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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 “**HKSE**”) dated 24 April 2015, 28 August 2015 and 30 October 2015, which disclose 2015 First Quarterly Report, Interim Results Announcement for the six months ended 30 June 2015 and 2015 Third Quarterly Report, respectively.

On 25 September 2017, the Company received the *Decision of Administrative Penalty* ([2017] 87) issued by CSRC and published an announcement on the website of HKSE on 26 September 2017. Pursuant to the *Decision of Administrative Penalty*, the Company decided to amend relevant content of 2015 First Quarterly Report, 2015 Interim Report and 2015 Third Quarterly Report. 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 2015 First Quarterly Report, Interim Results Announcement for the six months ended 30 June 2015 and 2015 Third Quarterly Report.

I. 2015 FIRST QUARTERLY REPORT

1. Part II Major Accounting Information and Financial Indicators

Original

	The reporting period	Same period of last year	Increase/decrease (%)
Operating Revenue (RMB)	567,637,950.76	660,989,102.61	-14.12%
Net profit attributable to shareholders of listed company (RMB)	4,592,299.53	4,446,742.33	3.27%
Net profit after extraordinary gains or losses attributable to shareholders of Listed Company (RMB)	2,314,467.96	2,080,304.52	11.26%
Net cash flows from operating activities (RMB)	-28,074,565.91	23,533,002.87	-219.30%
Basic earnings per share (RMB)	0.01	0.01	—
Diluted earnings per share (RMB)	0.01	0.01	—
The weighted average return rate on net assets	0.17%	0.17%	—
	At the end of the reporting period	At the end of last year	Increase/decrease (%)
Total assets (RMB)	6,264,585,703.51	6,044,500,696.03	3.64%
Net assets attributable to shareholders of listed company (RMB)	2,698,785,435.59	2,694,285,331.17	0.17%

Revised

	The reporting period	Same period of last year	Increase/decrease (%)
Operating Revenue (RMB)	543,523,096.84	660,989,102.61	-17.77%
Net profit attributable to shareholders of listed company (RMB)	-19,455,397.21	4,446,742.33	-537.52%
Net profit after extraordinary gains or losses attributable to shareholders of Listed Company (RMB)	-49,844,431.08	2,080,304.52	-2496.02%
Net cash flows from operating activities (RMB)	-28,074,565.91	23,533,002.87	-219.30%
Basic earnings per share (RMB)	-0.0244	0.01	-344.00%
Diluted earnings per share (RMB)	-0.0244	0.01	-344.00%
The weighted average return rate on net assets	-0.72%	0.17%	-0.89%
	At the end of the reporting period	At the end of last year	Increase/decrease(%)
Total assets (RMB)	6,237,632,023.86	6,044,500,696.03	3.20%
Net assets attributable to shareholders of listed company (RMB)	2,674,737,738.85	2,694,285,331.17	-0.73%

2. Part 4 Financial Statements

(1) Consolidated Balance Sheet

Items	Closing balance (original)	Closing balance (revised)
Current assets:		
Accounts receivable	623,035,383.17	596,014,546.34
Inventories	1,006,044,929.59	1,006,112,086.77
Total current assets	2,646,945,954.71	2,619,992,275.06
Total assets	6,264,585,703.51	6,237,632,023.86
Current liabilities:		
Taxes payable	10,762,640.16	7,856,657.25
Total current liabilities	3,001,336,197.92	2,998,430,215.01
Total liabilities	3,510,745,396.64	3,507,839,413.73
shareholders' equity:		
Undistributed profit	874,529,506.97	850,481,810.23
Total equity attributable to shareholders of the parent Company	2,698,785,435.59	2,674,737,738.85
Total shareholders' equity	2,753,840,306.87	2,729,792,610.13
Total liabilities and shareholders' equity	6,264,585,703.51	6,237,632,023.86

(2) Balance Sheet of the Parent Company

Items	Closing balance (original)	Closing balance (revised)
Current assets:		
Accounts receivable	938,025,134.05	911,004,297.22
Inventories	811,506,842.71	811,573,999.89
Total current assets	3,013,731,614.71	2,986,777,935.06
Total assets	5,812,066,770.25	5,785,113,090.60
Current liabilities:		
Taxes payable	5,616,385.90	2,710,402.99
Total current liabilities	2,550,696,823.18	2,547,790,840.27
Total liabilities	3,049,672,891.73	3,046,766,908.82
shareholders' equity:		
Undistributed profit	938,376,584.09	914,328,887.35
Total shareholders' equity	2,762,393,878.52	2,738,346,181.78
Total liabilities and shareholders' equity	5,812,066,770.25	5,785,113,090.60

(3) Consolidated Income Statement

Items	Amounts for the reporting period (original)	Amounts for the reporting period (revised)
I . Total operating revenue	567,637,950.76	543,523,096.84
Among which: operating revenue	567,637,950.76	543,523,096.84
II . Total cost of operations	565,851,693.53	565,784,536.35
Among which: Operating cost	456,314,051.11	456,246,893.93
III. Operating profit (loss is presented by “-”)	2,330,257.73	-21,717,439.01
IV. Total profit (loss is represented by “-”)	5,015,857.36	-19,031,839.38
V. Net profit (loss is represented by “-”)	3,689,788.95	-20,357,907.79
Net profit attributable to shareholders of the parent Company	4,592,299.53	-19,455,397.21
VII. Total comprehensive income	3,592,831.27	-20,454,865.47
Total comprehensive income attributable to shareholders of the parent Company	4,500,104.42	-19,547,592.32
VIII. Earnings per share:		
(1) Basic earnings per share	0.01	-0.0244
(2) Diluted earnings per share	0.01	-0.0244

