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　　石油機械股份有限公司

Shandong Molong Petrol

Page

DEFINITIONS 1

LETTER FROM THE BOARD

1. INTRODUCTION 3

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 Wednesday, 22 May 2024, 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
"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
"Loan"	the loan in the amount of up to RMB330,000,000 to be applied by the Company to Industrial and Commercial Industrial and Commercial Bank of China Limited (Shouguang Branch)
"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
"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
"SHINEWING"	the Company's auditor, SHINEWING Certified Public Accountants (Special General Partnership)
"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
"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.

* *For identification purposes only*



(5) proposed amendments to 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.

2. UNCOVERED LOSS REACHING ONE-THIRD OF PAID-UP SHARE CAPITAL

In the Company's 2023 audited consolidated financial statements, undistributed profits of RMB1,425,879,061.33, uncovered losses of RMB1,875,347,422.34 and paid-in share capital of RMB 797,848,400.00 were recorded. Therefore, the Company's uncovered loss exceeded one-third of the total paid-up share capital. According to the relevant provisions of the Company Law and the Articles of Association, such matter is required to be proposed at a general meeting of the Company's for consideration and approval.

Main reasons for losses

In 2023, operating income of RMB1.317 billion was recorded by the Company, representing a year-on-year decline of 52.36%; a net loss attributable to shareholders of the listed company of RMB567 million was recorded. The main reason was that the Company's insufficient product orders have resulted in a year-on-year decline in product sales and a decrease in operating income. At the same time, the production lines have been under-operated, costs and expenses have increased, and the comprehensive gross profit margin of the products has declined. The company has regularly conducted comprehensive inspections of various assets, and make provisions for impairment of RMB240,905,845.67 for relevant assets that have signs of impairment in accordance with relevant accounting standards.

Measures

The Company will actively promote the development of the Company's main business around the vision and goal of "Building a national first-class energy equipment manufacturer and service provider, and providing satisfactory products and services to the global energy industry". The overall work will adhere to the general tone of seeking progress while maintaining stability. The Company will seize opportunities, overcome difficulties, conscientiously implements the Company's key tasks, strives to improve safe operations and standardized governance standards, continues to optimize corporate management and operational quality, and strives to achieve steady corporate development. In order to enhance the Company's profitability, the Company has taken or proposes to take the following measures:

1. Strengthen marketing work and optimize sales strategies;

2. Consolidate basic management and promote quality and efficiency improvement;

3. Deepen technological innovation and promote product innovation;

4. Strengthen exchanges and cooperation, and continue to promote Hlsemelt technology promotion and project cooperation;

5. Enhance financing efforts and ensure fund security;

6. Pay attention to risk control management and reduce business risks; and

7. Optimize corporate governance and promote compliant operations.

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

Reference is made to the overseas regulatory announcement of the Company dated 28 March 2024 in relation to, amongst others, the Provision of Guarantee.

Introduction

In order to meet the financing needs of the Company's production and operations, the Company (as borrower proposes to apply to Industrial and Commercial Bank of China Limited (Shouguang Branch) (as lender) for the Loan of up to RMB330,000,000. 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 AGM.

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 RMB330,000,000
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 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 bank.

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).

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, the Provision of Guarantee is subject to the consideration and approval of the Shareholders at the AGM.

4. PROPOSAL APPLICATION FOR THE INTEGRATED BANKING CREDIT FACILITIES FOR YEAR 2024

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 2024. The final amount of the integrated banking credit facilities for year 2024 is subject to the total amount approved by each of the banks.

The term of the integrated banking credit facilities for year 2024 is one year commencing from the date of approval at the AGM. The Company is not required to provide collateral for the integrated banking credit facilities for year 2024. The interest rate of any similar credit limit within the integrated banking credit facilities for year 2024 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 2024 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 2024 integrated banking credit facilities and to at 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.

5. PROPOSED RE-APPOINTMENT OF AUDITOR FOR YEAR 2024

In view of the productive cooperation with SHINEWING, the Board proposes to re-appoint SHINEWING as the Company's auditor for the year 2024, subject to Shareholders' approval at the AGM.

6. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

References are made to the circular of the Company dated 9 January 2024 and the poll results announcement of the Company dated 25 January 2024 in relation to, amongst others, proposed amendments to the Articles of Association.

As the resolution on the proposed amendments to Articles of Association was not passed at the extraordinary general meeting held on 25 January 2024, such proposed amendments to Articles of Association did not take effect.

In view of amendments to laws and regulations including the Rules for Repurchase of Shares by Listed Companies* and the Administrative Measures for Independent Directors of Listed Companies* etc. made by the China Securities Regulatory Commission and the amendments to the Listing Rules made by the Stock Exchange, the Board proposes to re-propose a special resolution at the AGM for Shareholders to approve the amendments to the Articles of Association. Details of the proposed amendments are set out in Appendix I to this circular. As the proposed amendments to the Articles of Association are made in accordance with the requirements under laws and regulations, the Board considers that the Company is responsible for the proposed amendments, which is in the interest of the Company and its Shareholders as a whole.

The legal advisers to the Company as to Hong Kong laws have confirmed that the proposed amendments to the Articles of Association comply with the requirements of the Hong Kong Listing Rules and the legal advisers to the Company as to the PRC laws have confirmed that the proposed amendments to the Articles of Association are not inconsistent with the laws of the PRC. The Company confirms thatthatthatnot78cmsnot78cm8cmsnot78.nw(c8m8c(Articles

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.

In accordance with 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.

8. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024 (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 Thursday, 16 May 2024. 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.

9. 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.

