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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)*

PROFIT WARNING ESTIMATED RESULTS FOR THE FIRST HALF OF 2020

This announcement is made by Shandong Molong Petroleum Machinery Company Limited* (the “**Company**”) pursuant to 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. Results forecast for the period

1. Reporting period of the estimated results: 1 January 2020 to 30 June 2020
2. Estimated results: Loss From Loss to Profit Increase Decrease

Item	Current reporting period	Corresponding period of last year
Net profit attributable to shareholders of listed company (RMB)	Loss: 95 million -120 million	Gain: 18.0129 million
Basic earnings per share (RMB)	Loss: 0.1191 –0.1504	Gain: 0.0226

II. Preliminary audit of the estimated results

The estimated results have not been preliminarily audited by any certified public accountants.

III. Reasons for changes in results

During the first half of 2020, in light of the impact of the COVID-19 pandemic and fluctuations in international oil prices, the Company's operating revenue and net profit both recorded

significant decrease, primarily attributable to:

1. the COVID-19 pandemic and fluctuations in international oil prices have led to diminished utilization rate in respect of oilfield drillings in the PRC and overseas, reduction of demand from the upstream market and a significant decrease in number of orders. The Company's operating revenue has decreased by approximately 45% as compared to the same period last year, and the sales of oilfield pipes, a major product of the Company, has decreased by approximately 50%.
2. During the reporting period, the substantial drop in selling price of pipe products has resulted in a decrease in gross profit margin of the products and weakened the profitability.
3. In view of the Chinese New Year holiday and the COVID-19 pandemic in the PRC, the Company has resumed production gradually since the end of February 2020. During the period when the resumption of production was delayed, there had been an increase in period costs of approximately RMB30 million resulted from depreciation of fixed assets and labour costs etc.

IV. Other relevant information

The estimated results set out herein are the preliminary estimation of the finance department of the Company and have not been preliminarily audited by any certified public accountants. The specific financial data will be officially disclosed in the 2020 interim report of the Company.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Shandong, PRC
14 July 2020

As at the date of this announcement, the Board comprises the executive Directors, namely Mr. Liu Yun Long, Mr. Liu Min, Mr. Zhang Yu Zhi and Mr. Li Zhi Xin; the non-executive Directors, namely Mr. Yao You Ling and Mr. Wang Quan Hong; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.

* For identification purposes only