

ANNOUNCEMENT
NOTIFICA

This announcement is made by of the board of
"**Board**") of Shandong Molong Limited* (the
pursuant to Rule 13.09 of the Securities
Exchange of Hong Kong Limited (the Informa
(as defined under the Listing Rules) and
(Chapter 571 of the Laws of Hong Kong).

References are made to (1) the announcement of the Company dated
relation to the receipt of administrative and supervisory measures decision entitled
Section 1 relating to the Adoption of the Directed Corrective Measures by Shandong
Molong Petroleum Company Limited* (

contents of which are as follows:

“To Shandong Molong Petroleum Machinery Company Limited*, Mr. Liu Yun Long and Mr. Liu Min,

The investigation of the suspected contravention of the relevant laws and regulations on information disclosure by Shandong Molong Petroleum Machinery Company Limited* (“Shandong Molong”) has been completed by us. We intend to impose administrative penalties on you in accordance with the law. We hereby inform you of the facts, reasons and basis for the administrative penalties to be imposed on you and the relevant rights you are entitled to.

The facts identified as suspected contravention of laws by Shandong Molong upon investigation are as below:

I. Shandong Molong allegedly failed to disclose material events as required

As of 19 January 2020, Zhang En Rong was the controlling shareholder and de facto controller of Shandong Molong, holding 235,617,000 shares in Shandong Molong, representing 29.53% of the total share capital of Shandong Molong. On 19 January 2020, Zhang En Rong and Xue Mao Lin signed an agreement to the effect that: Zhang En Rong intended to transfer the control of Shandong Molong to Xue Mao Lin or an acquisition entity designated by him, the specific number of shares to be transferred were 198,617,000 shares, representing 24.89% of the total share capital of Shandong Molong. Xue Mao Lin paid a deposit of RMB50 million to Zhang En Rong for the performance of the agreement. Xue Mao Lin undertook to confirm the acquisition entity by the end of March 2020, and both parties would sign a voting rights nomination agreement after the relevant brokerage firm confirmed that the acquisition conditions were met etc.. On 20 January, Xue Mao Lin paid a deposit of RMB50 million to Zhang En Rong under the above agreement. Such event is a material event under Article 67(2)(8) of the Securities Law of the People's Republic of China as amended in 2005 (hereinafter referred to as the "2005 Securities Law"). Shandong Molong did not make any disclosure in a timely manner and the above transfer was only covered in the "Announcement on the Reply to the Enquiry Letter from Shenzhen Stock Exchange" issued on 26 November 2020. Liu Yun Long, the then chairman of the Board and general manager of Shandong Molong, participated in the entire process of signing the agreement and brought a copy of the agreement back to Shandong Molong for retention, was aware of the aforesaid matter and decided not to make no disclosure; Liu Min, then a Director, the deputy general manager, chief financial officer and secretary to the Board, participated in the process of signing the agreement and was aware of the aforesaid matter but did not make disclosure as required.

The above illegal facts are evidenced by relevant announcements of Shandong Molong, fact sheets, agreements, bank slips and relevant enquiry transcripts etc..

We are of the view that the aforesaid conduct of Shandong Molong allegedly violated Article 67(1) of the 2005 Securities Law, Article 31(1)(2) and Article 71(1)(2) of the Administrative Measures for Information Disclosure of Listed Companies ( ) (CSRC Order No. 40), and constituted an information disclosure violation as referred to in Article 193(1) of the 2005 Securities Law. Liu Yun Long and Liu Min are the supervising officers directly responsible for the above conduct of Shandong Molong.

II. Alleged false contents in the three Announcements on Unusual Movement in the Trading of Shares published by Shandong Molong

As set out in Announcements on Unusual Movement in the Trading of Shares published on 24 March 2020, 24 April 2020 and 30 April 2020 respectively, Shandong Molong claimed that "the Company, controlling shareholders and de facto controllers have no material events concerning the Company that shall be disclosed but have not been disclosed, and there are no material events under planning stage", which was factually incorrect and there was suspected to be false contents. The aforesaid act of Shandong Molong was jointly decided by Liu Yun Long, the then chairman of the Board and general manager, and Liu Min, then a Director, the deputy general manager, chief financial officer and secretary to the Board, and organised and implemented by Liu Min.

The aforesaid illegal facts are evidenced by relevant announcements of Shandong Molong, fact sheets, and relevant enquiry transcripts etc..

We consider that the aforesaid conduct of Shandong Molong was suspected to have violated the requirements in Article 78(2) of Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), and constituted an illegal act of information disclosure referred to in Article 197(2) of the Securities Law. Liu Yun Long and Liu Min are the supervising officers directly responsible for the above conduct of Shandong Molong.

In accordance with the facts, nature, circumstances and degree of harm caused to the society of such illegal acts, as pursuant to the provisions in Article 193(1) of the 2005 Securities Law and Article 197(2) of the Securities Law, we have decided to:

I. Order rectification, issue a warning and impose a fine of RMB1.35 million on Shandong Molong Petroleum Machinery Company Limited.

II. Issue warning and impose a fine of RMB650,000 on Liu Yun Long.

III. Issue warning and impose a fine of RMB530,000 on Liu Min.

In accordance with the relevant provisions in Article 45, Article 63 and Article 64 of Law of the People's Republic of China on Administrative Penalty ( ) and Rules of the China Securities Regulatory Commission on Administrative Penalty Hearings ( ), you are entitled to the rights of making statements, advocacy and testification regarding the decision of penalties we proposed to impose on you. Facts, reasons and evidence provided by you will be adopted by us if such are substantiated after our review. If you waive your rights of making statements, advocacy and testification, we will impose official administrative penalties according to the abovesaid facts, reasons and evidence."

Based on the circumstances identified in the Advance Notification of Administrative Penalty, it is the Company's preliminarily view that the information disclosure violation involved in the Advance Notification of Administrative Penalty received does not fall under Rules 14.5.1, 14.5.2 and 14.5.3 of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (as amended in 2020) 2020 and circumstances of compulsory delisting for material breach of law as stipulated in the Notice

