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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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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### 山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited\*

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

**(Stock Code: 568)**

**(1) PROPOSED APPLICATION FOR THE INTEGRATED BANKING  
CREDIT FACILITY FOR THE YEAR OF 2020,  
(2) PROPOSED RE-APPOINTMENT OF THE AUDITOR  
FOR THE YEAR OF 2020  
(3) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION  
AND  
(4) NOTICE OF AGM**

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A letter from the Board is set out on pages 3 to 6 of this circular.

The notice of the annual general meeting of the Company (the "AGM") to be convened and held on Friday, 19 June 2020 at 2:00 p.m. at the conference room, at No. 999 Wensheng Street, Shouguang City, Shandong Province, the People's Republic of China is set out on pages 22 to 24 of this circular.

Shareholders who are entitled to attend and vote at the AGM should appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company. Whether or not you are able to attend the AGM, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event by not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). In order to be valid, the proxy form for the AGM must be deposited by hand or post, for holders of H Shares of the Company, to the H Share registrar of the Company, Tricor Investor Services Ltd at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and, for holders of A Shares of the Company, to the Company's registered address at No. 999 Wensheng Street, Shouguang City, Shandong Province, the People's Republic of China for taking the poll. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM should you so wish.

Reply slip for the AGM has also been enclosed. You are reminded to complete and sign the relevant reply slip and return the signed slips to the registrar for H Shares of the Company, Tricor Investor Services Ltd at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) or to the Company's registered address at No. 999 Wensheng Street, Shouguang City, Shandong Province, the People's Republic of China (for the holders of A Shares) on or before Friday, 29 May 2020 in accordance with the instructions printed thereon.

\* For identification purpose only

24 April 2020

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## DEFINITIONS

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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
“AGM”	The annual general meeting of the Company to be convened and held at 2:00 p.m. on Friday, 19 June 2020, 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”	Company law of the PRC
“Director(s)”	The director(s) of the Company
“ShineWing CPA”	ShineWing Certified Public Accountants (Special General Partnership), the auditor of the Company
“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
“Ministry of Finance”	Ministry of Finance of the PRC
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“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
“Shenzhen Listing Rules”	The Rules governing the listing of securities on the SZSE
“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.*

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## LETTER FROM THE BOARD

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# 山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited\*

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

(Stock Code: 568)

*Executive Directors:*

Mr. Liu Yunlong (Chairman)

Mr. Liu Min

Mr. Zhang Yu Zhi

Mr. Li Zhi Xin

*Registered Office:*

No. 999 Wensheng Street

Shouguang City

Shandong Province

The PRC

*Non-Executive Director:*

Mr. Yao You Ling

Mr. Wang Quan Hong

*Principal place of business*

*in Hong Kong:*

Suite A, 11th Floor

Ho Lee Commercial Building

38-44 D'Aguilar Street

Central

Hong Kong

*Independent Non-Executive Directors:*

Mr. Tang Qing Bin

Mr. Song Zhi Wang

Mr. Cai Zhong Jie

*To the Shareholders*

Dear Sir/Madam,

- (1) PROPOSED APPLICATION FOR THE INTEGRATED BANKING  
CREDIT FACILITY FOR THE YEAR OF 2020,  
(2) PROPOSED RE-APPOINTMENT OF THE AUDITOR  
FOR THE YEAR OF 2020  
(3) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION  
AND  
(4) NOTICE OF AGM**

### **1. INTRODUCTION**

The purpose of this circular is to give you notice of the AGM and to provide you with information regarding certain resolutions to be proposed at the AGM, including, among others, the proposed application for the integrated banking credit facility for the year of 2020, the proposed re-appointment of the auditor for the year of 2020 and the proposed amendment to the Articles of Association. This circular gives all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against those resolutions at the AGM.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### **2. PROPOSED APPLICATION FOR THE INTEGRATED BANKING CREDIT FACILITY FOR THE YEAR OF 2020**

The Company proposes to apply to PRC financial institutions (all are independent third parties) for a maximum of RMB4.35 billion integrated banking credit facility for the year of 2020. The final amount of the 2020 integrated banking credit facility shall be subject to the amounts approved by each of the banks.

The term of the 2020 integrated banking credit facility shall be one year commencing from the date of approval at the AGM. The Company is not required to provide securities in respect of the 2020 integrated banking credit facility. Any interest of such banking credit facility included in the 2020 integrated banking credit facility shall be subject to the benchmark rate adjusted by the People's Bank of China from time to time.