(4) Parent Company’s Income Statements

Items	Amounts for the reporting period (original)	Amounts for the reporting period (revised)
I . Operating revenue	570,062,146.02	545,947,292.10
Less: operating cost	459,065,577.86	458,998,420.68
II . Operating profit (loss is presented by “-”)	12,791,575.20	-11,256,121.54
III. Total profit (loss is represented by “-”)	15,120,558.78	-8,927,137.96
IV. Net profit (loss is represented by “-”)	14,215,818.32	-9,831,878.42
VI. Total comprehensive income	14,215,818.32	-9,831,878.42

II. 2015 INTERIM REPORT

1. Part III Summary of Accounting Information and Financial Indicators “I. Major Accounting Information and Financial Indicators”

Original

	The reporting period	Same period of last year	Increase/decrease (%)
Operating Revenue (RMB)	1,097,649,636.91	1,336,912,993.10	-17.90%
Net profit attributable to shareholders of listed company (RMB)	10,313,286.91	9,237,809.23	11.64%
Net profit after extraordinary gains or losses attributable to shareholders of listed company (RMB)	-9,827,977.66	6,113,057.42	-260.77%
Net cash flows from operating activities (RMB)	126,758,914.81	317,932,041.21	-60.13%
Basic earning per Share (RMB)	0.01	0.01	0.00%
Diluted earning per Share (RMB)	0.01	0.01	0.00%
The weighted average return rate on net assets	0.38%	0.34%	0.04%
	At the end of the reporting period	At the end of last year	Increase/decrease (%)
Total Assets (RMB)	5,926,976,218.24	6,044,500,696.03	-1.94%
Net assets attributable to shareholders of listed company (RMB)	2,704,623,673.40	2,694,285,331.17	0.38%

Revised

	The reporting period	Same period of last year	Increase/decrease (%)
Operating Revenue (RMB)	1,024,459,949.26	1,336,912,993.10	-23.37%
Net profit attributable to shareholders of Listed Company (RMB)	-71,827,174.01	9,237,809.23	-877.53%
Net profit after extraordinary gains or losses attributable to shareholders of listed company (RMB)	-91,968,438.58	6,113,057.42	-1604.46%
Net cash flows from operating activities (RMB)	126,758,914.81	317,932,041.21	-60.13%
Basic earning per Share (RMB)	-0.09	0.01	-1000.00%
Diluted earning per Share (RMB)	-0.09	0.01	-1000.00%
The weighted average return rate on net assets	-2.70%	0.34%	-3.04%
	At the end of the reporting period	At the end of last year	Increase/decrease (%)
Total Assets (RMB)	5,834,580,304.73	6,044,500,696.03	-3.47%
Net assets attributable to shareholders of listed company (RMB)	2,622,483,212.48	2,694,285,331.17	-2.66%

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

Original

During the Reporting Period, the Group reported an unaudited operating revenue of RMB1,097,649,636.91, representing a decrease of 17.90% as compared with the same period of last year. Unaudited total profit amounted to RMB6,510,155.32, representing a decrease of 43.11% as compared with the same period of last year; the unaudited net profit attributable to shareholders of listed company increased by 11.64% as compared with the same period of last year to RMB10,313,286.91. The unaudited net profit of the Company after non-operating profit and loss was RMB-9,827,977.66, decreased by 260.77% compared with the same period of last year.

The Change in major financial data by year-on-year

	The reporting period	Same period of last year	Increase/decrease (%)	Reasons for the change
Operation revenue	1,097,649,636.91	1,336,912,993.10	-17.90%	—
Operating costs	909,522,428.13	1,184,701,686.19	-23.23%	—

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

1. In terms of domestic market expansion, the Group's main customers are major oil fields in the PRC, including Daqing Oil Field (大慶油田), Changqing Oil Field (長慶油田), Xinjiang Oil Field (新疆油田), Liaohe Oil Field (遼河油田), Qinghai Oil Field (青海油田), Talimu Oil Field (塔里木油田), Huabei Oil Field (華北油田), Jidong Oil Field (冀東油田) and Jilin Oil Field (吉林油田), all of which are oil fields of PetroChina Company Limited and its subsidiaries (collectively, "PetroChina Group"), as well as Shengli Oil Field (勝利油田), Zhongyuan Oil Field (中原油田), Jiangsu Oil Field (江蘇油田) and Jiangnan Oil Field (江漢油田), all of which are oil fields of China Petroleum & Chemical Corporation and its subsidiaries (collectively, "Sinopec Group"). During the Reporting Period, the Group increased its efforts to cooperate with existing oil field customers and gained wide market evaluation. Sales to the above oil fields under the above two Groups accounted for approximately 10.05% of the Group's sales revenue.
2. For overseas markets, the Group continued to expand its business development in Western Asia, South America, Middle East, North Africa and Russia and built new clients' relationship by mainly selling casing and tubing, line pipe products, subsea pipeline products, large-caliber casting pipe and sucker rods. In addition, the Group has obtained certificates for its products in many national oil companies during the reporting period, such as Kuwait, Bolivia, Abu Dhabi and Nigeria. 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 48.42% of the Group's total sales revenue.

