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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)

UNAUDITED 2022 THIRD QUARTERLY REPORT

The Company and all members of its board of directors warrant the authenticity, accuracy and completeness of the information contained in this announcement and the information herein does not contain any misinterpretations, misleading statements or material omissions.

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the “**Company**”) pursuant to 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The 2022 third quarterly report of the Company has not been audited, and has been prepared in accordance with the China Accounting Standards for Business Enterprises. Unless otherwise specified, the amounts in this announcement are presented in Renminbi (“RMB”).

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)	649,955,788.55	-37.93%	2,220,897,730.20	-24.60%
Net profit attributable to shareholders of the listed company (RMB)	-93,230,844.47	-149.69%	-265,948,560.19	-151.87%
Net profit attributable to shareholders of the listed company excluding non-recurring gains or losses (RMB)	-94,212,390.25	-140.12%	-275,577,943.76	-158.12%
Net cash flow from operating activities (RMB)	—	—	25,428,576.40	106.98%
Basic earnings per share (RMB per share)	-0.1168	-149.57%	-0.3333	-151.93%
Diluted earnings per share (RMB per share)	-0.1168	-149.57%	-0.3333	-151.93%
Weighted average return on net assets	-7.77%	-5.57%	-20.79%	-14.68%
	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)	4,515,168,533.33	4,457,611,299.31	1.29%	
Owners' equity attributable to shareholders of the listed company (RMB)	1,146,286,567.64	1,413,238,861.87	-18.89%	

(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)	-30,495.12	-248,072.62	Mainly comprised of the losses on disposal and retirement of certain assets of the Company.
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)	703,777.31	752,905.98	Mainly attributable to the subsidies for employment stabilization received during the current period.
Write-back of provision for receivables subject to individual impairment testing	—	6,941,179.49	Mainly attributable to the recovery of accounts receivable subject to individual impairment testing.
Other non-operating income and expenses other than the above items	530,910.21	4,638,658.73	Mainly attributable to the amounts not required to be paid in the current period and the recovery of assets offset in the previous period.
Less: Effect of income tax	120,097.19	1,195,232.72	—
Effect of minority interests (net of tax)	102,549.43	1,260,055.29	—
Total	<u>981,545.78</u>	<u>9,629,383.57</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 2022 (Unaudited)	31 December 2021 (Audited)	Change (%)	Reason for difference
Monetary funds	620,292,653.81	475,191,176.69	30.54%	Mainly attributable to an increase in security deposits during the current period
Bills receivable	128,392,284.44	235,005,278.71	-45.37%	Mainly attributable to the decrease in settlement amount of trade acceptance bills before maturity during the current period as compared to the same period of last year.
Financing receivables	53,203,047.27	28,539,024.92	86.42%	Mainly attributable to an increase in the amount of goods settled by bank acceptances and not transferred.
Other receivables	27,545,004.11	17,440,781.64	57.93%	Mainly attributable to an increase in the payment of tender deposit during the current period
Other current assets	9,894,395.86	26,180,538.95	-62.21%	Mainly attributable to the decrease in input value-added tax as at the end of the current period.

