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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcements of Shandong Molong Petroleum Machinery Company Limited (the “**Company**”) published on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) dated 28 April 2016, 19 August 2016 and 26 October 2016 titled (1) 2016 First Quarterly Report, (2) Interim Results for the Six Months Ended 30 June 2016 and (3) Unaudited Third Quarter Report of 2016, respectively.

In the process of compiling the annual report for the year ended 2016, the Company has identified certain inaccurate items in revenue recognition, revenue measurement and operating cost structure. The fifth board of directors (the “**Board**”) and the fifth board of supervisors of the Company have passed the resolution, in their respective fourth meeting, to correct certain information provided for in the said (1) 2016 First Quarterly Report, (2) Interim Results for the Six Months Ended 30 June 2016 and (3) Unaudited Third Quarter Report of 2016. The changes effected are stipulated below in bold. Unless otherwise specified, monetary units are denominated in RMB (i.e. Renminbi, the lawful currency of the People's Republic of China (the “**PRC**”). Unless defined otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in (1) 2016 First Quarterly Report, (2) Interim Results for the Six Months Ended 30 June 2016 and (3) Unaudited Third Quarter Report of 2016.

(1) 2016 FIRST QUARTERLY REPORT

1. Part 2 Major Accounting Information & Financial Indicators

Inaccurate financial information contained therein:

Items	The reporting period	Same period last year	Change
Operating Revenue (RMB)	425,168,219.17	567,637,950.76	-25.10%
Net profit attributable to shareholders of the listed company (RMB)	3,112,210.78	4,592,299.53	-32.23%
Net profit deducting non-recurring profit and loss attributable to shareholders of the listed company (RMB)	-4,532,487.27	2,314,467.96	-295.83%
Net cash flow from operating activities (RMB)	41,786,260.26	-28,074,565.91	248.84%

Basic earnings per share (RMB)	0.0039	0.01	-61.00%
Diluted earnings per share (RMB)	0.0039	0.01	-61.00%
The weighted average return on net assets (%)	0.13%	0.17%	-0.04%
Items	At the end of the current reporting period	At the end of last year	Change
Total assets (RMB)	6,446,434,643.25	5,851,180,723.61	10.17%
Owners' equity attributable to shareholders of the listed company (RMB)	2,436,391,444.08	2,433,157,226.21	0.13%

Revised figures:

Items	The reporting period	Same period last year	Change
Operating Revenue (RMB)	383,768,219.17	567,637,950.76	-32.39%
Net profit attributable to shareholders of the listed company (RMB)	-58,287,789.22	4,592,299.53	-1369.25%
Net profit deducting non-recurring profit and loss attributable to shareholders of the listed company (RMB)	-65,932,487.27	2,314,467.96	-2948.71%
Net cash flow from operating activities (RMB)	41,786,260.26	-28,074,565.91	248.84%
Basic earnings per share (RMB)	-0.073	0.01	-830.00%
Diluted earnings per share (RMB)	-0.073	0.01	-830.00%
The weighted average return on net assets (%)	-2.42%	0.17%	-2.59%
Items	At the end of the current reporting period	At the end of last year	Change
Total assets (RMB)	6,379,084,643.25	5,851,180,723.61	-9.02%
Owners' equity attributable to shareholders of the listed company (RMB)	2,374,991,444.08	2,433,157,226.21	2.39%

2. Part 3 Main accounting statements during the reporting period, major change of the financial status and reasons

Inaccurate financial information contained therein:

(1) The explanation for major changes of the Company's assets and liabilities structure during the reporting period

Items	31 March 2016	31 December 2015	Change (%)	Reason for variance
	(Unaudited)	(Audited)		
Tax payable	18,699,979.78	7,387,844.14	153.12%	(7)

(7) The Tax payable increased by 153.12% compared to the beginning of the year 2016, mainly because of the company realized tax expense increased.

Revised figures:

(1) The explanation for major changes of the Company's assets and liabilities structure during the reporting period

Items	31 March 2016	31 December 2015	Change(%)	Reason for variance
	(Unaudited)	(Audited)		
Tax payable	12,749,979.78	7,387,844.14	72.58%	(7)

(7) The Tax payable increased by 72.58% compared to the beginning of the year 2016, mainly because of the company realized tax expense increased.

3. Part 4 Financial Statement**(1) Consolidated Balance Sheet**

Items	Before	Revised
Current assets:		
Accounts receivable	637,449,653.72	590,099,653.72
Inventories	857,668,529.92	837,668,529.92
Total current assets	2,713,086,370.46	2,645,736,370.46
Total assets	6,446,434,643.25	6,379,084,643.25
Current liabilities:		
Taxes payable	18,699,979.78	12,749,979.78
Total current liabilities	3,901,262,658.20	3,895,312,658.20
Total liabilities	3,915,857,274.15	3,909,907,274.15
Owners' equity:		
Undistributed profit	613,484,413.90	552,084,413.90
Total equity attributable to owners of the Company	2,436,391,444.08	2,374,991,444.08
Total owners' equity	2,530,577,369.10	2,469,177,369.10
Total liabilities and owners' equity	6,446,434,643.25	6,379,084,643.25

(2) Balance Sheet of the Company

Items	Before	Revised
Current assets:		
Accounts receivable	865,823,210.71	818,473,210.71
Inventories	662,697,857.82	642,697,857.82
Total current assets	3,293,750,033.10	3,226,400,033.10
Total assets	6,007,096,553.78	5,939,746,553.78
Current liabilities:		
Taxes payable	12,918,613.39	6,968,613.39
Total current liabilities	3,361,822,902.50	3,355,872,902.50
Total liabilities	3,362,142,206.27	3,356,192,206.27
Owners' equity:		

Undistributed profit	820,937,053.08	759,537,053.08
Total equity attributable to owners of the Company	2,644,954,347.51	2,583,554,347.51
Total owners' equity	6,007,096,553.78	5,939,746,553.78

