

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibilities for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)*

**INSIDE INFORMATION
AND
ANNOUNCEMENT MADE PURSUANT TO RULE 13.51B(2)
OF THE LISTING RULES**

This announcement is made by Shandong Molong Petroleum Machinery Company Limited* (“**Company**”) pursuant to (i) Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (ii) Rule 13.51B(2) of the Listing Rules.

The Company has recently received an administrative and supervisory measures decision entitled “Decision relating to the Adoption of the Directed Correctional Measures to Shandong Molong Petroleum Machinery Company Limited ([2020] No. 70)” (the “**Decision**”) issued by the China Securities Regulatory Commission (Shandong Supervising Commission) (“**CSRC**”). Mr. Liu Yun Long, a senior management of the Company, Mr. Liu Min, an executive director of the Company, and Mr. Zhang En Rong, the original controlling shareholder of the Company have received the “Decision on the Adoption of the Measure of Issuance of Warning Letter against Liu Yun Long and Liu Min ([2020] No. 71)” and “Decision on the Adoption of the Measure of Issuance of Warning Letter against Zhang En Rong ([2020] No. 72)” issued by the China Securities Regulatory Commission (Shandong Supervising Commission) (the “**Warning Letters**”). Details of the Decision and Warning Letters are set out as follows:

“Shandong Molong Petroleum Machinery Company Limited: On 19 January 2020, the original controlling shareholder and actual controller of your Company, Zhang En Rong, entered into an agreement with a natural person, pursuant to which it was agreed that Zhang En Rong was to purportedly transfer the control of Shandong Molong Petroleum Machinery Company Limited to such natural person (or his designated nominee), and the actual shares to be transferred were 198,617,000 shares (representing 24.89% of the total issued share capital), which was proposed to be transferred at a price per share agreed by the parties. In relation to the above, your Company has not made disclosures in a timely manner.

On 24 March 2020, 24 April 2020 and 30 April 2020, your Company has issued 3 unusual movement in stock price announcements, stating that the Company, the controlling shareholder and the actual controller had no undisclosed discloseable matters relating to the Company. The above-mentioned behaviour of your Company was in contravention of provisions 2 and 30 of the “Administrative Measures on Information Disclosure by Listed Companies”. According to provision 59 of the “Administrative Measures on Information Disclosure by Listed Companies”, it is decided that correctional supervisory measures are to be directed and applied to your Company, and such matters will form a record in the securities market integrity documentary. Your Company should carry out corrections in respect of the above-mentioned issues within 2 trading days from the receipt of these measures, stay alert, strictly abide by relevant laws, regulations and relevant provisions promulgated by the CSRC, effectively carry out information disclosures and avoid the recurrence of illegal and illegitimate behaviour.

Should you feel aggrieved in relation to these supervisory management measures, you may lodge an administrative review application with the management committee of the CSRC within 60 days from the receipt of this decision, or you may initiate legal proceedings at a people’s court having jurisdiction within 6 months from the receipt of this decision. The above-mentioned supervisory management measures shall not be suspended during the duration of review or legal proceedings.”

“Liu Yun Long and Liu Min: On 19 January 2020, the original controlling shareholder and actual controller of the Company, Zhang En Rong, entered into an agreement with a natural person, pursuant to which it was agreed that Zhang En Rong was to purportedly transfer the control of Shandong Molong Petroleum Machinery Company Limited to such natural person (or his designated nominee), and the actual shares to be transferred were 198,617,000 shares (representing 24.89% of the total issued share capital), which was proposed to be transferred at a price per share agreed by the parties. In relation to the above, your Company has not made disclosures in a timely manner. The then chairman and general manager of the Company, Liu Yun Long, was present when the agreement was signed, and knew the above-mentioned contents of the agreement.

On 24 March 2020, 24 April 2020 and 30 April 2020, the Company has issued 3 unusual movement in stock price announcements, stating that the Company, the controlling shareholder and the actual controller had no undisclosed discloseable matters relating to the Company. The then secretary of the board, Liu Min, has not directly enquired with Zhang En Rong in respect of whether there was any undisclosed discloseable matters.

Liu Yun Long, being the then chairman and general manager of the Company, has not informed the Company and request the Company to disclose such information, despite having knowledge of a material event; Liu Min, being the then secretary to the board, has not diligently cause the Company to disclose information in accordance with the law against the situation of unusual movements in the stock price of the Company. You have contravened provisions 3 and 38 of the “Administrative Measures on Information Disclosure by Listed Companies”. According to provisions 58 and 59 of the “Administrative Measures on Information Disclosure by Listed Companies”, it is decided that the supervisory measures of issuing the Warning Letters are to be applied to you, and such matters will form a record in the securities market integrity

documentary. You should stay alert, strictly abide by relevant laws, regulations and relevant provisions promulgated by the CSRC, be diligent and responsible and avoid the recurrence of illegal and illegitimate behaviour.

Should you feel aggrieved in relation to these supervisory management measures, you may lodge an administrative review application with the management committee of the CSRC within 60 days from the receipt of this decision, or you may initiate legal proceedings at a people's court having jurisdiction within 6 months from the receipt of this decision. The above-mentioned supervisory management measures shall not be suspended during the duration of review or legal proceedings.”

“Zhang En Rong: On 19 January 2020, you entered into an agreement with a natural person, pursuant to which it was agreed that you were to purportedly transfer the control of Shandong Molong Petroleum Machinery Company Limited to such natural person (or his designated nominee), and the actual shares to be transferred were 198,617,000 shares (representing 24.89% of the total issued share capital), which was proposed to be transferred at a price per share agreed by the parties. In relation to the above, you have not proactively informed the board of directors of the Company, and the Company has not made a timely disclosure.

You, being the original controlling shareholder and actual controller of the Company, were in contravention of provision 46 of the “Administrative Measures on Information Disclosure by Listed Companies”. According to provision 59 of the “Administrative Measures on Information Disclosure by Listed Companies”, it is decided that the supervisory measures of issuing the Warning Letters are to be applied to you, and such matters will form a record in the securities market integrity documentary.

Should you feel aggrieved in relation to these supervisory management measures, you may lodge an administrative review application with the management committee of the CSRC within 60 days from the receipt of this decision, or you may initiate legal proceedings at a people's court having jurisdiction within 6 months from the receipt of this decision. The above-mentioned supervisory management measures shall not be suspended during the duration of review or legal proceedings.”

The Company is and understands that the relevant persons involved are highly concerned about the issues stated in the Decision, the Company has adopted effective measures and made corrections as per the requirement of the CSRC, organised and urged relevant shareholders and all directors, supervisors, senior management to stay alert, further enhance the learning process in respect of the relevant laws and regulations including the Securities Law, the “Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Listed Companies”, “Administrative Measures on Information Disclosure by Listed Companies”, standardized documents and internal management system of the Company, enhance information disclosure management, further standardized operational mindsets, so as to avoid the recurrence of incidents of this sort.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Shandong Molong Petroleum Machinery Company Limited
Yang Yunlong
Chairman

Shandong, PRC
7 December 2020

As at the date of this announcement, the Board comprises the executive Directors, namely Mr. Yang Yun Long, Mr. Yuan Rui, Mr. Liu Min 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.

* For identification purposes only