10. 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 (1) uncovered loss reaching one-third of paid-up share capital; (2) Provision of Guarantee; (3) proposed application for the integrated banking credit facilities for year 2024; (4) proposed re-appointment of the auditor for year 2024; and (5) proposed amendments to 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 Co., Ltd.*
Yuan Rui
Chairman

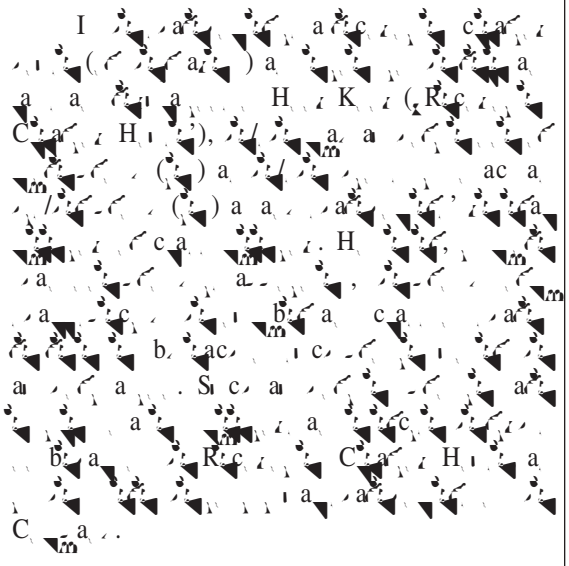
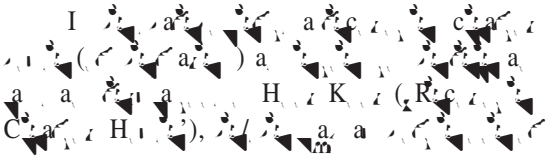
COMPARISON TABLE FOR AMENDMENTS TO

ARTICLES OF ASSOCIATION

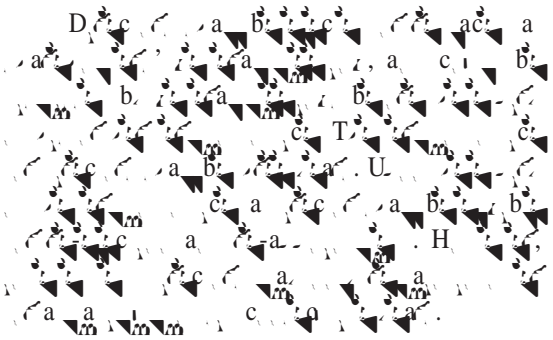
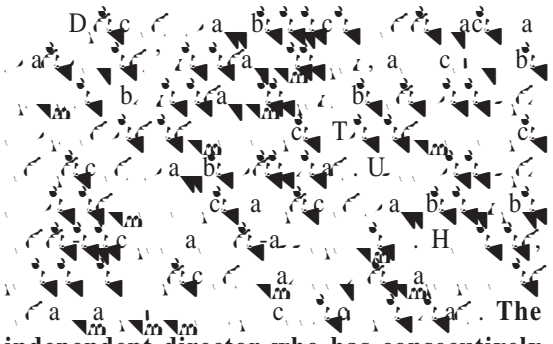
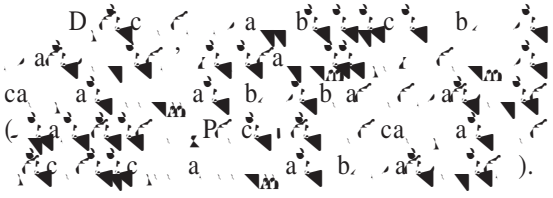
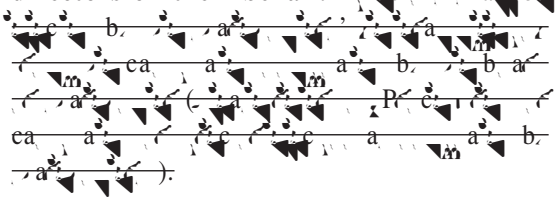
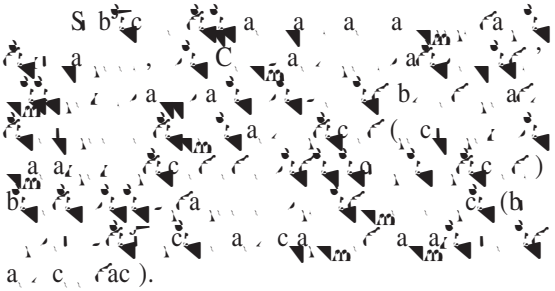
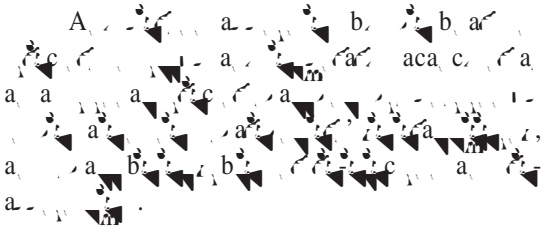
Before Amendment	After Amendment
Article 35 I [illegible] c c [illegible] a c [illegible], [illegible] C [illegible] a [illegible] a [illegible] c a [illegible] a [illegible] acc [illegible] a c [illegible] c [illegible] b [illegible] A c [illegible] A c a [illegible] A c a [illegible] a [illegible] a [illegible] a [illegible] b [illegible] b a [illegible] o [illegible] a [illegible] S a [illegible] C [illegible] c [illegible] (1) T [illegible] ca c [illegible] a [illegible] c [illegible] a [illegible] ca [illegible] a [illegible] (2) T [illegible] c [illegible] a [illegible] c [illegible] C [illegible] a [illegible] a [illegible]; (3) U [illegible] a [illegible] a [illegible] c [illegible] a [illegible] a [illegible] c [illegible]; (4) F [illegible] a [illegible] b [illegible] c [illegible] C [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible] C [illegible] a [illegible] c a [illegible] a [illegible]; (5) U [illegible] a [illegible] c [illegible] b [illegible] b [illegible] b [illegible] C [illegible] a [illegible] c [illegible] c [illegible]; (6) N [illegible] c [illegible] a [illegible] ac [illegible] b [illegible] C [illegible] a [illegible] c [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible]. (7) O [illegible] c c [illegible] a c [illegible] b [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible].	**Article 35** I [illegible] c c [illegible] a c [illegible], [illegible] C [illegible] a [illegible] a [illegible] c a [illegible] a [illegible] acc [illegible] a c [illegible] c [illegible] b [illegible] A c [illegible] A c a [illegible] A c a [illegible] a [illegible] a [illegible] a [illegible] b [illegible] b a [illegible] o [illegible] a [illegible] S a [illegible] C [illegible] c [illegible] (1) T [illegible] ca c [illegible] a [illegible] c [illegible] a [illegible] ca [illegible] a [illegible] (2) T [illegible] c [illegible] a [illegible] c [illegible] C [illegible] a [illegible] a [illegible]; (3) U [illegible] a [illegible] a [illegible] c [illegible] a [illegible] a [illegible] c [illegible]; (4) F [illegible] a [illegible] b [illegible] c [illegible] C [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible] C [illegible] a [illegible] c a [illegible] a [illegible]; (5) U [illegible] a [illegible] c [illegible] b [illegible] b [illegible] b [illegible] C [illegible] a [illegible] c [illegible] c [illegible]; (6) N [illegible] c [illegible] a [illegible] ac [illegible] b [illegible] C [illegible] a [illegible] c [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible]. (7) O [illegible] c c [illegible] a c [illegible] b [illegible] a [illegible] a [illegible] a [illegible] a [illegible] a [illegible].