A resolution will be proposed by the Board at the AGM regarding the proposed application for a maximum of RMB4.35 billion integrated banking credit facility from PRC banks and financial institutions for the year 2020 and thereby authorises any legal representative of the Company (the "Legal Representative") or any person authorised by the Legal Representative to sign on, execute and deliver all facility agreements, financing agreements and other relevant documents in relation to such integrated banking credit facility for the year 2020 and may in his discretion approve such amendments as he sees fit and to do all such acts and things as he deems necessary or appropriate in connection with or to carry out the actions contemplated by such resolutions.

### **3. PROPOSED RE-APPOINTMENT OF THE AUDITOR FOR THE YEAR OF 2020**

In view of the good cooperation with ShineWing CPA, the Board proposes to re-appoint Shine Wing CPA as the Company's auditor for the year of 2020, subject to Shareholders' approval at the AGM.

### **4. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

Reference is made to the announcement of the Company dated 24 April 2020. As stated in the above announcement, according to the relevant requirements under the "Reply on the Adjustment of the Notice Period Requirements of General Meetings and Other Matters Applicable to the Overseas Listed Companies" (Guo Han [2019] No.97)\* (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函[2019]97號)) issued by the State Council, the "Company Law of the People's Republic of China (Revised in 2018)", the "Guidelines for the Governance of Listed Companies (Revised in 2018)" promulgated by the China Securities Regulatory Commission and the "Guidelines on the Articles of Association of Listed Companies (Revised in 2019)", the Board proposes to obtain approval from the Shareholders at the AGM for amendments to the Articles of Association. Details of the proposed amendments to the Articles of Association are set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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As advised by its Hong Kong and PRC legal advisers, the proposed amendments to the Articles of Association did not breach the respective requirements of the Hong Kong Listing Rules and PRC laws. The Company also confirmed that for companies listed on the Hong Kong Stock Exchange, there is nothing unusual about the proposed amendments to the Articles of Association.

### **5. AGM**

The notice of the AGM is set out on pages 22 to 24 of this circular. The Company will convene the AGM on Friday, 19 June 2020 for the purpose of seeking Shareholders' approval for the resolutions, including but not limited to the proposed application for integrated banking credit facility from banks for the year of 2020, re-appointment of the auditor for the year of 2020 and the proposed amendment(s) to the Articles of Association.

If you intend to appoint a proxy to attend the AGM, 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 AGM 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 AGM should you so wish.

Reply slip for the AGM has also been enclosed. You are reminded to complete and sign the relevant reply slip and return the signed reply slips 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) or 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 20 days before the date of the AGM, i.e. no later than Friday, 29 May 2020.

In accordance with 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, all of the proposed resolutions will be put to vote by way of poll at the AGM. An announcement on the poll results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

### **6. CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 21 May 2020 to Friday, 19 June 2020, both days inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all instruments of transfer must be lodged with the registrar for H Shares, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183

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## LETTER FROM THE BOARD

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Queen's Road East, Hong Kong (for holders of H Shares), for registration no later than 4:30 p.m. on Wednesday, 20 May 2020. The Company will publish specific announcement on the SZSE setting out details of the eligibility of holders of A Shares to attend the AGM.

### 7. 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.

### 8. RECOMMENDATION

The Directors are of the view that all resolutions proposed for consideration and approval by the Shareholders at the AGM, including but not limited to the proposed application for integrated banking credit facility for the year 2020, the proposed re-appointment of the auditor for the year of 2020 and the proposed amendments to the Articles of Association, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions as set out in the notice of the AGM.

Yours faithfully,

**Shandong Molong Petroleum Machinery Company Limited**

**Liu Yunlong**

*Chairman*

Shandong, the PRC  
24 April 2020



The following are the proposed amendments to the existing Articles of Association:

