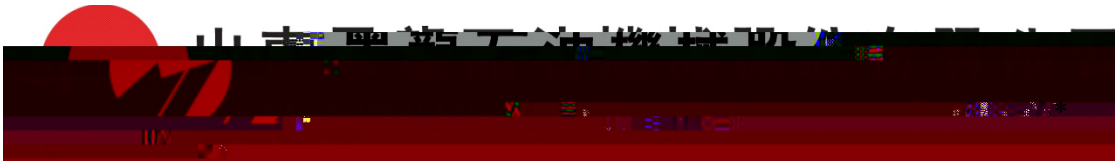
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(A Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 568)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09(2) OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS OF PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the "**Company**") pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") issued by the Securities and Futures Commission of Hong Kong, Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the announcement of the Company dated 11 September 2020 in relation a letter of intent entered into between Mr. Zhang Enrong and Shandong Shouguang Jinxin Investment Development Holdings Group Limited* (
, "**Shouguang Jinxin**") in relation to a possible cooperation in respect of the shares of the Company (the "**Announcement**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless the context requires otherwise.

The Company was informed by Mr. Zhang Enrong, a shareholder holding 235,617,000 A Shares of the Company (representing approximately 29.53% of the total issued share capital of the Company), on 11 September 2020 that Mr. Zhang Enrong and Shouguang Jinxin have entered into a letter of intent (the "**Letter of Intent**"). 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 "**Possible Transaction**").

The Company understands that the Possible Transaction remains in the exploration stage, and there is no certainty that the Possible Transaction will proceed or eventually materialise. No binding agreement or other commitment has been entered into as to whether to proceed with the Possible Transaction, and the details and terms of the Possible Transaction (including the number and proportion of shares of the Company involved) are yet to be finalized; and hence the Possible Transaction, if materialised, may or may not lead to a change in control (as defined under the

Takeovers Code) of the Company. The Possible Transaction, if materialised, is subject to the approval of the applicable state-owned assets supervision authority and there is no certainty that the Possible Transaction will proceed or eventually materialise.

Shares in issue

As at the date of this announcement, the Company has a total issued share capital of 797,848,400 shares, comprising 256,126,400 H Shares and 541,722,000 A Shares. Save as disclosed, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Interest of Shouguang Jinxin in the Company

As at the date of this announcement, Shouguang Jinxin is not interested in any shares in the issued share capital of the Company.

Disclosure of dealings in shares

For the purpose of the Takeovers Code, an offer period (as defined in the Takeovers Code) is deemed to have commenced on the date of the Announcement (i.e. 11 September 2020).

Associates (including a person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of Shouguang Jinxin and the Company are reminded to disclose their dealings in the relevant securities of the Company pursuant to the requirements under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*"**Responsibilities of stockbrokers, banks and other intermediaries***

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than $1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of