
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 山東墨龍石油機械股份有限公司 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this supplemental circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this supplemental circular.



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)

SUPPLEMENTAL CIRCULAR OF THE AGM

(1) PROPOSED PROVISION OF GUARANTEE FOR SHOUGUANG MAOLONG

(2) PROPOSED AMENDMENTS TO THE MANAGEMENT SYSTEM OF EXTERNAL INVESTMENTS

(3) PROPOSED AMENDMENTS TO THE MANAGEMENT SYSTEM OF EXTERNAL GUARANTEES

AND

(4) SUPPLEMENTAL NOTICE OF THE AGM

This supplemental circular should be read together with the circular and the notice of the AGM both dated 24 April 2020. A letter from the Board is set out on pages 2 to 5 of this supplemental circular.

The AGM will be held by the Company at the conference room, at No. 999 Wensheng Street, Shouguang City, Shandong Province, the People's Republic of China on Friday, 19 June 2020 at 2:00 p.m. as originally scheduled. The supplemental notice convening the meeting is set out on pages 6 to 7 of this supplemental circular.

Any Shareholder entitled to attend and vote at the AGM shall be entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a member of the Company. Whether or not you are able to attend the said meeting, you are requested to complete and return the enclosed supplemental 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 holding of the AGM or any adjournment thereof (as the case may be). In order to be valid, the supplemental proxy form must be deposited to, for holders of H Shares of the Company, the H Share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and to, for holders of A Shares of the Company, the Company's registered address in the PRC at No. 999 Wensheng Street, Shouguang City, Shandong Province, China, for taking the poll. Completion and return of the supplemental proxy form will not preclude you from attending and voting in person at the said meeting should you so wish.

* For identification purpose only

21 May 2020

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DEFINITIONS

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 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*)
“Director(s)”	director(s) 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 HKD
“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”	People’s Republic of China, for the purpose of this supplemental circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“SZSE”	Shenzhen Stock Exchange
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong

For ease of reference, the names of the PRC established companies and entities have been included in this circular in both Chinese and English languages. In event of any inconsistency, their Chinese names 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 stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 568)

Executive Directors:

Mr. Liu Yun Long (*Chairman*)

Mr. Liu Min

Mr. Zhang Yu Zhi

Mr. Li Zhi Xin

Registered Office:

No. 999 Wensheng Street

Shouguang City

Shandong Province

PRC

Non-executive Directors:

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

Independent non-executive Directors:

Mr. Tang Qing Bin

Mr. Song Zhi Wang

Mr. Cai Zhong Jie

Central

Hong Kong

To the Shareholders

Dear Sir/Madam,

**(1) PROVISION OF GUARANTEE FOR SHOUGUANG MAOLONG
(2) AMENDMENTS TO THE MANAGEMENT SYSTEM OF EXTERNAL
INVESTMENTS
(3) AMENDMENTS TO THE MANAGEMENT SYSTEM OF EXTERNAL
GUARANTEES
AND
(4) SUPPLEMENTAL NOTICE OF THE AGM**

1. INTRODUCTION

References are made to the circular and the notice of the AGM of the Company both dated 24 April 2020.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this supplemental circular is to give you the supplemental notice convening the AGM and to provide you with information regarding the ordinary resolutions to be proposed at the AGM, including, among others, the provision of guarantee for 壽光懋隆新材料技術開發有限公司 (Shouguang Maolong New Materials Technology Development Company Limited*) (“**Shouguang Maolong**”), the amendments to the Management System of External Investments and the amendments to the Management System of External Guarantees. This supplemental 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. PROVISION OF GUARANTEE FOR SHOUGUANG MAOLONG

In order to further broaden financing channels, effectively revitalise existing assets, optimise debt structure and meet the capital requirements for day-to-day operations, Shouguang Maolong, a wholly-owned subsidiary of the Company proposes to commence the business of comprehensive financial services (including but not limited to credit assignment and others) with 中國長城資產管理股份有限公司山東省分公司 (China Great Wall Asset Management Co., Ltd., Shandong Branch) (“**Great Wall Asset Management**”) with an amount of not exceeding RMB200 million for the term of not exceeding 36 months.