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 1	<p>.....</p> <p>Approved by the document “Reply for Agreeing to Set Up Shandong Molong Petroleum Machinery Co., Ltd.,” (LTGH [2001] No.53) issued by Shandong Economic System Reform Office of The People’s Republic of China, the Company was established by promotion on 27 December 2001 and registered with Shandong Provincial Administration of Industry and Commerce on 30 December 2001, and obtained the business license of enterprise legal person, the registration number is: 3700001807083.</p> <p>.....</p>	<p>.....</p> <p>Approved by the document “Reply for Agreeing to Set Up Shandong Molong Petroleum Machinery Co., Ltd.,” (LTGH [2001] No.53) issued by Shandong Economic System Reform Office of The People’s Republic of China, the Company was established by promotion on 27 December 2001 and registered with Shandong Provincial Administration of Industry and Commerce on 30 December 2001, and obtained the business license of enterprise legal person, <del>the registration number is: 3700001807083</del><b><u>the unified social credit code is: 91370000734705456P.</u></b></p> <p>.....</p>
Article 5	<p>The Company is a joint stock limited company which has perpetual existence.</p>	<p>The Company is a joint stock limited company which has perpetual existence.</p> <p><b><u>In accordance with the requirements of the Company Law and the Constitution of the Communist Party of China, organizations of the Communist Party of China (the “Party Organization”) and working units shall be established by the Company. The Party Organization shall play a core political role in the Company, and ensure the Company’s implementation of the objectives and policies of the Party and the State. The Company shall provide the necessary conditions to facilitate the activities of the Party Organization, promote the institutionalization and standardization of Party-building work, and foster the Party Organization’s commencement of activities centering on production and operation, as well as the performance of its role.</u></b></p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 35	<p>In the following circumstances, the Company may repurchase its issued shares in accordance with the procedures provided by these Articles of Association of the Company after approval has been obtained from the securities supervisory authorities of the State Council:</p> <p>(1) To cancel shares for reducing its registered share capital;</p> <p>(2) To merge with other companies which hold the Company's shares;</p> <p>(3) To grant shares to the Company's employees as incentive payments;</p> <p>(4) For shareholders who object to the merger or division of the Company as approved in the general meeting of shareholders and request the Company to repurchase their shares;</p> <p>(5) Other circumstances permitted by laws and administrative regulations.</p> <p>In addition to the above situations, the Company shall not buy and sell its shares.</p>	<p>In the following circumstances, the Company may repurchase its issued shares in accordance with the procedures provided by these Articles of Association of the Company after approval has been obtained from the securities supervisory authorities of the State Council:</p> <p>(1) To cancel shares for reducing its registered share capital;</p> <p>(2) To merge with other companies which hold the Company's shares;</p> <p>(3) <del>To grant shares to the Company's employees as incentive payments;</del> <b><u>Using the shares for employee shareholding schemes or as share incentives;</u></b></p> <p>(4) For shareholders who object to the merger or division of the Company as approved in the general meeting of shareholders and request the Company to repurchase their shares;</p> <p><b><u>(5) Using the shares for convertible bonds issued by the Company to convert them to stocks;</u></b></p> <p><b><u>(6) Necessary acts by the Company to protect its value while safeguarding the interests of shareholders.</u></b></p> <p><del>(5)(7)</del> Other circumstances permitted by laws and administrative regulations.</p> <p>In addition to the above situations, the Company shall not <del>buy and sell its shares</del> <b>purchase its own shares.</b></p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 36	<p>With the approval of the securities supervisory authorities of the State Council, the Company may repurchase its shares in any one of the following manners:</p> <p>(1) To make a repurchase offer to all shareholders in equal proportion to their shareholdings;</p> <p>(2) To repurchase the shares through open trading on a recognized stock exchange;</p> <p>(3) To repurchase the shares by way of agreement other than through a stock exchange.</p> <p>(4) Other methods that are permitted by CSRC.</p>	<p>With the approval of the securities supervisory authorities of the State Council, the Company may repurchase its shares in any one of the following manners:</p> <p>(1) To make a repurchase offer to all shareholders in equal proportion to their shareholdings;</p> <p>(2) To repurchase the shares through open trading on a recognized stock exchange;</p> <p>(3) To repurchase the shares by way of agreement other than through a stock exchange.</p> <p>(4) Other methods that are permitted by CSRC.</p> <p><b><u>For purchase(s) of the Company’s shares in circumstances categorized under clauses (3), (5) and (6) of Article 35 of these Articles, the Company shall purchase its shares by open on-market centralized transactions.</u></b></p>
Article 38	<p>.....</p> <p>Shares repurchased by the Company in accordance with clause (3) of Article 35 shall not exceed 5% of the Company’s total issued capital. The fund used for repurchase shall be made out from the Company’s after-tax profit. All the repurchased shares shall be transferred to the employees within 1 year.</p> <p>The registered capital of the Company shall be reduced by the amount of the total nominal value of the shares so cancelled.</p>	<p>.....</p> <p>Shares repurchased by the Company in accordance with clauses (3), <b>(5) and (6)</b> of Article 35 shall not exceed 5% of the Company’s total issued capital. The fund used for repurchase shall be made out from the Company’s after-tax profit. All the repurchased shares shall be transferred to <del>the employees</del> <b>incentive scheme participants or shall be cancelled</b> within <del>three</del> year.</p> <p>The registered capital of the Company shall be reduced by the amount of the total nominal value of the shares so cancelled.</p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 72	<p>The general meetings are convened at the domicile address of the Company or a place specified in the notice of a general meeting.</p> <p>Meeting places will be arranged for the convention of the general meetings. The Company will provide internet services or other methods to help A shareholders to participate in the general meetings. Shareholders will be regarded as attendees of the general meetings when they participate via the above-mentioned methods.</p>	<p>The general meetings are convened at the domicile address of the Company or a place specified in the notice of a general meeting.</p> <p>Meeting places will be arranged for the convention of the general meetings. The Company will <del>provide internet services or other methods to help A shareholders</del> <b><u>provide the means of online voting to help shareholders</u></b> to participate in the general meetings. Shareholders will be regarded as attendees of the general meetings when they participate via the above-mentioned methods.</p>
Article 73	<p>A shareholders’ general meeting shall be convened by a written notice served on the shareholders registered as such in the register of shareholders 45 days (excluding the date of holding the meeting) prior to the meeting specifying the matters to be considered and the time and place of the meeting. Shareholders who intend to attend the shareholders’ general meeting shall serve on the Company a written reply 20 days (excluding the date of holding the meeting) before the date of the meeting.</p>	<p>A shareholders’ <b><u>annual</u></b> general meeting shall be convened by a written notice served on the shareholders registered as such in the register of shareholders <b><u>4520 business</u></b> days (excluding the date of holding the meeting) prior to the meeting specifying the matters to be considered and the time and place of the meeting.</p> <p><b><u>When the Company convenes an extraordinary general meeting, a written notice must be given no later than the longer of 10 business days or 15 days before the meeting.</u></b> <del>Shareholders who intend to attend the shareholders’ general meeting shall serve on the Company a written reply 20 days (excluding the date of holding the meeting) before the date of the meeting.</del></p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 81	<p>.....</p> <p>Shareholders alone or combined holding more than 3% of the shares in the Company can put forward proposals and submit to convener in writing 20 days before holding the shareholders’ general meeting. Regarding the proposal according to the provisions of Article 82, the convener should notify other shareholders after two working days upon receiving the temporary proposal, and they should issue a circular and announcement 14 days before the scheduled date for the shareholders’ meeting, and shall submit the temporary proposal to the shareholders’ meeting to review.</p> <p>.....</p>	<p>.....</p> <p>Shareholders alone or combined holding more than 3% of the shares in the Company can put forward proposals and submit to convener in writing <del>20</del><b>10</b> days before holding the shareholders’ general meeting. Regarding the proposal according to the provisions of Article 82, <del>the convener should notify other shareholders after two working days upon receiving the temporary proposal, and they should issue a circular and announcement 14 days before the scheduled date for the shareholders’ meeting, and shall submit the temporary proposal to the shareholders’ meeting to review</del><b><u>the convener should within two business days after receipt of such proposal issue a supplemental notice of the general meeting specifying the matters of the ad hoc proposals.</u></b></p> <p>.....</p>

