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CLARIFICATION ANNOUNCEMENT

Reference is made to the circular of Shandong Molong Petroleum Machinery Company Limited (the “**Company**”) dated 17 November 2008 (the “**Circular**”) and the notices of the EGM, the Domestic Shares Classing Meetings and the H Shares Class Meeting dated 17 November 2008 for the purpose of seeking Shareholders’ approval for the proposed A Shares Issue, the proposed Shares Consolidation, the proposed amendments to the Articles of Association and the Procedural Rules, the proposed adoption of the independent directors’ rules, the proposed change of auditors and the proposed change of independent non-executive Director, where appropriate. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the Circular.

In response to the amendments to the Listing Rules which came into effect on 1 January 2009, the Company will arrange for the vote of Shareholders at the EGM, the Domestic Shares Class Meeting and H Shares Class Meeting which will be convened and held on 8 January 2009 to be taken by poll in accordance with the Articles of Association.

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

Shandong, the PRC
5 January 2009

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

** for identification purpose only*