Revised

During the Reporting Period, the Group reported an unaudited operating revenue of **RMB1,024,459,949.26**, representing a decrease of **23.37%** as compared with the same period of last year. Unaudited total profit amounted to **RMB-75,630,305.60**, representing a decrease of **760.89%** as compared with the same period of last year; the unaudited net profit attributable to shareholders of listed Company amounted to **RMB-71,827,174.01**, representing a decrease of **877.53%** as compared with the same period of last year. The unaudited net profit of the Company after non-operating profit and loss was **RMB-91,968,438.58**, decreased by **1604.46%** compared with the same period of last year.

The Change in major financial data by year-on-year

	The reporting period	Same period of last year	Increase/decrease (%)	Reasons for the change
Operation revenue	1,024,459,949.26	1,336,912,993.10	-23.37%	—
Operating costs	918,473,201.40	1,184,701,686.19	-22.47%	—

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

1. In terms of domestic market expansion, the Group's main customers are major oil fields in the PRC, including Daqing Oil Field (大慶油田), Changqing Oil Field (長慶油田), Xinjiang Oil Field (新疆油田), Liaohe Oil Field (遼河油田), Qinghai Oil Field (青海油田), Talimu Oil Field (塔里木油田), Huabei Oil Field (華北油田), Jidong Oil Field (冀東油田) and Jilin Oil Field (吉林油田), all of which are oil fields of PetroChina Company Limited and its subsidiaries (collectively, "PetroChina Group"), as well as Shengli Oil Field (勝利油田), Zhongyuan Oil Field (中原油田), Jiangsu Oil Field (江蘇油田) and Jiangnan Oil Field (江漢油田), all of which are oil fields of China Petroleum & Chemical Corporation and its subsidiaries (collectively, "Sinopec Group"). During the Reporting Period, the Group increased its efforts to cooperate with existing oil field customers and gained wide market evaluation. Sales to the above oil fields under the above two Groups accounted for **8.42%** of the Group's sales revenue.
2. For overseas markets, the Group continued to expand its business development in Western Asia, South America, Middle East, North Africa and Russia and built new clients' relationship by mainly selling casing and tubing, line pipe products, subsea pipeline products, large-caliber casting pipe and sucker rods. In addition, the Group has obtained certificates for its products in many national oil companies during the reporting period, such as Kuwait, Bolivia, Abu Dhabi and Nigeria. 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 **50.63%** of the Group's total sales revenue.

3. Part IV. Directors' Report "III Main Operation Revenue"

Original

	Operating revenue	Operating cost	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin
By industry						
Petroleum machinery equipment manufacturing	1,086,542,619.09	889,108,777.51	18.17%	-17.91%	-24.36%	6.99%
By product						
oil casing pipe	1,002,014,064.10	827,383,034.12	17.43%	-15.81%	-22.55%	7.19%
Three kinds of pumping units	22,556,421.78	14,104,984.64	37.47%	-31.22%	-47.65%	19.63%
Petroleum Machinery parts	61,180,702.89	47,057,707.26	23.08%	-24.03%	-23.44%	-0.60%
Others	791,430.32	563,051.49	28.86%	-96.05%	-97.01%	22.70%
By region						
PRC	560,412,631.44	509,566,381.77	9.07%	-25.68%	-30.25%	5.96%
Abroad	526,129,987.65	379,542,395.74	27.86%	-7.62%	-14.69%	5.98%

Revised

	Operating revenue	Operating cost	Gross profit margin (%)	Year-on-year increase/decrease in operation revenue (%)	Year-on-year increase/decrease in operation costs (%)	Year-on-year increase/decrease in Gross profit margin
By industry						
Petroleum machinery equipment manufacturing	1,013,352,931.44	898,059,550.78	11.38%	-23.44%	-23.60%	0.19%
By product oil casing pipe	932,965,426.42	835,795,325.61	10.42%	-21.61%	-21.76%	0.18%
Three kinds of pumping units	18,415,371.81	14,643,466.42	20.48%	-43.84%	-45.65%	2.65%
Petroleum Machinery parts	61,180,702.89	47,057,707.26	23.08%	-24.03%	-23.44%	-0.60%
Others	791,430.32	563,051.49	28.86%	-96.05%	-97.01%	22.70%
By region						
PRC	500,086,439.78	518,517,155.04	-3.69%	-33.68%	-29.03%	-6.79%
Abroad	513,266,491.66	379,542,395.74	26.05%	-9.87%	-14.69%	4.18%

4. Part IX Financial Report “II. Financial Statements”

(1) Consolidated Balance Sheets

Items	Closing balance (Original)	Closing balance (Revised)
Current assets:		
Accounts receivable	634,980,591.35	551,535,451.11
Inventories	893,359,288.60	884,408,515.33
Total Current assets	2,323,452,893.94	2,231,056,980.43
Total assets	5,926,976,218.24	5,834,580,304.73
Current liabilities:		
Tax payable	27,623,908.08	17,368,455.49
Total current liabilities	2,668,002,284.85	2,657,746,832.26
Total liabilities	3,177,693,842.18	3,167,438,389.59
Shareholders' equity:		
Undistributed profit	880,250,494.35	798,110,033.43
Total equity attributable to shareholders of Company	2,704,623,673.40	2,622,483,212.48
Total shareholders' equity	2,749,282,376.06	2,667,141,915.14
Total liabilities and shareholders' equity	5,926,976,218.24	5,834,580,304.73

