

The Stock Exchange of Hong Kong Limited takes no responsibilities for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the Directors of Shandong Molong Petroleum Machinery Company Limited 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 Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock code on Main Board: 568

Stock code on GEM: 8261

**NOTICE OF VOLUNTARY WITHDRAWAL OF LISTING
ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**PROPOSED LISTING OF H SHARES ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Notice is hereby given that, subject to the Proposed Withdrawal and the Proposed Introduction becoming unconditional, the last day of dealings in the H Shares on GEM will be 9 January 2007 and the listing of the H Shares on GEM will be withdrawn with effect from 9:30 a.m. on 10 January 2007. It is expected that dealings in the H Shares on the Main Board (stock code: 568) will commence at 9:30 a.m. on 10 January 2007.

The Proposed Withdrawal and the Proposed Introduction will have no effect on the existing share certificates in respect of the H Shares which will continue to be good evidence of legal title and will not involve any transfer or exchange of the existing share certificates of the Company. The Directors propose no change to be made to the board lot size, trading currency of the H Shares and the registrars of the H Shares in connection with the Proposed Withdrawal and the Proposed Introduction. H Shares will continue to be traded in board lots of 4,000 H Shares each following the Proposed Introduction.

There is no assurance that permission will be obtained from the Stock Exchange for the Proposed Introduction. Shareholders and potential investors should be aware that implementation of the Proposed Withdrawal and the Proposed Introduction are subject to the conditions set out below being fulfilled and thus may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the announcement of Shandong Molong Petroleum Machinery Company Limited (the “**Company**”) dated 17 October 2006 in relation to, amongst other things, the Proposed Withdrawal.

Notice is hereby given that subject to the Proposed Withdrawal and the Proposed Introduction becoming unconditional, the last day of dealings in the H Shares on GEM will be 9 January 2007 and the listing of the H Shares on GEM will be withdrawn with effect from 9:30 a.m. on 10 January 2007. It is expected that the dealings in the H Shares on the Main Board (stock code: 568) will commence at 9:30 a.m. on 10 January 2007.

The Proposed Withdrawal and the Proposed Introduction will have no effect on the existing share certificates in respect of the H Shares which will continue to be good evidence of legal title and will not involve any transfer or exchange of the existing share certificates of the Company. The Directors propose no change to be made to the board lot size, trading currency of the H Shares and the registrars of the H Shares in connection with the Proposed Withdrawal and the Proposed Introduction. H Shares will continue to be traded in board lots of 4,000 H Shares each following the Proposed Introduction. **Please note that if and when the H Shares are listed on the Main Board, Shareholders may be required to sign a new client agreement with their stockbrokers.**

The implementation of the Proposed Withdrawal and the Proposed Introduction is conditional upon, among other things, (i) the Main Board Listing Committee granting approval for the listing of, and permission to deal in, the H Shares on the Main Board; and (ii) the CSRC granting approval for the listing of the H Shares on the Main Board.

The listing of the H Shares on the Main Board by way of introduction will be treated as a new listing. As a result, the closing price on the last day of dealings in the H Shares on GEM will not be disclosed as the previous closing price of the H Shares on the date of commencement of dealings in the H Shares on the Main Board. However, it will be disclosed as a note on teletext for reference purposes only.

Shareholders will be informed by way of public announcement in the event of any changes in the last day of dealings in the H Shares on GEM and/or the date of commencement of dealings in the H Shares on the Main Board.

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

Shandong, the PRC, 5 December 2006

** for identification purpose only*

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting.