.68
Including: Operating revenue	**560,910,297.59**	544,093,801.68
Interest income	**–**	–
Insurance premium earned	**–**	–
Brokerage and commission income	**–**	–
II. Total operating costs	**632,464,298.39**	659,121,911.28
Including: Operating costs	**522,887,806.73**	531,702,272.26
Interest expenses	**–**	–
Brokerage and commission expenses	**–**	–
Surrenders	**–**	–
Net compensation expenses	**–**	–
Net charge of insurance liability reserve	**–**	–
Policyholder dividend expenses	**–**	–
Reinsurance premiums	**–**	–
Taxes and surcharges	**4,135,133.17**	2,441,714.88
Selling expenses	**4,013,064.67**	3,118,517.16
Administrative expenses	**57,962,517.66**	75,691,897.75
Research and development expenses	**5,471,566.75**	5,028,713.10
Finance costs	**37,994,209.41**	41,138,796.13
Including: Interest expenses	**37,096,120.95**	36,706,445.15
Interest income	**1,335,276.81**	1,274,619.35

Item	Amount for the current period	Amount for the previous period
Add: Other income	**49,128.67**	1,074,438.69
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 "-")	**46,606.72**	-1,876,507.24
Asset impairment losses (loss expressed with "-")	**-2,414,929.00**	-1,255,284.76
Gain on disposal of assets (loss expressed with "-")	**–**	7,096.07
III. Operating profit (loss expressed with "-")	**-73,873,194.41**	-117,078,366.84
Add: Non-operating income	**4,478,592.40**	407,657.70
Less: Non-operating expenses	**240,618.06**	596,078.19
IV. Total profit (total loss expressed with "-")	**-69,635,220.07**	-117,266,787.33
Less: Income tax expenses	**1,148,489.82**	620,782.29
V. Net profit (net loss expressed with "-")	**-70,783,709.89**	-117,887,569.62
(I) By business continuity		
1. Net profit from continuing operations (net loss expressed with "-")	**-70,783,709.89**	-117,887,569.62
2. Net profit from discontinued operations (net loss expressed with "-")	**–**	–
(II) By attributable ownership		
1. Net profit attributable to the owners of the parent company	**-67,308,447.89**	-109,329,169.93
2. Minority interests	**-3,475,262.00**	-8,558,399.69

Item	Amount for the current period	Amount for the previous period
VI. Other comprehensive income, net of tax	**70,442.43**	-118,743.42
Other comprehensive income attributable to owners of the parent company, net of tax	**63,398.20**	-106,869.06
(I) Other comprehensive income that may not be reclassified to profit or loss	**–**	–
1. Changes of 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	**63,398.20**	-106,869.06
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 of translation of foreign financial statements	**63,398.20**	-106,869.06
7. Others	**–**	–
Other comprehensive income attributable to minority shareholders, net of tax	**7,044.23**	-11,874.36

Item	Amount for the current period	Amount for the previous period
VII. Total comprehensive income	**-70,713,267.46**	-118,006,313.04
Total comprehensive income attributable to owners of the parent company	**-67,245,049.69**	-109,436,038.99
Total comprehensive income attributable to minority shareholders	**-3,468,217.77**	-8,570,274.05
VIII. Earnings per share:		
(I) Basic earnings per share	**-0.0844**	-0.137
(II) Diluted earnings per share	**-0.0844**	-0.137

Legal representative:	*Chief financial officer:*	*Head of finance section:*
Liu Yun Long	**Hao Yunfeng**	**Zhu Lin**

3. Consolidated Statement of Cash Flow

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	**581,933,290.15**	612,714,179.55
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	**342,410.37**	2,803,476.82
Other cash received relating to operating activities	**5,992,548.93**	4,360,773.43
Sub-total of cash inflows from operating activities	**588,268,249.45**	619,878,429.80

Item	Amount for the current period	Amount for the previous period
Cash paid for purchasing goods and receiving services	**547,608,024.11**	574,822,504.93
Net increase in loans and advances to customers	**–**	-434,000.00
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	**74,681,372.84**	58,713,225.60
Taxes paid	**29,991,155.58**	21,366,163.09
Other cash paid relating to operating activities	**15,678,518.09**	164,405,043.07
Sub-total of cash outflows from operating activities	**667,959,070.62**	818,872,936.69
Net cash flow generated from operating activities	**-79,690,821.17**	-198,994,506.89
II. Cash flows from investing activities:		
Cash received from return of investments	**–**	–
Cash received from gains of 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	**4,591,358.94**	8,455,684.14
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	**4,591,358.94**	8,455,684.14
Net cash flow generated from investing activities	**-4,591,358.94**	41,565,007.36

Item	Amount for the current period	Amount for the previous period
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	**1,946,324,321.45**	1,017,360,007.53
Other cash received relating to financing activities	**–**	–
Sub-total of cash inflows from financing activities	**1,946,324,321.45**	1,017,360,007.53
Cash paid for repayment of debts	**1,586,039,400.96**	1,140,584,025.11
Cash paid for distribution of dividends and profits or repayment of interests	**34,593,907.82**	35,428,292.81
Including: Dividends and profits paid to minority shareholders by subsidiaries	**–**	–
Other cash paid relating to financing activities	**346,510,000.00**	–
Sub-total of cash outflows from financing activities	**1,967,143,308.78**	1,176,012,317.92
Net cash flow generated from financing activities	**-20,818,987.33**	-158,652,310.39
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	**-333,145.74**	-22,429.03
V. Net increase in cash and cash equivalents	**-105,434,313.18**	-316,104,238.95
Add: Balance of cash and cash equivalents at the beginning of the period	**414,209,197.66**	699,989,196.48
VI. Balance of cash and cash equivalents at the end of the period	**308,774,884.48**	383,884,957.53

(II) AUDITORS' 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
Chairman

Shangdong, the PRC
28 April 2022

As at the date of this announcement, the board of directors of the Company comprises the executive Directors, namely Mr. Yang Yun Long, Mr. Yuan Rui, Mr. Li Zhi Xin and Mr. Yao You Ling; the non-executive Directors, namely Mr. Wang Quan Hong and Mr. Liu Ji Lu; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.

* *For identification purpose only*