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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 PROPOSED CHANGE OF AUDITOR

This announcement is made by the Company pursuant to Rule 13.51 (4) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board announces that Deloitte Touche Tohmatsu CPA Ltd. (Special General Partnership) ("**Deloitte**") has resigned as the external auditor of the Company with effect from the conclusion of the upcoming extraordinary general meeting of the Company (the "**EGM**").

As recommended by the Audit Committee of the Company, the Board has resolved to propose to appoint ShineWing CPA Limited (Special General Partnership) ("**ShineWing**") as the external auditor of the Company to fill the vacancy following the termination of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company.

The Board proposed to seek the approval of the Shareholders by way of an ordinary resolution at the EGM to approve the appointment and to fix the remuneration of ShineWing to such appointment.

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the "**Company**") pursuant to Rule 13.51(4) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of Directors (the "**Board**") of the Company announces that since the Company and Deloitte Touche Tohmatsu CPA Ltd. (Special General Partnership) ("**Deloitte**") could not reach an agreement on the audit fee of the Company, Deloitte has resigned as the external auditor of the Company with effect from the conclusion of the upcoming extraordinary general meeting of the Company (the "**EGM**").

As recommended by the Audit Committee of the Company, the Board has resolved to propose to appoint ShineWing CPA Limited (Special General Partnership) ("**ShineWing**") as the external auditor of the Company to fill the vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company.

The Board proposed to seek the approval of the Shareholders by way of an ordinary resolution at the EGM to approve the appointment and to fix the remuneration of ShineWing to such appointment.

A circular containing, among other things, details of the proposed appointment together with the notice convening the EGM will be despatched to the shareholders of the Company on or about 29 October 2013.

The Company has received a confirmation from Deloitte that there are no matters which Deloitte needs to bring to the attention of the shareholders of the Company in relation to the change of auditor of the Company. The Board has also confirmed that there is no disagreement between Deloitte and the Company, and there are no other matters in respect of the proposed appointment that need to be brought to the attention of shareholders of the Company.

The Board would like to take this opportunity to express its gratitude to Deloitte for its professionalism and services rendered to the Company over the past years.

The change of auditor did not affect the publication of the third quarterly results of the Company for the period ended 30 September 2013.

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

Shandong, the PRC
25 October 2013

As at the date of this announcement, the executive Directors are Mr. Zhang En Rong, Mr. Lin Fu Long, Mr. Zhang Yun San and Mr. Guo Huan Ran; the non-executive Directors are Mr. Xiao Qing Zhou, Mr. Guo Hong Li and the independent non-executive Directors are Mr. John Paul Cameron, Ms. Wang Chun Hua and Mr. Qin Xue Chang, David.

** For identification purpose only*