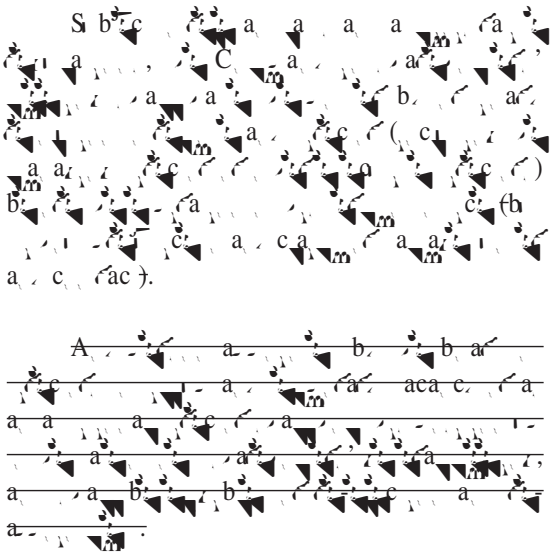
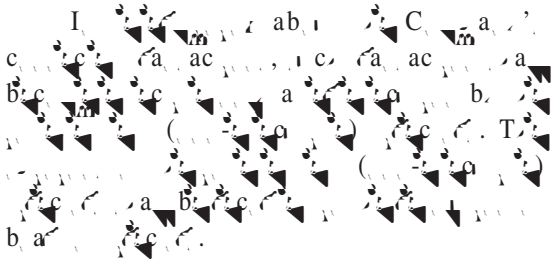
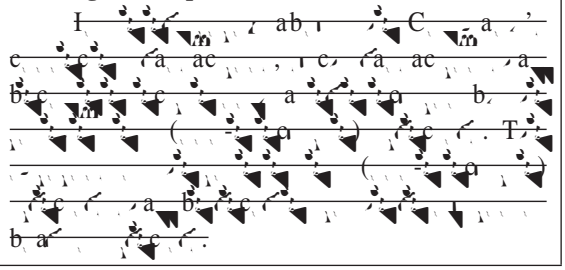
I a ab a , C a a c a a .	**The situation referred to in the previous paragraph (6) shall meet one of the following conditions:** **(I) The closing price of the Company's stock is lower than the net asset value per share for the recent period;** **(II) The closing price of the Company's stock has fallen by an aggregate of 20% within 20 consecutive trading days;** **(III) The closing price of the Company's stock is lower than 50% of the highest closing price of the stock in the recent year;** **(IV) Other conditions stipulated by CSRC.** I a ab a , C a a c a a . **If the Company reaches the conditions stipulated in paragraph 2 of this Article, the Board of Directors shall promptly find out whether there are significant events and other factors that may have a significant impact on the share price, proactively communicate and exchange with shareholders, especially small and medium-sized shareholders, through a variety of channels, and fully listen to shareholders' opinions and demands on whether or not the Company should implement share repurchase.**
Article 38 T C a a b a a a a a a a a c a a a c a (1) (3) A c 35.	**Article 38** T C a a b a a a a a a a a c a a a c a (1) (23) **he first kind** A c 35.

Article 46 T C a a a a a PRC acc a c a a a ac b a o c S a C c a a o a a , a a a a a a T a H a a b H K .	**Article 46** T C a a a a a PRC acc a c a a a ac b a o c S a C c a a o a a , a a a a a a **and the register of shareholders of overseas foreign shares can be inspected by shareholders.** T a H a a b H K , **and is available for inspection by shareholders.**
Article 57 A a a C a a : (I) T a b acc a c b a ; (II) T , ca ; a a a a a a b ;	**Article 57** A a a C a a : (I) T a b acc a c b a ; (II) T , ca a a **the right speak and** a a a a a b **(unless an individual shareholder is required to abstain from voting on a particular matter as required by the listing rules of the company's stock listing location.)** (III)
Article 70 S a a a b a a a a a a A a a a b c c a a a b a c acc a .	**Article 70** S a a a b a a a a a a A a a a b c c **accounting** a a a b a c acc a .

