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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)

ANNOUNCEMENT
UNAUDITED 2021 THIRD 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.

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 affairs and the person-in-charge of the accounting department (head of accounting) warrant that the financial information contained in this quarterly report is true, accurate and complete.
3. Whether the third quarterly report has been audited

Yes No

I. KEY FINANCIAL DATA

(I) Key Accounting Data and Financial Indicators

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

Yes No

	The current reporting period	Increase/decrease for the current reporting period as compared with the corresponding period of last year	From the beginning of the year to the end of the reporting period	Increase/decrease for the period from the beginning of the year to the end of the reporting period as compared with the corresponding period of last year
Operating income (RMB)	1,047,172,476.68	19.64%	2,945,300,053.76	32.57%
Net profit attributable to shareholders of the listed company (RMB)	-37,338,874.65	72.68%	-105,589,670.07	57.08%
Net profit attributable to shareholders of the listed company excluding non-recurring gains or losses (RMB)	-39,235,636.46	67.30%	-106,762,594.67	53.11%
Net cash flow from operating activities (RMB)	—	—	-364,162,139.42	-504.02%
Basic earnings per share (RMB per share)	-0.0468	72.68%	-0.1323	57.09%
Diluted earnings per share (RMB per share)	-0.0468	72.68%	-0.1323	57.09%
Weighted average return on net assets	-2.20%	6.51%	-6.11%	9.03%
	As at the end of the current reporting period	As at the end of last year	Increase/decrease as at the end of the current reporting period as compared with the end of last year	
Total assets (RMB)	4,951,385,729.70	5,175,635,815.38	-4.33%	
Owners' equity attributable to shareholders of the listed company (RMB)	1,675,238,356.05	1,780,737,084.59	-5.92%	

(II) Non-recurring Gain or Loss Items and Amounts Thereof

Applicable Not applicable

Unit: RMB

Item	Amount for the current reporting period	Amount for the period from the beginning of the year to the end of the reporting period	Description
Gains or losses from disposal of non-current assets (including the portion offset against the provision for asset impairment)	-68,929.65	-440,829.84	Mainly due to the losses from disposal of fixed assets for the current period.
Government grants included in the profit or loss for the current period (excluding those government grants that are closely related to the normal operation of the Company and that were granted on an on-going basis according to certain standard amount or volume prescribed by the policies of the State)	426,034.61	1,692,873.30	Mainly due to the subsidies for employment stabilization received during the current period.
Gains or losses arising from contingencies unrelated to the normal operation of the Company	1,944,345.59	-282,851.74	Mainly due to the written-down of the provision for compensation losses based on the latest judgment for the current period.
Other non-operating income and expenses other than the above items	-201,996.43	378,155.18	Mainly due to the effect of certain retired materials for the current period.
Less: Effect of income tax	187,595.53	65,663.53	
Effect of minority interests (net of tax)	15,096.78	108,758.77	
Total	<u>1,896,761.81</u>	<u>1,172,924.60</u>	

Other gain or loss items that are in conformity with the definition of non-recurring gains or losses:

Applicable Not applicable

The Company does not have any other gain or loss items that are in conformity with the definition of non-recurring gains or losses.

Explain the reasons for determination of the non-recurring gain or loss items listed in the Explanatory Announcement No. 1 on Information Disclosure by Public Issuers – Non-recurring Gains or Losses (《公開發行證券的公司信息披露解釋性公告第1號 – 非經常性損益》) as recurring gain or loss items

Applicable Not applicable

The Company does not determine any non-recurring gain or loss items listed in the Explanatory Announcement No. 1 on Information Disclosure by Public Issuers – Non-recurring Gains or Losses as recurring gain or loss items.

