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

If you have sold or transferred all the shares in Shandong Molong Petroleum Machinery Company Limited*, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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 venture limited by shares incorporated in the People's Republic of China)

(Stock Code: 568)

(1) PROPOSED APPLICATION FOR THE INTEGRATED BANKING CREDIT FACILITIES FOR YEAR 2023

(2) PROPOSED RE-APPOINTMENT OF AUDITOR FOR YEAR 2023

AND

(3) NOTICE OF AGM

Unless the context otherwise requires, capitalized terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 3 to 5 of this circular.

The notice of the annual general meeting of the Company (the “AGM”) to be convened and held on Friday, 19 May 2023 at 2:00 p.m. at the conference room on 9th floor of Building 19, Enterprise Headquarters Group, Shengcheng Street, Shouguang City, Shandong Province, the People’s Republic of China is set out on pages 6 to 8 of this Circular.

Shareholders who are entitled to attend and vote at the AGM can appoint one or more proxies to attend and vote on their behalf. 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 Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

31 March 2023

* For identification purposes only

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DEFINITIONS

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

“A Share(s)”	ordinary domestic share(s) listed on the Shenzhen Stock Exchange with a par value of RMB1.00 per share in the Company's share capital 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 May 2023, 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
“SHINEWING”	the Company’s auditor, SHINEWING Certified Public Accountants (Special General Partnership)
“H Share(s)”	ordinary overseas listed foreign share(s) listed on the Hong Kong Stock Exchange with a par value of RMB1.00 per share in the Company’s share capital and traded in HKD
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	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

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Shares
“Shenzhen Listing Rules”	Rules Governing the Listing of Shares on Shenzhen Stock Exchange
“Shenzhen Stock Exchange”	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.

LETTER FROM THE BOARD



山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited*

(A Sino-foreign joint venture limited by shares incorporated in the People's Republic of China)

(Stock Code: 568)

Executive Directors:

Mr. Yuan Rui (*Chairman*)

Mr. Li Zhi Xin

Mr. Yao You Ling

Registered Office:

No. 99 Xingshang Road

Gucheng Street

Shouguang City

Shandong Province

PRC

Non-Executive Directors:

Mr. Wang Quan Hong

Mr. Liu Ji Lu

Principal place of business in Hong Kong:

5/F, Kam Sang Building

257 Des Voeux Road Central

Sheung Wan

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 FACILITIES FOR YEAR 2023
(2) PROPOSED RE-APPOINTMENT OF AUDITOR FOR YEAR 2023
AND
(3) 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 the ordinary resolutions to be proposed at the AGM, including, among others, ordinary resolutions on the proposed application for the integrated banking credit facilities for year 2023 and the proposed re-appointment of the auditor for year 2023. 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.

2. Proposal application for the integrated banking credit facilities for year 2023

LETTER FROM THE BOARD

The Company proposes to apply to various financial institutions in the PRC (all independent third parties) for an integrated banking credit facilities of no more than RMB4.4 billion for the year 2023. The final amount of the integrated banking credit facilities for year 2023 is subject to the total amount approved by each of the banks.

The term of the integrated banking credit facilities for year 2023 is one year commencing from the date of approval at the AGM. The Company is not required to provide collateral for the general credit limit for the integrated banking credit facilities for year 2023. The interest rate of any similar credit limit within the integrated banking credit facilities for year 2023 shall be subject to the adjustment of the benchmark interest rate promulgated 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 an integrated banking credit facilities for the year of 2023 not exceeding RMB4.4 billion from PRC banks and financial institutions and thereby authorizes the legal representative of the Company or any person authorized by the legal representative to sign, execute and deliver all credit agreements, financing agreements and other documents in relation to the 2023 integrated banking credit facilities 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 resolution.

3. Proposed re-appointment of auditor for year 2023

In view of the productive cooperation with SHINEWING, the Board proposes to re-appoint SHINEWING as the Company's auditor for the year 2023, subject to Shareholders' approval at the AGM.

4. AGM

The notice on the AGM is set out on pages 6 to 8 of this circular. The Company will hold the AGM on Friday, 19 May 2023 for the purpose of seeking Shareholders' approval for the relevant resolutions, including but not limited to the proposed application for integrated banking credit facilities from banks for year 2023 and proposed re-appointment of auditor for year 2023.

If you wish to appoint a proxy to attend the AGM, you must 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 the 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; (for holders of H Shares), and to the Company's principal place of business in the PRC at 9th floor of Building 19, Corporate Headquarters Group, Shengcheng Street, Shouguang City, Shandong Province (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.

LETTER FROM THE BOARD

In accordance with Article 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.

5. Closure of register of members

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 15 May 2023. The Company will publish specific announcement(s) on the Shenzhen Stock Exchange setting out details of the eligibility of holders of A Shares to attend the AGM. .

6. 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.

7. 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 facilities for year 2023 and the proposed re-appointment of auditor for year 2023, 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 Co., Ltd.*

Yuan Rui

Chairman

Shandong, the PRC, 31 March 2023

NOTICE OF AGM



山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited*

(A Sino-foreign joint venture limited by shares incorporated in the People's Republic of China)

(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 May 2023 at the conference room at 9th floor of Building 19, Enterprise Headquarters Group, Shengcheng 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 2022;
2. To consider and, if thought fit, approve the report of the supervisory committee of the Company for the year ended 31 December 2022;
3. To consider and, if thought fit, approve the Company's annual report and its abstract for the year ended 31 December 2022;
4. To consider and, if thought fit, approve the plan for profit distribution for 2022;
5. To consider and, if thought fit, approve the applications for a maximum of RMB4.4 billion integrated banking credit facilities from PRC banks and other financial institutions (all of them are independent third parties) for the year of 2023 and to authorise the legal representative of the Company or any person authorised by the legal representative to sign, execute and deliver all credit agreements, financing agreements and other documents in relation to the 2023 integrated banking credit facilities, and 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 this resolution;
6. To consider and, if thought fit, approve the proposal for the provision of guarantee facilities for subsidiaries;
7. To consider and, if thought fit, approve the remuneration plan for directors, supervisors and senior management for 2023;

NOTICE OF AGM

8. To consider and, if thought fit, approve the proposal for the purchase liability insurance for the Company and its directors, supervisors and senior management; and
9. To consider and, if thought fit, approve the re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the Company's auditor for the year ending 31 December 2023 and to authorize the board of directors of the Company to fix their remuneration;

In addition, in accordance with the Shenzhen Listing Rules, each independent non-executive director shall report his/her work at the AGM.

By order of the Board
Shandong Molong Petroleum Machinery Co., Ltd.
Yuan Rui,
Chairman

Shandong, the PRC
31 March 2023

NOTICE OF AGM

Notes:

- (A) The register of members of the Company for H Shares will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023, 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 Monday, 15 May 2023.

The address of the Company's registrar for H Shares is:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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 Stock Exchange and the Company. Whether or not you intend to attend the AGM, 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 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 about one hour. Shareholders attending the AGM are responsible for their own transportation and accommodation expenses