Article 91 	**Article 91** 

Article 114 T ca a c a a b a W c c a a aco a acc A c A c a a .	**Article 114** T ca a c a a b a **When electing more than two independent directors at the general meeting of shareholders of the company, it shall implement the cumulative voting system. When a single shareholder and its concerted actors hold an interest of 30% or more,** c m c c a a a aco a acc A c A c a a .
Article 136 I C a a c a a , a ca b a a b a b a c a a a a a a a 0.5 ( )0 4(a 29 0 -1.286 T 4(.)T 12.8( )	

Article 144 	**Article 144**  **The independent director who has consecutively served for at least 6 years shall not be nominated as a candidate for independent director of the company within 36 months from the date of this fact.**
	**The Board of Directors, Board of Supervisors or shareholders individually or jointly holding more than 3% of the company's shares shall be entitled to nominate candidates for non-independent directors. The Board of Directors, Board of Supervisors or shareholders individually or jointly holding more than 1% of the company's shares shall be entitled to nominate candidates for independent directors. An investor protection agency established by laws may publicly request shareholders to entrust it with the exercise of the right to nominate independent directors on their behalf.** ~~  ~~
	
	

	
Article 145 	**Article 145** **Related party transactions that should be disclosed shall be submitted to the Board of directors for deliberation after a special meeting of independent directors.** 

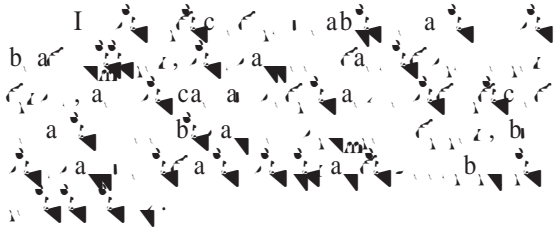
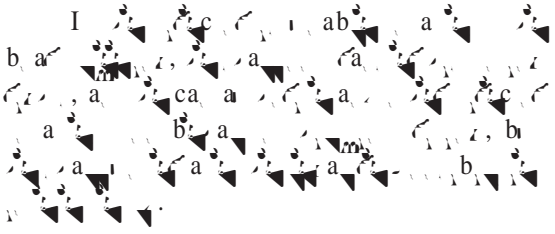
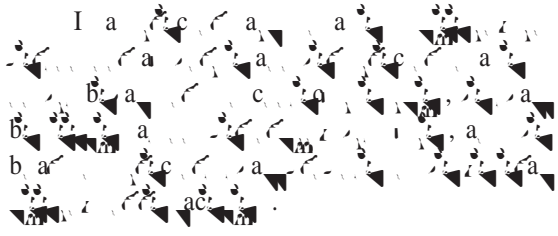
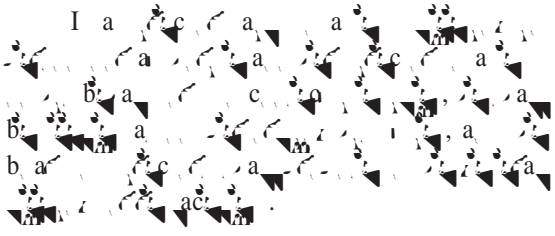
Article 151	**Article 151**
S c a c a b b a c . S c a c c A C N a C R a a E a a C a S a C a b b a c .	S c a c a b b a c . S c a c c A C N a C R a a E a a C a S a C a b b a c .
S c c a c a b acc ab B a a acc a c A c a a a b a c . T a a b a a b b a . S c c a c c c . T c ac A C N a C a R a a A C a a c c a c c a b a c . T c A C a b a acc a ,	S c c a c a b acc ab B a a acc a c A c a a a b a c . T a a b a a b b a . S c c a c c c . T c ac A C N a C a R a a A C a a c c a c c a b a c . T c A C a b a acc a , **and the members of the Audit Committee shall not be the directors of the senior managers of the Company.**
T B a b a c c a c , a a c c a c a .	T B a b a c c a c , a a c c a c a .

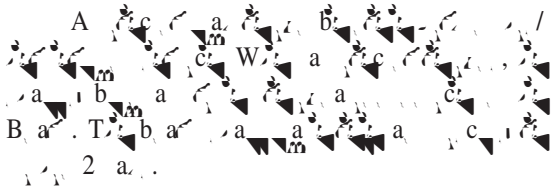
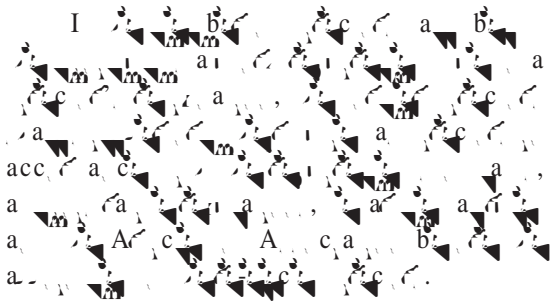
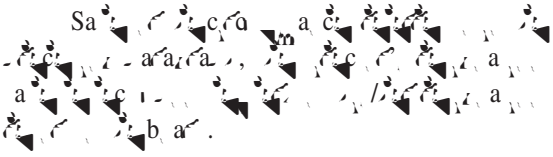
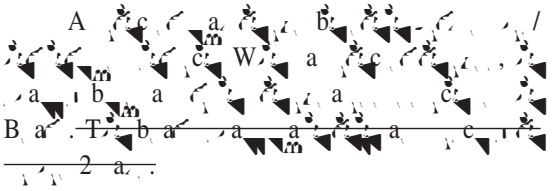
T c a c a b a a S a a b a c , a c a a a a a .	T c a c a b a a S a a b a c , a c a a a a a .
(I) Ma a c	(I) Ma a c
1. T c c C a ' acc c , a c a c a a c a c ;	~~1. T c c C a ' acc c , a c a c a a c a c ;~~
2. T c a acc c ca a a a a a c ;	~~2. T c a acc c ca a a a a a c ;~~
3. T c c a c c a a a c ;	~~3. T c c a c c a a a c ;~~
4. T a C a ' a c ;	~~4. T a C a ' a c ;~~
5. T c c a (c c , , a a , a a a a c a a c);	~~5. T c c a (c c , , a a , a a a a c a a c);~~
6. T c c c C a c a c a a a a b a ;	~~6. T c c c C a c a c a a a a b a ;~~
7. T c c a C a ' b a ;	~~7. T c c a C a ' b a ;~~
8. O c a a b b a c .	~~8. O c a a b b a c .~~