(3) Consolidated Income Statement

Items	Before	Revised
I . Total revenue from operations	425,168,219.17	383,768,219.17
Among which: operating revenue	425,168,219.17	383,768,219.17
II . Total cost of operations	439,640,500.99	459,640,500.99
Among which: Operating cost	379,594,870.10	399,594,870.10
III. Operating profit (loss is presented by “—”)	-14,472,281.82	-75,872,281.82
IV. Total profit (loss is represented by “—”)	-4,589,683.08	-65,989,683.08
V. Net profit (loss is represented by “—”)	-7,635,695.07	-69,035,695.07
Net profit attributable to owners of the Company	3,112,210.78	-58,287,789.22
VII. Total comprehensive income	-7,507,226.80	-68,907,226.80
Total comprehensive income attributable to owners of the Company	3,234,217.87	-58,165,782.13
VIII. Earnings per share:		
(1) Basic earnings per share	0.0039	-0.073
(2) Diluted earnings per share	0.0039	-0.073

(4) Income Statement of the Company

Items	Before	Revised
I . Total revenue from operations	333,705,787.39	292,305,787.39
Less: Operating cost	263,418,750.51	283,418,750.51
II. Operating profit (loss is presented by “—”)	28,557,516.41	-32,842,483.59
III. Total profit (loss is represented by “—”)	31,051,386.41	-30,348,613.59
IV. Net profit (loss is represented by “—”)	30,853,056.26	-30,546,943.74
VI. Total comprehensive income	30,853,056.26	-30,546,943.74

(2) INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

ANNOUNCEMENT 2016 INTERIM REPORT

1. III. SUMMARY OF FINANCIAL RESULTS AND INDICATORS

Inaccurate financial information contained therein:

	30 June 2016 (unaudited)	30 June 2015 (unaudited)	Changes (%)
Operating Revenue (RMB)	871,031,873.22	1,097,649,636.91	-20.65%
Net profit attributable to equity holders of Listed Company (RMB)	6,039,585.20	10,313,286.91	-41.44%

Net profit after extraordinary gains or losses attributable to equity holders of Listed Company (RMB)	-1,965,200.44	-9,827,977.66	80.00%
Net cash flows from operating activities (RMB)	-109,265,678.50	126,758,914.81	-186.20%
Basic earning per Share (RMB)	0.0076	0.01	-24.00%
Diluted earning per Share (RMB)	0.0076	0.01	-24.00%
Net Assets Income Rate (%)	0.25%	0.38%	-0.13%
	30 June 2016 (unaudited)	30 June 2015(unaudited)	Changes (%)
Total Assets (RMB)	6,461,481,655.40	5,851,180,723.61	10.43%
Net assets attributable to shareholders of Listed Company	2,438,618,117.60	2,433,157,226.21	0.22%

Revised figures:

	30 June 2016 (unaudited)	30 June 2015 (unaudited)	Changes (%)
Operating Revenue (RMB)	771,031,873.22	1,097,649,636.91	-29.76%
Net profit attributable to equity holders of Listed Company (RMB)	-146,276,860.01	10,313,286.91	-1518.33%
Net profit after extraordinary gains or losses attributable to equity holders of Listed Company (RMB)	-154,281,645.65	-9,827,977.66	-1469.82%
Net cash flows from operating activities (RMB)	-109,265,678.50	126,758,914.81	-186.20%
Basic earning per Share (RMB)	-0.1833	0.01	-1933.00%
Diluted earning per Share (RMB)	-0.1833	0.01	-1933.00%
Net Assets Income Rate (%)	-6.20%	0.38%	-6.58%
	30 June 2016 (unaudited)	30 June 2015(unaudited)	Changes (%)
Total Assets (RMB)	6,294,965,210.19	5,851,180,723.61	-7.58%
Net assets attributable to shareholders of Listed Company	2,286,301,672.39	2,433,157,226.21	6.04%

2. IV. DIRECTORS' REPORT "II. Main business analysis"

Inaccurate financial information contained therein:

During the reporting period, the Group achieved an unaudited revenue of RMB871,031,873.22, representing a decrease of approximately 20.65% as compared to the same period last year; the unaudited total profit was RMB2,918,208.35, representing a decrease of approximately 144.83% as compared to the same period last year; the unaudited profit attributable to equity holders of the Company was RMB6,039,585.20, representing decrease of 41.44% as compared to the same period last year; and the

unaudited net profit after extraordinary items was RMB-1,965,200.44, representing increase of approximately 80% as compared with the same period last year.

The changes in main financial data

	30 June 2016 (unaudited)	30 June 2015 (unaudited)	Changes (%)	Reasons for the variations
Operation revenue	871,031,873.22	1,097,649,636.91	-20.65%	
Operating costs	770,746,262.83	909,522,428.13	-15.26%	
Tax payable	20,676,111.88	7,387,844.14	179.87%	Because of tax increasing.

Company's review on the progress of the operating plan during the reporting period

For overseas markets, the Group continued to expand its business development in Central Asia, Middle East, South America and North Africa during the reporting period and built new clients' relationship by mainly selling casing and tubing, line pipe products, subsea pipeline products and sucker rods. In addition, the Group has obtained certificates for its products in many national oil companies during the reporting period. With the new customers' development and obtaining the production certificates from national oil companies, the Group has further increased its market shares in overseas markets, and popularity in the international oil drilling equipment market. Currently, the Group has established and maintained good and long-term cooperative relationships with many overseas oil suppliers and oil field service companies, which results in an increase in sales in the overseas markets. During the reporting period, the Group's revenue from exports accounted for approximately 16.74% of the Group's total sales revenue.

Revised figures:

During the reporting period, the Group achieved an unaudited revenue of **RMB771,031,873.22**, representing a decrease of approximately **29.76%** as compared to the same period last year; the unaudited total profit was **RMB-16,0934,700**, representing a decrease of approximately **2,572.06%** as compared to the same period last year; the unaudited profit attributable to equity holders of the Company was **RMB-146,280,000**, representing decrease of **1,518.33%** as compared to the same period last year; and the unaudited net profit after extraordinary items was **RMB-154,280,000**, representing increase of approximately **1,469.82%** as compared with the same period last year.

