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This announcement, for which the directors of Shandong Molong Petroleum Machinery Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company (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 Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8261)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of Shandong Molong Petroleum Machinery Company Limited (the "**Company**", and together with its subsidiaries, the "**Group**") will be held at the meeting room, 5th Floor, No. 99 Beihai Road, Shouguang City, Shandong Province, The People's Republic of China on Friday, 12 May 2006 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and, if thought fit, approve the report of the directors of the Company (the "**Directors**") for the year ended 31 December 2005;
2. To receive, consider and, if thought fit, approve the report of the supervisors of the Company (the "**Supervisors**") for the year ended 31 December 2005;

3. To receive and consider and, if thought fit, approve the audited consolidated financial statements and the report of the auditors for the year ended 31 December 2005;
4. To consider and approve the declaration by the board of Directors (the “**Board**”) of a final dividend of RMB0.017 inclusive of tax per share of the Company for the year ended 31 December 2005, payable to shareholders of the Company whose names appear on the register of shareholders of the Company at the close of business on 11 April 2006, and to authorise the Directors to take any necessary actions required under the applicable laws and regulations in connection thereto;
5. To re-elect Mr. Wang Ping, Mr. Qin Xue Chang and Mr. Yan Yi Zhuang as Directors and to approve their remuneration;
6. To re-elect Ms. Li Bao Hui, Mr. Liu Wan Fu, and Mr. Fan Ren Yi as Supervisors and to approve their remuneration;
7. To consider and, if thought fit, approve the re-appointment of the international and PRC auditors of the Company for the year ending 31 December 2006 and to authorise the Board to fix their remuneration; and
8. To consider and, if thought fit, approve any motion proposed by any shareholders holding 5.0% of the shares of the Company with voting rights at the meeting, if any.

SPECIAL RESOLUTION

9. To consider and, if thought fit, pass the following resolution as a Special Resolution:

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;

For the purposes of this resolution:

“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;

“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;

“Relevant Period” means the period from the date of passing this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- (b) the expiry date of the 12-month period following the passing of this resolution; or

- (c) the passing of a special resolution of the Company in a general meeting revoking or varying the authority set out in this resolution.
- (2) contingent on the Board resolving to issue shares pursuant to paragraph (1) of this resolution, the Board be authorised:
- (a) to approve, execute and do, or procure to be executed and done all such documents 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);
 - (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);
 - (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.

By order of the Board

Shandong Molong Petroleum Machinery Company Limited

Zhang En Rong

Chairman

Shandong, the PRC,

24 March 2006

Notes:

- (A) The register of shareholders of the Company will be closed from 12 April 2006 to 12 May 2006 (both days inclusive) during which period no transfer of the Company's shares will be effected. Any holder of the shares of the Company whose name appears on the Company's register of shareholders of the Company at the close of business on 11 April 2006 and have completed the registration process will be entitled to attend and vote at the AGM. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's H share registrars in Hong Kong. Tricor Investor Services Limited, at 26/F., Tesbury Centre, No. 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 11 April 2006.
- (B) Shareholders who intend to attend the AGM should complete the reply slip and return it to the Company's H Shares registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, No. 28 Queen's Road East, Hong Kong (for H Shares) or to the registered office of the Company at No. 99, Beihai Road, Shouguang City, Shandong Province, The People's Republic of China (for Domestic Shares) on or before 21 April 2006.
- (C) Any Shareholder entitled to attend and vote at the AGM is entitled to appoint in writing one or more persons as his proxy to attend and vote on his behalf. A proxy is not required to be a member of the Company. For shareholders appointing more than one proxy, the instrument(s) appointing each of proxies shall specify the class of number of shares represented by such proxies.
- (D) In order to be valid, the instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a legal person, it shall be under seal or under the hand of a Director or attorney duly authorised.
- (E) The instrument appointing a proxy shall be deposited to the Company's H Share registrar in Hong Kong (for H Shares), Tricor Investor Services Limited or the Company's registered office (for Domestic Shares) at the addresses as listed in Note (B) above not less than 24 hours before the time of holding of the AGM.
- (F) Shareholders attending the AGM shall be responsible for their own transportation and accommodation expenses.
- (G) The biographies of the re-elected Directors and Supervisors set out in this notice are disclosed in the annual report of the Company for the year ended 31 December 2005 in compliance with Rules 17.50(2) of the GEM Listing Rules.

* *for identification purpose only*

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

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

Executive Directors

Mr. Zhang En Rong

Mr. Zhang Yun San

Mr. Lin Fu Long

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