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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: 8261)

POLL RESULTS OF THE EXTRAORDINARY GENERAL MEETING AND SEPARATE CLASS MEETINGS HELD ON 5 DECEMBER 2006 PAYMENT OF INTERIM DIVIDEND

The Board is pleased to announce that the resolutions set out in the notices to the EGM and the separate Class Meetings were duly passed at the EGM and the separate Class Meetings respectively held on 5 December 2006. The Board also wishes to notify shareholders regarding details of the payment of the interim dividend for the six months ended 30 June 2006.

The board of directors (the "Board") of Shandong Molong Petroleum Machinery Company Limited (the "Company") is pleased to announce that at the EGM, the domestic share class meeting (the "Domestic Share Class Meeting") and the H share class meeting (the "H Share Class Meeting") of the Company held on Tuesday, 5 December 2006 at 99 Beihai Road, Shouguang City, Shandong Province, the People's Republic of China, the resolutions set out in the notices to the EGM, the Domestic Share Class Meeting and the H Share Class Meetings, respectively, were duly passed. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular despatched by the Company on 19 October 2006 (the "Circular") to its shareholders.

RESULTS OF THE EGM

A poll was demanded by the Chairman of the EGM for voting on the following resolutions and the results in respect of such resolutions are as follows:

Special resolution	Number of votes	
	For	Against
1. "THAT conditional upon (1) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting approval of the listing of, and permission to deal in, on the main board (the "Main Board") of the Stock Exchange the 246,276,000 H Shares of RMB0.10 each in the issued share capital of the Company (the "H Shares") (the "Proposed Introduction"); (2) the China Securities Regulatory Commission granting approval of the listing of the H Shares in issue on the Main Board; (3) the publication by the Company of a notice in respect of the proposed withdrawal of listing of the H Shares on the Growth Enterprise Market of the Stock Exchange ("GEM") (the "Proposed Withdrawal") which shall be published at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal; (4) the GEM Listing Committee of the Stock Exchange granting a waiver for the reduction of the notice period required under Rule 9.19(3) to at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal and the fulfillment of such waiver by the Company; and (5) the obtaining of all other relevant consents (if any) which are required in connection with the implementation of the Proposed Withdrawal and the Proposed Introduction and the fulfillment of all conditions which may be attached to such consents, the Proposed Introduction be and is hereby approved and confirmed; the listing of the H Shares on GEM shall cease with effect from such date and time as the directors of the Company (the "Directors") may designate and any Director or the company secretary of the Company be and is hereby authorised generally to do all such acts for and on behalf of the Company as he/she may deem necessary, desirable or expedient to effect and implement the foregoing; and the notice period required under Rule 9.19(3) of the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange in connection with the Proposed Withdrawal be reduced to at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal."	117,534,356 H Shares 401,722,000 Domestic Shares Total: 519,256,356 Shares (100%)	0 H Shares 0 Domestic Shares Total: 0 Shares (0%)
2. "THAT conditional upon the listing of the H Shares (as defined in resolution No. 1 set out in this notice) on the Main Board of the Stock Exchange: (1) there be granted to the board of directors of the Company ("Board") an unconditional general mandate ("General Mandate") to issue, allot and deal with additional shares in the capital of the Company 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 nominal 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 People's Republic of China (the "PRC") and the Listing Rules Governing the Listing of Securities on 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 are 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 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 earlier of: (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or	51,033,356 H Shares 401,722,000 Domestic Shares Total: 452,755,356 Shares (87.19%)	66,501,000 H Shares 0 Domestic Shares Total: 66,501,000 Shares (12.81%)

