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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: 568)

ANNOUNCEMENT REGARDING THE REVISION OF THE FORECAST FOR THE RESULTS OF 2013

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) pursuant to 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong) (the **"SFO"**).

Reference is made to the Company's announcements dated 25 October 2013 regarding the third quarterly report of 2013 (the **"Announcement"**). Unless otherwise defined, capitalized terms used in this announcement have the same meaning as defined in the Announcement.

Due to the impacts of both the internal and external economic environments, the Company hereby revise the forecast for the results of 2013 (section III of part III of the Announcement) as follows :-

I. Results Forecast for the Current Period

1. Period for the results forecast: 1 January 2013 ~ 31 December 2013

2. Previous results forecast: Pursuant to the third Quarterly Report of 2013 published on the Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and the websites of CNINFO on 28 October 2013, the websites of Company and the Hong Kong Stock Exchange on 25 October 2013, the Company estimated that the year-on-year change in net profit from January to December 2013 will be -80% to -30%, and the expected amount of net profit will be RMB 26.85 million to RMB 93.98 million.

3. Revised results forecast:

☒ **Loss** ☐ Turn loss into profit ☐ Up year-on-year ☐ Down year-on-year ☐ Other

Item	Current reporting period (2013 full year)	Same period last year
Net profit attributable to shareholders of the listed company	Loss(RMB): -120 million to -180 million	RMB 134.26million

II. Pre-audit Status of the Revised Results Forecast

This results forecast of the Company has not been pre-audited by auditor.

III. Reasons for the Revision of the Results

During the reporting period, due to the impacts of both the internal and external economic environments, decline in demand under the weak market and keen competitions, the selling prices of our products decreased comparing with that of the corresponding period of last year and the market demand on high-end products also decreased. At the same time the company has made the provision for impairment of relevant assets:

- (1) Affected by the downturn of the economic situation at home and abroad, the Company has withdrawn a sum for inventory depreciation reserves in accordance with the requirement of the Accounting Standards for Enterprises. The amount withdrawn is approximately RMB 50 million.
- (2) According to the "Accounting Standards for Enterprises No. 8 - Impairment of Assets", goodwill generated from the merger of companies should be tested for impairment at least annually at the end of each year. After performing the goodwill impairment test on the Company's goodwill, the amount of goodwill impairment for the year 2013 is approximately RMB 30 million to RMB 50 million. Moreover, the Company also performed an impairment test on its intangible assets, which amount of impairment for the year 2013 is approximately RMB 20 million to RMB 45 million.

The above factors led to the a larger than expected decrease in shareholders' net profit.

IV. Other Relevant Information

- (1) The Company's authorized information medias for disclosure include China Securities Journal, The Securities Times and the websites of CNINFO (www.cninfo.com.cn). Shareholders and potential investors are advised to note the relevant disclosure in dealing with the shares of the Company.
- (2) The above forecast is the preliminary estimation made by the financial department of the Company and the specific financial data of the results of 2013 of the Company shall be subject to the 2013 annual report to be published by the Company.

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

Shandong, the PRC
29 January 2014

As at the date of this announcement, the executive Directors are Mr. Zhang En Rong, Mr. Lin Fu Long, Mr. Zhang Yun San and Mr. Guo Huan Ran; the non-executive Directors are Mr. Xiao Qing Zhou, Mr. Guo Hong Li and the independent non-executive Directors are Mr. John Paul Cameron, Ms. Wang Chun Hua and Mr. Qin Xue Chang.

** For identification purpose only*