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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) UNCOVERED LOSS REACHING ONE-THIRD OF
PAID-UP SHARE CAPITAL
- (2) PROVISION OF GUARANTEE BY SUBSIDIARY FOR THE BENEFIT
OF PARENT COMPANY
- (3) PROPOSED APPLICATION FOR THE INTEGRATED BANKING
CREDIT FACILITIES FOR YEAR 2024
- (4) PROPOSED RE-APPOINTMENT OF AUDITOR FOR YEAR 2024
- (5) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
- (6) NOTICE OF AGM

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 9 of this circular.

The notice of the annual general meeting of the Company (the "AGM") to be convened and held on Wednesday, 22 May 2024 at 2:00 p.m. at the conference room on 9th floor of Building 19, Enterprise Headquarters Group, Shengcheng Street, Shouguang City, Shandong Province, the People's Republic of China is set out on pages AGM-1 to AGM-3 of this Circular.

Shareholders who are entitled to attend and vote at the AGM can appoint one or more proxies to attend and vote on their behalf. A proxy need not be a member of the Company. Whether or not you are able to attend the AGM, 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 AGM or any adjournment thereof (as the case may be). In order to be valid, the proxy form for the AGM 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. 999 Wensheng Street, Shouguang City, Shandong Province, the People's Republic of China for taking the poll. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM should you so wish.

* For identification purposes only

28 March 2024

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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.
“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

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“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

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

Sheung Wan

Hong Kong

Independent Non-Executive Directors:

Mr. Tang Qing Bin

Mr. Song Zhi Wang

Mr. Cai Zhong Jie

Shandong, the PRC, 28 March 2024

To the Shareholders

Dear Sir/Madam,

- (1) UNCOVERED LOSS REACHING ONE-THIRD OF
PAID-UP SHARE CAPITAL**
- (2) PROVISION OF GUARANTEE BY SUBSIDIARY FOR THE BENEFIT
OF PARENT COMPANY**
- (3) PROPOSED APPLICATION FOR THE INTEGRATED BANKING
CREDIT FACILITIES FOR YEAR 2024**
- (4) PROPOSED RE-APPOINTMENT OF AUDITOR FOR YEAR 2024**
- (5) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
AND**
- (6) NOTICE OF AGM**

1. INTRODUCTION

The purpose of this circular is to give you notice of the AGM and to provide you with information regarding the ordinary resolutions to be proposed at the AGM, including, among others, ordinary resolutions on 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

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(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;

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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.

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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.

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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 that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed in Hong Kong.

The proposed amendments to the Articles of Association is subject to Shareholders' approval at a general meeting of the Company. A special resolution will be proposed at the AGM for Shareholders to consider and, if thought fit, approve the proposed amendments to the Articles of Association.

7. AGM

The notice on the AGM is set out on pages AGM-1 to AGM-3 of this circular. The Company will hold the AGM on Wednesday, 22 May 2024 for the purpose of seeking Shareholders' approval for the relevant resolutions, 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.

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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.

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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
<p>Article 35</p> <p>In the following circumstances, the Company may repurchase its issued shares in accordance with the procedures provided by these Articles of Association of Association after approval has been obtained from the securities supervisory authorities of the State Council:</p> <p>(1) To cancel shares for reducing its registered share capital;</p> <p>(2) To merge with other companies which hold the Company’s shares;</p> <p>(3) Using the shares for employee shareholding schemes or as share incentives;</p> <p>(4) For shareholders who object to the merger or division of the Company as approved in the general meeting of shareholders and request the Company to repurchase their shares;</p> <p>(5) Using the shares for convertible bonds issued by the Company to convert them to stocks;</p> <p>(6) Necessary acts by the Company to protect its value while safeguarding the interests of shareholders.</p> <p>(7) Other circumstances permitted by laws and administrative regulations.</p>	<p>Article 35</p> <p>In the following circumstances, the Company may repurchase its issued shares in accordance with the procedures provided by these Articles of Association of Association after approval has been obtained from the securities supervisory authorities of the State Council:</p> <p>(1) To cancel shares for reducing its registered share capital;</p> <p>(2) To merge with other companies which hold the Company’s shares;</p> <p>(3) Using the shares for employee shareholding schemes or as share incentives;</p> <p>(4) For shareholders who object to the merger or division of the Company as approved in the general meeting of shareholders and request the Company to repurchase their shares;</p> <p>(5) Using the shares for convertible bonds issued by the Company to convert them to stocks;</p> <p>(6) Necessary acts by the Company to protect its value while safeguarding the interests of shareholders.</p> <p>(7) Other circumstances permitted by laws and administrative regulations.</p>