(2) Parent Company's Balance Sheet

Items	Closing balance (Original)	Closing balance (Revised)
Current assets:		
Accounts receivable	1,015,524,248.04	932,079,107.80
Inventories	707,522,267.21	698,571,493.94
Total Current assets	2,798,555,927.34	2,706,160,013.83
Total assets	5,580,926,668.52	5,488,530,755.01
Current liabilities:		
Tax payable	23,885,319.96	13,629,867.37
Total current liabilities	2,279,997,033.55	2,269,741,580.96
Total liabilities	2,779,334,144.46	2,769,078,691.87
Shareholders' equity:		
Undistributed profit	977,575,229.63	895,434,768.71
Total shareholders' equity	2,801,592,524.06	2,719,452,063.14
Total liabilities and shareholders' equity	5,580,926,668.52	5,488,530,755.01

(3) Consolidated Income Statements

Item	Amounts for the reporting period (Original)	Amounts for the reporting period (Revised)
I. Total operating revenue	1,097,649,636.91	1,024,459,949.26
Including: Operating revenue	1,097,649,636.91	1,024,459,949.26
II. Total operating cost	1,116,139,349.13	1,125,090,122.40
Including: Operating cost	909,522,428.13	918,473,201.40
III. Operating profit (loss is presented by “-”)	-17,162,886.51	-99,303,347.43
IV. Total profit (loss is represented by “-”)	6,510,155.32	-75,630,305.60
V. Net profit (loss is represented by “-”)	-991,662.96	-83,132,123.88
Net profit attributable to shareholders of the parent company	10,313,286.91	-71,827,174.01
VII. Total comprehensive income	-965,099.54	-83,105,560.46
Total comprehensive income attributable to shareholders of the Company	10,338,342.23	-71,802,118.69
VIII. Earnings per share:		
(I) Basic earning per Share	0.01	-0.09
(II) Diluted earning per Share	0.01	-0.09

(4) Parent Company's Income Statements

Items	Amounts for the prior period (Original)	Amounts for the prior period (Revised)
I. Operating revenue	1,113,067,032.86	1,039,877,345.21
Less: Operating cost	894,638,008.61	903,588,781.88
II. Operating profit (loss is presented by “-”)	37,700,877.59	-44,439,583.33
III. Total profit (loss is represented by “-”)	60,420,144.52	-21,720,316.40
IV. Net profit (loss is represented by “-”)	53,414,463.86	-28,725,997.06
VI. Total comprehensive income	53,414,463.86	-28,725,997.06

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

Items	Original		Revised	
	Equity attributable to shareholders of the parent company Undistributed profits	Total shareholders' equity	Equity attributable to shareholders of the parent company Undistributed profits	Total shareholders' equity
I. Balance at the end of the previous period	869,937,207.44	2,750,247,475.60	869,937,207.44	2,750,247,475.60
II. Balance at the beginning of the current period	869,937,207.44	2,750,247,475.60	869,937,207.44	2,750,247,475.60
III. Changes in the current period (decrease is represented by "--")				
(i) Total comprehensive income	10,313,286.91	-965,099.54	-71,827,174.01	-83,105,560.46
IV. Balance at the end of the current period	880,250,494.35	2,749,282,376.06	798,110,033.43	2,667,141,915.14

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

Items	Original		Revised	
	Undistributed profits	Total shareholders' equity	Undistributed profits	Total shareholders' equity
I. Balance at the end of the previous period	924,160,765.77	2,748,178,060.20	924,160,765.77	2,748,178,060.20
II. Balance at the beginning of the current period	924,160,765.77	2,748,178,060.20	924,160,765.77	2,748,178,060.20
III. Changes in the current period (decrease is represented by "--")				
(i) Total comprehensive income	53,414,463.86	53,414,463.86	-28,725,997.06	-28,725,997.06
IV. Balance at the end of the current period	977,575,229.63	2,801,592,524.06	895,434,768.71	2,719,452,063.14

5. Part IX Financial reports “VII. Notes to the Consolidated Financial Statements”

(1) Accounts Receivable

Original

Disclosure of Accounts Receivable by Category

Types	Carrying amount		Balance at the end of the period		Book value
	Amount	Ratio	Provision for bad debts Amount	Proportion	
Accounts receivable individually significant for which provision for bad debts has been individually made	14,376,029.00	2.22%	10,479,971.25	72.90%	3,896,057.75
Accounts receivable for which provision for bad debts has been made on group basis by credit risk characteristics	630,668,626.57	97.37%	—	—	630,668,626.57
Accounts receivable individually insignificant but for which provision for bad debts has been individually made	2,687,096.03	0.41%	2,271,189.00	84.52%	415,907.03
Total	647,731,751.60	100.00%	12,751,160.25	—	634,980,591.35

Top five trade receivables by closing balance collection of the borrower

Companies	Amounts	Aging	Percentage of the total accounts receivable (%)	Provision for bad debts Balance at the end of the period
HeBei ZhongTai Steel Pipe Manufacture Co., Limited	68,044,415.00	Within 1 year	10.51%	—
Shaanxi Yanchang Petroleum Materials Co., Ltd.	56,973,103.00	Within 1 year	8.80%	—
Peak Pipe and Supply, LLC	47,078,508.00	Within 1 year	7.27%	—
SP Limited	44,745,935.78	Within 1 year	6.91%	—
PetroChina Company Limited	26,057,920.00	Within 1 year	4.02%	3,462,882.83
Total	242,899,881.78	—	37.50%	—