(II) Ma[illegible] a c[illegible] 1. T[illegible] a a[illegible] c[illegible] b a[illegible] c[illegible], c a[illegible] c[illegible], a[illegible] a[illegible] a[illegible] ca[illegible] a[illegible] c[illegible] b a[illegible] c[illegible]; 2. T[illegible] a[illegible] a a[illegible] a[illegible] c[illegible] c[illegible] c[illegible]; 3. T[illegible] a c[illegible] a[illegible] b[illegible] ca[illegible] a[illegible] c[illegible] a a[illegible], a[illegible] a[illegible] c ca[illegible] a[illegible] b a[illegible] c[illegible] a[illegible] a a[illegible]; 4. T[illegible] a[illegible] ca[illegible] a[illegible] c[illegible] a[illegible] b[illegible] a[illegible] c[illegible]. 5. T[illegible] ca[illegible] a[illegible] c[illegible] a[illegible] a[illegible]. (III) Ma[illegible] a[illegible] a[illegible] c[illegible] 1. T[illegible] b[illegible] b[illegible] a[illegible] a[illegible] a[illegible] a[illegible] a[illegible] a[illegible] a[illegible] c[illegible], [illegible] a[illegible] a a[illegible], a[illegible] c[illegible] a[illegible] a[illegible]; 2. T[illegible] b[illegible] b[illegible] a[illegible] a[illegible] c[illegible] c[illegible] a[illegible] c[illegible] a[illegible] a[illegible] c[illegible], [illegible] a[illegible] a a[illegible].	**1. Recommend the employment or replacement of the external audit institutions;** **2. Monitor and evaluate the work of external audit institutions and internal auditing work;** **3. Coordinate the communication of management level, internal audit department and the relevant departments with the external audit institution;** **4. Review the financial report of company and comment on it;** **5. Monitor and evaluate the company's internal controls, review the company's internal systems, and conduct audits of significant connected transactions;** **6. Other matters granted by the Board of Directors of the Company and other matters related to the relevant provisions of laws and regulations and the Shenzhen Stock Exchange.** **The following matters shall be submitted to the Board of Directors for deliberation after the approval of a majority of all members of the Audit Committee:** **1. To disclose the financial information and internal control evaluation reports in the financial accounting reports and periodic reports;** **2. To hire or dismiss the account firm that undertake the Company's auditing business;** **3. To hire or dismiss the Company's financial officers;** **4. To change the accounting policies and estimates due to reasons other than change in accounting standards or to correct the significant accounting mistakes;**

	5. Other matters stipulated in laws, administrative regulations, regulation of the CSRC, and the articles of association of the Company. (II) Ma a c 1. T a a c b a c , c a c , a a a ca a c b a c ; 2. T a a a a c c c ; 3. T a c a b ca a c a a , a a c ca a b a c a a ; 4. T a ca a c a b a c 5. T ca a c a a . **The Nomination Committee of the Board of Directors of a listed company is responsible for formulating the criteria and procedures for selection of directors and senior managers, selecting and reviewing the candidates for directors and senior managers and their qualifications, and making recommendations to the Board of Directors on the following matters:** **1. Nomination or appointment and removal of directors;** **2. Appointment or dismissal of senior managers;**

	3. Laws and regulations, relevant provisions of the Shenzhen Stock Exchange and other matters stipulated in the Articles of Association of the Company. **The Board of Directors shall record the opinions of the Nomination Committee and the specific reasons for no adoption in the board resolutions, and disclose them if it does not adopt or fully adopt the opinions of the Nomination Committee.** (III) Ma[illegible] a a a [illegible] c [illegible] ~~1. T[illegible] b[illegible] a [illegible] a [illegible] a a a a a a [illegible] c [illegible] a [illegible] a a [illegible] a [illegible] c a a [illegible];~~ ~~2. T[illegible] b[illegible] a a c c [illegible] a [illegible] c a a [illegible] c [illegible] a [illegible] a a [illegible].~~ **The Remuneration and Evaluation Committee of the Board of Directors of the listed company is responsible for formulating and evaluating the assessment standards of directors and senior managers, formulating and reviewing the remuneration policies and plans of directors and senior managers, and making recommendations to the Board of Directors on the following matters:** **1. The remuneration of directors and senior managers of the Company;** **2. Formulation or changes of stock incentive plans and employee stock ownership plans, and encouragement of objects to achieve the conditions for granting and exercising rights and interests;** **3. Arrangement of shareholding plans of directors and senior managers in subsidiaries to be split;**

