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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)

PROPOSED CHANGE OF AUDITORS

The Board hereby announces that the Company decided to terminate the appointments of Ernst & Young and Ernst & Young Hua Ming as the Company's Hong Kong auditors and PRC auditors, to be effective from 4 November 2008.

The Board proposes to appoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA Ltd. as the Company's Hong Kong auditors and PRC auditors respectively.

The Company will send notices of EGM and proxy forms shareholders as soon as practicable.

PROPOSED CHANGE OF AUDITORS

The Board of Directors (the "**Board**") of Shandong Molong Petroleum Machinery Company Limited (the "**Company**") hereby announces that as the Company is unable to reach agreement with Ernst & Young (the "**E&Y**") and Ernst & Young Hua Ming (the "**E&Y Hua Ming**") in respect of the auditors fees for the financial year ending 31 December 2008, the Company decided to terminate the appointments of E&Y and E&Y Hua Ming as the Company's Hong Kong auditors and PRC auditors, to be effective from 4 November 2008.

E&Y has yet not commenced any auditing for the Company in respect of the financial year ending 31 December 2008. It is expected that the change of auditors will have no impact on the Company's audits, and will not lead to the delay in the announcement of the Company's annual results ending the above financial year.

Both E&Y and E&Y Hua Ming have confirmed that there are no matters required to be brought to the attention of the creditors and the shareholders of the Company (the "**shareholders**").

The Board also confirms that there is no disagreement between the Company and the E&Y and E&Y Hua Ming, and there are no matters required to be brought to the attention of the shareholders.

The Board proposes to appoint Deloitte Touche Tohmatsu (the "**Deloitte**") Deloitte Deloitte Touche Tohmatsu CPA Ltd. (the "**Deloitte CPA**") as the Company's Hong Kong auditors and PRC auditors respectively. The appointment of Deloitte and Deloitte CPA as the Company's auditors is subject to the resolution to be made by the Board in this respect and the passing by the Shareholders by way of ordinary resolution on the Extraordinary General Meeting (the "**EGM**").

GENERAL

The Company will send notices of EGM and proxy forms shareholders as soon as practicable. Further announcement will be issued upon the approval of the appointment of new auditors in the EGM.

On behalf of the Board
Shandong Molong Petroleum Machinery Company Limited
Zhang En Rong
Chairman

Shandong, PRC
5 November 2008

Notes:

As at the date of this announcement, the board of Directors of the Company is comprised of Mr. Zhang En Rong, Mr. Zhang Yun San, Mr. Lin Fu Long and Mr. Xie Xin Cang as executive Directors, Mr. Chen Jian Xiong and Mr. Wang Ping as non-executive Directors and Mr. Qin Xue Chang, Mr. Yan Yi Zhuang and Mr. Loke Yu alias Loke Hoi Lam as independent non-executive Directors.

* *For identification purpose only*