Revised

Disclosure of Accounts Receivable by Category

Types	Carrying amount		Balance at the end of the period		Book value
	Amounts	Ratio	Provision for bad debts	Amounts Proportion	
Accounts receivable individually significant for which provision for bad debts has been individually made	14,376,029.00	2.55%	10,479,971.25	72.90%	3,896,057.75
Accounts receivable for which provision for bad debts has been made on group basis by credit risk characteristics	547,223,486.33	96.98%	—	—	547,223,486.33
Accounts receivable individually insignificant but for which provision for bad debts has been individually made	2,687,096.03	0.47%	2,271,189.00	84.52%	415,907.03
Total	564,286,611.36	100.00%	12,751,160.25	—	551,535,451.11

Top five trade receivables by closing balance collection of the borrower

Companies	Amounts	Aging	Percentage of the total accounts receivable (%)	Provision for bad debts Balance at the end of the period
HeBei ZhongTai Steel Pipe Manufacture Co., Limited	60,083,219.09	Within 1 year	10.51%	—
Shaanxi Yanchang Petroleum Materials Co., Ltd.	54,216,180.32	Within 1 year	8.80%	—
Peak Pipe and Supply, LLC	47,078,508.00	Within 1 year	8.34%	—
SP Limited	36,688,278.71	Within 1 year	6.50%	—
PetroChina Company Limited	16,270,842.77	Within 1 year	2.88%	3,462,882.83
Total	214,337,028.89	—	37.98%	—

(2) Inventories

Classification of inventories

Items	Balance at the end of the period (Original)			Balance at the end of the period (Revised)		
	Carrying amount	Provision for diminution in value	Book value	Carrying amount	Provision for diminution in value	Book value
Goods in storage	359,235,384.68	13,159,842.92	346,075,541.76	350,284,611.41	13,159,842.92	337,124,768.49
Total	928,169,275.20	34,809,986.60	893,359,288.60	919,218,501.93	34,809,986.60	884,408,515.33

(3) Taxes Payable

Items	Balance at the end of the period (Original)	Balance at the end of the period (Revised)
Value added tax	9,973,146.02	-282,306.57
Enterprise income tax	11,368,357.45	11,368,357.45
Individual income tax	1,250,873.45	1,250,873.45
Urban maintenance and construction tax	623,298.54	623,298.54
Property tax	1,165,545.57	1,165,545.57
Land use tax	2,435,816.27	2,435,816.27
Educational surcharges	522,193.98	522,193.98
Local water conservancy construction funds	166,025.20	166,025.20
Stamp duty	115,619.60	115,619.60
disability insurance	3,032.00	3,032.00
Total	27,623,908.08	17,368,455.49

(4) Undistributed profit

Items	Current period (Original)	Current period (Revised)
Undistributed profit before adjustment at the end of last period	869,937,207.44	869,937,207.44
Undistributed profit after adjustment at the beginning of the period	869,937,207.44	869,937,207.44
Add: Net profit attributable to the shareholders of the Parent Company for the current period	10,313,286.91	-71,827,174.01
Undistributed profit at the end of the period	880,250,494.35	798,110,033.43

(5) Operating revenue and operating cost

Items	Current period (Original)		Current period (Revised)	
	Income	Cost	Income	Cost
Main business	1,086,542,619.09	889,108,777.51	1,013,352,931.44	898,059,550.78
Other business	11,107,017.82	20,413,650.62	11,107,017.82	20,413,650.62
Total	1,097,649,636.91	909,522,428.13	1,024,459,949.26	918,473,201.40

(6) Additional information of cash flow statement

Additional information	Amounts for the reporting period (Original)	Amounts for the reporting period (Revised)
1. Reconciliation of net profit to cash flow of operating activities:		
Net profit	-991,662.96	-83,132,123.88
Decrease in inventories (increase is represented by “-”)	141,795,250.10	150,746,023.37
Decrease in operating receivables (increase is represented by “-”)	-95,340,411.54	-11,895,271.30
Increase in operating payable (decrease is represented by “-”)	-49,372,356.10	-59,627,808.69
Net cash flows generated from operating activities	126,758,914.81	126,758,914.81

6. Part X Financial reports “XV Other significant items”

(1) Segment Reporting Information

Original

Financial information of the reporting segment

Items	Casing and Tubing	Three kinds of pumping units	Petroleum machinery plant	others	Unallocated Items	Total
Operation revenue	1,001,170,579.14	22,556,421.79	61,180,702.89	12,741,933.09	—	1,097,649,636.91
External income						
Inter-segment income						
Total segment operation income	1,001,170,579.14	22,556,421.79	61,180,702.89	12,741,933.09	—	1,097,649,636.91
Total operating income in financial statements	1,001,170,579.14	22,556,421.79	61,180,702.89	12,741,933.09	—	1,097,649,636.91
Segment cost	945,465,583.57	16,781,353.73	54,316,932.31	23,197,103.76	—	1,039,760,973.37
Segment operation profit	55,704,995.57	5,775,068.06	6,863,770.58	-10,455,170.67	—	57,888,663.54
Adjusting items:	—	—	—	—	75,051,550.05	75,051,550.04
Administrative expenses	—	—	—	—	62,563,240.66	62,563,240.66
Finance costs	—	—	—	—	13,815,135.10	13,815,135.10
Investment income	—	—	—	—	1,326,825.71	1,326,825.71
Operating profit in financial statements	55,704,995.57	5,775,068.06	6,863,770.58	-10,455,170.67	-75,051,550.05	-17,162,886.51
Non-operating income	—	—	—	—	23,740,893.66	23,740,893.66
Non-operating expenses	—	—	—	—	67,851.83	67,851.83
Total profit	55,704,995.57	5,775,068.06	6,863,770.58	-10,455,170.68	-51,378,508.21	6,510,155.32
Income tax	—	—	—	—	7,501,818.28	7,501,818.28
Net profit	55,704,995.57	5,775,068.06	6,863,770.58	-10,455,170.68	-58,880,326.49	-991,662.96
Total segment assets	4,959,024,534.02	106,698,324.30	249,069,732.30	38,667,694.26	573,515,933.36	5,926,976,218.24
Total segment liabilities	1,229,551,210.57	21,783,654.50	101,456,302.30	814,590.94	1,824,088,083.87	3,177,693,842.18