Special resolution	Number of votes	
	For	Against
(b) 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. (3) the general mandate to issue H Shares granted to the Directors as set out in the notice of the annual general meeting of the Company held on 12 May 2006 be and is hereby revoked."		
3. "THAT conditional upon the listing of the H Shares (as defined in resolution No. 1 set out in this notice) on the Main Board of the Stock Exchange, amendments shall be made to the existing articles of association of the Company (the "Existing Articles"), with effect from the date on which dealings in the H Shares on the Main Board of the Stock Exchange commences and the amendments to the Existing Articles are approved by the Ministry of Commerce (whichever is later). The details of the amendments are as follows: (i) the first paragraph of Article 6 of the Existing Articles shall be deleted in its entirety and replaced by the following: "The Articles will take effect upon obtaining the approval from the shareholders' meeting and the relevant state authority in charge."; (ii) Articles 44(1) and (2) of the Existing Articles shall be deleted in their entirety and replaced by the following: "(1) payment of a fee of HK\$2.50 (per transfer document), or such amount as may from time to time be requested by the board of directors which does not exceed the maximum amount as required under the Listing Rules of The Stock Exchange of Hong Kong Limited from time to time, to the Company for the registration of any transfer document(s) and other document(s) relating to or affecting the ownership of the shares in question; (2) the transfer document relates only to overseas listed foreign shares listed in the Main Board of The Stock Exchange of Hong Kong Limited;"; (iii) Paragraph 2 of Article 48 of the Existing Articles shall be deleted in its entirety and replaced by the following: "Where holders of domestic shares have lost their share certificates and apply for their replacement, the matter shall be dealt with under the provisions of Article 144 of the Company Law."; (iv) Article 77(4) shall be inserted after Article 77(3) of the Existing Articles as follows: (4) the Directors and/or Chairman of the Meeting who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting (and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies)."; (v) the words "next annual general meeting" in the sixth paragraph of Article 101 of the Existing Articles shall be deleted and replaced with the words "next general meeting"; (vi) Paragraphs 1 and 2 of Article 106 of the Existing Articles shall be deleted in its entirety and replaced by the following: "Regular meetings of the Board of Directors shall be convened at least four times every year. Such meetings shall be convened by the chairman of the Board of Directors by giving notice to all the Directors fourteen (14) days before the meeting date. Under any of the following circumstances, the chairman of the Board of Directors shall convene the extraordinary board meetings within fourteen (14) days:"; (vii) the words "ten (10) days" in each of Articles 107(2) and (3) of the Existing Articles shall be deleted and replaced with the words "fourteen (14) days"; (viii) the words "social economic order" in Article 132(2) of the Existing Articles shall be deleted and replaced with the words "Socialist market economic order";	117,534,356 H Shares 401,722,000 Domestic Shares Total: 519,256,356 Shares (100%)	0 H Shares 0 Domestic Shares Total: 0 Shares (0%)

Special resolution	Number of votes	
	For	Against
<p>(ix) the words “Article 54” in Article 139 shall be deleted and replaced with the words “Article 55”;</p> <p>(x) Article 143(1) of the Existing Articles shall be deleted in its entirety and replaced by the following: “the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;”;</p> <p>(xi) Article 143(2) of the Existing Articles shall be deleted in its entirety;</p> <p>(xii) Articles 148(1) and (2) of the Existing Articles shall be deleted in their entirety and replaced by the following: “(1) emoluments in respect of his service as a Director, Supervisor, or senior officer of the Company; (2) emoluments in respect of his service as a Director, Supervisor or senior officer of any subsidiary of the Company;”;</p> <p>(xiii) the words “Article 55” in Article 149(2) of the Existing Articles shall be deleted and replaced with the words “Article 56”;</p> <p>(xiv) Article 156 shall be deleted in its entirety and replaced by the following: “The Company shall despatch the directors’ report and its annual accounts and the auditors’ report for the purpose of its annual accounts to the shareholders of the Company at least twenty-one (21) days before the date of the annual general meeting and within one hundred and twenty (120) days after the end of the accounting year. The Company shall prepare its interim report for the first six months of the accounting year which at least complies with the required information set out in the Main Board Listing Rules and despatch the same within sixty (60) days after the end of the first six (6) months of the accounting year.”;</p> <p>(xv) the words “five (5) days later” in Article 208 of the Existing Articles shall be deleted and replaced with the words “on that date”;</p> <p>(xvi) the consequential amendments to the margin notes to the effect that all references to “Appendix 11C to the Listing Rules” in the Existing Articles shall be deleted and replaced with “Appendix 13D to the Listing Rules”; and</p> <p>THAT the Directors be and are hereby authorized to do such other acts and things, enter into all such transactions and arrangements, execute such other documents and/or deeds and/or take all such steps, which in their opinion may be necessary, desirable or expedient to amend the Existing Articles further, as the Directors may deem appropriate and necessary, and file or register the amended Existing Articles (subject to further amendments (if any) being made to the same by the Directors) with the relevant authorities of the PRC and Hong Kong, if required.”</p>		

There were 246,276,000 H Shares (being the total number of issued H Shares) and 401,722,000 Domestic Shares (being the total number of issued Domestic Shares) entitling the holders to attend and vote for or against the above special resolutions numbered 1 to 3.

There were no shares entitling the holder to attend and vote only against any of the above special resolutions numbered 1 to 3.

All the votes attaching to the Shares held by the shareholders of the Company present and voting in person or by proxy at the EGM were cast in favour of the above special resolution numbered 1. Hence, the above resolution numbered 1 was duly passed as a special resolution.

87.19% of the votes attaching to the Shares held by the shareholders of the Company present and voting in person or by proxy at the EGM were cast in favour of the above special resolution numbered 2. Hence, the above resolution numbered 2 was duly passed as a special resolution.

All the votes attaching to Shares held by the shareholders of the Company present and voting in person or by proxy at the EGM were cast in favour of the above special resolution numbered 3. Hence, the above resolution numbered 3 was duly passed as a special resolution.

Ordinary resolution	Number of votes	
	For	Against
<p>4. “THAT a conditional agreement (the “Supplemental Agreement”) entered into between the Company and 壽光墨龍機電設備有限公司 (Shouguang Molong Electromechanical Equipment Company Limited) on 22 September 2006 in relation to the extension of the term of the agreement dated 20 March 2004 between the same parties, to 31 December 2007, the continuing connected transactions contemplated thereunder and the proposed annual caps for the continuing connected transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and any director of the Company be and is hereby authorized to execute the Supplemental Agreement and do such other acts and things and execute such other documents which in his opinion may be necessary or desirable to implement the Supplemental Agreement for and on behalf of the Company.”</p>	<p>117,534,356 H Shares</p> <p>21,301,000 Domestic Shares</p> <p>Total: 138,835,356 Shares (100%)</p>	<p>0 H Shares</p> <p>0 Domestic Shares</p> <p>Total: 0 Shares (0%)</p>

There were 246,276,000 H Shares (being the total number of issued H Shares) and 21,301,000 Domestic Shares (being the number of total issued Domestic Shares less the number of Domestic Shares held by Mr. Zhang En Rong, Mr. Lin Fu Long, Mr. Zhang Yun San, Mr. Xie Xin Cang and Mr. Liu Yun Long) entitling the holders to attend and vote for or against the above ordinary resolution numbered 4.

There were no shares entitling the holder to attend and vote only against the above ordinary resolution numbered 4.

All the votes attaching to Shares held by the shareholders of the Company other than Mr. Zhang En Rong, Mr. Lin Fu Long, Mr. Zhang Yun San, Mr. Xie Xin Cang and Mr. Liu Yun Long present and voting in person or by proxy at the EGM were cast in favour of the above ordinary resolution numbered 4. Hence the above ordinary resolution numbered 4 was duly passed as an ordinary resolution.

Ordinary resolution	Number of votes	
	For	Against
<p>5. “THAT the board of directors of the Company be and is hereby authorised to declare and pay an interim dividend of RMB1.5 cents per share in respect of the six months ended 30 June 2006, to shareholders whose names appear on the register of members of the Company on 4 December 2006 (the “Dividend Declaration and Payment”); and</p> <p>THAT the directors of the Company be and are hereby authorized to do such other acts and things, enter into all such transactions and arrangements, execute such other documents and/or deeds and/or take all such steps, which in their opinion may be necessary, desirable or expedient to implement the Dividend Declaration and Payment.”</p>	<p>117,534,356 H Shares</p> <p>401,722,000 Domestic Shares</p> <p>Total: 519,256,356 Shares (100%)</p>	<p>0 H Shares</p> <p>0 Domestic Shares</p> <p>Total: 0 Shares (0%)</p>

There were 246,276,000 H Shares (being total number of issued H Shares) and 401,722,000 Domestic Shares (being the total number of issued Domestic Shares) entitling the holders to attend and vote for or against the above ordinary resolution numbered 5.

There were no shares entitling the holder to attend and vote only against the above ordinary resolution numbered 5.

All the votes attaching to Shares held by the shareholders present and voting in person or by proxy at the EGM were cast in favour of the above ordinary resolution numbered 5. Hence the above ordinary resolution numbered 5 was duly passed as an ordinary resolution.

RESULTS OF THE DOMESTIC SHARE CLASS MEETING

A poll was demanded by the Chairman of the Domestic Share Class Meeting for voting on the following resolution and the results in respect of such resolution are as follows:

Special resolution	Number of votes	
	For	Against
<p>“THAT conditional upon (1) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, and permission to deal in, on the main board (the “Main Board”) of the Stock Exchange the 246,276,000 H Shares of RMB0.10 each in the issued share capital of the Company (the “H Shares”) (the “Proposed Introduction”); (2) the China Securities Regulatory Commission granting approval of the listing of the H Shares on the Main Board; (3) the publication by the Company of a notice in respect of the proposed withdrawal of listing of the H Shares on the Growth Enterprise Market of the Stock Exchange (“GEM”) (the “Proposed Withdrawal”) which shall be published at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal; (4) the GEM Listing Committee of the Stock Exchange granting a waiver for the reduction of the notice period required under Rule 9.19(3) to at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal and the fulfillment of such waiver by the Company; and (5) the obtaining of all other relevant consents which are required in connection with the implementation of the Proposed Withdrawal and the Proposed Introduction and the fulfillment of all conditions which may be attached to such consents, the Proposed Introduction be and is hereby approved and confirmed; the listing of the H Shares on GEM shall cease with effect from such date and time as the directors of the Company (“Directors”) may designate and any Director or the company secretary of the Company be and is hereby authorised generally to do all such acts for and on behalf of the Company as he/she may deem necessary, desirable or expedient to effect and implement the foregoing; and the notice period required under Rule 9.19(3) of the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange in connection with the Proposed Withdrawal be reduced to at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal.”</p>	<p>401,722,000 Domestic Shares (100%)</p>	<p>0 Domestic Shares (0%)</p>

There were 401,722,000 Domestic Shares (being the total number of issued Domestic Shares) entitling the holders to attend and vote for or against the above special resolution proposed at the Domestic Share Class Meeting.

There were no shares entitling the holder to attend and vote only against the above special resolution proposed at the Domestic Share Class Meeting.

All the votes attaching to Shares held by the shareholders present and voting in person or by proxy at the Domestic Share Class Meeting were cast in favour of the above special resolution proposed at the Domestic Share Class Meeting. Hence the above special resolution proposed at the Domestic Share Class Meeting was duly passed as a special resolution.

