山東墨龍石油機械股份有限公司

INSIDE INFORMATION
ANNOUNCEMENT ON PART OF THE SHARES HELD BY A SHAREHOLDER BEING JUDICIALLY FROZEN

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the "**Company**") pursuant to 13.09 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 Company has, through a recent enquiry on the system of the Shenzhen Branch of China Securities Depository and Clearing Company Limited, noticed that part of the shares of the Company (the "**Shares**") held by the single largest shareholder of the Company, Mr. Zhang Enrong, have been judicially frozen. The details of which are as follows:

A. Basic information in relation to the freezing of Shares

Name of holder of Shares	Controlling shareholder or single largest shareholder and parties acting in concert with it or not	Number of Shares frozen	% of Shares held	% of total issued share capital of the Company	Date commenced	Expiry Date	Applicant of freezing	Reason for freezing
Zhang Enrong	Yes	15 million	6.37%	1.88%	2020-10-21	2023-10-20	Middle People's Court of Weifang City, Shandong Province	Unknown
Total		15 million	6.37%	1.88%	-	-	-	-

B. Information on the Shares frozen held by the aforementioned shareholder (cumulative)

As at the date of this announcement, information on the judicially frozen Shares held by Mr. Zhang Enrong (cumulative) is set out as follows:

Name of holder of Shares	Number of Shares held	Shareholding proportion	Number of Shares frozen (cumulative)	% of Shares held	% of total issued Share capital of the Company
Zhang Enrong	235,617,000	29.53%	15,000,000	6.37%	1.88%
Total	235,617,000	29.53%	15 ,000,000	6.37%	1.88%

C. Other information

1. Upon enquiry, as at the date of this announcement, Mr. Zhang Enrong has not received any written litigation notice or document issued by the Middle People's Court of Weifang City, Shandong Province;

   On 28 September 2020, Mr. Zhang Enrong entered into a voting rights nomination agreement with Shandong Shouguang Jinxin Investment Development Holdings Group Limited* ("**Shouguang Jinxin**",), pursuant to which Mr. Zhang Enrong nominated Shouguang Jinxin to exercise the voting rights in all of the Shares held by him (i.e. 235,617,000 A Shares of the Company (representing approximately 29.53% of the total issued share capital of the Company)). The controlling shareholder of the Company has changed to Shouguang Jinxin, and the ultimate controller has changed to the State-owned Assets Supervision and Administration Bureau of Shouguang City* ( ); and

3. The judicial freezing of part of the Shares held by Mr. Zhang Enrong will not lead to a change in control of the Company, and is not expected to affect the continuous operations of the Company.

The Company will closely monitor the development of the aforementioned, and will update its shareholders and potential investors by way of issuing further announcement(s) in compliance with the Listing Rules and the Securities and Futures Ordinance as and when appropriate.

Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited
Liu Yun Long

Shandong, the PRC
23 October 2020