The changes in main financial data

	30 June 2016 (unaudited)	30 June 2015 (unaudited)	Changes (%)	Reasons for the variations
Operation revenue	771,031,873.22	1,097,649,636.91	-29.76%	
Operating costs	828,762,708.04	909,522,428.13	-8.88%	
Tax payable	12,176,111.88	7,387,844.14	64.81%	Because of tax increasing.

Company's review on the progress of the operating plan during the reporting period

For overseas markets, the Group continued to expand its business development its business in Central Asia, Middle East, South America and North Africa during the reporting period and has built new clients by mainly selling casing and tubing, line pipe products, subsea pipeline products and sucker rods. In

addition, the Group has obtained certificates for its products in many national oil companies during the reporting period. With the new customers' development and obtaining the production certificates from national oil companies, the Group has further increased its market shares in overseas markets, and popularity in the international oil drilling equipment market. Currently, the Group has established and maintained good and long-term cooperative relationships with many overseas oil suppliers and oil field service companies, which results in an increase in sales in the overseas markets. During the reporting period, the Group's revenue from exports accounted for approximately **18.95%** of the Group's total sales revenue.

3. IV. DIRECTORS' REPORT “III. Principal operations by Products and by Region”

Inaccurate financial information contained therein:

	Operation revenue (Unaudited)	Operating costs (Unaudited)	Gross profit margin (%)	Year-on-year changes in operation revenue (%)	Year-on-year changes in operating costs (%)	Year-on-year changes in gross profit margin (%)
By industry						
Petroleum machinery specialized equipment manufacturing	855,588,808.11	765,165,251.78	10.57%	-21.26%	-13.94%	-7.60%
By product						
Casing and tubing	781,668,830.03	697,087,777.41	10.82%	-21.99%	-15.75%	-6.61%
Three kinds of pumping units	16,890,016.87	11,843,203.89	29.88%	-25.12%	-16.04%	-7.59%
Petroleum machinery	8,899,062.96	9,731,049.79	-9.35%	-85.45%	-79.32%	-32.43%
Trade	45,174,407.89	43,706,202.82	3.25%			
Others	2,956,490.36	2,797,017.87	5.39%	273.56%	396.76%	-23.46%
By region						
PRC	712,374,641.00	633,873,589.84	11.02%	27.12%	24.39%	1.95%
Abroad	143,214,167.11	131,291,661.94	8.32%	-72.78%	-65.41%	-19.54%

Revised figures:

	Operation revenue (Unaudited)	Operating costs (Unaudited)	Gross profit margin (%)	Year-on-year changes in operation revenue(%)	Year-on-year changes in operating costs(%)	Year-on-year changes in gross profit margin(%)
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By industry						
Petroleum machinery specialized equipment manufacturing	755,588,808.11	823,181,696.99	-8.95%	-30.46%	-7.41%	-27.12%
By product						
Casing and tubing	681,668,830.03	749,104,222.62	-9.89%	-31.97%	-9.46%	-27.32%
Three kinds of pumping units	16,890,016.87	17,843,203.89	-5.64%	-25.12%	26.50%	-43.11%
Petroleum machinery	8,899,062.96	9,731,049.79	-9.35%	-85.45%	-79.32%	-32.43%
Trade	45,174,407.89	43,706,202.82	3.25%			
Others	2,956,490.36	2,797,017.87	5.39%	273.56%	396.76%	-23.46%
By region						
PRC	612,374,641.00	691,890,035.05	-12.98%	9.27%	35.78%	-22.06%
Abroad	143,214,167.11	131,291,661.94	8.32%	-72.78%	-65.41%	-19.54%

4. IV. DIRECTORS' REPORT "V. Investment situation analysis"

Inaccurate financial information contained therein:

(1) Analysis of main subsidiaries, joint stock company

Name of company	Company Type	Industry	The main products or services	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shouguang Baolong	Subsidiary	Manufacturing	Manufacture and sales of oil equipment	150,000,000.00	786,807,811.57	-5,768,557.84	370,868,492.66	-62,823,312.07	-62,764,418.82

Revised figures:

(1) Analysis of main subsidiaries, joint stock company

Name of company	Company Type	Industry	The main products or services	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shouguang Baolong	Subsidiary	Manufacturing	Manufacture and sales of oil equipment	150,000,000.00	767,807,811.57	-24,768,557.84	370,868,492.66	-81,823,312.07	-81,764,418.82

5. IV. DIRECTORS' REPORT "XII. Disclosures in accordance with the Listing Rules of SEHK"

Inaccurate financial information contained therein:

A summary of the results and of the assets and liabilities of the Group for the past two financial years is as follows:

Results	For the 6 months ended 30 June	
	2016	2015
	RMB'0000	RMB'0000
Total revenue from operation	87,103.19	109,764.96
Profit from operations	-1,322.18	-1,716.29
Total profit	-291.82	651.02
Net profit	-1,048.69	-99.17
Minority interests	-1,652.65	-1,130.49
Net profit attributable to shareholders of the Company	603.96	1,031.33
Basic earnings share (RMB)	0.0076	0.01

Assets and Liabilities

	For the 6 months ended 30 June	
	2016	2015
	RMB'0000	RMB'0000
Total assets	646,148.17	585,118.07
Total liabilities	393,449.46	331,309.61
Net assets	252,698.71	253,808.46

Revised figures:

A summary of the results and of the assets and liabilities of the Group for the past two financial years is as follows:

Results	For the 6 months ended 30 June	
	2016	2015
	RMB'0000	RMB'0000
Total revenue from operation	77,103.19	109,764.96
Profit from operations	-17,123.82	-1,716.29
Total profit	-16,093.47	651.02
Net profit	-16,850.34	-99.17
Minority interests	-2,222.65	-1,130.49
Net profit attributable to shareholders of the Company	-14,627.69	1,031.33
Basic earnings share (RMB)	-0.1833	0.01

Assets and Liabilities

	For the 6 months ended 30 June	
	2016	2015
	RMB'0000	RMB'0000
Total assets	629,496.52	585,118.07
Total liabilities	392,599.45	331,309.61
Net assets	236,897.07	253,808.46