RESULTS OF THE H SHARE CLASS MEETING

A poll was demanded by the Chairman of the H Share Class Meeting for voting on the following resolution and the results in respect of such resolution are as follows:

Special resolution	Number of votes	
	For	Against
<p>“THAT conditional upon (1) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, and permission to deal in, on the main board (the “Main Board”) of the Stock Exchange the 246,276,000 H Shares of RMB0.10 each in the issued share capital of the Company (the “H Shares”) (the “Proposed Introduction”); (2) the China Securities Regulatory Commission granting approval of the listing of the H Shares on the Main Board; (3) the publication by the Company of a notice in respect of the proposed withdrawal of listing of the H Shares on the Growth Enterprise Market of the Stock Exchange (“GEM”) (the “Proposed Withdrawal”) which shall be published at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal; (4) the GEM Listing Committee of the Stock Exchange granting a waiver for the reduction of the notice period required under Rule 9.19(3) to at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal and the fulfillment of such waiver by the Company; and (5) the obtaining of all other relevant consents which are required in connection with the implementation of the Proposed Withdrawal and the Proposed Introduction and the fulfillment of all conditions which may be attached to such consents, the Proposed Introduction be and is hereby approved and confirmed; the listing of the H Shares on GEM shall cease with effect from such date and time as the directors of the Company (“Directors”) may designate and any Director or the company secretary of the Company be and is hereby authorised generally to do all such acts for and on behalf of the Company as he/she may deem necessary, desirable or expedient to effect and implement the foregoing; and the notice period required under Rule 9.19(3) of the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange in connection with the Proposed Withdrawal be reduced to at least five clear business days from the date on which the shareholders of the Company shall have approved the Proposed Withdrawal.”</p>	<p>117,936,356 H Shares (100%)</p>	<p>0 H Shares (0%)</p>

There were 246,276,000 H Shares (being the total number of issued H Shares) entitling the holders to attend and vote for or against the above special resolution proposed at the H Share Class Meeting.

There were no shares entitling the holder to attend and vote only against the above special resolution proposed at the H Share Class Meeting.

All the votes attaching to Shares held by the shareholders present and voting in person or by proxy at the H Share Class Meeting were cast in favour of the special resolution proposed at the H Share Class Meeting. Hence the above special resolution proposed at the H Share Class Meeting was duly passed as a special resolution.

GENERAL

As regards Mr. Zhang En Rong, Mr. Lin Fu Long, Mr. Zhang Yun San, Mr. Xie Xin Cang and Mr. Liu Yun Long, whose intention to abstain from voting in the EGM have been stated in the Circular, the Company has confirmed that they have so abstained from voting in the EGM.

Shandong Shouguang Shengcheng Accounting Firm, the external accountant of the Company, acted as a scrutineer in respect of the voting at the EGM, the Domestic Share Class Meetings and the H Share Class Meeting.

PAYMENT OF INTERIM DIVIDEND

The Board wishes to notify shareholders that details of the payment of the interim dividend for the six months 30 June 2006 are as follows:

The Company will pay an interim dividend of RMB1.5 cents per share in respect of the six months ended 30 June 2006. The payment shall be made to shareholders whose names appeared on the register of members of the Company on 4 December 2006. Dividends payable to holders of the Company’s H shares will be paid in Hong Kong dollars based on the following formula:

$$\text{Interim dividend per H Share in Hong Kong dollars} = \frac{\text{Interim dividend per share in RMB}}{\text{Average of the closing exchange rates for RMB to Hong Kong dollars as quoted by The People’s Bank of China for the week immediately preceding the EGM}}$$

The average of the closing exchange rates for RMB to Hong Kong dollars as quoted by The People’s Bank of China for the week immediately preceding the EGM is RMB1.007743 to HK\$1.00. Accordingly, the amount of interim dividend payable per H share is HK1.488 cents.

The Company will pay to Bank of China (Hong Kong) Trustees Limited (the **“Receiving Agent”**) the interim dividend declared for payment to H shareholders of the Company. Such interim dividend will be paid by the Receiving Agent and will be mailed by Tricor Investor Services Limited to the holders of H Shares who are entitled to receive the same by ordinary post at their own risk on or before 29 December 2006.

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, Xie Xin Cang; the non-executive Directors are Chen Jian Xiong and Wang Ping; and the independent non-executive Directors are Qin Yue 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.