



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: 8261)

FORM OF PROXY

Form of proxy for use by shareholders at the annual general meeting ("Meeting") of Shandong Molong Petroleum Machinery Company Limited to be held at No. 99 Beihai Road, Shouguang City, Shandong Province, The People's Republic of China on 7 May 2005 (Saturday) at 10:00 a.m. and at any adjournment thereof.

I/We (Note 1) _____
of _____
being the registered holder(s) of _____ (Note 2) share(s) of RMB0.10 each in the capital of Shandong Molong Petroleum Machinery Company Limited (the "Company") hereby appoint _____
of _____
or failing him _____
of _____

or the chairman of the Meeting to act as my/our proxies (Note 3) to attend, act and vote on my/our behalf at the Meeting of the Company to be held at No. 99 Beihai Road, Shouguang City, Shandong Province, The People's Republic of China on 7 May 2005 (Saturday) at 10:00 a.m. and at any adjournment thereof (and to exercise all rights conferred on proxies under law, regulation and the articles of association of the Company) for the purposes of considering and, if thought fit, to vote on my/our behalf and in my/our name(s) in respect of the Resolutions set out in the Notice of the Meeting as directed below:

Ordinary resolutions (Note 5)	FOR (Note 4)	AGAINST (Note 4)
1. To approve the report of the directors ("Directors") of the Company for the year ended 31 December 2004		
2. To approve the report of the supervisors of the Company for the year ended 31 December 2004		
3. To approve the audited consolidated financial statements and the report of the auditors for the year ended 31 December 2004		
4. To approve the declaration by the Board of a final dividend of RMB0.015 inclusive of tax per share for the year ended 31 December 2004, payable to shareholders whose name appear on the register of shareholders of the Company at the close of business on 13 April 2005, and to authorise any Directors to take any necessary actions required under the applicable laws and regulations in connection thereto		
5. To re-elect Chen Jian Xiong as a Director and to authorise the board of Directors ("Board") to determine his remuneration		
6. To approve the re-appointment of Ernst & Young and Ernst & Young Huaming as the International and PRC auditors of the Company respectively for the year ending 31 December 2005 and to authorise the Board to fix their remuneration		

Special resolution (Note 5)	FOR (Note 4)	AGAINST (Note 4)
7. To approve the grant of general mandate to issue new shares as set out in the special resolution in the notice of convening the Meeting "THAT: (1) there be granted to the Board an unconditional general mandate ("General Mandate") to issue, allot and deal with additional shares in the capital of the Company (whether Domestic Shares or H Shares) and to make or grant offers or agreements in respect thereof, subject to the following conditions: (a) such mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers or agreements which might require the exercise of such powers after the end of the Relevant Period; (b) the aggregate nominal amount of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board otherwise than pursuant to any scrip dividends or similar arrangement providing for the allotment of such shares in lieu of the whole or part of a dividend on such shares or any share option scheme adopted by the Company and in accordance with the articles of association of the Company ("Articles of Association"), shall not exceed: i. 20 per cent of the aggregate amount of Domestic Shares of the Company in issue; and ii. 20 per cent of the aggregate nominal amount of H Shares of the Company in issue, in each case as at the date of passing of this resolution; and (c) the Board will only exercise its power under such mandate in accordance with the Company Law of the PRC and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (as the same may be amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained;		