6. IX Financial reports “II. Financial Statements”

(1) Consolidated Balance Sheets

Items	Before	Revised
Current assets:		
Accounts receivable	610,397,174.57	501,897,174.57
Inventory	870,243,999.49	812,227,554.28
Total current assets	2,729,137,220.83	2,562,620,775.62
Total assets	6,461,481,655.40	6,294,965,210.19
Current liabilities:		
Taxes payable	20,676,111.88	12,176,111.88
Total current liabilities	3,774,883,126.82	3,766,383,126.82
Total liabilities	3,934,494,545.23	3,925,994,545.23
Undistributed profits	616,411,788.32	464,095,343.11
Total equity attributable to shareholders of Company	2,438,618,117.60	2,286,301,672.39
Minority interest	88,368,992.57	82,668,992.57
Total shareholders' equity	2,526,987,110.17	2,368,970,664.96
Total liabilities and shareholders' equity	6,461,481,655.40	6,294,965,210.19

(2) Company's Balance Sheet

Items	Before	Corrected
Current assets :		
Accounts receivable	875,737,012.81	767,237,012.81
Inventory	626,876,133.05	587,859,687.84
Total current assets	3,023,022,326.98	2,875,505,881.77
Total assets	6,008,722,010.30	5,861,205,565.09
Current liabilities:		
Taxes payable	13,936,237.97	5,436,237.97
Total current liabilities	3,196,586,267.63	3,188,086,267.63
Total liabilities	3,341,990,912.95	3,333,490,912.95
Undistributed profits	842,713,802.92	703,697,357.71

Total shareholders' equity	2,666,731,097.35	2,527,714,652.14
Total liabilities and shareholders' equity	6,008,722,010.30	5,861,205,565.09

(3) Consolidated Income Statements

Items	Before	Revised
I. Total revenue from operations	871,031,873.22	771,031,873.22
Including: Operating revenue	871,031,873.22	771,031,873.22
II. Total costs of operations	884,253,677.09	942,270,122.30
Including: Operating cost	770,746,262.83	828,762,708.04
III. Operating (loss) profit	-13,221,803.87	-171,238,249.08
IV. Total profit	-2,918,208.35	-160,934,653.56
V. Net (loss)profit	-10,486,906.30	-168,503,351.51
Net profit attributable to the owners of the Company	6,039,585.20	-146,276,860.01
Net loss attributable to non-controlling interests	-16,526,491.50	-22,226,491.50
VII. Total comprehensive (expense)income	-11,097,485.73	-169,113,930.94
Total comprehensive income attributable to shareholders of Company	5,460,891.39	-146,855,553.82
Total comprehensive expense attributable to non-controlling interest	-16,558,377.12	-22,258,377.12
VIII. Earnings per share:		
(i) Earnings per share:		
Earnings per shar	0.0076	-0.1833
(ii) Earnings per share — diluted	0.0076	-0.1833

(4) Company's Income Statements

Items	Before	Revised
I. Operating revenue	745,579,314.57	645,579,314.57
Less : Operating cost	610,224,966.68	649,241,411.89
II. Operating profit	54,031,554.94	-84,984,890.27
III. Total profit	56,941,627.66	-82,074,817.55
IV. Net profit	52,629,806.10	-86,386,639.11
VI. Total comprehensive income	52,629,806.10	-86,386,639.11

(5) Consolidated Statement of Changes in Shareholder's Equity

Items	Before			Revised		
	Equity attributable to shareholders of the Company	Non-controlling interest	Total equity	Equity attributable to shareholders of the Company	Non-controlling interest	Total equity
	Undistributed profits			Undistributed profits		
I. Balance at the end of the previous period	610,372,203.12	104,927,369.69	2,538,084,595.90	610,372,203.12	104,927,369.69	2,538,084,595.90
II. Balance at the beginning of the current period	610,372,203.12	104,927,369.69	2,538,084,595.90	610,372,203.12	104,927,369.69	2,538,084,595.90
III. Changes in the current period	6,039,585.20	-16,558,377.12	-11,097,485.73	-146,276,860.01	-22,258,377.12	-169,113,930.94
(i) Total comprehensive income (expense)	6,039,585.20	-16,558,377.12	-11,097,485.73	-146,276,860.01	-22,258,377.12	-169,113,930.94
IV. Balance at the end of the current period	616,411,788.32	88,368,992.57	2,526,987,110.17	464,095,343.11	82,668,992.57	2,368,970,664.96

(6) Company's Statement of Changes in Shareholder's Equity

Items	Before		Corrected	
	Undistributed profit	Total equity	Undistributed profit	Total equity
I. Balance at the end of the previous period	790,083,996.82	2,614,101,291.25	790,083,996.82	2,614,101,291.25
II. Balance at the beginning of the current period	790,083,996.82	2,614,101,291.25	790,083,996.82	2,614,101,291.25
III. Changes in the current period	52,629,806.10	52,629,806.10	-86,386,639.11	-86,386,639.11
(i) Total comprehensive income	52,629,806.10	52,629,806.10	-86,386,639.11	-86,386,639.11
(vi) Other				
IV. Balance at the end of the current period	842,713,802.92	2,666,731,097.35	703,697,357.71	2,527,714,652.14

7. IX Financial reports "VII. Notes to the Consolidated Financial Statements"

(1) Accounts Receivable

Inaccurate financial information contained therein:

Risk Classification of Accounts Receivable

Type	Balance at the end of the period				Net book value
	Book Balance		Impairment loss		
	Amount	Ratio	Amount	Proportion	
Single item with significant accounts receivable and provided for bad debts in single item	54,084,132.46	8.51%	22,870,194.37	42.29%	31,213,938.09
Items by the credit risk characteristics combination of provision for bad debts	577,813,707.09	90.86%			577,813,707.09
Single item with insignificant other receivables but provided for bad debts separately	4,017,661.52	0.63%	2,648,132.13	65.91%	1,369,529.39
Total	635,915,501.07	100.00%	25,518,326.50		610,397,174.57

The top five amounts of accounts receivables are as follows:

Companies	Book Balance	Aging	Percentage of the total accounts receivable (%)	Bad-debt provision
				Year-end balance
Petroamazonas EP	77,541,622.02	Within 1 year	12.70	0
Prolong Oilfield co. LTD	42,218,749.05	Within 1 year	6.92	0
	15,107,985.04	1 to 2 years	2.48	0
Peak Pipe and Supply, LLC	46,422,509.22	1 to 2 years	7.61	0
PetroChina Co	39,040,292.92	Within 1 year	6.40	0
Hebei Zhongtai Steel Pipe Manufacture Co. Ltd	36,212,696.73	Within 1 year	5.93	0
Total	256,543,854.98		42.04	

Revised figures:

Risk Classification of Accounts Receivable

Type	Balance at the end of the period				Net book value
	Book Balance		Impairment loss		
	Amount	Ratio	Amount	Ratio	
Single item with significant accounts receivable and provided forbad debts in single item	54,084,132.46	10.25%	22,870,194.37	42.29%	31,213,938.09
Items by the credit risk characteristics combination of provision for bad debts	469,313,707.09	88.98%			469,313,707.09
Single item with insignificant other receivables but provided for bad debts separately	4,017,661.52	0.76%	2,648,132.13	65.91%	1,369,529.39
Total	527,415,501.07	100.00%	25,518,326.50		501,897,174.57

The top five amounts of accounts receivables are as follows:

Companies	Book Balance	Aging	Percentage of the total accounts receivable (%)	Bad-debt provision
				Year end balance
Petroamazonas EP	77,541,622.02	Within 1 year	15.45	0
Prolong Oilfield co. LTD	42,067,564.58	Within 1 year	8.38	0
	15,107,985.04	1 to 2 years	3.01	0
Peak Pipe and Supply, LLC	46,422,509.22	1 to 2 years	9.25	0
PetroChina Co	32,632,759.64	Within 1 year	6.50	0

Hebei Zhongtai Steel PipeManufacture Co. Ltd	36,212,696.73	Within 1 year	7.22	0
Total	249,985,137.23		49.81	

(2) Inventories

Classification

Items	Before			Revised		
	Book Balance	Allowance for inventories	Net book value	Book Balance	Allowance for inventories	Net book value
Raw material	234,378,502.37	8,186,591.20	226,191,911.17	215,378,502.37	8,186,591.20	207,191,911.17
Work-in-progress	291,269,961.73	21,377,704.74	269,892,256.99	291,269,961.73	21,377,704.74	269,892,256.99
Materials in storage	395,434,415.37	26,370,567.05	369,063,848.32	356,417,970.16	26,370,567.05	330,047,403.11
Entrusted processing materials	5,257,292.80	161,309.79	5,095,983.01	5,257,292.80	161,309.79	5,095,983.01
Total	926,340,172.27	56,096,172.78	870,243,999.49	868,323,727.06	56,096,172.78	812,227,554.28

(3) Taxes Payables

Items	Balance at the end of the period (Before)	Balance at the end of the period (Revised)
Value added tax	11,730,376.48	3,230,376.48
Enterprise income tax	3,249,380.49	3,249,380.49
Individual income tax	1,593,550.12	1,593,550.12
Urban maintenances and construction tax	14,904.83	14,904.83
Property tax	1,476,763.98	1,476,763.98
Land use tax	2,435,816.29	2,435,816.29
Educational surcharges	7,954.70	7,954.70
Local water conservancy construction funds	2,128.95	2,128.95
Stamp duty	28,855.60	28,855.60
Others	136,380.44	136,380.44
Total	20,676,111.88	12,176,111.88

(4) Undistributed profit

Items	Current period (Before)	Last period (Revised)
-------	-------------------------	-----------------------

Balance at the end of last period	610,372,203.12	610,372,203.12
Adjustment to the undistributed profits at beginning of the period	610,372,203.12	610,372,203.12
Add: Profit attributable to the owners of the Company	6,039,585.20	-146,276,860.01
Balance at the end of this period	616,411,788.32	464,095,343.11

(5) Operating Revenue and Operating Costs

Items	Incurred during this period (Before)		Incurred during the previous period (Revised)	
	Revenue	Cost	Revenue	Cost
Main operation	855,588,808.11	765,165,251.78	755,588,808.11	823,181,696.99
Other operation	15,443,065.11	5,581,011.05	15,443,065.11	5,581,011.05
Total	871,031,873.22	770,746,262.83	771,031,873.22	828,762,708.04

(6) Additional information for consolidated cash flow statement

Items	Incurred during this period (Before)	Incurred during this period(Revised)
1 · Reconciliation of net income to cash flow :	--	--
Net (loss) profit	-10,486,906.30	-168,503,351.51
Decrease in inventories	52,730,575.41	110,747,020.62
Decrease in operating receivables	-174,470,999.87	-74,470,999.87
Net cash flows generated from operating activities	-109,265,678.50	-109,265,678.50

8. IX Financial reports “IX. The equity in other entities”

Inaccurate financial information contained therein:

(1) Interests in subsidiaries

Significant Non-wholly Owned Subsidiaries

Name of subsidiaries	Minority shareholders Proportion(%)	Earnings attributable to Minority shareholders	Dividends declared to Minority shareholders	Period end balance of earning to minority shareholders
Shouguang Baolong	30.00%	-18,164,254.76		9,791,222.02

Financial information of significant Non-wholly Owned Subsidiaries

Name of subsidiaries	Balance at the end of the period					
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Shouguang Baolong	260,261,604.09	526,546,207.48	786,807,811.57	792,576,369.41		792,576,369.41

Name of subsidiaries	Incurred during this period			
	Turnover	Profit for the period	Total comprehensive loss	Net income to cash flow
Shouguang Baolong	370,868,492.66	-62,764,418.82	-62,764,418.82	14,472,021.97

Revised figures:

(1)Interests in subsidiaries

Significant Non-wholly Owned Subsidiaries

Name of subsidiaries	Minority shareholders Proportion(%)	Earnings attributable to Minority shareholders	Dividends declared to Minority shareholders	Period end balance of earning to minority shareholders
Shouguang Baolong	30.00%	-23,864,254.76		4,091,222.02

Financial information of significant Non-wholly Owned Subsidiaries

Name of subsidiaries	Balance at the end of the period					
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Shouguang Baolong	241,261,604.09	526,546,207.48	767,807,811.57	792,576,369.41		792,576,369.41

Name of subsidiaries	Incurred during this period			
	Turnover	Profit for the period	Total comprehensive loss	Net income to cash flow
Shouguang Baolong	370,868,492.66	-81,764,418.82	-81,764,418.82	14,472,021.97

9. IX Financial reports “Risks associated with financial instruments”

Inaccurate financial information contained therein:

(1) Market risks

Total of top 5 receivables RMB256,543,854.98.

