If you are in doubt as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shandong Molong Petroleum Machinery Company Limited*, you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"A Share(s)"	ordinary domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the SZSE and traded in RMB
"Articles of Association"	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
"Board"	the board of Directors
"Company"	山東墨龍石油機械股份有限公司(Shandong Molong Petroleum Machinery Company Limited*)
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 2:00 p.m. on Wednesday, 25 November 2020, or any adjournment thereof
"H Share(s)"	ordinary overseas listed foreign invested share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in Hong Kong Dollar
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of Share(s) of the Company
"SZSE"	Shenzhen Stock Exchange

For ease of reference, the names of the PRC incorporated companies and entities have been included in this circular in both Chinese and English language. In the event of any inconsistency, the Chinese name shall prevail.

As nominated by Shandong Shouguang Jinxin Investment Development Holdings Group Limited* (山東壽光金鑫投資發展控股集團有限公司) ("**Shouguang Jinxin**"), the controlling shareholder of the Company, and by virtue of the qualification examination by the nomination committee of the Company, it was resolved at the fourth special meeting of the sixth session of the Board convened on 6 November 2020 to propose Mr. Yang Yun Long and Mr. Yuan Rui to be elected as executive Directors of the sixth session of the Board for a term commencing from the date on which the resolution is considered and approved at the EGM and ending on the date when the service term of the sixth session of the Board expires.

Brief biographies of the candidates proposed to be elected at the EGM are as follows:

Mr. Yang Yun Long, male, 44, Chinese, is an undergraduate degree holder and a CPC party member. Prior to joining to Company, he has worked with the following entities:

Term of service	**Name of entity and position**
July 1996 to October 2000	Shangkou Town Government of Shouguang and Shouguang Economic and Technological Development Zone
November 2000 to June 2006	Deputy chief officer of the Government Procurement Centre of Shouguang
July 2006 to December 2008	Chief officer of the Government Investment Project Management Office of Shouguang
January 2009 to March 2013	Deputy-general of Shouguang State-owned Assets Administration Bureau, chairman of Shouguang Jincai Public Asset Management Co., Ltd. (壽光市金財公有資產經營有限公司) ("**Shouguang Jincai**"), and director of Shouguang Rural Commercial Bank (壽光市農村商業銀行)
April 2013 to December 2016	Party branch secretary to the Office of Shouguang State-owned Assets Supervision and Administration, chairman of Shouguang Jincai, and attachment to the First Assessment Bureau of China Development Bank* (國家開發銀行評審一局)
December 2016 to June 2017	Chief officer of the Management Officer of Hou Town Marine Chemical Industrial Park of Shouguang Binhai (Yangkou) Economic Development Zone

Term of service	Name of entity and position
July 2017 to present	Chairman and party branch secretary of Shouguang Financial Investment Group Co., Ltd.* (壽光市金融投資集團有限公司) ("**Shouguang Financial Investment**")
	Executive director and general manager of Shouguang Jintou Asset Management Co., Ltd.* (壽光市金投資產管理有限公司)
	Executive director and general manager of Shouguang Jintou Culture Industry Development Co., Ltd.* (壽光市金投文化產業發展有限公司)
	Executive director and general manager of Shouguang Jintou Non-Financing Guarantee Co., Ltd.* (壽光市金投非融資性擔保有限公司)
February 2019 to present	Chairman and general manager of Shouguang Jinxin
April 2019 to present	Chairman and general manager of Weifang Jinxuan Equity Investment Fund Management Co., Ltd.* (濰坊金萱股權投資基金管理有限公司)
June 2020 to present	Executive director of Kunpeng Qinghai Asset Management Co., Ltd.* (昆朋青海資產管理股份有限公司)
October 2020 to present	Chairman and general manager of Shouguang Molong Holdings Co., Ltd.* (壽光墨龍控股有限公司)