<b>Article No.</b>	<b>The existing Articles of Association</b>	<b>The amended Articles of Association (showing changes to the existing Articles of Association)</b>
Article 83	<p>Pursuant to the written replies received 20 days prior to the shareholders’ general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than one half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders’ general meeting; otherwise, the Company shall within 5 days thereof give a further notice to the shareholders specifying the matters to be transacted and the date and place of the meeting by way of an announcement. After giving such notice, the Company may convene the shareholders’ general meeting.</p>	<p><del>Pursuant to the written replies received 20 days prior to the shareholders’ general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than one half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders’ general meeting; otherwise, the Company shall within 5 days thereof give a further notice to the shareholders specifying the matters to be transacted and the date and place of the meeting by way of an announcement. After giving such notice, the Company may convene the shareholders’ general meeting.</del></p> <p><b><u>The proposal on nomination of directors shall be submitted, notified and announced at least 10 trading days before the date of convening the shareholders’ general meeting.</u></b></p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 85	<p>Notice of shareholders' general meeting shall be served on all shareholders (whether or not such shares carry the right to vote at the shareholders' general meeting) by personal delivery or by prepaid air mail at the address recorded in the register of shareholders. In respect of holders of domestic shares, notice of shareholders' general meeting may also be served by way of public announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published 45 days to 50 days prior to the date of the meeting in one or several newspapers designated by the securities supervisory authorities of the State Council. Once the announcement has been made, all holders of domestic shares shall be deemed to have received notice of the shareholders' meeting. The contents of such announcement written in Chinese and English shall be published as per the provisions of Article 271 of Articles of Association.</p> <p>The Company shall send a notice to make any overseas listed foreign invested shareholder registered in Hong Kong exercise his rights or implement as per the noticed articles within enough time.</p>	<p>Notice of shareholders' general meeting shall be served on all shareholders (whether or not such shares carry the right to vote at the shareholders' general meeting) by personal delivery or by prepaid air mail at the address recorded in the register of shareholders. In respect of holders of domestic shares, notice of shareholders' general meeting may also be served by way of public announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published <del>45 days to 50 days</del> prior to the date of the meeting in one or several newspapers designated by the securities supervisory authorities of the State Council. Once the announcement has been made, all holders of domestic shares shall be deemed to have received notice of the shareholders' meeting. The contents of such announcement written in Chinese and English shall be published as per the provisions of Article 271 of Articles of Association.</p> <p>The Company shall send a notice to make any overseas listed foreign invested shareholder registered in Hong Kong exercise his rights or implement as per the noticed articles within enough time.</p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 120	<p>The starting time of voting for A shareholders through the internet in the general meeting shall not be earlier than 3:00 pm on the day preceding the holding of the general meeting at the venue and shall not be later than 9:30 am on the day when the general meeting will be held, and the latest time for such voting shall be 3:00 pm on the day when the general meeting is concluded.</p>	<p>The starting time of voting for A shareholders through the internet in the general meeting shall not be earlier than 3:00 pm on the day preceding the holding of the general meeting at the venue and shall not be later than 9:30 am on the day when the general meeting will be held, and the latest time for such voting shall be 3:00 pm on the day when the general meeting is concluded. <b><u>The voting time of the Online Voting System begins at 9:15 a.m. on the date of the general meeting, and ends at 3:00 p.m. on the day when the physical general meeting ends.</u></b></p>
Article 140	<p>If the Company convenes a meeting of class shareholders, it shall issue a written notice 45 days (excluding the date of holding the meeting) prior to the meeting to all shareholders of such class who are on the register of shareholders, specifying the business to be transacted and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the meeting.</p> <p>If the number of shares which carry the right to vote at such meeting held by those shareholders who intend to attend such meeting is more than one-half of the total number of that class of shares, the Company may convene such meeting of class shareholders; if this cannot be attained, the Company shall further notify the shareholders by way of public notice within 5 days thereof specifying the business to be transacted and the date and place of the meeting. After the giving of such notice, the Company may convene the meeting of class shareholders.</p>	<p>If the Company convenes a meeting of class shareholders, it shall issue a written notice <del>45 days</del> <b><u>no later than the longer of 10 business days or 15 days</u></b> (excluding the date of holding the meeting) prior to the meeting to all shareholders of such class who are on the register of shareholders, specifying the business to be transacted and the date and place of the meeting. <del>The shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the meeting.</del></p> <p><del>If the number of shares which carry the right to vote at such meeting held by those shareholders who intend to attend such meeting is more than one-half of the total number of that class of shares, the Company may convene such meeting of class shareholders; if this cannot be attained, the Company shall further notify the shareholders by way of public notice within 5 days thereof specifying the business to be transacted and the date and place of the meeting. After the giving of such notice, the Company may convene the meeting of class shareholders.</del></p>



Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 144	<p>Directors shall be elected at shareholders' general meeting. The term of office shall be three years. Upon the expiry of the term, a director shall be eligible for re-election and re-appointment.</p> <p>The shareholders' general meeting shall not release the position of director before the expiry of his term.</p> <p>.....</p>	<p>Directors shall be elected <u>or replaced</u> at shareholders' general meeting, <u>and could be dismissed by general meetings before the expiry of his or her term of office.</u> The term of office <u>for directors shall be three years. Upon the expiry of the term of office,</u> a director shall be eligible for re-election and re-appointment.</p> <p><del>The shareholders' general meeting shall not release the position of director before the expiry of his term.</del></p> <p>.....</p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 145	<p>The board of directors shall be accountable to the shareholders’ general meeting and shall have the following duties and powers:</p> <p>(1) To be responsible for convening shareholders’ meeting and to report its work to the shareholders’ meeting;</p> <p>.....</p> <p>(17) To perform other duties and exercise other powers which are set out in laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>Resolutions by the board of directors on matters referred to in the preceding paragraphs may be passed by the affirmative votes of more than half of all directors with the exception of resolutions on matters referred to in clauses (6), (7) and (11) which shall be passed by more than two-thirds of all directors.</p> <p>In determining about the Company’s connected transactions, such transaction shall become effective only after execution by the independent (non-executive) directors. The opinions of the independent (non-executive) directors shall be recorded in the resolution of board of directors.</p>	<p>The board of directors shall be accountable to the shareholders’ general meeting and shall have the following duties and powers:</p> <p>(1) To be responsible for convening shareholders’ meeting and to report its work to the shareholders’ meeting;</p> <p>.....</p> <p><b><u>(17) Decide to repurchase of the Company’s share(s) under the circumstances stated in clauses (3), (5) and (6) of Article 35 of these Articles;</u></b></p> <p><del>(17)</del><b>(18)</b> To perform other duties and exercise other powers which are set out in laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>Resolutions by the board of directors on matters referred to in the preceding paragraphs may be passed by the affirmative votes of more than half of all directors with the exception of resolutions on matters referred to in clauses (6), (7) and (11) which shall be passed by more than two-thirds of all directors. <b><u>The resolutions made by the board of directors under clause (17) of these Articles shall require more than two-thirds of directors present.</u></b></p> <p>In determining about the Company’s connected transactions, such transaction shall become effective only after execution by the independent (non-executive) directors. The opinions of the independent (non-executive) directors shall be recorded in the resolution of board of directors.</p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 151	<p>Special committees shall be set for the board of directors.</p> <p>The duties of these special committees shall be determined as per the relevant State provisions and resolutions of the board of directors, and exercised after the approval of shareholders' general meeting resolutions.</p> <p>.....</p>	<p>Special committees shall be set for the board of directors. <u>Such special committees shall be responsible for the Board and perform duties in accordance with the Articles and the authorization of the board of directors. The proposal shall be proposed and reviewed by the board. Such special committees comprise only directors. The number of independent directors in each of the Audit Committee, Nomination Committee and Remuneration and Assessment Committee shall be in the majority and the convener of these committees shall be an independent director. The convener of the Audit Committee shall be an accounting professional.</u></p> <p><u>The Board is responsible for constituting the working rules of such special committees, and the regulation of such special committees' operations.</u></p> <p>The duties of these special committees shall be determined as per the relevant State provisions and resolutions of the board of directors, and exercised after the approval of shareholders' general meeting resolutions.</p> <p>.....</p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 152	<p>Meetings of the board of directors shall be held at least four times a year and shall be convened by the chairman of the board of directors and notice of meeting shall be served on all directors 14 days prior to the meeting.</p> <p>In case of the following conditions, the chairman of the board of directors shall hold a provisional board meeting within 10 days after proposal is:</p> <p>.....</p>	<p>Meetings of the board of directors shall be held at least four times a year and shall be convened by the chairman of the board of directors and notice of meeting shall be served on all directors <del>14</del><u>10</u> days prior to the meeting.</p> <p>In case of the following conditions, the chairman of the board of directors shall hold a provisional board meeting within <del>10</del><u>five</u> days after proposal is:</p> <p>.....</p>