<p>In addition to the above situations, the Company shall not purchase its own shares.</p>	<p>The situation referred to in the previous paragraph (6) shall meet one of the following conditions:</p> <p>(I) The closing price of the Company’s stock is lower than the net asset value per share for the recent period;</p> <p>(II) The closing price of the Company’s stock has fallen by an aggregate of 20% within 20 consecutive trading days;</p> <p>(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;</p> <p>(IV) Other conditions stipulated by CSRC.</p> <p>In addition to the above situations, the Company shall not purchase its own shares.</p> <p>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.</p>
<p>Article 38</p> <p>The Company shall obtain the approval in a general meeting of shareholders for repurchase of its shares for the purposes set out in clauses (1) to (3) of Article 35.</p> <p>.....</p>	<p>Article 38</p> <p>The Company shall obtain the approval in a general meeting of shareholders for repurchase of its shares for the purposes set out in clauses (1) to (23) of the first kind Article 35.</p> <p>.....</p>

<p>Article 46</p> <p>The Company may keep the register of shareholders of overseas listed foreign invested shares outside the PRC in accordance with the understanding and agreements reached between the supervisory authorities of the securities committee of the State Council and overseas securities regulatory authorities, and appoint an overseas agent to administer the same. The original of the register of H shareholders shall be kept in Hong Kong.</p> <p>.....</p>	<p>Article 46</p> <p>The Company may keep the register of shareholders of overseas listed foreign invested shares outside the PRC in accordance with the understanding and agreements reached between the supervisory authorities of the securities committee of the State Council and overseas securities regulatory authorities, and appoint an overseas agent to administer the same, and the register of shareholders of overseas foreign shares can be inspected by shareholders. The original of the register of H shareholders shall be kept in Hong Kong, and is available for inspection by shareholders.</p> <p>.....</p>
<p>Article 57</p> <p>A holder of ordinary shares of the Company shall enjoy the following rights:</p> <p>(I) To receive dividends and other forms of profit distribution in accordance with the number of shares he holds;</p> <p>(II) To request, to call, to preside over, to attend and to vote at shareholders' general meetings personally or by proxy;</p> <p>.....</p>	<p>Article 57</p> <p>A holder of ordinary shares of the Company shall enjoy the following rights:</p> <p>(I) To receive dividends and other forms of profit distribution in accordance with the number of shares he holds;</p> <p>(II) To request, to call, to preside over, to attend and to the right speak and vote at shareholders' general meetings personally or by proxy (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.);</p> <p>(III)</p> <p>.....</p>
<p>Article 70</p> <p>Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once every year and shall be held within six months after the end of the preceding accounting year.</p>	<p>Article 70</p> <p>Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once every accounting year and shall be held within six months after the end of the preceding accounting year.</p>

<p>Article 91</p> <p>If the shareholder is a recognized clearing house (or their agent) as defined in the relevant laws and regulations of Hong Kong (“Recognized Clearing House”), he/she may authorize one or more proxy (ies) as he/she thinks fit to act as his/her proxy (ies) at any shareholders’ general meeting or class meeting. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies are entitled to attend meetings and exercise the rights on behalf of the Recognized Clearing House, as if they were the individual shareholders of the Company.</p>	<p>Article 91</p> <p>If the shareholder is a recognized clearing house (or their agent) as defined in the relevant laws and regulations of Hong Kong (“Recognized Clearing House”), he/she may authorize one or more proxy (ies) as he/she thinks fit to act as his/her proxy (ies) at any shareholders’ general meeting or class meeting. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies are entitled to attend meetings and exercise the rights on behalf of the Recognized Clearing House, (Including the right of speak and vote), as if they were the individual shareholders of the Company.</p>
<p>Article 93</p> <p>Where the principal is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company’s general meetings as the representative of such legal person.</p>	<p>Article 93</p> <p>Where the principal is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company’s general meetings as the representative of such legal person and vote on the meeting. A legal person may execute a power of attorney by its duly authorized personnel.</p>
<p>Article 105</p> <p>Resolutions of shareholders’ general meetings shall be divided into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution of a shareholders’ general meeting shall be passed by more than one half of the votes cast by the shareholders present in person or by proxy at the shareholders’ general meeting.</p> <p>.....</p>	<p>Article 105</p> <p>Resolutions of shareholders’ general meetings shall be divided into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution of a shareholders’ general meeting shall be passed by more than one half of the votes cast by the shareholders present in person or by proxy at the shareholders’ general meeting.</p> <p>.....</p>