To this end, the Company and its relevant subsidiaries would provide certain real properties and land use rights as securities for Shouguang Maolong in respect of the commencement of the abovementioned business for a security term of not exceeding 36 months. The independent Directors of the Company have expressed their independent opinions consenting to such security and guarantee, details of which are described in the overseas regulatory announcement of the Company dated 15 May 2020.

This resolution shall be proposed at the AGM for consideration and approval.

3. AMENDMENTS TO THE MANAGEMENT SYSTEM OF EXTERNAL INVESTMENTS

In order to further regulate the corporate governance under its actual circumstances, the Company proposes to amend certain provisions of the Management System of External Investments. Details of the amended Management System of External Investments are described in the overseas regulatory announcement of the Company dated 15 May 2020. The Company will comply with the relevant laws and regulations, including but not limited to the Hong Kong Listing Rules, as and when making actual external investments in the future.

This resolution shall be proposed at the AGM for consideration and approval.

4. AMENDMENTS TO THE MANAGEMENT SYSTEM OF EXTERNAL GUARANTEES

In order to further regulate the corporate governance under its actual circumstances, the Company proposes to amend certain provisions of the Management System of External Guarantees. Details of the amended Management System of External Guarantees are described in the overseas

LETTER FROM THE BOARD

regulatory announcement of the Company dated 15 May 2020. The Company will comply with the relevant laws and regulations, including but not limited to the Hong Kong Listing Rules, as and when providing actual external guarantees in the future.

This resolution shall be proposed at the AGM for consideration and approval.

5. THE AGM

The supplemental notice of the AGM is set out on pages 6 to 7 of this supplemental circular. The Company will convene the AGM as originally scheduled on Friday, 19 June 2020 for the purpose of obtaining Shareholders' approvals for, including but not limited to the proposals for the provision of guarantee for Shouguang Maolong, amendments to the Management System of External Investments and amendments to the Management System of External Guarantees, as well as those resolutions as set out in the notice of the AGM of the Company dated 24 April 2020.

As a result of the additional resolutions 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 resolutions 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 resolutions set out in the supplemental notice of the AGM dated 21 May 2020. 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 24 April 2020.

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

LETTER FROM THE BOARD

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 24 April 2020.

6. 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.

7. 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 proposals for the provision of guarantee for Shouguang Maolong, amendments to the Management System of External Investments and amendments to the Management System of External Guarantees, 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*
Liu Yun Long
Chairman

Shandong, the PRC, 21 May 2020

* *For identification purpose only*

SUPPLEMENTAL NOTICE OF THE 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 stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 568)

SUPPLEMENTAL NOTICE OF THE AGM

Reference is made to the notice (the “**Notice**”) of the annual general meeting (the “**AGM**”) of 山東墨龍石油機械股份有限公司 Shandong Molong Petroleum Machinery Company Limited* (the “**Company**”) dated 24 April 2020, which states the time and venue of holding the AGM and the resolutions to be proposed at the AGM for shareholders’ approval.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM will be convened and held by the Company at the conference room at No. 999 Wensheng Street, Shouguang City, Shandong Province, the People’s Republic of China (the “**PRC**”) at 2:00 p.m. on Friday, 19 June 2020 as originally scheduled, to consider and, if thought fit, approve the following resolutions in addition to the resolutions set out in the Notice:

ORDINARY RESOLUTIONS

14. To consider and approve the resolution regarding the provision of guarantee for 壽光懋隆新材料技術開發有限公司 (Shouguang Maolong New Materials Technology Development Company Limited*).
15. To consider and approve the resolution regarding the amendments to the Management System of External Investments.
16. To consider and approve the resolution regarding the amendments to the Management System of External Guarantees.

Yours faithfully,

Shandong Molong Petroleum Machinery Company Limited*

Liu Yun Long

Chairman

Shandong, the PRC

21 May 2020

* For identification purpose only

SUPPLEMENTAL NOTICE OF THE AGM

Notes:

- (A) A supplemental proxy form for use at 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.
- (B) 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. 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 resolutions set out in the supplemental notice of the AGM dated 21 May 2020. 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 24 April 2020.
- (C) For details of the other resolutions to be proposed for consideration and approval at the AGM, the closure of register of members, the eligibility for attending the AGM, the registration procedures for attending the AGM and other matters concerned, please refer to the notice of the AGM of the Company dated 24 April 2020.

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.