(III) Changes In Key Accounting Data and Financial Indicators and Reasons Therefor

Applicable Not applicable

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

Unit: RMB

Item	30 September 2021 (Unaudited)	31 December 2020 (Audited)	Change (%)	Reason for difference
Monetary funds	310,821,566.05	759,979,803.03	-59.10%	(1)
Inventories	1,000,334,080.53	787,377,614.78	27.05%	
Account receivables	453,554,718.15	287,920,595.28	57.53%	(2)
Financing receivables	144,829,535.29	33,575,777.00	331.35%	(3)
Prepayments	106,241,519.38	24,755,942.84	329.16%	(4)
Other receivables	23,118,542.78	156,486,818.72	-85.23%	(5)
Right-of-use assets	2,295,955.29	4,591,910.73	-50.00%	(6)
Contract liabilities	142,133,795.58	83,749,468.02	69.71%	(7)
Long-term borrowings	75,221,655.89	114,063,150.53	-34.05%	(8)
Lease liabilities	0.00	4,968,359.84	-100.00%	(9)
Estimated liabilities	3,053,439.89	14,392,824.64	-78.78%	(10)
Long-term payables	40,169,736.84	4,585,000.00	776.11%	(11)

- (1) Monetary funds decreased by 59.10% as compared with the beginning of the year, mainly due to the increase in payments for materials as a result of the increase in inventories and the repayment of certain financing amounts due.

- (2) Account receivables increased by 57.53% as compared with the beginning of the year, mainly attributable to the increased number of shipments of oil field pipes during the third quarter.
- (3) Financing receivables increased by 331.35% as compared with the beginning of the year, mainly because more bank acceptance bills were received and have not been transferred during the third quarter.
- (4) Prepayments increased by 329.16% as compared with the beginning of the year, mainly due to the increase in prepayments for materials as at the end of the current period in preparation for the National Day holiday.
- (5) Other receivables decreased by 85.23% as compared with the beginning of the year, mainly due to the recovery, during the current period, of part of the proceeds from disposal of assets last year.
- (6) Right-of-use assets decreased by 50.00% as compared with the beginning of the year, mainly due the amortization of the right-of-use assets during the current period.
- (7) Contract liabilities increased by 69.71% as compared with the beginning of the year, mainly due the increase in payments received in advance as at the end of the current period.
- (8) Long-term borrowings decreased by 34.05% as compared with the beginning of the year, mainly attributable to the decrease in long-term borrowings due over one year for the current period.
- (9) Lease liabilities decreased by 100.00% as compared with the beginning of the year, mainly attributable to the items due within one year transferred from non-current liabilities for the current period.
- (10) Estimated liabilities decreased by 78.78% as compared with the beginning of the year, mainly attributable to the decrease in investors' claims of litigation pending for judgement during the current period.
- (11) Long-term payables increased by 776.11% as compared with the beginning of the year, mainly due to the commencement of finance lease business under sale and leaseback arrangement during the current period.

(II) The analysis of and explanation for significant year-on-year changes in profit or loss indicators for the reporting period

Unit: RMB

Item	January to September 2021 (Unaudited)	January to September 2020 (Unaudited)	Change (%)	Reason for difference
Operating income	2,945,300,053.76	2,221,649,056.27	32.57%	(1)
Finance costs	83,313,146.87	122,426,061.53	-31.95%	(2)
Credit impairment losses (losses expressed with “-”)	5,996,340.08	-4,534,820.75		(3)
Other income	1,692,873.30	1,159,905.26	45.95%	(4)
Investment gains	0.00	146,947.67	-100.00%	(5)
Gains on disposal of assets	75,969.31	263,179.42	-71.13%	(6)
Non-operating expenses	2,388,117.75	28,052,330.87	-91.49%	(7)
Income tax expense	5,365,180.76	664,432.69	707.48%	(8)
Net profit attributable to owners of the parent company	-105,589,670.07	-245,989,810.24	57.08%	(9)

- (1) Operating income increased by 32.57% as compared with the corresponding period of last year, mainly attributable to the rebounded market prices of products and the increase in their sales volume.
- (2) Finance costs decreased by 31.95% as compared with the corresponding period of last year, mainly attributable to the decrease in financing amounts for the current period.
- (3) Credit impairment losses decreased as compared with the corresponding period of last year, mainly due to the impairment provision for account receivables, bills receivable, loans granted and other assets according to the Company’s policies of provision for bad debts.
- (4) Other income increased by 45.95% as compared with the corresponding period of last year, mainly attributable to the subsidies for on-the-job training and employment stabilization received during the current period.
- (5) Investment gains decreased by 100.00% as compared with the corresponding period of last year, mainly due to the absence of investment and wealth management business during the current period.