<p>Article 114</p> <p>The list of candidates for director and supervisor shall be proposed to the general meeting for voting.</p> <p>When voting on the election of two or more directors or supervisors, the general meeting may implement accumulative voting system according to the provisions of these Articles of Association or resolution of the general meeting.</p> <p>.....</p>	<p>Article 114</p> <p>The list of candidates for director and supervisor shall be proposed to the general meeting for voting.</p> <p>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, when voting on the election of two or more directors or supervisors, the general meeting may implement accumulative voting system according to the provisions of these Articles of Association or resolution of the general meeting.</p> <p>.....</p>
<p>Article 136</p> <p>If the Company proposes to vary or revoke the rights of the class shareholders, the same can only be implemented after it has been passed by a special resolution at a shareholders’ general meeting and also by the class shareholders so affected at the shareholders’ meetings respectively convened in accordance with Articles 137 to 141 of these Articles of Association of Association.</p>	<p>Article 136</p> <p>If the Company proposes to vary or revoke the rights of the class shareholders, the same can only be implemented after it has been passed by a special resolution at a shareholders’ general meeting and also by the class shareholders so affected at the shareholders’ meetings by a special resolution respectively convened in accordance with Articles 137 to 141 of these Articles of Association of Association.</p>
<p>Article 143</p> <p>.....</p> <p>The board of directors shall have at least half of external directors (which refers hereinafter to directors not working in the Company), and independent directors shall comprise at least one-third of all directors (which refers hereinafter to directors independent of the Company’s shareholders and not working in the Company). At least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.</p>	<p>Article 143</p> <p>.....</p> <p>The board of directors shall have at least half of external directors (which refers hereinafter to directors not working in the Company), and independent directors shall comprise at least one-third of all directors (which refers hereinafter to directors independent of the Company’s shareholders and not working in the Company). At least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.</p>

<p>Article 144</p> <p>Directors shall be elected or replaced at shareholders’ general meeting, and could be dismissed by general meetings before the expiry of his or her term of office. The term of office for directors shall be three years. Upon the expiry of the term of office, a director shall be eligible for re-election and re-appointment. However, independent directors may only remain in offer for a maximum of six consecutive years.</p> <p>.....</p> <p>Directors shall be elected by the shareholders’ general meeting from the candidates nominated by the board or shareholder (please refer to “Procedures for candidates for director election as nominated by shareholders”).</p> <p>.....</p> <p>Subject to relevant laws and administrative regulations, the Company in shareholders’ meeting shall have the power by ordinary resolution to remove any director (including the managing director or other executive directors) before the expiration of his term of office (but without prejudice to any claim for damages under any contract).</p> <p>Any person appointed by the board of directors to fill up any temporary vacancy or as an additional director shall hold his position up to the date of next shareholders’ general meeting, and shall be eligible for re-election and re-appointment.</p> <p>.....</p>	<p>Article 144</p> <p>Directors shall be elected or replaced at shareholders’ general meeting, and could be dismissed by general meetings before the expiry of his or her term of office. The term of office for directors shall be three years. Upon the expiry of the term of office, a director shall be eligible for re-election and re-appointment. However, independent directors may only remain in offer for a maximum of six consecutive years. 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.</p> <p>.....</p> <p>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. Directors shall be elected by the shareholders’ general meeting from the candidates nominated by the board or shareholder (please refer to “Procedures for candidates for director election as nominated by shareholders”).</p> <p>.....</p>
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	<p>Subject to relevant laws and administrative regulations, the Company in shareholders' meeting shall have the power by ordinary resolution to remove any director (including the managing director or other executive directors) before the expiration of his term of office (but without prejudice to any claim for damages under any contract).</p> <p>Any person appointed by the board of directors to fill up any temporary vacancy or as an additional director shall hold his position up to the date of next shareholders' general meeting, and shall be eligible for re-election and re-appointment.</p> <p>.....</p>
<p>Article 145</p> <p>In determining about the Company's connected transactions, such transaction shall become effective only after execution by the independent (non-executive) directors. The opinions of the independent (non-executive) directors shall be recorded in the resolution of board of directors.</p>	<p>Article 145</p> <p>Related party transactions that should be disclosed shall be submitted to the Board of directors for deliberation after a special meeting of independent directors.</p> <p>In determining about the Company's connected transactions, such transaction shall become effective only after execution by the independent (non-executive) directors. The opinions of the independent (non-executive) directors shall be recorded in the resolution of board of directors.</p>