<p>For the purposes of this resolution:</p> <p>“Domestic Share(s)” mean the ordinary domestic share(s) with a nominal value of RMB0.10 each in the registered share capital of the Company which were subscribed for in RMB;</p> <p>“H Shares” mean the overseas listed foreign invested shares with a nominal value of RMB0.10 each in the registered share capital of the Company, which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and subscribed for and traded in Hong Kong dollars;</p> <p>“Relevant Period” means the period from the date of passing this resolution until the earliest of:</p> <p>(a) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or</p> <p>(b) the expiry date of the 12-month period following the passing of this resolution; or</p> <p>(c) the passing of a special resolution of the Company in a general meeting revoking or varying the authority set out in this resolution.</p> <p>(2) contingent on the Board resolving to issue shares pursuant to paragraph (1) of this Resolution, the Board be authorised:</p> <p>(a) to approve, execute and do, or procure to be executed and done all such documents, deeds and matters which it may consider necessary in connection with the issue of such new shares, including but not limited to the time, quantity and place for such issue, to make all necessary applications to the relevant authorities, and to enter into underwriting agreement(s) or any other agreement(s);</p> <p>(b) to determine the use of proceeds and to make necessary filings and registration with the relevant authorities in the PRC, and/or Hong Kong and any other places and jurisdictions (as appropriate);</p> <p>(c) to increase the registered capital of the Company and make any amendments to the Articles of Association in accordance with such increase and to register the increased capital with the relevant authorities in the PRC and/or Hong Kong and any other places and jurisdictions (as appropriate) so as to reflect the new capital and/or share capital structure of the Company resulting from the intended allotment and issue of the shares of the Company pursuant to paragraph (1) of this resolution.”</p>		
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Dated the _____ day of _____ 2005. Shareholders signature: _____ (Note 6)

Notes:

1. Full name(s) and address(es) are to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of share(s) registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
3. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote (on show of hand and on a poll if a proxy is appointed, however, if more than one proxy is appointed, by poll only) on his behalf. A proxy need not be a member of the Company. If any proxy other than the chairman of the Meeting is preferred, please delete the words “the chairman of the Meeting or” and insert the full name(s) and address(es) of the proxy/proxies desired in the space provided. The proxy need not be a member of the Company but must attend the meeting in order to represent you.
4. IMPORTANT: IF YOU WISH TO VOTE FOR ANY OF THE RESOLUTIONS, PLEASE TICK (“√”) THE RELEVANT BOX MARKED “FOR”. IF YOU WISH TO VOTE AGAINST A RESOLUTIONS, PLEASE TICK (“√”) IN THE RELEVANT BOX MARKED “AGAINST”. If you wish to vote only part of the number of H Shares in respect of which the proxy is so appointed, please state the exact number of H Shares in lieu of tick (“√”) in the relevant box. On a poll taken at the Meeting, a shareholder (including his proxy/proxies) entitled to two or more votes need not cast all his votes in the same way. Failure to tick (“√”) or state the exact number of shares in any box will entitle your proxy to cast your vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution (or amendment thereto) properly put to the Meeting other than those set out in the notice convening the Meeting.
5. Special resolution shall be passed by an affirmative vote of more than two-thirds of the Company’s total voting shares held by the shareholders who are present at the same meeting (including proxies). Ordinary resolution shall be passed by an affirmative vote of more than half of the Company’s total voting shares held by the shareholders who are present at the same meeting (including proxies).
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders(s). For this purpose, seniority shall be determined by the order in which the names stand in the register or shareholders in respect of the joint holding. Only one of the joint holders needs to sign.
7. The form of proxy must be signed by you or your attorney duly authorised in writing, or in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
8. To be valid, this form of proxy together with any power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the offices of the Company’s Hong Kong branch registrar, Tricor Investor Services Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 24 hours before the time appointed for holding the Meeting or any adjourned thereof.
9. Any alteration made to this form of proxy must be initialed by the person who signs it.
10. Completion and return of this form of proxy will not preclude you from attending and voting at the Meeting if you so wish. In the event that you attend the meeting after having lodged this form of proxy, this form of proxy will be deemed to have been revoked.
11. The register of shareholders of the Company will be closed from 7 April 2005 (Thursday) to 6 May 2005 (Friday) (both days inclusive), during which no transfer of the Company’s shares will be effected. Any holder of the shares of the Company whose name appear on the Company’s register of shareholders of the Company at close of business on 6 April 2005 (Wednesday) and have completed the registration process will be entitled to attend and vote at the Meeting.