	4. Other matters as stipulated by laws, administrative regulations, Provisions of the China Securities Regulatory Commission and Articles of Association. **The Board of Directors shall record the opinions of the Remuneration and Evaluation Committee and the specific reasons for no adoption in the board resolutions, and disclose them if it does not adopt or fully adopt the opinions of the Remuneration and Evaluation Committee.**
Article 158 	**Article 158**  **The independent directors shall attend the meetings of the Board of Directors in person. If an independent director cannot attend the meeting in person for certain reasons, he/she shall read the meeting materials in advance, form clear opinions and entrust other independent director to attend the meeting on his/her behalf in writing.**
Article 159 	**Article 159**  **If an independent director fails to attend the Board Meeting in person for two consecutive times and does not entrust other independent director to attend on his/her behalf, the Board of Directors shall propose to convene a Shareholders' Meeting to dismiss the independent director within thirty days after the occurrence of such facts.**

Article 160   	**Article 160**  **The director shall submit a written resignation report to the board of directors for resignation and independent director state all status that are related to the resignation and are necessary to draw attentions of company shareholders and creditors. The Company shall disclose the reasons for the resignation of the independent director and matters of concern.** **Before the expiration of the term of office of an independent director, the Company may remove him from office in accordance with legal procedures. In the event that an independent director is removed in advance, the Company shall timely disclose the specific reasons and basis. The Company shall timely disclose any objection of the independent director, if any.** **Independent directors who do not meet the qualifications or independence requirements for being a director of a listed company as stipulated in laws and regulations shall immediately cease to perform their duties and resign from their positions. If the independent director fails to resign from his/her post, the Board of Directors shall immediately remove him/her from/her his post according to the provisions when it becomes aware or shall become aware of the occurrence of such fact.**

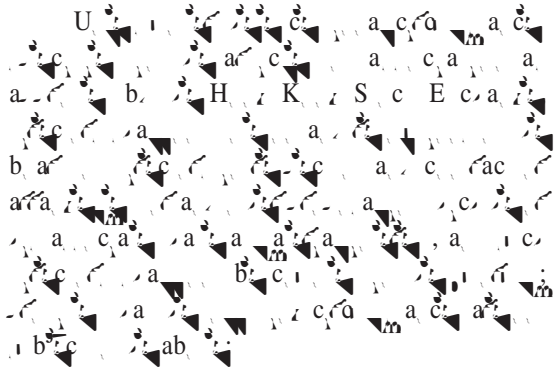
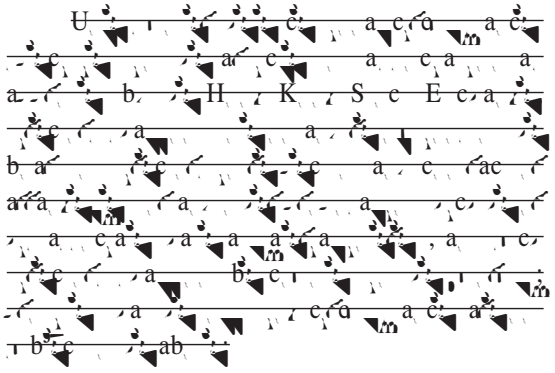
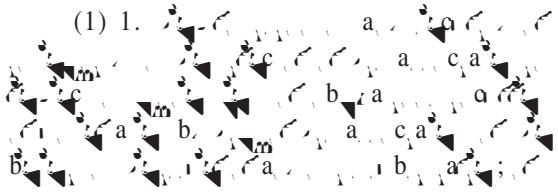
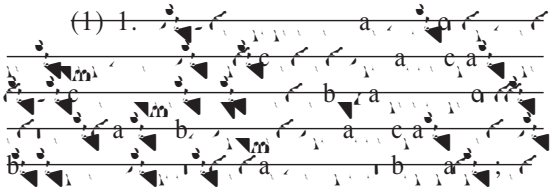
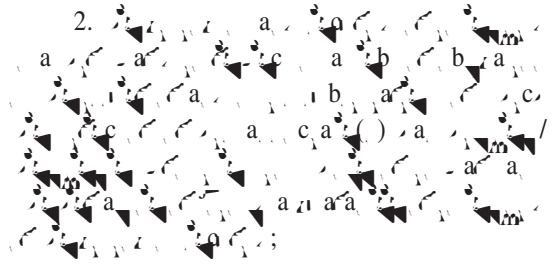
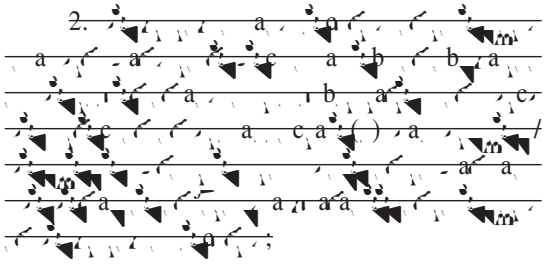
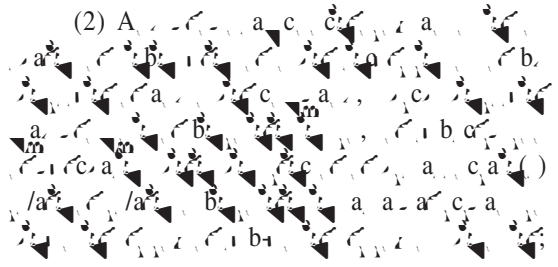
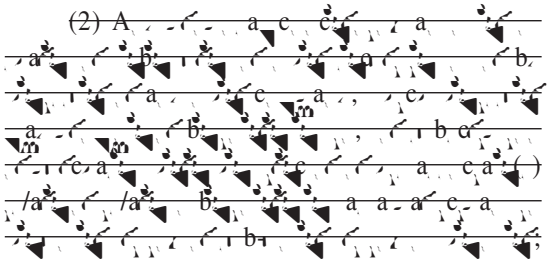
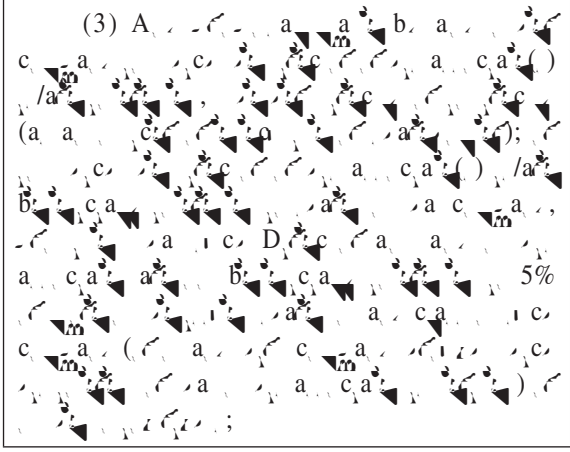
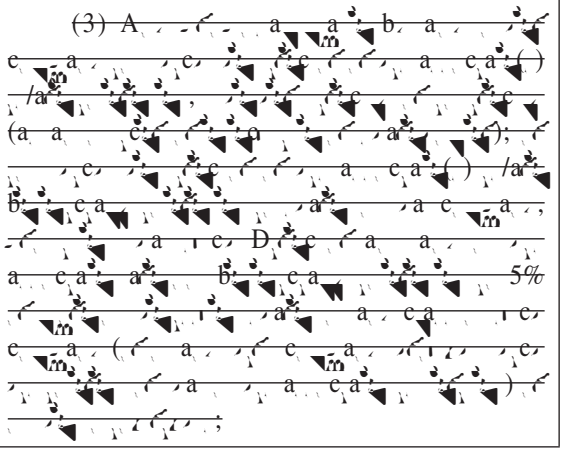
	If the independent director resigns or is removed from his post due to the circumstances specified in the preceding paragraph, resulting in the proportion of independent directors in the Board of Directors or its special committees inconsistent with the provisions of these laws and regulations or the Articles of Association, or the absence of accounting professionals among the independent directors, the company shall complete the by-election within sixty days from the occurrence of the aforesaid facts. I [illegible], **or in the event that the proportion of independent directors on the Board of Directors of the Company or its specialized committees does not comply with the laws and regulations or the provisions of the Articles of Association due to the resignation of an independent director, or in the event that there is no accounting professional among the independent directors,** [illegible] Sa [illegible]
Article 163 I [illegible]	**Article 163** I [illegible] **,the business rules of the CSRC and the stock exchanges and the relevant provisions of the Articles of Association, play the roles of participating in the decision-making, supervising, checking, balancing, and professional consulting in the Board of Directors, safeguard the overall interests of the listed company, and protect the lawful rights and interests of the small and medium-sized shareholders.**