Liquidity risk

Maturity analysis of financial assets and financial liabilities of the Group based on contractual undiscounted cash flow are set out as follows:

At the end of the year:

Items	Within 1 year	1–2 years	2–5 years	Over 5 years	Total
Financial assets					
Accounts receivable	634,980,591.35				634980591.35

Revised figures:

(1) Market risks

Total of top 5 receivables RMB **249,985,137.23**.

Liquidity risk

Maturity analysis of financial assets and financial liabilities of the Group based on contractual undiscounted cash flow are set out as follows:

At the end of the year:

Items	Within 1 year	1–2 years	2–5 years	Over 5 years	Total
Financial assets					
Accounts receivable	526,480,591.35				526,480,591.35

10. IX Financial reports “XVI. Other significant items”

Inaccurate financial information contained therein:

(1) Segment Reporting Information

Items	Casing and Tubing	Three kinds of pumping units	Petroleum machinery plant	Trade	Unallocated Items	Inter-segment elimination	Total
Operation revenue	781,668,830.03	16,890,016.87	8,899,062.96	45,174,407.89	18,399,555.47		871,031,873.22
External income							
Inter-segment income							
Total segment income	781,668,830.03	16,890,016.87	8,899,062.96	45,174,407.89	18,399,555.47		871,031,873.22
Total operating income	781,668,830.03	16,890,016.87	8,899,062.96	45,174,407.89	18,399,555.47		871,031,873.22
Segment cost	730,822,484.64	12,571,603.07	10,114,830.94	43,798,678.37	9,171,528.49		806,479,125.51
Segment profit	50,846,345.39	4,318,413.80	-1,215,767.98	1,375,729.52	9,228,026.98		64,552,747.71
Adjusting items:							
Administrative expenses						55,144,229.18	55,144,229.18
Finance costs						22,630,322.40	22,630,322.40
Investment income							
Operating profit(loss)	50,846,345.39	4,318,413.80	-1,215,767.98	1,375,729.52	9,228,026.98	-77,774,551.58	-13,221,803.87
Non-operating income						10,391,479.11	10,391,479.11
Non-operating expenses						87,883.59	87,883.59

Total profit(loss)	50,846,345.39	4,318,413.80	-1,215,767.98	1,375,729.52	9,228,026.98	-67,470,956.06	-2,918,208.35
Income tax credit						7,568,697.95	7,568,697.95
Net profit(loss)	50,846,345.39	4,318,413.80	-1,215,767.98	1,375,729.52	9,228,026.98	-75,039,654.01	-10,486,906.30
Total segment assets	5,232,442,305.26	104,264,332.65	163,359,906.16	89,716,700.52	17,240,443.49	854,457,967.32	6,461,481,655.40
Total segment liabilities	2,095,329,868.79	21,688,014.60	85,480,222.70	78,238,855.50	4,233,452.43	1,649,524,131.21	3,934,494,545.23

Revised figures:

(1) Segment Reporting Information

Items	Casing and Tubing	Three kinds of pumping units	Petroleum machinery plant	Trade	Unallocated Items	Inter-segment elimination	Total
Operation revenue	681,668,830.03	16,890,016.87	8,899,062.96	45,174,407.89	18,399,555.47		771,031,873.22
External income							
Inter-segment income							
Total segment income	681,668,830.03	16,890,016.87	8,899,062.96	45,174,407.89	18,399,555.47		771,031,873.22
Total operating income	681,668,830.03	16,890,016.87	8,899,062.96	45,174,407.89	18,399,555.47		771,031,873.22
Segment cost	782,838,929.85	18,571,603.07	10,114,830.94	43,798,678.37	9,171,528.49		864,495,570.72
Segment profit	-101,170,099.82	-1,681,586.20	-1,215,767.98	1,375,729.52	9,228,026.98		-93,463,697.50
Adjusting items:							
Administrative expenses						55,144,229.18	55,144,229.18
Finance costs						22,630,322.40	22,630,322.40
Investment income							0.00
Operating profit (loss)	-101,170,099.82	-1,681,586.20	-1,215,767.98	1,375,729.52	9,228,026.98	-77,774,551.58	-171,238,249.08
Non-operating income						10,391,479.11	10,391,479.11
Non-operating expenses						87,883.59	87,883.59

Total profit (loss)	-101,170,099.82	-1,681,586.20	-1,215,767.98	1,375,729.52	9,228,026.98	-67,470,956.06	-160,934,653.56
Income tax credit						7,568,697.95	7,568,697.95
Net profit (loss)	-101,170,099.82	-1,681,586.20	-1,215,767.98	1,375,729.52	9,228,026.98	-75,039,654.01	-168,503,351.51
Total segment assets	5,065,925,860.05	104,264,332.65	163,359,906.16	89,716,700.52	17,240,443.49	854,457,967.32	6,294,965,210.19
Total segment liabilities	2,086,829,868.79	21,688,014.60	85,480,222.70	78,238,855.50	4,233,452.43	1,649,524,131.21	3,925,994,545.23

11. IX Financial reports “XVII. Notes to statement of financial position of the Company”

(1) Accounts Receivable

Inaccurate financial information contained therein:

Risk of accounts receivable category are set out below

Category	Balancing at the end of the period				
	Book balance		Provision of bad debt		Net Book Value
	Amount	Ratio	Amount	Ratio	
Account receivable of significant individual amount, individually provided for bad debts	54,084,132.46	6.01%	22,870,194.37	42.29%	31,213,938.09
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	843,153,545.33	93.58%			843,153,545.33
Account receivable of insignificant individual amount, individually provided for bad debts	3,772,866.01	0.41%	2,403,336.62	63.70%	1,369,529.39
Total	901,010,543.80	100.00%	25,273,530.99		875,737,012.81

The top five amounts of accounts receivable are as follows:

Companies	Amounts	Aging	Proportion (%)	Bad-debt provision
				year end balance
Maolong New Materials Company	269,320,402.98	Within one year	30.75%	0
Petroamazonas EP	77,541,622.02	Within one year	8.85%	0
Yanchang Petroleum Co., Ltd	42,218,749.05	Within one year	4.82%	0
	15,107,985.04	1 to 2 years	1.73%	0
Peak Pipe and Supply, LLC	46,422,509.22	1 to 2 years	5.30%	0
China petroleum and gas Co., Ltd	39,040,292.92	Within one year	4.46%	0
Total	489,651,561.23		55.91%	

Revised figures:

Risk of accounts receivable category are set out below

Category	Balancing at the end of the period				
	Book balance		Provision of bad debt		Net Book Value
	Amount	Ratio	Amount	Ratio	
Account receivable of significant individual amount, individually provided for bad debts	54,084,132.46	6.82%	22,870,194.37	42.29%	31,213,938.09
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	734,653,545.33	92.70%			734,653,545.33
Account receivable of insignificant individual amount, individually provided for bad debts	3,772,866.01	0.48%	2,403,336.62	63.70%	1,369,529.39
Total	792,510,543.80	100.00%	25,273,530.99		767,237,012.81

The top five amounts of accounts receivable are as follows:

Companies	Amounts	Aging	Proportion(%)	Bad-debt provision
				Year-end balance
Maolong New Materials Company	269,320,402.98	Within one year	35.10%	0
Petroamazonas EP	77,541,622.02	Within one year	10.11%	0
Yanchang Petroleum Co., Ltd	42,067,564.58	Within one year	5.48%	0
	15,107,985.04	1 to 2 years	1.97%	0
Peak Pipe and Supply, LLC	46,422,509.22	1 to 2 years	6.05%	0
China petroleum and gasCo., Ltd	36,212,696.73	Within one year	4.72%	0
Total	486,672,780.57		63.43%	

(2) Operating Revenue and Operating Costs

Items	Incurred during this period (Before)		Incurred during this period (Revised)	
	Revenue	Cost	Revenue	Cost
	Main operation	718,753,316.52	584,702,744.12	618,753,316.52
Other operation	26,825,998.05	25,522,222.56	26,825,998.05	25,522,222.56
Total	745,579,314.57	610,224,966.68	645,579,314.57	649,241,411.89

12. IX Financial reports “XVIII. Supplementary Information”**Return on Net Assets and (Loss) Earnings per Share**

Inaccurate financial information contained therein:

Profit during the reporting period	Weighted average return on assets	Earnings per share	
		Basic(RMB/Share)	Basic(RMB/Share)
Net profit attributable to holders of ordinary shares of the company	0.25%	0.0076	0.0076
Net profit (loss) attributable to holders of ordinary shares of the company after deducting the non-recurring gain and loss	-0.08%	-0.0025	-0.0025

Revised figures:

Profit during the reporting period	Weighted average return on assets	Earnings per share	
		Basic(RMB/Share)	Basic(RMB/Share)
Net profit attributable to holders of ordinary shares of the company	-6.20%	-0.1833	-0.1833
Net profit (loss) attributable to holders of ordinary shares of the company after deducting the non-recurring gain and loss	-6.54%	-0.193	-0.193

3. ANNOUNCEMENT UNAUDITED THIRD QUARTER REPORT OF 2016

1. MAJOR FINANCIAL INFORMATION & SHAREHOLDER CHANGE

Inaccurate financial information contained therein:

I.Key financial information and financial indicators

Items	At the end of the reporting period	At the end of the previous year	Change (%)	
Total assets	6,304,164,552.52	5,851,180,723.61	7.74%	
Net assets attributable to shareholders of the Company	2,440,551,959.03	2,433,157,226.21	0.30%	
	Reporting Period	Change compared to corresponding period of the previous year	From the beginning of the year to the end of the reporting period	Change compared to corresponding period of the previous year
Revenue	294,685,580.51	11.11%	1,165,717,453.73	-14.47%
Net profit attributable to shareholders of the Company	2,303,876.43	-4.21%	8,343,461.63	-34.40%
Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses	1,861,357.34	9.42%	-103,843.10	98.66%
Net cash flow from operating activities	--	--	-265,218,446.08	-339.65%
Basic earnings per share (in RMB per share)	0.0029	-71.00%	0.0105	-47.50%
Diluted earnings per share (in RMB per share)	0.0029	-71.00%	0.0105	-47.50%
Weighted average return on net assets	0.09%	0.00%	0.34%	-0.13%

Revised figures:

Key financial information and financial indicators

Items	At the end of the reporting period	At the end of the previous year	Change (%)	
Total assets	6,057,565,196.73	5,851,180,723.61	3.53%	
Net assets attributable to shareholders of the Company	2,213,236,368.82	2,433,157,226.21	-9.04%	
	Reporting Period	Change compared to corresponding period of the previous year	From the beginning of the year to the end of the reporting period	Change compared to corresponding period of the previous year
Revenue	334,192,841.82	30.69%	1,105,224,715.04	-18.33%
Net profit attributable to shareholders of the Company	-72,695,268.57	-3122.62%	-218,972,128.58	-1821.71%
Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses	-73,137,787.66	-3659.31%	-227,419,433.31	2825.71%
Net cash flow from operating activities	--	--	-265,218,446.08	-339.65%
Basic earnings per share (in RMB per share)	-0.0907	-1007.00%	-0.274	-1470.00%
Diluted earnings per share (in RMB per share)	-0.0907	-1007.00%	-0.274	-1470.00%
Weighted average return on net assets	-3.23%	-3.32%	-9.43%	-9.90%

