
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make 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 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 venture limited by shares incorporated in the People's Republic of China)

(Stock Code: 568)

(1) PROVISION OF GUARANTEE BY SUBSIDIARY FOR THE BENEFIT OF PARENT COMPANY AND (2) NOTICE OF THE EGM

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 6 of this circular.

The notice of the EGM of the Company to be convened and held on Wednesday, 28 February 2024 at 2:00 p.m. at the Conference Room, 9/F, Building 19, Enterprise Headquarters Group, Shengcheng Street, Shouguang City, Shandong Province, the People's Republic of China is set out on pages EGM-1 to EGM-2 of this circular.

Shareholders who are entitled to attend and vote at the EGM can appoint one or more proxies to attend and vote on their behalf. Whether or not you are able to attend the EGM, 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 EGM or any adjournment thereof (as the case may be). In order to be valid, the proxy form for the EGM 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. 99 Xingshang Road, Gucheng Street, Shouguang City, Shandong Province for taking the poll. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish.

* For identification purposes only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
1. INTRODUCTION	3
2. PROVISION OF GUARANTEE BY SUBSIDIARY FOR THE BENEFIT OF PARENT COMPANY	3
3. EGM	5
4. CLOSURE OF REGISTER OF MEMBERS	5
5. RESPONSIBILITY STATEMENT	6
6. RECOMMENDATION	6
 NOTICE OF EGM	 EGM-1

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.
“Board”	the board of Directors
“Company”	Shandong Molong Petroleum Machinery Company Limited* (山東墨龍石油機械股份有限公司)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Conference Room, 9/F, Building 19, Enterprise Headquarters Group, Shengcheng Street, Shouguang City, Shandong Province, the People’s Republic of China at 2:00 p.m. on Wednesday, 28 February 2024, or any adjournment thereof, for the Shareholders to consider, and if thought fit, approve the Provision of Guarantee
“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
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Latest Practicable Date”	1 February 2024, that is, the latest practicable date of certain materials contained in this circular determined before its publication
“Loan”	the loan in the amount of up to RMB200,000,000 to be applied by the Company to Bank of China Limited (Shouguang Branch)

DEFINITIONS

“Provision of Guarantee”	the proposed provision of guarantee by Shouguang Maolong for the Loan proposed to be obtained by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	shareholder(s) of the Company
“Shouguang Maolong”	Shouguang Maolong New Materials Technology Development Co., Ltd.* (壽光懋隆新材料技術開發有限公司), a company established in the PRC with limited liability and a subsidiary of the Company as at the Latest Practicable Date
“SZSE”	Shenzhen Stock Exchange
“SZSE Listing Rules”	Rules Governing the Listing of Shares on Shenzhen Stock Exchange
“%”	per cent.

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. Yao You Ling
Mr. Li Zhi Xin
Mr. Zhao Xiao Tong

Registered Office:

No. 99 Xingshang Road
Gucheng Street
Shouguang City
Shandong Province
PRC

Non-Executive Directors:

Mr. Ding Yi
Ms. Zhang Min

Principal place of business in Hong Kong:
5/F, Kam Sang Building
257 Des Voeux Road Central

Independent Non-Executive Directors:

Mr. Tang Qing Bin
Mr. Song Zhi Wang
Mr. Cai Zhong Jie

Sheung Wan
Hong Kong

To the Shareholders

Dear Sir/Madam,

**(1) PROVISION OF GUARANTEE BY SUBSIDIARY
FOR THE BENEFIT OF PARENT COMPANY
AND
(2) NOTICE OF THE EGM**

1. INTRODUCTION

The purpose of this circular is to give you notice of the EGM and to provide you with information regarding the resolution on the Provision of Guarantee to be proposed at the EGM so that you can vote for or against the resolution at the EGM. This circular gives all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to be proposed at the EGM.

2. PROVISION OF GUARANTEE BY SUBSIDIARY FOR THE BENEFIT OF PARENT COMPANY

Reference is made to the overseas regulatory announcement of the Company dated 6 February 2024 in relation to, amongst others, the Provision of Guarantee.

LETTER FROM THE BOARD

Introduction

In order to meet the financing needs of the Company's production and operations, the Company (as borrower) proposes to apply to Bank of China Limited (Shouguang Branch) (as lender) for the Loan of up to RMB200,000,000. Shouguang Maolong, a wholly-owned subsidiary of the Company, proposes to provide a joint liability guarantee for the Loan. The authorization and mandate for the Provision of Guarantee shall be valid for 12 months from the date of consideration and approval at the EGM.

