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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 stock limited company incorporated in the People's Republic of China with limited liability)*

**(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 9:00 a.m. on 25 May 2012 at the conference room, at No. 99 Beihuan Road, 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 annual report of the Company and its summary for the year ended 31 December 2011;
2. to consider and, if thought fit, approve the report of the board of directors of the Company (the “**Board**”) for the year ended 31 December 2011;
3. to consider and, if thought fit, approve the report of the Supervisory Committee of the Company for the year ended 31 December 2011;
4. to consider and, if thought fit, approve the consolidated audited financial statements of the Company prepared in accordance with the “Accounting Standards for Business Enterprises” and other related regulations issued by the Ministry of Finance of the PRC and the report of Deloitte Touche Tohmatsu Certified Public Accountants Ltd., the auditors of the Company for the year ended 31 December 2011;
5. to consider and, if thought fit, approve the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants Ltd as the Company's auditor for the year ending 31 December 2012 and to authorise the board of Directors to determine their remuneration;
6. to consider and, if thought fit, approve the appointment of Mr. Guo Hong Li as the Company's non-executive director, and to authorise the board of Directors and the remuneration committee of the Company to determine their remuneration in accordance with the Articles of Association of the Company;

\* For identification purpose only

7. to consider and, if thought fit, approve the re-appointment of Mr. John Paul Cameron as the Company's independent non-executive Director, and to authorise the board of Directors and the remuneration committee of the Company to determine their remuneration in accordance with the Articles of Association of the Company;
8. to consider and, if thought fit, approve the re-appointment of Ms. Wang Chun Hua as the Company's independent non-executive Director, and to authorise the board of Directors and the remuneration committee of the Company to determine their remuneration in accordance with the Articles of Association of the Company;
9. to consider and, if thought fit, approve the appointment of Mr. Liu Huai Duo as the Company's Supervisors of the fourth session of the Board of Supervisors, and to authorise the board of Directors and the remuneration committee of the Company to determine their remuneration in accordance with the Articles of Association of the Company;
10. to consider and, if thought fit, approve the appointment of Mr. Zhang Jiu Li as the Company's Supervisors of the fourth session of the Board of Supervisors, and to authorise the board of Directors and the remuneration committee of the Company to determine their remuneration in accordance with the Articles of Association of the Company;
11. to consider and, if thought fit, approve the appointment of Mr. Fan Ren Yi as the Company's Supervisors of the fourth session of the Board of Supervisors, and to authorise the board of Directors and the remuneration committee of the Company to determine their remuneration in accordance with the Articles of Association of the Company;
12. to consider and, if thought fit, approve the application to the PRC banks (which shall be independent third parties) for a maximum of RMB8.05 billion integrated banking credit facilities from PRC banks in the year of 2012 and to authorise any executive Director to execute all facilities agreements, financing agreements and other relevant documents in relation to such integrated banking credit facilities and make such amendments as he deems fit and appropriate and to do all such acts and things as he shall deem necessary or appropriate in connection with or to carry out the actions contemplated by the resolutions herein;

### **SPECIAL RESOLUTIONS**

13. To consider, and if thought fit, to approve the profit distribution plan including: (i) a cash dividend of RMB1.00 (tax inclusive) for every ten (10) shares held by way of capitalization of retained earnings as at 31 December 2011; (ii) a bonus issue of shares on the basis of ten (10) bonus share (the "Bonus Share") for every ten (10) shares held by way of capitalization of share premium in the amount of RMB398,924,200 (the "Bonus Issue"); and the Board be authorised and the senior management be authorised by the Board to take any action and execute any document as they think necessary or fit to effect the profit distribution plan, including but not limited to increasing the registered capital of the Company if necessary and making amendments to the articles of association of the Company as appropriate which reflects the changes in the number of shares and

the registered capital of the Company as a result of the completion of the issue of bonus shares and making necessary filing with the relevant administrative authority for industry and commerce in this regard.

The Bonus H shares to be issued under the Bonus Issue shall be subject to the approval of the Stock Exchange of Hong Kong Limited.

