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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)

ANNOUNCEMENT

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER AND CONTROLLER

The Company and all members of the board of directors of the Company (the “Board”) warrant that this announcement does not contain any false information, misleading statements and material omissions, and collectively and individually accept responsibility for the truthfulness, accuracy and completeness of its content herein.

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the “Company”) pursuant to Rule 13.17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. Basic Information of the Pledge of Shares by the Shareholders

On 7 December 2018, the controlling shareholder and controller of the Company, Mr. Zhang En Rong, pledged 150,617,000 issued domestic ordinary shares of the Company (the “**Pledged Shares**”) in favour of Shandong Guohui Investment Co. Ltd. (山東國惠投資有限公司) (“**Shandong Guohui**”), as security for the purpose of the comprehensive financial services between Shandong Guohui and the Company and its subsidiaries in an amount of no more than RMB250,000,000.

2. The Aggregate Pledged Shares by the Shareholders

As at the date of this announcement, Mr. Zhang En Rong holds a total of 235,617,000 issued ordinary shares of the Company, representing 29.53% of the total issued ordinary share capital of the Company. After the completion of pledging of the aforesaid Pledged Shares, there are accumulatively 235,617,000 ordinary A shares held by Mr. Zhang En Rong under pledge, representing 100.00% of the total issued ordinary shares of the Company held by Mr. Zhang En Rong, 43.49% of the total issued ordinary A shares of the Company and 29.53% of the total issued ordinary share capital of the Company respectively.

3. Document Available for Inspection

Certificate of Registration of Securities Pledge issued by China Securities Depository and Clearing Co., Ltd.

The Company is of the view that the arrangement in relation to the initiation of a comprehensive financial services business between the Company and Shandong Guohui would be beneficial to the Company as it would allow the Company to expand its channels of financing, optimize its debt structure and reduce its costs of financing.

Investors and prospective investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of
Shandong Molong Petroleum Machinery Company Limited*
Chan Wing Nang, Billy
Company Secretary

Shandong, the PRC, 7 December 2018

As at the date of this announcement, the Board comprises the executive Directors, namely Mr. Guo Huan Ran; the non-executive Directors, namely Mr. Guo Hong Li and Ms. Wang Chun Hua; and the independent non-executive Directors, namely Mr. Qin Xue Chang, Mr. Ji Yan Song and Ms. Quan Yu Hua.

* *For identification purpose only*