- (6) Gains on disposal of assets decreased by 71.13% as compared with the corresponding period of last year, mainly due to the decrease in assets disposed during the current period.
- (7) Non-operating expenses decreased by 91.49% as compared with the corresponding period of last year, mainly attributable to the decrease in provision for investors' claims of litigation for the current period.
- (8) Income tax expense increased by 707.48% as compared with the corresponding period of last year, mainly due to the increase in deferred income tax expense as a result of the decrease in deferred income tax assets for the current period.
- (9) Net profit attributable to owners of the parent company increased by 57.08% as compared with the corresponding period of last year, mainly attributable to the price rise in products and the increase in operating income as well as the increased gross profit margin of products as compared with the corresponding period of last year.

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

Unit: RMB

Item	January to September 2021 (Unaudited)	January to September 2020 (Unaudited)	Change (%)	Reason for difference
Net cash flow generated from operating activities	-364,162,139.42	90,134,212.67	-504.02%	(1)
Net cash flow generated from investing activities	115,689,494.08	-22,900,369.23	605.19%	(2)
Net cash flow generated from financing activities	-435,857,580.26	-109,079,834.38	-299.58%	(3)

- (1) Net cash flow generated from operating activities decreased by 504.02% as compared with the corresponding period of last year, mainly due to the increase in payments for materials during the current period.
- (2) Net cash flow generated from investing activities increased by 605.19% as compared with the corresponding period of last year, mainly attributable to the recovery, during the current period, of part of the proceeds from disposal of assets last year.
- (3) Net cash flow generated from financing activities decreased by 299.58% as compared with the corresponding period of last year, mainly due to the increase in cash paid for repayment of debts due during the current period.

II. INFORMATION OF THE SHAREHOLDERS

(I) Total Number of Ordinary Shareholders and Number of Preferred Shareholders with Resumed Voting Rights and Shareholding of Top Ten Shareholders

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	41,499 (41,455 of which were holders of A shares; 44 of which were holders of H shares)	Total number of preferred shareholders with resumed voting rights at the end of the reporting period (if any)	0
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Shareholding of Top Ten Shareholders

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held	Number of shares subject to selling restrictions	Pledged, marked or frozen Status of shares	Number of frozen shares
Shouguang Molong Holdings Co., Ltd.	State-owned legal person	29.53%	235,617,000	0		
HKSCC Nominees Limited	Overseas legal person	12.05%	96,145,730	0		
Shandong Zhimeng Holdings Co., Ltd.	Domestic non-State-owned legal person	9.20%	73,394,911	0		
Zhang Yun San	Domestic natural person	4.03%	32,168,400	0		
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		
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.14%	17,053,443	0		
Lin Fu Long	Domestic natural person	1.01%	8,027,502	0		
Huatai Securities Co., Ltd.	State-owned legal person	0.40%	3,231,041	0		

Shareholding of Top Ten Shareholders not subject to Selling Restrictions

Name of shareholder	Number of shares not subject to selling restrictions	Class of shares	
		Class of shares	Number of shares
Shouguang Molong Holdings Co., Ltd.	235,617,000	RMB ordinary shares	235,617,000
HKSCC Nominees Limited	96,145,730	Overseas listed foreign shares	96,145,730
Shandong Zhimeng Holdings Co., Ltd.	73,394,911	RMB ordinary shares	8,654,911
		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
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
Hong Kong Securities Clearing Company Limited	17,053,443	RMB ordinary shares	17,053,443
Lin Fu Long	8,027,502	RMB ordinary shares	8,027,502
Huatai Securities Co., Ltd.	3,231,041	RMB ordinary shares	3,231,041

Description of the connected relationship of or action in concert among the aforesaid shareholders	Among the aforesaid 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 become parties acting in concert through entering into a concert party agreement and there is no controlling relationship between each other. Save as the above, the Company has no idea whether there is any connected relationship of or action in concert among other shareholders.
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Description of the participation of top ten shareholders in the margin financing and securities lending business (if any)	Not applicable
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(II) Total Number of Preferred Shareholders and Shareholding of Top Ten Preferred Shareholders of the Company