Item	30 September 2022 (Unaudited)	31 December 2021 (Audited)	Change (%)	Reason for difference
Construction-in-progress	3,335,502.89	10,029,521.56	-66.74%	Mainly attributable to the transfer of certain projects to fixed assets during the current period for accounting purposes.
Right-of-use assets	—	1,530,636.81	-100.00%	Mainly attributable to the completion of amortisation of right-of-use assets in the current period.
Bills payable	16,747,414.00	101,209,067.42	-83.45%	Mainly attributable to the decrease in the amount of goods settled by bank acceptances.
Accounts payable	822,413,470.81	599,514,345.81	37.18%	Mainly attributable to the Company's failure of timely payment for part of the accounts payable during the current period.
Contract liabilities	109,491,165.47	70,368,931.26	55.60%	Mainly attributable to the increase in receipts in advance at the end of the current period.
Taxes payable	16,132,003.37	25,793,838.53	-37.46%	Mainly attributable to the payment of tax for last year during the current period.
Long-term borrowings	—	37,141,617.50	-100.00%	Mainly attributable to the long-term borrowings due within one year at the end of the current period which are transferred to non-current liabilities due within one year in accordance with the accounting standards.
Long-term payables	72,479,257.25	37,742,329.02	92.04%	Mainly attributable to the new finance lease business 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 2022 (Unaudited)	January to September 2021 (Unaudited)	Change (%)	Reason for difference
Administrative expenses	224,812,059.70	157,898,448.45	42.38%	Mainly attributable to the underutilisation of some workshops during the current period, the expenses incurred therefrom were transferred to this item for accounting purpose.
Asset impairment loss (loss expressed with “-”)	-28,968,110.01	-5,571,622.44	-419.92%	Mainly attributable to the provision for impairment loss on inventories after performing impairment test on inventories during the current period
Credit impairment losses (loss expressed with “-”)	3,641,035.54	5,996,340.08	-39.28%	Mainly comprised of the recovery of accounts receivable from individual customers in the current period for which impairment losses have been provided in the previous period.
Other income	752,905.98	1,692,873.30	-55.52%	Mainly attributable to the decrease in subsidy received in the current period.
Gain on disposal of assets	1,123.89	75,969.31	-98.52%	Mainly attributable to the decrease in disposal of assets in the current period.
Non-operating income	5,547,153.97	1,494,463.04	271.18%	Mainly attributable to the increase in amounts not required to be paid in the current period and the recovery of assets offset in the previous period.
Non-operating expenses	1,148,867.91	2,388,117.75	-51.89%	Mainly attributable to the larger amount of retirement of certain long-term inventory materials in the corresponding period of last year.
Income tax expenses	1,759,524.85	5,365,180.76	-67.20%	Mainly attributable to the decrease in deferred income tax expenses as a result of an increase in deferred income tax assets.

(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 2022 (Unaudited)	January to September 2021 (Unaudited)	Change (%)	Reason for difference
Net cash flows generated from operating activities	25,428,576.40	-364,162,139.42	106.98%	Mainly attributable to the decrease in trade payments made during the current period.
Net cash flow generated from investing activities	-8,584,655.77	115,689,494.08	-107.42%	Mainly attributable to the absence of cash proceeds from the disposal of assets during the current period.
Net cash flow generated from financing activities	-47,143,640.15	-435,857,580.26	89.18%	Mainly attributable to the increase in cash received from fund-raising activities during the current period as compared with the corresponding period of last year.

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	51,645 (51,602 of which were holders of A shares; 43 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	–	0
HKSCC Nominees Limited	Overseas legal person	13.19%	105,215,330	0	–	0
Shandong Zhimeng Holdings Co., Ltd.	Domestic non-state owned legal person	9.20%	73,394,911	0	–	0
Shouguang Hongsen Logistics Co., Ltd.	Domestic non-state owned legal person	3.99%	31,800,000	0	–	0
Shouguang Panjin Property Co., Ltd.	Domestic non-state owned legal person	3.89%	31,000,000	0	–	0
Shouguang Ruisen New Building Materials Co., Ltd.	Domestic non-state owned legal person	2.93%	23,374,800	0	–	0
Zhang Yun San	Domestic natural person	2.90%	23,108,000	0	–	0
Ma Li Ke	Domestic natural person	0.76%	6,086,367	0	–	0
Fan Xi Sheng	Domestic natural person	0.51%	4,081,400	0	–	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.32%	2,543,107	0	–	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	Number of shares
Shouguang Molong Holdings Co., Ltd.	235,617,000	RMB ordinary shares	235,617,000
HKSCC Nominees Limited	105,215,330	Overseas listed foreign shares	105,215,330
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 San	23,108,000	RMB ordinary shares	23,108,000
Ma Li Ke	6,086,367	RMB ordinary shares	6,086,367
Fan Xi Sheng	4,081,400	RMB ordinary shares	4,081,400
Hong Kong Securities Clearing Company Limited	2,543,107	RMB ordinary shares	2,543,107

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.

