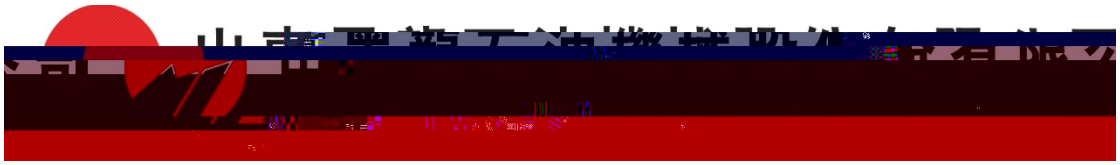
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(A Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 568)

INSIDE INFORMATION
LETTER OF INTENT ENTERED INTO BY A CONTROLLING SHAREHOLDER IN RESPECT OF A POSSIBLE CHANGE OF CONTROL OF THE COMPANY

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the "**Company**") pursuant to 13.09(2)(a) 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).

THE LETTER OF INTENT

The Company was informed by Mr. Zhang Enrong, a controlling shareholder of the Company, on 11 September 2020 (after trading hours) that Mr. Zhang Enrong and Shandong Shouguang Jinxin Investment Development Holdings Group Limited* (
, "**Shouguang Jinxin**") have entered into a letter of intent (the "**Letter of Intent**") of a possible cooperation which, if materialised, may lead to a change in control of the Company.

Parties

1. Mr. Zhang Enrong, as transferor; and

2. Shouguang Jinxin, as transferee.

Pursuant to the Letter of Intent, Mr. Zhang Enrong and Shouguang Jinxin has reached a preliminary intent as to a cooperation between them, including but not limited to nomination of voting rights and acquisition of shares by way of agreement.

The specific details of the cooperation shall be finalised upon the entering into of a formal agreement between the parties. The entering into of a formal agreement, if materialised, may lead to a change of controlling shareholder and ultimate beneficial owner of the Company.

The Cooperation

1. Upon the entering into of the Letter of Intent, both of the parties shall establish a designated working group vested with the responsibility to facilitate each of the specific cooperation items.

2. Shouguang Jinxin shall engage professional advisers such as financial advisers and legal advisers with a view to establishing an understanding in the specific plan as to the cooperation, and the specific transaction documents. Formal legal documents will be entered into if both parties are able to reach a consensus on the cooperation.

3. Both parties shall strictly abide by relevant regulations. During the process of cooperation, both parties shall perform insider registration of listed companies, maintain confidentiality in respect of inside information, observe the prohibition of insider dealing and collaborate so as to perform disclosure obligations in relation to relevant information.

INFORMATION ON SHOUGUANG JINXIN

Shouguang Jinxin is a company established in the People's Republic of China (the "**PRC**"), and it is principally engaged in the business of external investments, property management and leasing, formation and development of land, exhibition services, corporate management and financial consultancy. Shouguang Jinxin is a direct wholly-owned subsidiary of the State-owned Assets Supervision and Administration Bureau of Shouguang City* ( ).

WARNING

There is only a preliminary intent between Mr. Zhang Enrong and Shouguang Jinxin. There is no certainty as to the specific details of cooperation and no formal or legally binding agreement has been entered into. There is no certainty as to the possible change of control and it is subject to the approval of the applicable stated-owned assets supervision authority. The number and proportion of shares to be transferred between the parties are not determined and there is no certainty as to whether the change of control will eventually materialise.

It is uncertain whether any transaction mentioned in this announcement will materialise or eventually be consummated and the discussions or cooperation between the parties may or may not have implications under the Code on Takeovers and Mergers. Shareholders of the Company and potential investors are urged to exercise caution when dealing in the shares of the Company.

By order of the Board

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*