Applicable Not applicable

III. OTHER IMPORTANT MATTERS

Applicable Not applicable

1. Progress of investigation proceedings

On 1 June 2021, the Company received an investigation notice from China Securities Regulatory Commission for a suspected incompliance of information disclosure requirements. According to relevant provisions of the Securities Law of the People's Republic of China, China Securities Regulatory Commission has decided to initiate investigation proceedings against the Company and conduct investigation against the persons concerned. On 27 September 2021, the Company received the Advance Notification of Administrative Penalty (《行政處罰事先告知書》) from China Securities Regulatory Commission (Shandong Supervising Commission) for imposing penalties on the Company and the persons concerned. On 18 October 2021, the Company received the Decision of Administrative Penalty (《行政處罰決定書》) from China Securities Regulatory Commission (Shandong Supervising Commission). Details of the relevant announcements are disclosed on the information disclosure website of cninfo (<http://www.cninfo.com.cn>).

2. Progress of the suspension of production for modification of a subsidiary

On 15 July 2021, the Company published the Announcement on Suspension of Production for Inspection and Maintenance of A Subsidiary (《關於子公司停產檢修的公告》) (Number of announcement: 2021-045). Taking into account the business of Shouguang Baolong in recent years, in order to further optimise production process, Shouguang Baolong has suspended production for inspection and maintenance according to its production arrangement, and has carried out modification of its existing production lines. According to the upgrading and modification plan for castings and forgings of Shouguang Baolong, the Company has engaged a professional planning and research institute to conduct feasibility analysis and research for the implementation of the project. The investigation and examination on relevant product outline and the selection of equipment have generally been completed, and particulars of the selection of equipment and the layout design of the plants have been preliminarily confirmed. The project declaration and construction work will be gradually carried out upon the completion of the relevant research work.

IV. QUARTERLY FINANCIAL STATEMENTS

(I) Financial Statements

1. Consolidated balance sheet

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	30 September 2021	31 December 2020
Current assets:		
Monetary funds	310,821,566.05	759,979,803.03
Settlement deposits		
Lending funds		
Financial assets held for trading		
Derivative financial assets		
Bills receivable	123,023,924.33	164,945,170.51
Account receivables	453,554,718.15	287,920,595.28
Financing receivables	144,829,535.29	33,575,777.00
Loans and advances		951,005.30
Prepayments	106,241,519.38	24,755,942.84
Insurance receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	23,118,542.78	156,486,818.72
Including: Interests receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	1,000,334,080.53	787,377,614.78
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	18,331,633.36	21,904,932.90
Total current assets	<u>2,180,255,519.87</u>	<u>2,237,897,660.36</u>

Item	30 September 2021	31 December 2020
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	2,314,697.29	2,314,697.29
Investments in other equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	2,336,159,431.80	2,493,577,016.35
Construction-in-progress	7,134,782.99	7,620,542.62
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,295,955.29	4,591,910.73
Intangible assets	384,301,466.55	393,688,845.70
Development expenditures	8,119,474.35	
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	30,076,293.96	35,217,034.73
Other non-current assets	728,107.60	728,107.60
	<hr/>	<hr/>
Total non-current assets	<u>2,771,130,209.83</u>	<u>2,937,738,155.02</u>
	<hr/>	<hr/>
Total assets	<u>4,951,385,729.70</u>	<u>5,175,635,815.38</u>

Item	30 September 2021	31 December 2020
Current liabilities:		
Short-term borrowings	1,830,549,137.46	2,054,225,378.29
Borrowings from the central bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable	98,282,672.01	121,472,511.10
Account payables	710,355,587.08	648,352,428.48
Receipts in advance		
Contract liabilities	142,133,795.58	83,749,468.02
Proceeds from disposal of financial assets held under repurchase agreements		
Deposits received and interbank deposits		
Securities brokerage deposits		
Securities underwriting brokerage deposits		
Salaries payable	63,924,812.81	54,493,884.87
Taxes payable	31,023,788.90	27,192,105.60
Other payables	35,564,330.43	43,853,326.94
Including: Interests payable		
Dividends payable		
Brokerage and commission payable		
Reinsurance payable		
Liabilities held for sale		
Non-current liabilities due within one year	128,459,018.45	139,784,923.46
Other current liabilities	59,379,124.53	50,195,434.08
Total current liabilities	<u>3,099,672,267.25</u>	<u>3,223,319,460.84</u>