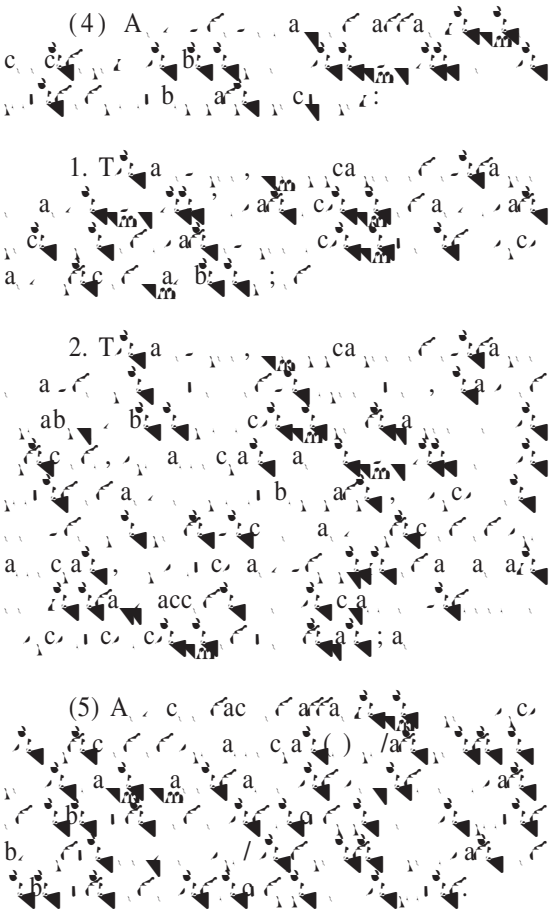
Article 165

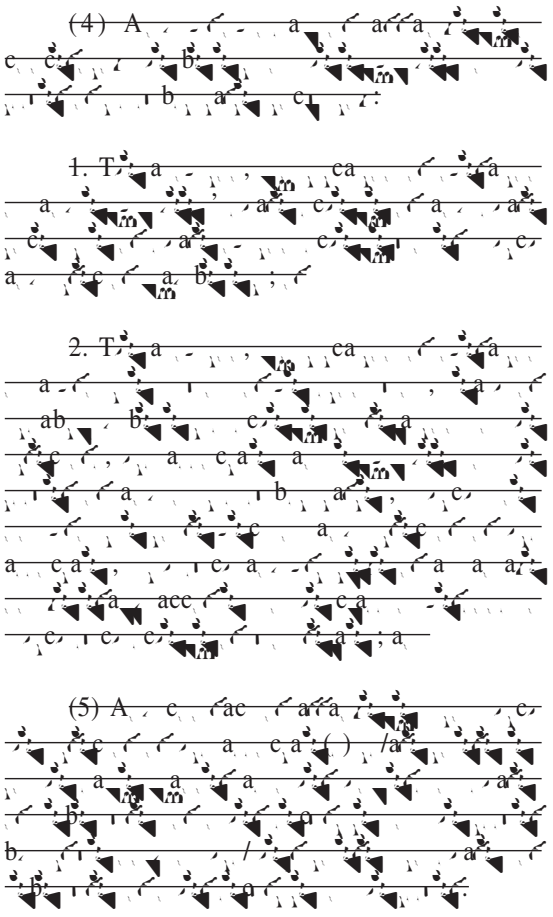
[illegible]