Article 154	<p>The board meeting and provisional board meeting shall be notified in the following manner:</p> <p>(1) If the time and place of the regular meetings of the board of directors have been fixed by the board of directors in advance, no notice to convene the same has to be given.</p> <p>(2) If the time and place of the board meeting has not been fixed in advance by the board of directors, the chairman shall notify the directors of the time and place of the meeting of the board of directors not less than 14 days before the meeting by way of telex, telegram, facsimile, express courier or registered mail, email or by hand.</p> <p>.....</p>	<p>The board meeting and provisional board meeting shall be notified in the following manner:</p> <p>(1) If the time and place of the regular meetings of the board of directors have been fixed by the board of directors in advance, no notice to convene the same has to be given.</p> <p>(2) If the time and place of the board meeting has not been fixed in advance by the board of directors, the chairman shall notify the directors of the time and place of the meeting of the board of directors not less than <del>14</del><u>10</u> days before the meeting by way of telex, telegram, facsimile, express courier or registered mail, email or by hand.</p> <p>.....</p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 167	<p>The Company shall have a secretary to the board of directors. The secretary to the board of directors shall abide by the law, administrative regulations, departmental rules and these Articles of Association.</p> <p>The board of directors shall set its secretary office according to its needs.</p>	<p>The Company shall have a secretary to the board of directors, <b><u>who shall be a senior officer of the Company and shall be accountable to the Company and the board of directors.</u></b><del>The secretary to the board of directors shall abide by the law, administrative regulations, departmental rules and these Articles of Association of Association.</del></p> <p>The board of directors shall set its secretary office according to its needs.</p>
Article 168	<p>The secretary to the board of directors of the Company shall be a natural person who shall have the necessary professional knowledge and experience and who shall be selected, appointed and dismissed by the board of directors. Appointment or dismissal of the company secretary shall be approved by the board of directors at a meeting but shall not in the form of circulation of written resolution. His principal duties are:</p> <p>.....</p>	<p>The secretary to the board of directors of the Company shall be a natural person who shall have the necessary professional knowledge and experience and who shall be selected, appointed and dismissed by the board of directors. Appointment or dismissal of the <del>company secretary</del><b><u>secretary to the board of directors</u></b> shall be approved by the board of directors at a meeting but shall not in the form of circulation of written resolution. His principal duties are:</p> <p>.....</p> <p><b><u>The secretary to the board of directors shall receive professional training, examination and obtain qualification certificate of the stock exchange and shall be appointed by the Board and reported to the stock exchange for record and announced publicly; the secretary to the board of directors without such certificate shall be appointed by the Board upon the stock exchange’s approval.</u></b></p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 169	<p>The general manager (excluding deputy general managers), financial controller and management personnel of the controlling entity shall not concurrently hold the position of secretary to the board. A director or other senior management of the Company may also act as the secretary to the board of directors of the Company. Accountants of the accounting firm appointed by the Company shall not act as the secretary to the board of directors.</p> <p>Where the office of secretary to the board of directors of the Company is held concurrently by a director, and an act is required to be done by a director and the secretary to the board of directors of the Company separately, the person who holds the office of director and secretary to the board of directors of the Company may not perform the act in a dual capacity.</p>	<p><del>The general manager (excluding deputy general managers), financial controller and management personnel of the controlling entity shall not concurrently hold the position of secretary to the board. A director or other senior management of the Company may also act as the secretary to the board of directors of the Company. Accountants of the accounting firm appointed by the Company shall not act as the secretary to the board of directors.</del> <b><u>Directors or other senior management members may concurrently hold the post of the secretary to the board of directors.</u></b></p> <p><b><u>The senior management of the controlling shareholder and beneficial controller of the Company shall not serve as the secretary to the board of directors concurrently.</u></b></p> <p>Where the office of secretary to the board of directors of the Company is held concurrently by a director, and an act is required to be done by a director and the secretary to the board of directors of the Company separately, the person who holds the office of director and secretary to the board of directors of the Company may not perform the act in a dual capacity.</p> <p><b><u>While the board of directors engages a secretary, it shall also engage at least one securities administrative representative, who shall perform the duty of the secretary while she/he is incapable to perform his/her duty. Securities administrative representative shall have the qualification as the secretary, obtained qualification certificates by taking professional training course and passing the qualification examination organized by stock exchange.</u></b></p>