<p>Article 151</p> <p>Special committees shall be set for the board of directors. Special committees, including the Audit Committee, the Nomination Committee, the Remuneration and Evaluation Committee and the Strategy Committee, shall be set for the board of directors.</p> <p>Such special committees shall be accountable to the Board and perform duties in accordance with the Articles and the authorization of the board of directors. The proposal shall be proposed and reviewed by the board. Such special committees comprise only directors. The independent directors in each of the Audit Committee, Nomination Committee and Remuneration and Assessment Committee shall form the majority in such committees and the convener of such committees shall be an independent director. The convener of the Audit Committee shall be an accounting professional.</p> <p>The Board is responsible for making the work rules of such special committees, and the regulation of such special committees' operations.</p>	<p>Article 151</p> <p>Special committees shall be set for the board of directors. Special committees, including the Audit Committee, the Nomination Committee, the Remuneration and Evaluation Committee and the Strategy Committee, shall be set for the board of directors.</p> <p>Such special committees shall be accountable to the Board and perform duties in accordance with the Articles and the authorization of the board of directors. The proposal shall be proposed and reviewed by the board. Such special committees comprise only directors. The independent directors in each of the Audit Committee, Nomination Committee and Remuneration and Assessment Committee shall form the majority in such committees and the convener of such committees shall be an independent director. The convener of the Audit Committee shall be an accounting professional-, and the members of the Audit Committee shall not be the directors of the senior managers of the Company.</p> <p>The Board is responsible for making the work rules of such special committees, and the regulation of such special committees' operations.</p>
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<p>The duties of these special committees shall be determined as per the relevant State provisions and resolutions of the board of directors, and exercised after the approval of shareholders' general meeting resolutions.</p> <p>(I) Main duties of audit committee</p> <ol style="list-style-type: none"> 1. To check the Company's accounting policies, financial conditions and financial report procedures; 2. To recommend any accounting firm to communicate with external auditing organizations and over auditing procedures; 3. To check the internal control structure and internal audit functions; 4. To examine the Company's internal control; 5. To check or supervise the existing or potential risks (including the risks of logistics, funding, guarantees, investments, default of senior managerial officers and safety of computer system); 6. To check the conditions of Company in compliance with the laws and other legal obligations; 7. To check and supervise the Company's rules of behaviors; 8. Other functions as designated by the board of directors. 	<p>The duties of these special committees shall be determined as per the relevant State provisions and resolutions of the board of directors, and exercised after the approval of shareholders' general meeting resolutions.</p> <p>(I) Main duties of audit committee</p> <ol style="list-style-type: none"> 1. To check the Company's accounting policies, financial conditions and financial report procedures; 2. To recommend any accounting firm to communicate with external auditing organizations and over auditing procedures; 3. To check the internal control structure and internal audit functions; 4. To examine the Company's internal control; 5. To check or supervise the existing or potential risks (including the risks of logistics, funding, guarantees, investments, default of senior managerial officers and safety of computer system); 6. To check the conditions of Company in compliance with the laws and other legal obligations; 7. To check and supervise the Company's rules of behaviors; 8. Other functions as designated by the board of directors.
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<p>(II) Main duties of the nomination committee</p> <ol style="list-style-type: none"> 1. To analyze the structure of the board of directors, clearly define the requirements on directors, and make proposal on the scale and structure of the board of directors; 2. To formulate the standards and procedures for directors' election; 3. To search for any eligible candidates of directors or senior managers extensively, and nominate such candidates for the board of directors and senior management; 4. To examine the candidates for directors nominated by the shareholders or supervisory committee; 5. To determine the candidates for directors for voting of shareholders' general meeting. <p>(III) Main duties of the remuneration and assessment committee</p> <ol style="list-style-type: none"> 1. To be responsible for formulating the examining and appraisal standards of directors, supervisors and senior management, and perform such examination; 2. To be responsible for formulating and checking the remuneration policies and plans of directors, supervisors and senior management. 	<ol style="list-style-type: none"> 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. <p>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:</p> <ol style="list-style-type: none"> 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;
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	<p>5. Other matters stipulated in laws, administrative regulations, regulation of the CSRC, and the articles of association of the Company.</p> <p>(II) Main duties of the nomination committee</p> <p>1. To analyze the structure of the board of directors, clearly define the requirements on directors, and make proposal on the scale and structure of the board of directors;</p> <p>2. To formulate the standards and procedures for directors' election;</p> <p>3. To search for any eligible candidates of directors or senior managers extensively, and nominate such candidates for the board of directors and senior management;</p> <p>4. To examine the candidates for directors nominated by the shareholders or supervisory committee;</p> <p>5. To determine the candidates for directors for voting of shareholders' general meeting.</p> <p>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:</p> <p>1. Nomination or appointment and removal of directors;</p> <p>2. Appointment or dismissal of senior managers;</p>
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	<p>3. Laws and regulations, relevant provisions of the Shenzhen Stock Exchange and other matters stipulated in the Articles of Association of the Company.</p> <p>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.</p> <p>(III) Main duties of the remuneration and assessment committee</p> <p>1. To be responsible for formulating the examining and appraisal standards of directors, supervisors and senior management, and perform such examination;</p> <p>2. To be responsible for formulating and checking the remuneration policies and plans of directors, supervisors and senior management.</p> <p>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:</p> <p>1. The remuneration of directors and senior managers of the Company;</p> <p>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;</p> <p>3. Arrangement of shareholding plans of directors and senior managers in subsidiaries to be split;</p>
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	<p>4. Other matters as stipulated by laws, administrative regulations, Provisions of the China Securities Regulatory Commission and Articles of Association.</p> <p>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.</p>
<p>Article 158</p> <p>If the director is unable to attend the board meeting, he shall not transfer his voting rights, and he can authorize any other director to attend on behalf of him in writing, but he shall undertake the legal responsibilities independently.</p> <p>.....</p>	<p>Article 158</p> <p>If the director is unable to attend the board meeting, he shall not transfer his voting rights, and he can authorize any other director to attend on behalf of him in writing, but he shall undertake the legal responsibilities independently.</p> <p>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.</p> <p>.....</p>
<p>Article 159</p> <p>If a director fails to attend meeting in person nor authorize another director to attend on his behalf for two consecutive times, he shall be deemed as not performing his duties, and the board of directors shall propose to the general meeting for replacement.</p>	<p>Article 159</p> <p>If a director fails to attend meeting in person nor authorize another director to attend on his behalf for two consecutive times, he shall be deemed as not performing his duties, and the board of directors shall propose to the general meeting for replacement.</p> <p>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.</p>