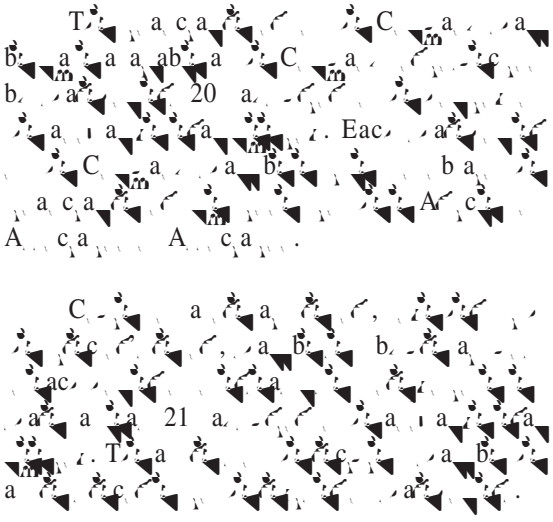
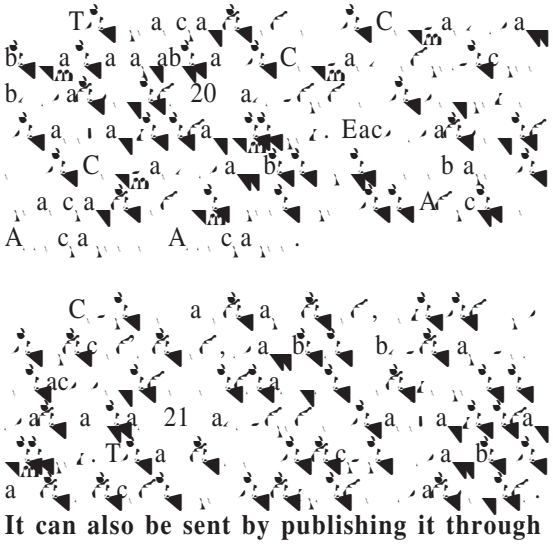
Article 165

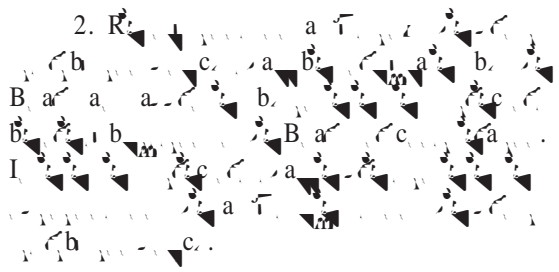
[illegible] **If an independent director votes against or abstains from voting on a proposal of the Board of Directors, he shall state the specific reasons and basis, the legal compliance of the matters involved in the proposal, possible risks, and the impact on the rights and interests of the listed company and minority shareholders. While disclosing the resolutions of the Board of Directors, the Company shall also disclose the dissenting opinions of the independent directors, and set them out in the resolutions of the Board of Directors and the meeting minutes.** [illegible]

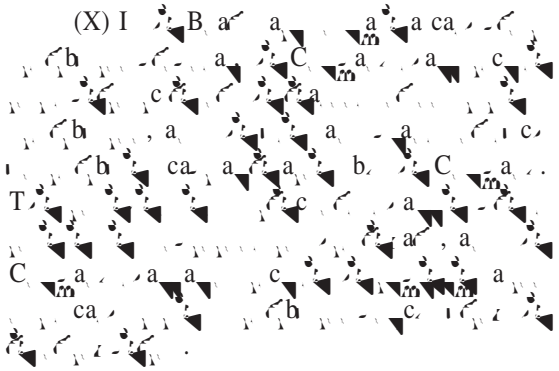
Article 201	Article 201
	
	
	
	
	





Article 215	**Article 215**
	
	It can also be sent by publishing it through the website of Company and HKEX while following the relevant procedures of the laws and regulations of the overseas listing location.





	(IV) S c c c ;**and** a a ca
	(V) P ca : T aco a b a ca b C a a a a b a 30% a a a a b ab a a a .
	The Board of Directors shall comprehensively consider the characteristics of the industry, the stage of development, the business model, the level of profitability, the ability to repay debts, and whether there is a major capital expenditure arrangement, investor returns, etc., distinguish the following situations, and propose a differentiated cash dividend policy in accordance with the procedures stipulated in the articles of association of the company:
	S b c C a a a ca ca a a a a c a ca b a a **item (3) of the preceding paragraph** .
	(VII) S a b c a b
	T c a b a C a a C a c a a b a

	(VIII) A 2. R (X) I **and the next step taken to increase the level of investors' returns.**
Article 230	**Article 230** **or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders,**



9. To consider and, if thought fit, approve the proposal for the purchase liability insurance for the Company and its directors, supervisors and senior management.

10. 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 2024 and to authorize the board of directors of the Company to fix their remuneration.

SPECIAL RESOLUTIONS

11. To consider and approve the resolution on the amendments to the Articles of Association.

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
28 March 2024

Notes:

(A) The register of members of the Company for H Shares will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024, 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 Thursday, 16 May 2024.

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