Mr. Yuan Rui, male, 33, Chinese, is an undergraduate degree holder and a CPC party member. From August 2009 to September 2017, he worked as the deputy section head and section head of Shouguang People's Government Office. Since September 2017 to present, Mr. Yuan Rui has served as an executive director of Shouguang Financial Investment. Since September 2018 to present, he has successively served as a director and the chief supervisor of Shandong Longxing Plastic Film Technology Co., Ltd.* (山東龍興塑膜科技股份有限公司). Since February 2019 to present, he has served as an executive director of Shouguang Jinxin. Since March 2020 to present, he has worked as a supervisor of Shandong Boyuan Pharmaceutical & Chemical Co., Ltd. (山東博醫藥化學股份有限公司). He has worked as a supervisor of Kunpeng Qinghai Asset Management Co., Ltd.* (昆朋青海資產管理股份有限公司) since June 2020 to present and as a director of Shouguang Molong Holdings Co., Ltd.* (壽光墨龍控股有限公司) since October 2020 to present.

In accordance with the Company Law and the Articles of Association of the Company, the Directors newly elected shall have a term of service commencing from the date of the EGM and ending on the date when the service term of the Board expires, but their terms of service are subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to

the Articles of Association. The Company will enter into a service contract with each of the above director candidates. The remuneration (if any) of the director candidates will be determined by the Board with reference to the market level of remuneration.

Save as disclosed above, these candidates (i) do not have any interest in the shares of the Company or its associated companies within the meaning of Part XV of the SFO; (ii) do not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; (iii) have not held any other position in the Company and/or any of its subsidiaries; and (iv) have not held any directorship in the last three years immediately preceding the date of this announcement in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there are no other matters relating to the election of the above candidates that need to be brought to the attention of the Shareholders of the Company, and there is no other information which is discloseable under Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

3. EGM

The notice of the EGM is set out on pages 7 to 8 of this circular. The Company will convene the EGM on Wednesday, 25 November 2020 for the purpose of seeking Shareholders' approval for the resolution in relation to the proposed election of Directors.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. The proxy form should be returned to the registrar for H Shares of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares), and to the Company's registered address at No. 999 Wensheng Street, Shouguang City, Shandong Province, the PRC (for holders of A Shares) no later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

In accordance with the Rule 13.39 of the Hong Kong Listing Rules, except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolution will be put to vote by way of poll at the EGM. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

4. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 November 2020 to Wednesday, 25 November 2020, both days inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the EGM, all instruments of transfer must be lodged with the registrar for H Shares of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares), for registration no later than 4:30 p.m. on Thursday, 19 November 2020. The Company will publish specific announcement on the SZSE setting out details of the eligibility of holders of A Shares to attend the EGM.

5. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other facts the omission of which would make any statement herein misleading.

6. RECOMMENDATION

The Directors are of the view that the resolution proposed for consideration and approval by the Shareholders at the EGM is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution as set out in the notice of the EGM.

Yours faithfully,
Shandong Molong Petroleum Machinery Company Limited*
Liu Min
Acting chairman

Shandong, the PRC
6 November 2020

* For identification purpose only

Notes:

(A) The register of members of the Company for H Shares will be closed from Friday, 20 November 2020 to Wednesday, 25 November 2020, both days inclusive, during which period no H Share transfer will be effected. In order to qualify for attending and voting at the EGM, all instruments of transfer of H shares, accompanied by the relevant share certificates, must be lodged with the registrar for H Shares of the Company for registration no later than 4:30 p.m. on Thursday, 19 November 2020.

The address of the registrar for H Shares of the Company is as follows:

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

The Company will publish specific announcement on the SZSE setting out details of the eligibility of holders of A Shares to attend the EGM.

(B) A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of the Hong Kong Stock Exchange and the Company. Whether or not you intend to attend the EGM, you are required to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

(C) If a proxy attends the EGM on behalf of a Shareholder, he/she should produce his/her proof of identity and the instrument signed by the proxy or his/her legal representative, which specifies the date of its issuance. If the legal representative of a legal person Shareholder attends the EGM, such legal representative should produce his/her proof of identity and valid documents evidencing his/her capacity as such legal representative. If a legal person Shareholder appoints a representative of a company other than its legal representative to attend the EGM, such representative should produce his/her proof of identity and an authorisation instrument affixed with the seal of the legal person Shareholder and duly signed by its legal representative.

(D) The EGM is expected to last for an hour. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.

As at the date of this notice, the Board comprises the executive Directors, namely Mr. Liu Min 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