<p>Article 160</p> <p>A director may resign before expiry of his/her term of service. When a director resigns, he shall submit a written resignation notice to the Board. The board shall make relevant disclosure within 2 days.</p> <p>If the member of directors falls below the minimum statutory requirement due to a director’s resignation, the former directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the appointment of the re-elected directors.</p> <p>Save for the circumstances referred to in the preceding paragraph, the director’s resignation takes effect upon delivery of his/her resignation report to the board.</p>	<p>Article 160</p> <p>A director may resign before expiry of his/her term of service. When a director resigns, he shall submit a written resignation notice to the Board. The board shall make relevant disclosure within 2 days.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	<p>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.</p> <p>If the member of directors falls below the minimum statutory requirement due to a director's resignation, 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, the former directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the appointment of the re-elected directors.</p> <p>Save for the circumstances referred to in the preceding paragraph, the director's resignation takes effect upon delivery of his/her resignation report to the board.</p>
<p>Article 163</p> <p>Independent directors shall be appointed in accordance with the relevant provisions of law, administrative regulations and departmental rules.</p>	<p>Article 163</p> <p>Independent directors shall be appointed in accordance with the relevant provisions of law, administrative regulations and departmental rules, 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.</p>

Article 165

The board of directors shall cause the matters resolved at the meeting to be recorded in the minutes of the meeting. The directors present at the meeting and the person recording the minutes shall sign on such minutes. The opinions of independent directors shall be specified in the board resolution. The directors are liable for the resolutions passed at the meeting of the board of directors. If a resolution of the board of directors contravenes the laws, administrative regulations or these Articles of Association of Association as a result of which the Company sustains substantial losses, the directors participating in the passing of such resolutions shall be liable to compensate the Company provided that if it can be proved that a director expressly objected to the resolution when the resolution was put to vote and that such objection was recorded in the minutes of the meeting, such director may be exempted from such liability. If the board resolution is in breach of laws, administrative regulations or the Articles of Association, the director giving an affirmative vote shall bear the direct responsibilities; the director who gives an objection and a negative vote in the meeting minutes can be exempt from the responsibilities; the director who has abstained voting or has not attended the meeting nor authorized another person to attend the meeting shall not be exempt from the responsibilities; the director who gives a definite objection during the discussion but no negative votes shall not be exempt from the responsibilities.

The board minutes shall be maintained in the filing of the Company for at least 10 years.

Article 165

The board of directors shall cause the matters resolved at the meeting to be recorded in the minutes of the meeting. The directors present at the meeting and the person recording the minutes shall sign on such minutes. The opinions of independent directors shall be specified in the board resolution. **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.** The directors are liable for the resolutions passed at the meeting of the board of directors. If a resolution of the board of directors contravenes the laws, administrative regulations or these Articles of Association of Association as a result of which the Company sustains substantial losses, the directors participating in the passing of such resolutions shall be liable to compensate the Company provided that if it can be proved that a director expressly objected to the resolution when the resolution was put to vote and that such objection was recorded in the minutes of the meeting, such director may be exempted from such liability. If the board resolution is in breach of laws, administrative regulations or the Articles of Association, the director giving an affirmative vote shall bear the direct responsibilities; the director who gives an objection and a negative vote in the meeting minutes can be exempt from the responsibilities; the director who has abstained voting or has not attended the meeting nor authorized another person to attend the meeting shall not be exempt from the responsibilities; the director who gives a definite objection during the discussion but no negative votes shall not be exempt from the responsibilities.

The board minutes shall be maintained in the filing of the Company for at least 10 years.