Item	30 September 2021	31 December 2020
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	75,221,655.89	114,063,150.53
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		4,968,359.84
Long-term payables	40,169,736.84	4,585,000.00
Long-term salaries payable		
Estimated liabilities	3,053,439.89	14,392,824.64
Deferred income	7,176,480.86	7,176,480.86
Deferred income tax liabilities	5,411,650.76	5,560,648.87
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	131,032,964.24	150,746,464.74
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities	3,230,705,231.49	3,374,065,925.58
	<hr/> <hr/>	<hr/> <hr/>
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	-1,924,636.28	-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
Retained profits	-171,619,726.88	-66,030,056.80
	<hr/>	<hr/>
Total equity attributable to owners of the parent company	1,675,238,356.05	1,780,737,084.59
Minority interests	45,442,142.16	20,832,805.21
	<hr/> <hr/>	<hr/> <hr/>
Total owners' equity	1,720,680,498.21	1,801,569,889.80
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Total liabilities and owners' equity	4,951,385,729.70	5,175,635,815.38
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Legal representative:
Yang Yun Long

Person-in-charge of
accounting affairs:
Hao Yun Feng

Person-in-charge of
accounting department:
Zhu Lin

2. **Consolidated income statement for the period from the beginning of the year to the end of the reporting period**

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Total operating revenue	2,945,300,053.76	2,221,649,056.27
Including: Operating revenue	2,945,300,053.76	2,221,649,056.27
Interest income		
Insurance premiums earned		
Brokerage and commission income		
II. Total operating costs	3,022,225,216.26	2,444,674,390.20
Including: Operating costs	2,721,126,750.63	2,135,379,359.71
Interest expenses		
Brokerage and commission expenses		
Surrender charges		
Net compensation expense		
Net charge of insurance liability reserve		
Policyholder dividend expenses		
Reinsurance premiums		
Taxes and surcharges	13,913,416.53	13,957,165.73
Selling expenses	8,697,727.37	9,850,123.43
Administrative expenses	157,898,448.45	129,668,710.13
Research and development expenses	37,275,726.41	33,392,969.67
Finance costs	83,313,146.87	122,426,061.53
Including: Interest expenses	79,948,299.15	113,673,230.19
Interest income	3,948,055.07	4,449,845.35

Item	Amount for the current period	Amount for the previous period
Add: Other income	1,692,873.30	1,159,905.26
Investment gains (losses expressed with “-”)		146,947.67
Including: Gains on investment in associates and joint ventures		
Gains on derecognition of financial assets measured at amortised costs		
Exchange gains (losses expressed with “-”)		
Net gains on exposure hedges (losses expressed with “-”)		
Gains on fair value changes (losses expressed with “-”)		
Credit impairment losses (losses expressed with “-”)	5,996,340.08	-4,534,820.75
Asset impairment losses (losses expressed with “-”)	-5,571,622.44	-7,107,757.05
Gains on disposal of assets (losses expressed with “-”)	75,969.31	263,179.42
III. Operating profits (losses expressed with “-”)	-74,731,602.25	-233,097,879.38
Add: Non-operating income	1,494,463.04	1,460,633.78
Less: Non-operating expenses	2,388,117.75	28,052,330.87
IV. Total profits (total losses expressed with “-”)	-75,625,256.96	-259,689,576.47
Less: Income tax expense	5,365,180.76	664,432.69

Item	Amount for the current period	Amount for the previous period
V. Net profit (net loss expressed with “-”)	-80,990,437.72	-260,354,009.16
(I) By operation continuity		
1. Net profit from continuing operations (net loss expressed with “-”)	-80,990,437.72	-260,354,009.16
2. Net profit from discontinued operations (net loss expressed with “-”)		
(II) By attributable ownership		
1. Net profit attributable to owners of the parent company	-105,589,670.07	-245,989,810.24
2. Profit or loss attributable to minority shareholders	24,599,232.35	-14,364,198.92
VI. Other comprehensive income, net of tax	101,046.14	425,119.78
Other comprehensive income attributable to owners of the parent company, net of tax	90,941.54	382,607.80
(I) Other comprehensive income that may not be reclassified to profit or loss		
1. Changes in 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		