Revised

Financial information of the reporting segment

Items	Casing and Tubing	Three kinds of pumping units	Petroleum machinery plant	Others	Unallocated Items	Total
Operation revenue	932,121,941.46	18,415,371.82	61,180,702.89	12,741,933.09	—	1,024,459,949.26
External income						
Inter-segment income						
Total segment operation income	932,121,941.46	18,415,371.82	61,180,702.89	12,741,933.09	—	1,024,459,949.26
Total operating income in financial statements	932,121,941.46	18,415,371.82	61,180,702.89	12,741,933.09	—	1,024,459,949.26
Segment cost	953,877,875.06	17,319,835.51	54,316,932.31	23,197,103.76	—	1,048,711,746.64
Segment operation profit	-21,755,933.60	1,095,536.31	6,863,770.58	-10,455,170.67	—	-24,251,797.38
Adjusting items:	—	—	—	—	62,563,240.66	62,563,240.66
Administrative expenses	—	—	—	—	13,815,135.10	13,815,135.10
Finance costs	—	—	—	—	1,326,825.71	1,326,825.71
Investment income	—	—	—	—	—	—
Operating profit in financial statements	-21,755,933.60	1,095,536.31	6,863,770.58	-10,455,170.67	-75,051,550.05	-99,303,347.43
Non-operating income	—	—	—	—	23,740,893.66	23,740,893.66
Non-operating expenses	—	—	—	—	67,851.83	67,851.83
Total profit	-21,755,933.60	1,095,536.31	6,863,770.58	-10,455,170.67	-51,378,508.22	-75,630,305.60
Income tax	—	—	—	—	7,501,818.28	7,501,818.28
Net profit	-21,755,933.60	1,095,536.31	6,863,770.58	-10,455,170.67	-58,880,326.50	-83,132,123.88
Total segment assets	4,871,473,648.97	101,853,295.84	249,069,732.30	38,667,694.26	573,515,933.36	5,834,580,304.73
Total segment liabilities	1,219,999,736.47	21,079,676.01	101,456,302.30	814,590.94	1,824,088,083.87	3,167,438,389.59

7. Part X Financial reports “XVI. Notes to principal items in the financial statements of the Parent Company”

(1) Accounts Receivable

Original

Accounts receivable by category are disclosed below

Categories	Carrying amount Amount	Balance at the end of the period Ratio	Provision of bad debts		Book value
			Amount	Proportion	
Accounts receivable individually significant for which provision for bad debts has been individually made	14,376,029.00	1.40%	10,479,971.25	72.90%	3,896,057.75
Accounts receivable for which provision for bad debts has been made on group basis by credit risk characteristics	1,011,212,283.26	98.37%	—	—	1,011,212,283.26
Accounts receivable individually insignificant but for which provision for bad debts has been individually made	2,385,600.52	0.23%	1,969,693.49	82.57%	415,907.03
Total	1,027,973,912.78	100.00%	12,449,664.74	—	1,015,524,248.04

Top five trade receivables by closing balance collection of the borrowerCompanies

Companies	Amounts	Aging	Percentage of the total accounts receivable (%)	Provision for bad debts
Shouguang Maolong New Materials Company Limited	362,245,156.00	Within 1 year	35.24%	—
HeBei ZhongTai Steel Pipe Manufacture Co., Limited	68,044,415.00	Within 1 year	6.62%	—
Shaanxi Yanchang Petroleum Materials Co., Ltd.	56,973,103.00	Within 1 year	5.54%	—
Peak Pipe and Supply, LLC	47,078,508.00	Within 1 year	4.58%	—
SP Limited	44,745,935.78	Within 1 year	4.35%	—
Total	579,087,117.78	—	56.33%	—

Revised

Accounts receivable by category are disclosed below

Categories	Carrying amount Amount	Balance at the end of the period		Book value
		Ratio	Provision of bad debts Amount Proportion	
Accounts receivable individually significant for which provision for bad debts has been individually made	14,376,029.00	1.52%	10,479,971.25 72.90%	3,896,057.75
Accounts receivable for which provision for bad debts has been made on group basis by credit risk characteristics	927,767,143.02	98.23%	— —	927,767,143.02
Accounts receivable individually insignificant but for which provision for bad debts has been individually made	2,385,600.52	0.25%	1,969,693.49 82.57%	415,907.03
Total	944,528,772.54	100.00%	12,449,664.74 —	932,079,107.80

Top five trade receivables by closing balance collection of the borrower

Companies	Amounts	Aging	Percentage of the total accounts receivable (%)	Provision for bad debts
Shouguang Maolong New Materials Company Limited	362,245,156.00	Within 1 year	38.35%	—
HeBei ZhongTai Steel Pipe Manufacture Co., Limited	60,083,219.09	Within 1 year	6.36%	—
Shaanxi Yanchang Petroleum Materials Co., Ltd.	54,216,180.32	Within 1 year	5.74%	—
Peak Pipe and Supply, LLC	47,078,508.00	Within 1 year	4.98%	—
SP Limited	36,688,278.71	Within 1 year	3.88%	—
Total	560,311,342.12	—	59.32%	—