Description of the participation of top ten shareholders in the margin financing and securities lending business (if any)

Not applicable

(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

IV. QUARTERLY FINANCIAL STATEMENTS

(I) Financial Statements

1. Consolidated balance sheet

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	30 September 2022	1 January 2022
Current assets:		
Monetary funds	620,292,653.81	475,191,176.69
Settlement deposits	—	—
Lending funds	—	—
Financial assets held for trading	—	—
Derivative financial assets	—	—
Bills receivable	128,392,284.44	235,005,278.71
Account receivables	326,655,290.15	299,530,976.41
Financing receivables	53,203,047.27	28,539,024.92
Prepayments	41,704,048.70	49,598,390.41
Insurance receivable	—	—
Reinsurance receivable	—	—
Reinsurance contract reserve receivable	—	—
Other receivables	27,545,004.11	17,440,781.64
Including: Interests receivable	—	—
Dividends receivable	—	—
Financial assets held under resale agreements	—	—
Inventories	855,461,577.06	715,282,787.11
Contract assets	—	—
Assets held for sale	—	—
Non-current assets due within one year	—	—
Other current assets	9,894,395.86	26,180,538.95
Total current assets	<u>2,063,148,301.40</u>	<u>1,846,768,954.84</u>

Item	30 September 2022	1 January 2022
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	–	9,929,101.58
Fixed assets	2,050,777,837.01	2,181,361,123.66
Construction-in-progress	3,335,502.89	10,029,521.56
Productive biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets	–	1,530,636.81
Intangible assets	363,281,777.39	376,053,902.88
Development expenditures	4,594,891.24	–
Goodwill	–	–
Long-term deferred expenses	–	–
Deferred income tax assets	27,157,282.11	29,065,116.69
Other non-current assets	728,107.60	728,107.60
	<hr/>	<hr/>
Total non-current assets	<u>2,452,020,231.93</u>	<u>2,610,842,344.47</u>
	<hr/>	<hr/>
Total assets	<u>4,515,168,533.33</u>	<u>4,457,611,299.31</u>

Item	30 September 2022	1 January 2022
Current liabilities:		
Short-term borrowings	2,105,633,564.00	1,916,706,214.72
Borrowings from the central bank	–	–
Borrowing funds	–	–
Financial liabilities held for trading	–	–
Derivative financial liabilities	–	–
Bills payable	16,747,414.00	101,209,067.42
Account payables	822,413,470.81	599,514,345.81
Receipts in advance	–	–
Contract liabilities	109,491,165.47	70,368,931.26
Proceeds from disposal of financial assets held under repurchase agreements	–	–
Deposits received and interbank deposits	–	–
Securities brokerage deposits	–	–
Securities underwriting brokerage deposits	–	–
Salaries payable	48,794,375.99	57,833,087.83
Taxes payable	16,132,003.37	25,793,838.53
Other payables	52,990,077.05	64,231,003.43
Including: Interests payable	–	–
Dividends payable	–	–
Brokerage and commission payables	–	–
Reinsurance payable	–	–
Liabilities held for sale	–	–
Non-current liabilities due within one year	124,985,791.42	107,001,393.82
Other current liabilities	58,140,525.27	67,434,388.00
Total current liabilities	<u>3,355,328,387.38</u>	<u>3,010,092,270.82</u>