2. Part 4 FINANCIAL STATEMENT**(1) Consolidated balance sheet**

Item	Before	Revised
Current assets:		
Accounts receivable	504,350,403.30	433,573,899.03
Inventories	989,111,744.39	813,288,892.87
Total current assets	2,524,759,867.14	2,278,160,511.35
Total assets	6,304,164,552.52	6,057,565,196.73
Taxes payable	27,250,723.20	16,966,957.62
Total current liabilities	3,620,396,336.84	3,610,112,571.26
Total liabilities	3,779,973,240.01	3,769,689,474.43
Owners' equity:		
Undistributed profit	618,743,225.85	391,427,635.64
Total equity attributable to owners of the Company	2,440,551,959.03	2,213,236,368.82
Minority interests	83,639,353.48	74,639,353.48
Total owners' equity	2,524,191,312.51	2,287,875,722.30
Total liabilities and owners' equity	6,304,164,552.52	6,057,565,196.73

(2) Balance sheet of the Company

item	Before	Revised
Current assets:		
Accounts receivable	867,474,251.73	796,697,747.46
Inventories	727,525,543.24	581,702,691.72
Total current assets	2,856,140,911.48	2,639,541,555.69
Total assets	5,816,424,264.92	5,599,824,909.13
current liabilities		
Taxes payable	17,112,776.51	6,829,010.93
Total current liabilities	2,994,847,519.51	2,984,563,753.93
Total liabilities	3,140,293,175.96	3,130,009,410.38
Owners' equity:		
Undistributed profit	852,113,794.53	645,798,204.32
Total owners' equity	2,676,131,088.96	2,469,815,498.75
Total liabilities and owners' equity	5,816,424,264.92	5,599,824,909.13

(3) Consolidated income statement

item	Before	Revised
I . Total revenue from operations	294,685,580.51	334,192,841.82
Among which: operating revenue	294,685,580.51	334,192,841.82
II . Total cost of operations	294,346,100.45	412,152,506.76
Among which: Operating cost	255,382,764.85	373,189,171.16
III. Operating profit (loss is presented by “—”)	339,480.06	-77,959,664.94
IV. Total profit (loss is represented by “—”)	898,291.55	-77,400,853.45
V. Net profit (loss is represented by “—”)	-2,395,624.94	-80,694,769.94
Net profit attributable to owners of the Company	2,303,876.43	-72,695,268.57
Minority interests	-4,699,501.37	-7,999,501.37
VII. Total comprehensive income	-2,823,358.76	-81,122,503.76
Total comprehensive income attributable to owners of the Company	1,906,280.33	-73,092,864.67
Total comprehensive income attributable to the minority shareholders	-4,729,639.09	-8,029,639.09
VIII. Earnings per share:		
(1) Basic earnings per share	0.0029	-0.091
(2) Diluted earnings per share	0.0029	-0.091

(4) Income statement of the Company

item	Before	Revised
I . Total revenue from operations	276,491,609.38	315,998,870.69
Less: Operating cost	225,361,032.17	332,167,438.48
II. Operating profit (loss is presented by “—”)	11,287,097.37	-56,012,047.63
III. Total profit (loss is represented by “—”)	11,518,645.18	-55,780,499.82
IV. Net profit (loss is represented by “—”)	9,399,991.61	-57,899,153.39

VI. Total comprehensive income	9,399,991.61	-57,899,153.39
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(5) Consolidated income statement from the beginning of the year to the end of the reporting period

item	Before	Revised
I . Total revenue from operations	1,165,717,453.73	1,105,224,715.04
Among which: operating revenue	1,165,717,453.73	1,105,224,715.04
II . Total cost of operations	1,178,599,777.54	1,354,422,629.06
Among which: Operating cost	1,026,129,027.68	1,201,951,879.20
III. Operating profit (loss is presented by “—”)	-12,882,323.81	-249,197,914.02
IV. Total profit (loss is represented by “—”)	-2,019,916.80	-238,335,507.01
V. Net profit (loss is represented by “—”)	-12,882,531.24	-249,198,121.45
Net profit attributable to owners of the Company	8,343,461.63	-218,972,128.58
Minority interests	-21,225,992.87	-30,225,992.87
VII. Total comprehensive income	-13,920,844.49	-250,236,434.70
Total comprehensive income attributable to owners of the Company	7,367,171.72	-219,948,418.49
Total comprehensive income attributable to the minority shareholders	-21,288,016.21	-30,288,016.21
VIII. Earnings per share:		
(1) Basic earnings per share	0.0105	-0.274
(2) Diluted earnings per share	0.0105	-0.274

(6) The income statement from the beginning of the year to the end of the reporting period of parent company

item	Before	Revised
I . Total revenue from operations	1,022,070,923.95	961,578,185.26
Less: Operating cost	835,585,998.85	981,408,850.37
II. Operating profit (loss is presented by “—”)	65,318,652.31	-140,996,937.90
III. Total profit (loss is represented by “—”)	68,460,272.84	-137,855,317.37
IV. Net profit (loss is represented by “—”)	62,029,797.71	-144,285,792.50
VI. Total comprehensive income	62,029,797.71	-144,285,792.50

The above changes have also been made to 2016 First Quarterly Report, Interim Results for the Six Months Ended 30 June 2016 and Unaudited Third Quarter Report of 2016. Saved as disclosed in this announcement, all other information remain unchanged. The corrected Reports are published at Juchao Information Network (<http://www.cninfo.com.cn>).

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

Shandong, the PRC

30 March 2017

As at the date of this announcement, the Board comprises Mr. Zhang En Rong, Mr. Zhang Yun San, Mr. Guo Huan Ran and Mr. Yang Jin as executive directors, Mr. Guo Hong Li, Ms. Wang Chun Hua as non-executive directors and Mr. Qin Xue Chang, Mr. Ji Yan Song and Ms. Quan Yu Hua as independent non-executive directors.

* *For identification purpose only*