<p>Article 201</p> <p>Unless under the exceptional circumstances specified in the articles of association as approved by the Hong Kong Stock Exchange, directors shall not vote on any resolutions of the board of directors in respect of any contract or arrangement or any other proposal in which he or his associates have a material interest, and such directors shall not be counted in the quorum; provided that the following circumstances are not subject to the above:</p> <p>(1) 1. the provision of any security or indemnity to the director or his associates in respect of money lent or obligations incurred or undertaken by him or his associates for the benefit of the issuer or any of its subsidiaries; or</p> <p>2. the giving of any security or indemnity to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his associate(s) has himself/ themselves provided in whole or in part and whether alone or jointly a guarantee or indemnity or the giving of security;</p> <p>(2) Any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company, which the issuer may promote or be interested in, for subscription or purchase where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;</p> <p>(3) Any proposal made by any other company in which the director or his associate(s) is/are interested, whether directly or indirectly (as an officer or executive or shareholder); or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that such Director and any of his associates are not beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;</p>	<p>Article 201</p> <p>Unless under the exceptional circumstances specified in the articles of association as approved by the Hong Kong Stock Exchange, directors shall not vote on any resolutions of the board of directors in respect of any contract or arrangement or any other proposal in which he or his associates have a material interest, and such directors shall not be counted in the quorum; provided that the following circumstances are not subject to the above:</p> <p>(1) 1. the provision of any security or indemnity to the director or his associates in respect of money lent or obligations incurred or undertaken by him or his associates for the benefit of the issuer or any of its subsidiaries; or</p> <p>2. the giving of any security or indemnity to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his associate(s) has himself/ themselves provided in whole or in part and whether alone or jointly a guarantee or indemnity or the giving of security;</p> <p>(2) Any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company, which the issuer may promote or be interested in, for subscription or purchase where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;</p> <p>(3) Any proposal made by any other company in which the director or his associate(s) is/are interested, whether directly or indirectly (as an officer or executive or shareholder); or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that such Director and any of his associates are not beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;</p>
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<p>(4) Any proposal or arrangement concerning the benefit of the employees of the issuer or its subsidiaries including:</p> <p>1. The adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which any director may benefit; or</p> <p>2. The adoption, modification or operation of a provident fund or pension fund, death or disability benefits scheme in relation to the directors, his associates and employees of the issuer or any of its subsidiaries, which does not provide in respect of any director or his associates, with such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and</p> <p>(5) Any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.</p> <p>.....</p>	<p>(4) Any proposal or arrangement concerning the benefit of the employees of the issuer or its subsidiaries including:</p> <p>1. The adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which any director may benefit; or</p> <p>2. The adoption, modification or operation of a provident fund or pension fund, death or disability benefits scheme in relation to the directors, his associates and employees of the issuer or any of its subsidiaries, which does not provide in respect of any director or his associates, with such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and</p> <p>(5) Any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.</p> <p>.....</p>
<p>Article 215</p> <p>The financial report of the Company shall be made available at the Company for inspection by shareholders 20 days prior to the holding of the annual general meeting. Each shareholder of the Company shall be entitled to obtain the financial report mentioned in these Articles of Association of Association.</p> <p>Copies of aforesaid report, together with the director's report, shall be sent by prepaid post to each holder of overseas listed foreign invested shares at least 21 days prior to the annual general meeting. The address of the recipient shall be the address recorded in the register of shareholders.</p>	<p>Article 215</p> <p>The financial report of the Company shall be made available at the Company for inspection by shareholders 20 days prior to the holding of the annual general meeting. Each shareholder of the Company shall be entitled to obtain the financial report mentioned in these Articles of Association of Association.</p> <p>Copies of aforesaid report, together with the director's report, shall be sent by prepaid post to each holder of overseas listed foreign invested shares at least 21 days prior to the annual general meeting. The address of the recipient shall be the address recorded in the register of shareholders. 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.</p>