Item	30 September 2022	1 January 2022
Non-current liabilities:		
Insurance contract reserve	–	–
Long-term borrowings	–	37,141,617.50
Bonds payable	–	–
Including: Preferred shares	–	–
Perpetual bonds	–	–
Lease liabilities	–	–
Long-term payables	72,479,257.25	37,742,329.02
Long-term salaries payable	–	–
Estimated liabilities	–	558,467.38
Deferred income	6,966,655.18	6,966,655.18
Deferred income tax liabilities	5,213,359.88	5,362,198.02
Other non-current liabilities	–	–
	<hr/>	<hr/>
Total non-current liabilities	<u>84,659,272.31</u>	<u>87,771,267.10</u>
	<hr/>	<hr/>
Total liabilities	<u>3,439,987,659.69</u>	<u>3,097,863,537.92</u>
	<hr/>	<hr/>
Owners' equity:		
Share capital	797,848,400.00	797,848,400.00
Other equity instruments	–	–
Including: Preferred shares	–	–
Perpetual bonds	–	–
Capital reserve	864,022,361.19	863,356,311.20
Less: Treasury shares	–	–
Other comprehensive income	-3,341,732.32	-1,671,948.29
Special reserve	–	–
Surplus reserve	187,753,923.88	187,753,923.88
General risk reserve	–	–
Retained profits	-699,996,385.11	-434,047,824.92
	<hr/>	<hr/>
Total equity attributable to owners of the parent company	<u>1,146,286,567.64</u>	<u>1,413,238,861.87</u>
Minority interests	<u>-71,105,694.00</u>	<u>-53,491,100.48</u>
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Total owners' equity	<u>1,075,180,873.64</u>	<u>1,359,747,761.39</u>
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Total liabilities and owners' equity	<u>4,515,168,533.33</u>	<u>4,457,611,299.31</u>

Legal representative:
Yang Yun Long

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

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

2. *Consolidated statement of profit or loss 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	2,220,897,730.20	2,945,300,053.76
Including: Operating revenue	2,220,897,730.20	2,945,300,053.76
Interest income	-	-
Insurance premiums earned	-	-
Brokerage and commission income	-	-
II. Total operating costs	2,482,341,068.96	3,022,225,216.26
Including: Operating costs	2,135,736,337.65	2,721,126,750.63
Interest expenses	-	-
Brokerage and commission expenses	-	-
Surrenders	-	-
Net compensation expenses	-	-
Net charge of insurance liability reserve	-	-
Policyholder dividend expenses	-	-
Reinsurance premiums	-	-
Taxes and surcharges	9,917,303.59	13,913,416.53
Selling expenses	11,224,906.87	8,697,727.37
Administrative expenses	224,812,059.70	157,898,448.45
Research and development expenses	33,698,402.11	37,275,726.41
Finance costs	66,952,059.04	83,313,146.87
Including: Interest expenses	82,077,733.46	79,948,299.15
Interest income	6,691,085.64	3,948,055.07

Item	Amount for the current period	Amount for the previous period
Add: Other gains	752,905.98	1,692,873.30
Investment income (losses expressed with “-”)	-	-
Including: Gains on investment in associates and joint ventures	-	-
Gains on derecognition of financial assets measured at amortised cost	-	-
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 “-”)	3,641,035.54	5,996,340.08
Asset impairment losses (losses expressed with “-”)	-28,968,110.01	-5,571,622.44
Gains on disposal of assets (losses expressed with “-”)	1,123.89	75,969.31
III. Operating profit (loss expressed with “-”)	-286,016,383.36	-74,731,602.25
Add: Non-operating income	5,547,153.97	1,494,463.04
Less: Non-operating expenses	1,148,867.91	2,388,117.75
IV. Total profit (total loss expressed with “-”)	-281,618,097.30	-75,625,256.96
Less: Income tax expense	1,759,524.85	5,365,180.76

Item	Amount for the current period	Amount for the previous period
V. Net profit (net loss expressed with “-”)	-283,377,622.15	-80,990,437.72
(I) By operation continuity		
1. Net profit from continuing operations (net loss expressed with “-”)	-283,377,622.15	-80,990,437.72
2. Net profit from discontinued operations (net loss expressed with “-”)	-	-
(II) By attributable ownership		
1. Net profit attributable to shareholders of the parent company (net loss expressed with “-”)	-265,948,560.19	-105,589,670.07
2. Profit or loss attributable to minority interests (net loss expressed with “-”)	-17,429,061.96	24,599,232.35
VI. Other comprehensive income, net of tax	-1,855,315.59	101,046.14
Other comprehensive income attributable to owners of the parent company, net of tax	-1,669,784.03	90,941.54
(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	-1,669,784.03	90,941.54
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	-1,669,784.03	90,941.54
7. Others	-	-
Other comprehensive income attributable to minority interests, net of tax	-185,531.56	10,104.60
VII. Total comprehensive income	-285,232,937.74	-80,889,391.58
(I) Total comprehensive income attributable to owners of the parent company	-267,618,344.22	-105,498,728.53
(II) Total comprehensive income attributable to minority interests	-17,614,593.52	24,609,336.95
VIII. Earnings per share:		
(I) Basic earnings per share	-0.3333	-0.1323
(II) Diluted earnings per share	-0.3333	-0.1323