Main details of the Guarantee Agreement

1. Means of guarantee : a joint liability guarantee, by means of including without limitation credit guarantee, security and payment of margin etc.
2. Guarantee amount : up to RMB200,000,000
3. Validity period and authorization : for specific guarantee within the above-mentioned mandate, the legal representative of the subsidiary or the authorized agent designated by the legal representative is authorized to handle specific guarantee procedures on behalf of the subsidiary within the above-mentioned guarantee mandate and sign relevant legal documents. The content and means of the guarantee shall be subject to the relevant contract(s) to be signed with banks. The final actual total guarantee amount shall not exceed the guarantee mandate. The guarantee period shall be subject to the period in the contract(s) to be signed between the Company and the banks.

Reasons from the Provision of Guarantee

In order to meet the capital needs for the Company's production, operation and business development, Shouguang Maolong, a wholly-owned subsidiary of the Company, proposes to provide a guarantee for the benefit of the Company. The Company's current operating conditions are healthy, with controllable financial risks, and has the ability to repay its debts.

The Board believes that the Provision of Guarantee is conducive to resolving the Company's financial needs for operation and development, is in line with the Company's development strategy, and the financial risks of the Provision of Guarantee are within the Company's control. The Provision of Guarantee will not adversely affect the production and operation of the Company and relevant subsidiaries, and will not harm the interests of the Company and all Shareholders (especially minority Shareholders).

LETTER FROM THE BOARD

Based on the above, the Directors consider that the Provision of Guarantee is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

SZSE Listing Rules Implications

Pursuant to the requirements under the SZSE Listing Rules and the Articles of Association of the Company, the Provision of Guarantee is subject to the consideration and approval of the Shareholders at the EGM.

3. EGM

A notice on the EGM is set out on pages EGM-1 to EGM-2 of this circular. The Company will hold the EGM on Wednesday, 28 February 2024 at Conference Room, 9/F, Building 19, Enterprise Headquarters Group, Shengcheng Street, Shouguang City, Shandong Province, the People's Republic of China for the purpose of seeking Shareholders' approval for the relevant resolution on the Provision of Guarantee.

If you wish to appoint a proxy to attend the EGM, 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 registered address at No. 99 Xingshang Road, Gucheng Street, Shouguang City, Shandong Province (for holders of A Shares) no later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish.

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

4. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 February 2024 to Wednesday, 28 February 2024 (both days inclusive), during which period no share transfers will be effected. In order to qualify for attending and voting at the EGM, all instruments of transfer must be lodged with the registrar for H Shares, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 22 February 2024. The Company will publish specific announcement(s) on the SZSE setting out details of the eligibility of holders of A Shares to attend the EGM.

LETTER FROM THE BOARD

5. RESPONSIBILITY STATEMENT

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

6. RECOMMENDATION

The Directors are of the view that all resolution(s) proposed for consideration and approval by the Shareholders at the EGM 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 resolution(s) to be proposed at the EGM.

Yours faithfully,
Shandong Molong Petroleum Machinery Company Ltd.*
Yuan Rui
Chairman

Shandong, the PRC, 6 February 2024

* *For identification purposes only*

NOTICE OF THE EGM



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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Shandong Molong Petroleum Machinery Company Limited (the “Company”) will be convened and held at 2:00 p.m. on Wednesday, 28 February 2024 at Conference Room, 9/F, 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 resolution:

ORDINARY RESOLUTION

1. To consider and approve the resolution on the provision of guarantee by subsidiary for the benefit of parent company.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited*
Yuan Rui
Chairman

Shandong, the PRC
6 February 2024

Notes:

- (A) The register of members of the Company for H Shares will be closed from Friday, 23 February 2024 to Wednesday, 28 February 2024 (both days inclusive), during which period no H Share transfer will be effected. In order to qualify for attending the EGM 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 Thursday, 22 February 2024.

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

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 EGM.

- (B) The holders of H Shares whose names appear on the register of members of the Company at 4:30 pm on Thursday, 22 February 2024 will be eligible to attend and vote at the EGM.

NOTICE OF THE EGM

- (C) A proxy form for the EGM is enclosed and such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited and the Company. Whether or not you intend to attend the EGM, you are required to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the H Share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares of the Company) not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the Proxy Form will not preclude you from attending the EGM and voting in person if you so wish.
- (D) If a proxy attends the EGM 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 EGM, 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 EGM, 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.
- (E) The EGM is expected to last for about one hour. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.

* *For identification purposes only*