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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)**

## **RESIGNATION OF AUDITOR AND PROPOSED APPOINTMENT OF AUDITOR**

This announcement is made by Shandong Molong Petroleum Machinery Company Limited\* (the “**Company**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **RESIGNATION OF AUDITOR**

Pursuant to the “Administrative Measures for the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies”\* (國有企業、上市公司選聘會計師事務所管理辦法) issued by the Ministry of Finance of the People’s Republic of China (the “**PRC**”), the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and the China Securities Regulatory Commission, a state-owned enterprise shall in principle appoint the same accounting firm for no more than eight (8) consecutive years. If a state-owned enterprise intends to appoint the same accounting firm for more than eight (8) years, it should consider as a whole the past audit quality, comments from shareholders and view of regulatory authorities etc. in respect of the accounting firm. The term of appointment may be appropriately extended following satisfaction of legal person governance procedure, but the consecutive term of appointment shall not be more than 10 years.

As the tenure of service of the Company’s auditor, ShineWing Certified Public Accountants LLP (“**ShineWing**”), has exceeded the stipulated longest term for consecutive appointment of auditors, ShineWing has resigned as the auditors of the Company with effect from 29 August 2024.

The Company has conducted extensive communications with ShineWing in respect of the reasons for resignation of auditor, and ShineWing has no disagreement on the change of auditors.

ShineWing has in its resignation letter brought to the attention of the Company and the shareholders of the Company (the “**Shareholders**”) that the net profit attributable to the owners of the parent company for the year 2023 was RMB-567 million. As at 31 December 2023, the equity attributable to shareholders of the parent company was RMB424 million, the asset-liability ratio was 88.41%, and the interest-bearing liabilities that are repayable within one year amounted to approximately RMB1.679 billion. Part of the liabilities were overdue, and some creditors have initiated legal proceedings, resulting in certain bank accounts being frozen and certain assets being seized. In response to these circumstances, the Company has taken corresponding improvement measures. These circumstances indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern, which does not affect the audit opinion issued. the Save as disclose above, ShineWing has confirmed that there are no other matters in connection with its resignation that need to be brought to the attention of the Shareholders.

The board of directors of the Company (the “**Board**”) confirms that there are no disagreements or unresolved matters between the Company and ShineWing and there were no other matters in connection with the resignation of ShineWing as auditor that need to be brought to the attention of the Shareholders.

The Board would like to express its sincere gratitude for the services provided by ShineWing to the Company in the past years.

## **PROPOSED APPOINTMENT OF AUDITOR**

Following the review and approval of the audit committee of the Company, the Board has resolved to propose the appointment of Grant Thornton Zhitong Certified Public Accountants LLP as the auditor of the Company for Shareholders’ approval at an extraordinary general meeting to be convened and held by the Company (the “**EGM**”) for a term up to the conclusion of the next annual general meeting of the Company (the “**Proposed Appointment of Auditor**”).

The Proposed Appointment of Auditor is subject to Shareholders’ approval at the EGM.

A circular containing, among other matters, the Proposed Appointment of Auditor and a notice of the EGM together with a proxy form will be disseminated to the Shareholders as soon as practicable.

By order of the Board  
**Shandong Molong Petroleum Machinery Company Limited\***  
**Han Gao Gui**  
*Chairman*

Shandong, the PRC

29 August 2024

*As at the date of this announcement, the board of directors of the Company comprises the executive Directors, namely Mr. Han Gao Gui and Mr. Yuan Rui; the non-executive Directors, namely Mr. Ding Yi and Ms. Zhang Min; and the independent non-executive Directors, namely Mr. Tang Qing Bin, Mr. Song Zhi Wang and Mr. Cai Zhong Jie.*

*\* For identification purposes only*