Article No.	The existing Articles of Association	The amended Articles of Association (showing changes to the existing Articles of Association)
Article 170	<p>The Company shall have one general manager who shall be appointed or dismissed by the board of directors; five deputy general managers and one financial controller to assist in general manager’s work, who shall be nominated by the general manager and appointed or dismissed by the board of directors. The board of directors may determine that any of its members holds the position of general manager concurrently, but any manager except the director of the controlling entity shall not hold the position of general manager, deputy general manager, secretary to the board or financial controller. The general manager shall serve for three years, and shall be eligible for re-appointment and reelection of this position.</p>	<p>The Company shall have <del>one</del><u>uncertain</u> general manager who shall be appointed or dismissed by the board of directors; five deputy general managers and one financial controller to assist in general manager’s work, who shall be nominated by the general manager and appointed or dismissed by the board of directors.</p> <p><del>The board of directors may determine that any of its members holds the position of general manager concurrently, but any manager except the director of the controlling entity shall not hold the position of general manager, deputy general manager, secretary to the board or financial controller. The general manager shall serve for three years, and shall be eligible for re-appointment and reelection of this position.</del><u>Senior management of the Company shall not take up administration positions in the controlling shareholder other than director and supervisor. Any senior management of the Company’s controlling shareholder who serve concurrently as a director and supervisor of the Company shall ensure that he/she has sufficient time and effort to work for the Company.</u></p>