<p>Article 229</p> <p>.....</p> <p>(II) Form of profit distribution</p> <p>The Company may distribute profit by way of cash, shares or a combination of cash and shares. When the conditions of cash dividend are met, priority shall be given to profit distribution by way of cash dividend.</p> <p>Annual profit distribution shall be made if the Company records a profit for the year and has distributable profits. Should conditions permit, the Company may distribute interim profits.</p> <p>(III) Decision-making mechanism and procedure</p> <p>Procedure and requirement for the Board in considering profit distribution: During the Company’s profit distribution, the Board shall first prepare a distribution proposal which shall be approved by independent directors before its submission to the Board for consideration. In considering the specific cash dividend scheme, the Board shall carefully study and discuss the timing, conditions and minimum ratio for the Company’s cash dividends, while independent directors shall present their opinions.</p> <p>(IV) Specific conditions, proportions and intervals for cash dividends</p> <p>.....</p>	<p>Article 229</p> <p>.....</p> <p>(II) Form of profit distribution</p> <p>The Company may distribute profit by way of cash, shares or a combination of cash and shares. When the conditions of cash dividend are met, priority shall be given to profit distribution by way of cash dividend. The objective of the cash dividend policy is residual dividend. When the Company’s audit report in the most recent years shows an modified opinion or unqualified opinions with significant uncertainty of going concern or the asset-liability ratio is higher than a certain proportion or operating cash flow is lower than a certain level, it is possible not to make a profit distribution.</p> <p>Annual profit distribution shall be made if the Company records a profit for the year and has distributable profits. Should conditions permit, the Company may distribute interim profits. Under the conditions of profit distribution, the Company is encouraged to increase the frequency of cash dividends to stabilize the investors’ dividend distribution expectation.</p> <p>(III) Decision-making mechanism and procedure</p>
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<p>(V) Proportion of cash dividends: The accumulated profit distribution made in cash by the Company in the last three years shall be no less than 30% of the annual average distributable profits realized in the last three years.</p> <p>The Board of the Company shall take into account, amongst other things, the characteristics of the industry where the Company operates, stage of development, the Company’s own operating model, profitability and any significant capital expenditure arrangement in identifying the following situations, and shall make differentiated cash dividend policies in accordance with the provisions of the Articles of Association of the Company:</p> <p>.....</p> <p>Should it be difficult to identify the Company’s stage of development, and there is a significant capital expenditure arrangement, such situations can be addressed pursuant to the previous provision.</p> <p>.....</p> <p>(VII) Supervision and binding mechanisms on profit distribution</p> <p>The independent directors shall express independent opinions on the dividend distribution proposal of the Company; in the event that the Company records a profit for the year but fails to propose a cash dividend distribution proposal, the independent directors shall express independent opinions and make public disclosure in this regard; the supervisory committee shall supervise the implementation of dividend distribution policies, shareholders’ return plans and decision-making procedures of the Company by the Board and the management.</p> <p>(VIII) Adjustment mechanism for profit distribution policies</p> <p>.....</p>	<p>1. Procedure and requirement for the Board in considering profit distribution: During the Company’s profit distribution, the Board shall first prepare a distribution proposal which shall be approved by independent directors before its submission to the Board for consideration. In considering the specific cash dividend scheme, the Board shall carefully study and discuss the timing, conditions and minimum ratio for the Company’s cash dividends, while independent directors shall present their opinions. In considering the specific cash dividend scheme, the Board shall carefully study and discuss the timing, conditions and minimum ratio for the Company’s cash dividends, while independent directors shall present their opinions.</p> <p>.....</p> <p>3. When the Company convenes an annual general meeting to review the annual profit distribution plan, it may deliberate and approve the conditions, and the upper limit of the proportion and the amount of cash dividends in the next year. The upper limit of the interim dividends for the next year as deliberated at the annual general meeting of shareholders shall not exceed the net profit attributable to shareholders of the Company during the corresponding period. According to the resolution of the general meeting of shareholders, the Board of Directors shall formulate a specific interim dividend plan under the condition of profit distribution. The Company shall strictly implement the cash dividend policy stipulated in the articles of association and the cash dividend plan approved by the general meeting of shareholders. When it is necessary to adjust or change the cash dividend policy stipulated in the articles of association, the conditions stipulated in the articles of association of the company shall be satisfied, and the corresponding decision-making procedures shall be carried out after detailed discussion and verification, and shall be approved by more than two-thirds of the voting rights held by shareholders attending the shareholders’ meeting.</p>
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<p>2. Resolutions on adjusting the profit distribution policy shall be formulated by the Board and approved by independent directors before submission to the Board for consideration. Independent directors shall express independent opinions on the adjustments on the profit distribution policy.</p> <p>.....</p> <p>(X) If the Board fails to make a cash profit distribution proposal, the Company shall disclose in its periodic report the reasons for no dividend distribution, and the uses and plans for such undistributed capital retained by the Company. The independent directors shall express independent opinions in this regard, and the Company shall also disclose the implementation of its cash dividend distribution policy during the reporting period.</p>	<p>(IV) Specific conditions;and proportions and intervals for cash dividends</p> <p>.....</p> <p>(V) Proportion of cash dividends: The accumulated profit distribution made in cash by the Company in the last three years shall be no less than 30% of the annual average distributable profits realized in the last three years.</p> <p>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:</p> <p>.....</p> <p>Should it be difficult to identify the Company’s stage of development, and there is a significant capital expenditure arrangement, such situations can be addressed pursuant to the item (3) of the preceding paragraphprevious provision.</p> <p>(VII) Supervision and binding mechanisms on profit distribution</p> <p>The independent directors shall express independent opinions on the dividend distribution proposal of the Company; in the event that the Company records a profit for the year but fails to propose a cash dividend distribution proposal, the independent directors shall express independent opinions and make public disclosure in this regard; the supervisory committee shall supervise the implementation of dividend distribution policies, shareholders’ return plans and decision-making procedures of the Company by the Board and the management.</p>
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	<p>(VIII) Adjustment mechanism for profit distribution policies</p> <p>.....</p> <p>2. Resolutions on adjusting the profit distribution policy shall be formulated by the Board and approved by independent directors before submission to the Board for consideration. Independent directors shall express independent opinions on the adjustments on the profit distribution policy.</p> <p>.....</p> <p>(X) If the Board fails to make a cash profit distribution proposal, the Company shall disclose in its periodic report the reasons for no dividend distribution, and the uses and plans for such undistributed capital retained by the Company, and the next step taken to increase the level of investors' returns. The independent directors shall express independent opinions in this regard, and the Company shall also disclose the implementation of its cash dividend distribution policy during the reporting period.</p>
<p>Article 230</p> <p>After the shareholders make a decision for distribution of profits in general meeting, the board of directors must finish distributing the dividends (or shares) within two months after the shareholders' general meeting is held.</p>	<p>Article 230</p> <p>After the shareholders make a decision for distribution of profits in general meeting, 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, the board of directors must finish distributing the dividends (or shares) within two months after the shareholders' general meeting is held.</p>