(2) Operating Revenue and Operating Cost

Items	Amounts for the reporting period (Original)		Amounts for the reporting period (Revised)	
	Income	Cost	Income	Cost
Main operation	1,060,707,024.31	832,507,827.17	987,517,336.66	841,458,600.44
Other operation	52,360,008.55	62,130,181.44	52,360,008.55	62,130,181.44
Other operation	1,113,067,032.86	894,638,008.61	1,039,877,345.21	903,588,781.88

8. Part IX Financial reports “XVII. Supplementary Information”

Return on Net Assets and Earnings per Share

Original

Profit during the reporting period	Weighted average return on net assets	Earnings per share	
		Basic (RMB/Share)	Diluted (RMB/Share)
Net profit attributable to holders of ordinary shares of the Company	0.38%	0.01	0.01
Net profit attributable to holders of ordinary shares of the Company after deducting the non-recurring gain and loss	-0.36%	0.01	0.01

Revised

Profit during the reporting period	Weighted average return on net assets	Earnings per share	
		Basic (RMB/Share)	Diluted (RMB/Share)
Net profit attributable to holders of ordinary shares of the Company	-2.70%	-0.09	-0.09
Net profit attributable to holders of ordinary shares of the Company after deducting the non-recurring gain and loss	-3.89%	-0.13	-0.13

III. 2015 THIRD QUARTERLY REPORT

1. Part 2 “Major Accounting Data & Change in Shareholding”

Original

Major Accounting Data and Financial Indicators

	At the end of the reporting period	At the end of last year	Increase/Decrease (%)	
Total assets (RMB)	5,922,760,159.20	6,044,500,696.03	-2.01%	
Net assets attributable to shareholders of the listed company (RMB)	2,700,492,679.23	2,694,285,331.17	0.23%	
	The reporting period	Increase/Decrease (%)	The beginning of the year to the end of the reporting period	Increase/Decrease (%)
Operating Revenue (RMB)	255,712,706.80	-58.03%	1,362,879,020.14	-30.46%
Net profit attributable to shareholders of the listed company (RMB)	2,405,037.84	187.40%	12,718,324.75	26.24%
Net profit after extraordinary gains or losses attributable to shareholders of the listed company (RMB)	2,054,831.31	188.34%	-7,773,146.34	-213.88%
Net cash flow from operating activities (RMB)	-	-	110,668,100.61	-68.13%
Basic earnings per share (RMB)	0.01	100.00%	0.02	100.00%
Diluted earnings per share (RMB)	0.01	100.00%	0.02	100.00%
The weighted average return on net assets	0.09%	0.05%	0.47%	0.09%

Revised

Major Accounting Data and Financial Indicators

	At the end of the reporting period	At the end of last year	Increase or decrease (%)	
Total assets (RMB)	5,813,885,571.80	6,044,500,696.03	-3.82%	
Net assets attributable to shareholders of the listed company (RMB)	2,595,301,991.83	2,694,285,331.17	-3.67%	
	The reporting period	Increase or Decrease (%)	The beginning of the year to the end of the reporting period	Increase or decrease (%)
Operating Revenue (RMB)	316,741,778.08	23.87%	1,341,201,727.34	-0.90%
Net profit attributable to shareholders of the listed Company (RMB)	-20,645,188.64	-958.41%	-92,472,362.65	-827.08%
Net profit after extraordinary gains or losses attributable to shareholders of listed Company (RMB)	-20,995,395.16	-1121.76%	-112,963,833.74	1353.26%
Net cash flow from operating activities (RMB)	—	—	110,668,100.61	-68.13%
Basic earnings per share (RMB)	-0.03	-400.00%	-0.12	-700.00%
Diluted earnings per share (RMB)	-0.03	-400.00%	-0.12	-700.00%
The weighted average return on net assets	-0.79%	-0.88%	-3.49%	-3.96%

2. Part 3 Material Matters

(1) *The main accounting statements during the reporting period, the situation and reasons for change in financial indicators*

Original

(I) *The explanation for major changes of the Company's assets structure during the reporting period*

Items	As of 30 September 2015 (Unaudited)	Increase/ decrease (%)	Notes
Tax payable	16,451,163.26	59.19%	(10)

(10) Tax payable increased by 59.19% compared with the beginning of the year, mainly because the profit increased, resulting in that the provision for income tax increased.

(II) *The explanation for major changes of income statement year on year during the reporting period*

Items	As of 30 September 2015 (Unaudited)	Increase/ decrease (%)	Notes
Operating revenue	1,362,879,020.14	-30.46%	(1)
Operating cost	1,076,543,630.68	-35.68%	(2)

(1) Operating revenue decreased by 30.46% compared with same period last year, mainly because the competition in this industrial was fierce, the products sales decreased and the sales price fell sharply.

(2) Operating cost decreased by 35.68% compared with same period last year, mainly because the operating revenue decreased.

Revised

(I) *The explanation for major changes of the Company's assets structure during the reporting period*

Items	As of 30 September 2015 (Unaudited)	Increase/ decrease (%)	Notes
Tax payable	12,767,263.26	23.55%	(10)

(10) Tax payable increased by 23.55% compared with the beginning of the year, mainly because the profit increased, resulting in that the provision for income tax increased.

(II) *The explanation for major changes of income statement year on year during the reporting period*

Items	As of 30 September 2015 (Unaudited)	Increase/ decrease (%)	Notes
Operating revenue	1,341,201,727.34	-31.08%	(1)
Operating cost	1,160,057,025.28	-30.69%	(2)

(1) Operating revenue decreased by 31.08% compared with same period last year, mainly because the competition in this industrial was fierce, the products sales decreased and the sales price fell sharply.