Item	Amount for the current period	Amount for the previous period
(II) Other comprehensive income that will be reclassified to profit or loss	90,941.54	382,607.80
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 impairment provision for other debt investments		
5. Cash flow hedge reserve		
6. Exchange differences on translation of financial statements in foreign currencies	90,941.54	382,607.80
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax	10,104.60	42,511.98
VII. Total comprehensive income	-80,889,391.58	-259,928,889.38
Total comprehensive income attributable to owners of the parent company	-105,498,728.53	-245,607,202.44
Total comprehensive income attributable to minority shareholders	24,609,336.95	-14,321,686.94
VIII. Earnings per share:		
(I) Basic earnings per share	-0.1323	-0.3083
(II) Diluted earnings per share	-0.1323	-0.3083

Legal representative:
Yang Yun Long

*Person-in-charge of
accounting affairs:*
Hao Yun Feng

*Person-in-charge of
accounting department:*
Zhu Lin

3. Consolidated statement of cash flows for the period from the beginning of the year to the end of the reporting period

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	3,005,201,405.73	2,401,888,020.60
Net increase in deposits of customers and interbank deposits		
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, brokerage and commission		
Net increase in borrowing funds		
Net increase in capital for repurchase business		
Net cash proceeds from securities brokerage		
Tax refunds received	10,541,216.58	11,484,131.39
Other cash received in relation to operating activities	10,319,283.40	11,355,149.20
Sub-total of cash inflows from operating activities	3,026,061,905.71	2,424,727,301.19

Item	Amount for the current period	Amount for the previous period
Cash paid for purchasing goods and receiving services	3,044,618,770.07	2,019,771,790.85
Net increase in loans and advances to customers	-3,320,474.50	-1,150,331.07
Net increase in deposits with the central bank and interbank deposits		
Cash paid for compensations of original insurance contracts		
Net increase in lending funds		
Cash paid for interests, brokerage and commission		
Cash paid for dividends of policyholders		
Cash paid to and for employees	171,763,950.37	159,342,491.30
Taxes paid	52,205,356.67	19,807,791.81
Other cash paid in relation to operating activities	124,956,442.52	136,821,345.63
Sub-total of cash outflows from operating activities	3,390,224,045.13	2,334,593,088.52
Net cash flow generated from operating activities	-364,162,139.42	90,134,212.67
II. Cash flows from investing activities:		
Cash received from return on investments		
Cash received from gains on investments		146,947.67
Net cash from disposal of fixed assets, intangible assets and other long-term assets	140,089,564.74	9,358,248.43
Net cash received from disposal of subsidiaries and other business entities		
Other cash received in relation to investing activities		
Sub-total of cash inflows from investing activities	140,089,564.74	9,505,196.10
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	24,400,070.66	32,405,565.33
Cash paid for investments		
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid in relation to investing activities		
Sub-total of cash outflows from investing activities	24,400,070.66	32,405,565.33
Net cash flow generated from investing activities	115,689,494.08	-22,900,369.23

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	2,101,214,757.03	2,390,576,904.24
Other cash received in relation to financing activities		
Sub-total of cash inflows from financing activities	2,101,214,757.03	2,390,576,904.24
Cash paid for repayment of debts	2,347,375,495.40	2,250,731,603.38
Cash paid for distribution of dividends and profits or repayment of interests	76,781,341.89	103,839,927.24
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid in relation to financing activities	112,915,500.00	145,085,208.00
Sub-total of cash outflows from financing activities	2,537,072,337.29	2,499,656,738.62
Net cash flow generated from financing activities	-435,857,580.26	-109,079,834.38
IV. Effect of changes in foreign exchange rates on cash and cash equivalents	-950,210.46	9,555,925.97
V. Net increase in cash and cash equivalents	-685,280,436.06	-32,290,064.97
Add: Balance of cash and cash equivalents at the beginning of the period	699,989,196.48	496,256,836.18
VI. Balance of cash and cash equivalents at the end of the period	14,708,760.42	463,966,771.21

(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) Auditor's Report

Whether the third quarterly report has been audited

Yes No

The third quarterly report of the Company has not been audited.

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

Shandong, the PRC
28 October 2021

As at the date of this announcement, the Board of the Company comprises the executive directors, namely Mr. Yang Yun Long, Mr. Yuan Rui 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