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## NOTICE OF AGM

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# 山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited\*

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

(Stock Code: 568)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “AGM”) of Shandong Molong Petroleum Machinery Company Limited (the “Company”) will be convened and held at 2:00 p.m. on Friday, 19 June 2020 at the conference room at No. 999 Wensheng Street, Shouguang City, Shandong Province, the People's Republic of China (the “PRC”), to consider and, if thought fit, approve the following resolutions.

### ORDINARY RESOLUTIONS

1. To consider and, if thought fit, approve the report of the board of directors of the Company for the year ended 31 December 2019;
2. To consider and, if thought fit, approve the report of the supervisory committee of the Company for the year ended 31 December 2019;
3. To consider and, if thought fit, approve the annual report and its abstract for the year ended 31 December 2019;
4. To consider and, if thought fit, to approve that the Company will not declare final dividend for the year ended 31 December 2019;
5. To consider and, if thought fit, to approve the remuneration plan of the directors, supervisors and senior management of the Company for the year 2020;
6. To consider and, if thought fit, approve the proposal regarding providing guarantee facility for the wholly-owned subsidiary Shouguang Maolong ;
7. To consider and, if thought fit, approve the application to the PRC financial institutions (all of which shall be independent third parties) for integrated banking facility credit line of not exceeding RMB4.35 billion for the year of 2020, and to authorize any legal representative of the Company (the “Legal Representative”) or any person authorised by the Legal Representative to sign on all facility agreements, financing agreements and other relevant documents in relation to such integrated banking credit facility;
8. To consider and, if thought fit, approve the proposal regarding the utilisation of idle proprietary capital of the Company for cash management;

\* For identification purpose only



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## NOTICE OF AGM

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9. To consider and, if thought fit, approve the re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the Company's auditors for the year ending 31 December 2020 and to authorise the board of directors to determine their remuneration;
10. To consider and, if thought fit, approve the proposal regarding the purchase of liability insurance for directors and supervisors of the Company;
11. To consider and, if thought fit, approve the proposal regarding the amendments to procedural rules of the board of directors meeting;
12. To consider and, if thought fit, approve the proposal regarding the amendments to procedural rules of the general meeting;

### SPECIAL RESOLUTION

13. To consider and, if thought fit, approve to amend the proposed amendments of the Articles of Association as set out in Appendix I to the circular of the Company dated 24 April 2020, and authorise the Board or any person authorised by the Board to handle the matters related to the amendments of the Articles of Association.

The above resolution 13 is a special resolution, and shall be passed by more than two-thirds of the votes cast by the shareholders (including proxies) present at the AGM; while the remaining proposals are ordinary resolutions.

In addition, in accordance with the requirements of Listing Rules of the Shenzhen Stock Exchange, every independent non-executive Director will report their works on the AGM.

**Shandong Molong Petroleum Machinery Company Limited**

**Liu Yunlong**

*Chairman*

Shandong, the PRC

24 April 2020

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## NOTICE OF AGM

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*Notes:*

- (A) The register of members of the Company for H Shares will be closed from Thursday, 21 May 2020 to Friday, 19 June 2020, both days inclusive, during which period no H Share transfer will be effected. In order to qualify for attending the AGM and voting, 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 no later than 4:30 p.m. on Wednesday, 20 May 2020.

The address of the registrar for H Shares 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 Shenzhen Stock Exchange setting out details of the eligibility of holders of A Shares to attend the AGM.

- (B) A form of proxy for use at the AGM is enclosed with the circular of the Company and 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 AGM, you are required to complete and return (i) the enclosed reply slip in accordance with the instructions printed thereon not later than Friday, 29 May 2020 and (ii) the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the AGM and voting in person if you so wish.
- (C) If a proxy attends the AGM on behalf of a Shareholder, he/she should produce his proof of identity and the instrument signed by the proxy or his legal representative, which specifies the date of its issuance. If the legal representative of a legal person Shareholder attends the AGM, such legal representative should produce his/her proof of identity and valid documents evidencing his capacity as such legal representative. If a legal person Shareholder appoints a representative of a company other than its legal representative to attend the AGM, such representative should produce his proof of identity and an authorization instrument affixed with the seal of the legal person Shareholder and duly signed by its legal representative.
- (D) The AGM is expected to last for an hour. Shareholders attending the AGM 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 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.*