(2) Operating cost decreased by 30.69% compared with same period last year, mainly because the operating revenue decreased.

3. Part 4 Financial Statements

(1) Consolidated Balance Sheet

Items	Original	Revised
Current assets:		
Accounts receivable	607,152,461.45	581,791,268.65
Inventories	1,066,608,140.46	983,094,745.86
Total current assets	2,316,047,301.71	2,207,172,714.31
Total assets	5,922,760,159.20	5,813,885,571.80
Current liabilities:		
Tax payable	16,451,163.26	12,767,263.26
Total current liabilities	2,593,906,670.23	2,590,222,770.23
Total liabilities	3,108,950,290.95	3,105,266,390.95
shareholders' equity:		
Undistributed profit	877,150,603.68	771,959,916.28
Total equity attributable to shareholders of the parent company	2,700,492,679.23	2,595,301,991.83
Total shareholders' equity	2,813,809,868.25	2,708,619,180.85
Total liabilities and shareholders' equity	5,922,760,159.20	5,813,885,571.80

(2) Balance Sheet of the Parent Company

Items	Original	Revised
Current assets:		
Accounts receivable	1,060,102,094.50	1,034,740,901.70
Inventories	852,300,539.78	768,787,145.18
Total current assets	2,673,272,411.05	2,564,397,823.65
Total assets	5,428,995,723.79	5,320,121,136.39
Current liabilities:		
Tax payable	11,515,595.87	7,831,695.87
Total current liabilities	2,119,252,587.69	2,115,568,687.69
Total liabilities	2,618,978,591.87	2,615,294,691.87
shareholders' equity:		
Undistributed profit	985,999,837.49	880,809,150.09
Total shareholders' equity	2,810,017,131.92	2,704,826,444.52
Total liabilities and shareholders' equity	5,428,995,723.79	5,320,121,136.39

(3) Consolidated Income Statement for the Reporting Period

Items	Original	Revised
I. Total operating revenue	265,229,383.23	316,741,778.08
Among which: operating revenue	255,712,706.80	307,225,101.65
II. Total operating cost	270,026,972.58	344,589,593.91
Among which: Operating cost	167,021,202.55	241,583,823.88
III. Operating profit (loss is presented by “-”)	-4,472,936.50	-27,523,162.98
IV. Total profit (loss is represented by “-”)	-1,642,333.23	-24,692,559.71
V. Net profit (loss is represented by “-”)	-9,756,478.91	-32,806,705.39
Net profit attributable to shareholders of the parent company	2,405,037.84	-20,645,188.64
VII. Total comprehensive income	-10,843,626.84	-33,893,853.32
Total comprehensive income attributable to shareholders of parent company	1,373,934.34	-21,676,292.14
VIII. Earnings per share		
(i) Basic earnings per share	0.01	-0.03
(ii) Diluted earnings per share	0.01	-0.03

(4) Income Statement of the Parent Company

Items	Original	Revised
I. Operating revenue	287,329,878.96	265,652,586.16
Less: Operating cost	189,549,379.95	273,062,774.55
II. Operating profit (loss is presented by “-”)	9,426,817.67	-95,763,869.73
III. Total profit (loss is represented by “-”)	9,671,592.22	-95,519,095.18
IV. Net profit (loss is represented by “-”)	8,424,607.86	-96,766,079.54
VI. Total comprehensive income	8,424,607.86	-96,766,079.54

(5) Consolidated income statement for the beginning to the end of Reporting Period

Items	Original	Revised
I. Total operating revenue	1,362,879,020.14	1,341,201,727.34
Among which: operating revenue	1,353,362,343.71	1,331,685,050.91
II. Total operating cost	1,386,166,321.71	1,469,679,716.31
Among which: Operating cost	1,076,543,630.68	1,160,057,025.28
III. Operating profit (loss is presented by “-”)	-21,635,823.01	-126,826,510.41
IV. Total profit (loss is represented by “-”)	4,867,822.09	-100,322,865.31
V. Net profit (loss is represented by “-”)	-10,748,141.87	-115,938,829.27
Net profit attributable to shareholders of the parent company	12,718,324.75	-92,472,362.65
VII. Total comprehensive income	-11,808,726.38	-116,999,413.78
Total comprehensive income attributable to shareholders of parent company	11,712,276.57	-93,478,410.83
VIII. Earnings per share		
(I) Basic earnings per share	0.02	-0.12
(II) Diluted earnings per share	0.02	-0.12

(6) **Income Statement of the Parent Company for the beginning to the end of Reporting Period**

Items	Original	Revised
I. Operating revenue	1,400,396,911.82	1,378,719,619.02
Less: Operating cost	1,084,187,388.56	1,167,700,783.16
II. Operating profit (loss is presented by “-”)	47,127,695.26	-58,062,992.14
III. Total profit (loss is represented by “-”)	70,091,736.74	-35,098,950.66
IV. Net profit (loss is represented by “-”)	61,839,071.72	-43,351,615.68
VI. Total comprehensive income	61,839,071.72	-43,351,615.68

Saved as disclosed in this announcement, all other information remain unchanged.

The Company wishes to apologize for any inconvenience caused to investors, and greatly appreciated for the kind understanding of investors.

The announcement is hereby made.

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

Shandong, the PRC
29 September 2017

As at the date of this announcement, the Board comprises Mr. Zhang En Rong, 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*