If you are in doubt as to any aspect of this supplemental 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 supplemental circular together with the enclosed supplemental proxy form 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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山東墨龍石油機械股份有限公司
Shandong Molong Petroleum Machinery Company Limited*

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In this supplemental 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
"AGM"	the annual general meeting of the Company to be convened and held at 2:00 p.m. on Friday, 21 May 2021, or any adjournment thereof
"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*)
"Company Law"	the Company Law of the People's Republic of China
"Director(s)"	director(s) of the Company
"General Mandate"	an unconditional and general mandate proposed to be granted at the AGM to the Board to, among other things, issue and deal with new Shares which shall not exceed 20% of each of the total number of issued A Shares and H Shares of the Company as at the date of passing such resolution at the AGM
"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 HKD
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"Latest Practicable Date"	28 April 2021, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein

"PRC"	the People's Republic of China, for the purpose of this supplemental circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Ministry of Finance"	the Ministry of Finance of the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the 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
"Shenzhen Listing Rules"	the Rules Governing the Listing of Shares on the SZSE
"SZSE"	Shenzhen Stock Exchange

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2. PROPOSAL FOR GENERAL MANDATE TO ISSUE NEW SHARES

A special resolution will be proposed at the AGM by the Board to seek the Shareholders' grant of the General Mandate, details of which are as follows:

(i) The Board is unconditionally given approval to exercise, during the Relevant Period (as defined below), all powers of the Company to separately or concurrently issue and deal with new A Shares and new H Shares (collectively, "**New Shares**") of the Company which shall not exceed 20% of the each of the total number of issued A Shares and H Shares of the Company as at the date of passing the relevant resolution at the AGM;

(ii) Pursuant to the approval under paragraph (i) above, the Board is authorised to make or grant, during the Relevant Period, offers, agreements and/or options, which would or might require to allot New Shares during the Relevant Period or thereafter, and the Board is authorised to issue and deal with the New Shares that are required or may be required to be allotted and issued under such offers, agreements and options;

(iii) After the issuance of New Shares pursuant to the General Mandate, the Board is authorised to deal with all issues relating to the increase in the registered capital of the Company and to make such appropriate and necessary amendments to the Articles of Association with regards to total share capital, capital structure, registered capital and other relevant matters, to complete domestic and overseas statutory procedures for approval, registration, and filing, and to take any other action and complete any formalities required to effect the issuance of New Shares pursuant to the relevant resolution and the increase in the registered capital of the Company. The Board is authorised to delegate the above authority to the persons designated by it to sign, execute, modify, complete, deliver all agreements, contracts and documents in relation to the allotment and issuance of and dealing with New Shares under the General Mandate, unless otherwise stipulated by the laws or regulations; and

(iv) "Relevant Period" means the period from the date of passing the relevant Shareholders' resolution in respect of the General Mandate until the earliest of:

  (a) the conclusion of the next annual general meeting of the Company;

  (b) the expiration of the 12-month period after the date of passing the relevant Shareholders' resolution; and

  (c) the date on which the authority granted to the Board in the relevant resolution is

The Directors believe that the General Mandate will give the Company the financial flexibility to raise further funds for its future business development and expansion. Accordingly, the Directors consider that the approval of the grant of the General Mandate is in the interests of the Company and the Shareholders as a whole.

The Board will only exercise the General Mandate, if granted by the Shareholders, in accordance with the Company Law of the PRC and the Hong Kong Listing Rules or all applicable laws, rules and regulations of any other governmental or regulatory authorities, and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC governmental authorities are obtained. As at the Latest Practicable Date, no definitive plan has been formed by the Board as to when the General Mandate will be exercised, if it is granted by the Shareholders.

The proposal for the grant of the General Mandate to the Board to issue New Shares has been considered and approved at the eleventh meeting of the sixth session of the Board held on 28 April 2021 and will be put forward at the AGM for Shareholders' approval by way of special resolution.

3. THE AGM

The supplemental notice of the AGM is set out on pages 7 to 9 of this supplemental circular. The Company will convene the AGM as originally scheduled on Friday, 21 May 2021 for the purpose of obtaining Shareholders' approval for, including but not limited to the proposal for the General Mandate to issue New Shares as well as those resolutions as set out in the notice of the AGM of the Company dated 31 March 2021.

As a result of the additional resolution proposed subsequent to the despatch of the notice of the AGM, the original proxy form for the AGM sent together with the notice of the AGM does not include these additional proposed resolution as contained in this supplemental circular. In this connection, a supplemental proxy form for the AGM is enclosed with this supplemental circular. If you intend to appoint a proxy to attend the AGM, you must complete and lodge the original proxy form and the supplemental proxy form in accordance with the instructions printed thereon. In case of a holder of H Share(s), the original proxy form and the supplemental proxy form shall be returned to the H Share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong; and in case of a holder of A Share(s), the original proxy form and the supplemental proxy form shall be returned to the Company's registered address in the PRC at No. 999 Wensheng Street, Shouguang City, Shandong Province, China, each case by not less than 24 hours before the time appointed for holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the original proxy form and the supplemental proxy form will not preclude you from attending and voting in person at the said meeting should you so wish.

The supplemental proxy form will not affect the validity of any proxy form duly completed and returned by you in respect of the resolutions set out in the notice of the AGM. If you have completed and returned the original proxy form and validly appointed a proxy to attend and act at the AGM on your behalf but do not complete and return the supplemental proxy form, your proxy

shall be entitled to vote at his/her discretion on the resolution set out in the supplemental notice of the AGM dated 28 April 2021. If you have not completed and returned the original proxy form but complete and return the supplemental proxy form and validly appoint a proxy to attend and act at the AGM on your behalf, unless otherwise indicated, your proxy shall be entitled to vote at his/her discretion on the resolutions set out in the notice of the AGM dated 31 March 2021.

Pursuant to the Rule 13.39 of the Hong Kong Listing Rules, except where the chairman of the AGM, 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 resolutions to be proposed at the AGM will be put to vote by way of poll. An announcement on the poll results will be published by the Company after the conclusion of the AGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

For details of the other resolutions to be proposed at the AGM, the eligibility for attending the AGM, the registration procedures for attending the AGM, the closure of register of members and other matters regarding the AGM, please refer to the notice and the circular of the AGM of the Company both dated 31 March 2021.

4. RESPONSIBILITY STATEMENT

This supplemental 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 collectively and individually accept full responsibility for the accuracy of the information contained in this supplemental circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this supplemental 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 in this supplemental circular misleading.

5. RECOMMENDATION

The Directors are of the view that all resolutions to be proposed at the AGM for consideration and approval by the Shareholders as set out in this supplemental circular, including but not limited to the proposal for the General Mandate to issue New Shares, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions stated in the supplemental notice of the AGM.

Yours faithfully,
Shandong Molong Petroleum Machinery Company Limited*
Yang Yun Long
C a a

Shandong, the PRC, 28 April 2021

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(C) For details of the other resolutions to be proposed for consideration and approval at the AGM, the closure of register