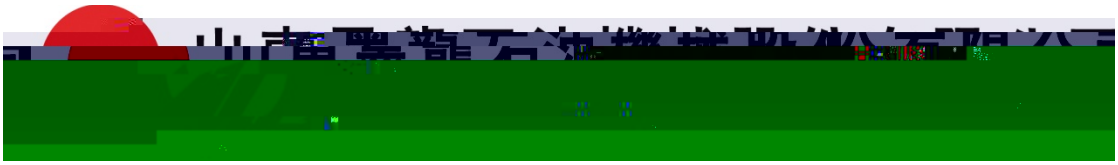
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(A Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 568)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE AND END OF OFFER PERIOD

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) (the "**SFO**").

Reference is made to the announcements of the Company dated 11 September 2020 and 21 September 2020 in relation to a possible cooperation in respect of the shares of the Company between Mr. Zhang Enrong and Shandong Shouguang Jinxin Investment Development Holdings Group Limited* ( ) (the "**Announcements**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements, unless the context requires otherwise. As the details of the Agreement as follows:-

Parties

1. Mr. Zhang Enrong; and

2. Shouguang Jinxin.

Nomination of Voting Rights

Pursuant to the Voting Rights Nomination Agreement, Mr. Zhang Enrong has irrevocably, exclusively, solely and unconditionally nominated Shouguang Jinixn to exercise the voting rights and other shareholders' rights including rights to nominate directors and propose resolutions, rights to attend general meetings of the Company, rights to supervise and make recommendations to the Company, rights to information and other rights except proprietary rights such as rights to distributions and rights of transfer of Shares (collectively, the "**Voting Rights**") in the 235,617,000 A Shares of the Company (representing approximately 29.53% of the total issued share capital of the Company) held by Mr. Zhang Enrong (the "**Target Shares**").

Shouguang Jinxin shall within the term of the Voting Rights Nomination Agreement be the sole and exclusive nominee of Mr. Zhang Enrong, vested with full power to exercise the Voting Rights in the Target Shares.

Term

The term of the nomination of Voting Rights in the Target Shares shall commence on the date of the Voting Rights Nomination Agreement (i.e. 28 September 2020) and end upon:

(a) Shouguang Jinxin or its designated nominee becoming the largest shareholder of the Company; or

(b) the parties having mutually agreed in writing to terminate the nomination of the Voting Rights under the Voting Rights Nomination Agreement;

whichever is earlier (the "**Term**").

Exercise of Voting Rights

Shouguang Jinxin shall within the purview of the Voting Rights Nomination Agreement exercise the Voting Rights in accordance with the principles of good faith and legality, and the legal consequences arising from the exercise of Voting Rights in accordance with such principles shall be recognised and accepted by Mr. Zhang Enrong. Shouguang Jinxin shall not exercise the Voting Rights in such manner tha2 (pl)-n.8(Td ( )n-3 (i)-2 (ght)-2 l)-12 (e) Td [(pr)3 nxin sh0 -1.15 Td [(8x)Tj EJ

making information disclosures pursuant to laws, regulations and requirements of securities supervising authorities and cooperating in respect of relevant enquiries of supervising authorities etc..

Restrictive Covenants

The following restrictive covenants are effective during the Term:

1. Mr. Zhang Enrong has agreed that, without the prior written consent of Shouguang Jinxin, he shall not reduce his shareholding in the Company, pledge or dispose of the Target Shares held by him as at the date of the Voting Rights Nomination Agreement or otherwise cause the transfer of the Target Shares by way of incurring debts etc..

2. Mr. Zhang Enrong and his professional advisers, relatives, related companies and their subsidiaries (if any) or any person(s) representing such parties shall not discuss or negotiate with any third parties in relation to any transactions under the Voting Rights Nomination Agreement, and shall not enter into any memorandum of understanding, letter of intent, commitments, agreements or contracts in respect of the acquisition of the Target Shares.

3. Mr. Zhang Enrong and Shouguang Jinxin has each confirmed and undertaken that he/it and parties acting in concert with him/it have no intention to obtain or otherwise control 30% or more of the voting rights of the Company.

INFORMATION ON SHOUGUANG JINXIN

Shouguang Jinxin is a company established in the People's Republic of China, 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* (壽光市國有資產監督管理局).

IMPLICATIONS OF THE VOTING RIGHTS NOMINATION AGREEMENT

Upon entering into the Voting Rights Nomination Agreement, Shouguang Jinxin and the State-owned Assets Supervision and Administration Bureau of Shouguang City* (壽光市國有資產監督管理局) are deemed to be interested in 235,617,000 A Shares of the Company (representing approximately 29.53% of the total issued share capital of the Company) under Part XV of the SFO.

Shouguang Jinxin is also treated as holding the voting rights in 235,617,000 A Shares of the Company (representing approximately 29.53% of the total issued share capital of the Company) for the purpose of the Takeovers Code.

FURTHER INFORMATION

The Company was informed that Mr. Zhang Enrong and Shouguang Jinxin are in the process of negotiating a transfer of all the 235,617,000 A Shares of the Company held by Mr. Zhang Enrong

to Shouguang Jinxin (the "**Possible Transfer**"). The parties will enter into a share purchase agreement if and when the Possible Transfer materialises. The Possible Transfer will be subject to necessary conditions precedent including but not limited to the approval of applicable supervising authorities.

The Company understands that the Possible Transfer remains in a preliminary stage, and it is uncertain whether or not the Possible Transfer will materialise or eventually be consummated. The Company will update its shareholders and potential investors on the Possible Transfer by way of issuing further announcement(s) in compliance with the Listing Rules as and when appropriate.

END OF OFFER PERIOD

As Shouguang Jinxin and parties acting in concert with it will not obtain 30% or more of the issued share capital of the Company or the voting rights therein under the Voting Rights Nomination Agreement and the Possible Transfer, and it has no intention to acquire further voting rights of the Company such that it controls 30% or more of the voting rights of the Company; the offer period for the purpose of the Takeovers Code ends on the date of this announcement (i.e. 28 September 2020).

Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

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

Shandong, the PRC
28 September 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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

** For identification purposes only*