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This announcement, for which the directors of Shandong Molong Petroleum Machinery Company Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Shandong Molong Petroleum Machinery Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(STOCK CODE: 8261)

UNUSUAL VOLUME MOVEMENT

The board of directors (the “Board”) of Shandong Molong Petroleum Machinery Company Limited (the “Company”) has noted the increase in the trading volume of the shares of the Company today and wish to state that the Board is not aware of any reasons for such movements.

This Statement is made at the request of The Stock Exchange of Hong Kong Limited.

The board of directors (the “Board”) of Shandong Molong Petroleum Machinery Company Limited (the “Company”) has noted the increase in the trading volume of the shares of the Company today and wish to state that the Board is not aware of any reasons for such movements.

Save for disclosed in the Company’s announcement dated 22 December 2004 in relation to the proposed specific mandate to issue new H shares of the Company relating to a possible placing of new H shares, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“the GEM Listing Rules”), neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the directors of which collectively and individually accept responsibility for the accuracy of this announcement.

As at the date of this announcement, the directors of the Company are:

Executive Directors

Mr. Zhang En Rong
Mr. Lin Fu Long
Mr. Zhang Yun San
Mr. Xie Xin Cang

Non-executive Directors

Mr. Chen Jian Xiong
Mr. Wang Ping

Independent non-executive Directors

Mr. Qin Xue Chang
Mr. Yan Yi Zhuang
Mr. Loke Yu alias Loke Hoi Lam

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

Hong Kong, 10 January 2005

* *For identification purposes only.*

This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days form the day of its posting.