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	2,426,990,906.70	3,005,201,405.73
Net increase in deposits of customers and interbank deposits	—	—
Net increase in borrowings from the central bank	—	—
Net increase in placements from other financial institutions	—	—
Cash received from receiving insurance premiums of original insurance contracts	—	—
Net cash received from reinsurance business	—	—
Net increase in deposits from policyholders and investments	—	—
Cash received of interests, fees and commissions	—	—
Net increase in borrowing funds	—	—
Net increase in capital for repurchase business	—	—
Net cash proceeds from securities brokerage	—	—
Tax refunds received	651,781.97	10,541,216.58
Other cash received in relation to operating activities	82,121,176.17	10,319,283.40
Sub-total of cash inflows from operating activities	<u>2,509,763,864.84</u>	<u>3,026,061,905.71</u>

Item	Amount for the current period	Amount for the previous period
Cash paid for purchasing goods and receiving services	2,109,038,730.95	3,044,618,770.07
Net increase in loans and advances to customers	–	-3,320,474.50
Net increase in deposits with the central bank and interbank deposits	–	–
Cash paid for compensation of original insurance contracts	–	–
Net increase in lending funds	–	–
Cash paid for interests, fees and commissions	–	–
Cash paid for dividends of policyholders	–	–
Cash paid to and on behalf of employees	204,962,830.55	171,763,950.37
Taxes paid	60,199,098.74	52,205,356.67
Other cash paid in relation to operating activities	110,134,628.20	124,956,442.52
Sub-total of cash outflows from operating activities	<u>2,484,335,288.44</u>	<u>3,390,224,045.13</u>
Net cash flows generated from operating activities	<u>25,428,576.40</u>	<u>-364,162,139.42</u>

Item	Amount for the current period	Amount for the previous period
II. Cash flows from investing activities:		
Cash received from disposal investments	—	—
Cash received from gains on investments	—	—
Net cash from disposal of fixed assets, intangible assets and other long-term assets	—	140,089,564.74
Net cash received from disposal of subsidiaries and other business units	—	—
Other cash received in relation to investing activities	—	—
Sub-total of cash inflows from investing activities	—	140,089,564.74
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	8,584,655.77	24,400,070.66
Cash paid for investments	—	—
Net increase in pledged loans	—	—
Net cash paid for acquisition of subsidiaries and other business units	—	—
Other cash paid in relation to investing activities	—	—
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	8,584,655.77	24,400,070.66
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Net cash flows generated from investing activities	-8,584,655.77	115,689,494.08
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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 minority shareholder investment by subsidiary	—	—
Cash received from borrowings	3,405,619,575.32	2,101,214,757.03
Other cash received in relation to financing activities	—	—
Sub-total of cash inflows from financing activities	3,405,619,575.32	2,101,214,757.03
Cash paid for repayment of debts	3,189,960,998.00	2,347,375,495.40
Cash paid for distribution of dividends and profits or payment of interest	83,443,717.47	76,781,341.89
Including: Dividends and profits paid to minority shareholders by subsidiaries	—	—
Other cash paid in relation to financing activities	179,358,500.00	112,915,500.00
Sub-total of cash outflows from financing activities	3,452,763,215.47	2,537,072,337.29
Net cash flows generated from financing activities	-47,143,640.15	-435,857,580.26
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	-5,076,886.81	-950,210.46
V. Net increase in cash and cash equivalents	-35,376,606.33	-685,280,436.06
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	378,832,591.33	14,708,760.42

(II) Auditor's Report

Whether the third quarterly report has been audited

Yes No

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

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

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

Shandong, the PRC
27 October 2022

As at the date of this announcement, the Board 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 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