14. To consider and approve the amendments to Articles of Association, and to authorise the Board to deal with the related procedures including (without limitation) the approval, disclosure, registration and filing required for the amendment to the articles of association, and during the aforesaid procedures, to conduct editorial changes relating to the proposed amendments to the articles of association of the Company as necessary and appropriate according to the amendment requirements as requested from time to time by the relevant regulatory authorities and the stock exchanges on which the Company is listed.

Besides, in accordance of Shenzhen Listing Rules, every independent non-executive Director will report on their works in the AGM.

By Order of the Board  
**Shandong Molong Petroleum Machinery Company Limited**  
**Zhang En Rong**  
*Chairman*

Shandong, the PRC  
5 April 2012

**Notes:**

- (A) The shareholders whose names appear on the registers of members of the Company at the close of business on 25 April 2012 are entitled to attend the AGM with their passports or other identity papers.
- (B) The register of members of the Company for H shares will be closed from 26 April 2012 to 25 May 2012, both days inclusive, during which period no H share transfer will be effected. In order to qualify for attending the AGM and the proposed final dividend, all instruments of transfer, accompanied by the relevant share certificates, must be lodged with the registrar for H Shares not later than 4:30 p.m. on 25 April 2012.

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

Tricor Investor Services Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Hong Kong

- (C) Holders of H shares and domestic shares, who intend to attend the AGM, must complete the reply slips for attending the AGM and return them to the registered office of the Company (for holders of domestic shares), or to the share registrar for Company for H Shares, Tricor Investor Services Limited (for holders of H Shares) not later than 20 days before the date of the AGM, i.e. no later than 4 May 2012.

Details of the registered office of the Company are as follows:

No. 99 Beihuan Road  
Shouguang City  
Shandong Province  
People's Republic of China

- (D) Each holder of H shares who has the right to attend and vote at the AGM is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the AGM. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
- (E) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified.
- (F) To be valid, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the registrar for H shares, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 24 hours before the time for holding the AGM or any adjournment thereof in order for such documents to be valid.
- (G) Each holder of domestic shares is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on its behalf at the AGM. Notes (D) to (E) also apply to holders of domestic shares, except that the proxy form or other documents of authority must be delivered to the registered office of the Company, the address of which is set out in note (C) above, not less than 24 hours before the time for holding the AGM or any adjournment thereof.

- (H) If a proxy attends the AGM on behalf of a shareholder, he 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 share 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 share 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 share shareholder and duly signed by its legal representative.
- (I) The AGM is expected to last for an hour. shareholders attending the AGM are responsible for their own transportation and accommodation expenses.

### **BOOK CLOSURE NOTICE**

The register of members of the Company will be closed from 26 April 2012 to 25 May 2012 (both days inclusive) during which period no transfer of the Company's shares will be affected.

In order to be entitled to attend and vote at the annual general meeting proposed to be convened on 25 May 2012, share transfer documents should be lodged with the registrar for H Shares not later than 4:30 p.m. on 25 April 2012.

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

Tricor Investor Services Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Hong Kong

### **CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY FOR RECEIVING DIVIDEND AND BONUS H SHARES**

The register of members of the Company will be closed from 11 June 2012 to 15 June 2012, both days inclusive, during which period no Share transfer will be affected. In order to be entitled to receiving the aforesaid final dividend and bonus H shares, holders of H Shares who have not registered the transfer document are required to deposit the transfer document together with the relevant share certificates at the registrar for H Shares, Tricor Investor Services Limited not later than 4:30 p.m. on 8 June 2012 (Friday).

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

Tricor Investor Services Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Hong Kong

*As at the date of this announcement, the Board is comprised of Mr. Zhang En Rong, Mr. Zhang Yun San, Mr. Lin Fu Long and Mr. Xie Xin Cang as executive directors, Mr. Xiao Qing Zhou and Mr. Wang Ping as non-executive directors and Mr. John Paul Cameron, Ms Wang Chun Hua and Mr. Chau Shing Yim David as independent non-executive directors.*