<p>Article 271</p> <p>Save as provided otherwise in these Articles, notices, documents, information or written declaration by the Company to shareholders can be delivered by hand (including courier) or by post to each of the shareholders according to their respective addresses appearing on the register of members or by public notice on newspapers. If it is sent by post, the address shall be written clearly on the envelope carrying the notice and sent in the form of prepaid mail. Unless otherwise specified in these Articles, the letter of the notice shall be deemed as being received by the shareholders five days after the sending. Notices, documents, information or written declarations delivered by way of public notice should be published in newspapers in public circulation in Hong Kong (or the location of other shareholders) and/or stipulated by securities regulatory authorities of the State or on the designated websites of the stock exchanges, and shall be sufficient to enable shareholders whose registered addresses are in Hong Kong to exercise their rights or comply with the terms of the notice. Upon publication of such notice, all relevant shareholders shall be deemed to have received such notices, documents, information or written declarations.</p>	<p>Article 271</p> <p>Save as provided otherwise in these Articles, notices, documents, information or written declaration by the Company to shareholders can be (1) delivered by hand (including courier), (2) by post to each of the shareholders according to their respective addresses appearing on the register of members, (3) by public notice on newspapers, (4) On the premise of complying with laws, administrative regulations and relevant regulations of the security regulatory authority of the listing location, by e-mail or on the website of the Company and the designate website of the stock exchange of the listing location. Or (5) By other forms specified by the articles of association.</p> <p>If it is sent by post, the address shall be written clearly on the envelope carrying the notice and sent in the form of prepaid mail. Unless otherwise specified in these Articles, the letter of the notice shall be deemed as being received by the shareholders five days after the sending. Notices, documents, information or written declarations delivered by way of public notice should be published in newspapers in public circulation in Hong Kong (or the location of other shareholders) and/or stipulated by securities regulatory authorities of the State or on the designated websites of the stock exchanges, and shall be sufficient to enable shareholders whose registered addresses are in Hong Kong to exercise their rights or comply with the terms of the notice. Upon publication of such notice, all relevant shareholders shall be deemed to have received such notices, documents, information or written declarations.</p>
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NOTICE OF 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 venture limited by shares incorporated in the People's Republic of China)

(Stock Code: 568)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “AGM”) of Shandong Molong Petroleum Machinery Company Limited* (the “Company”) will be convened and held at 2:00 p.m. on Wednesday, 22 May 2024 at the conference room at 9th floor of 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 resolutions.

ORDINARY RESOLUTIONS

1. To consider and, if thought fit, approve the report of the board of directors of the Company for the year ended 31 December 2023.
2. To consider and, if thought fit, approve the report of the supervisory committee of the Company for the year ended 31 December 2023.
3. To consider and, if thought fit, approve the Company’s annual report and its abstract for the year ended 31 December 2023.
4. To consider and, if thought fit, approve the plan for profit distribution for 2023.
5. To consider and, if thought fit, approve the resolution in relation to uncovered losses reaching one-third of the total paid-up share capital.
6. To consider and, if thought fit, approve the resolution on the provision of guarantee by subsidiary for the benefit of parent company.
7. To consider and, if thought fit, approve the applications for a maximum of RMB4.4 billion integrated banking credit facilities from PRC banks and other financial institutions (all of them are independent third parties) for the year of 2024 and to authorise the legal representative of the Company or any person authorised 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 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 this resolution.
8. To consider and, if thought fit, approve the remuneration plan for directors, supervisors and senior management for 2024.

NOTICE OF AGM

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.

NOTICE OF AGM

- (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