

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(A Sino-foreign equity joint venture company incorporated in the People's Republic of China with limited liability)

(Stock Code: 568)

PRELIMINARY FINANCIAL DATA FOR THE YEAR 2016

This announcement is made by Shandong Molong Petroleum Machinery Company Limited (the “Company”) 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 Futures Ordinance (Chapter 571, Laws of Hong Kong).

Important notes: The financial information of the Company for the year of 2016 set out in this announcement was preliminary data, which have been audited by internal audit department of the Company, but have not been audited by external accounting firm. As such, differences may be found between the above-mentioned data and the ultimate financial information disclosed in the annual report. Investors are hereby reminded to exercise caution when dealing in the shares of the Company.

1. KEY FINANCIAL DATA AND FINANCIAL INDICATORS FOR THE YEAR OF 2016

Reporting period: 1 January 2016 - 31 December 2016

Currency: RMB

Item	For the year ended 31 December 2016	For the year ended 31 December 2015	Year-on-year Change (%)
Total Operating revenue	1,531,118,375.18	1,613,917,735.08	-5.13%
Operating Profit	-585,373,878.78	-323,778,413.73	-80.79%
Gross Profit	-580,741,781.06	-298,472,913.80	-94.57%
Net profit attributable to the equity holders of the Company	-593,267,296.98	-259,565,004.32	-128.56%
Basic earnings per share (RMB)	-0.74	-0.33	-124.24%
Return on net assets on weighted average basis (%)	-27.78%	-10.12%	-17.66%
	As at 31 December 2016	As at 31 December 2015	Year-on-year change
Total assets	5,796,180,011.70	5,851,180,723.61	-0.94%

Equity attributable to equity holders of the Company	1,838,277,171.16	2,433,157,226.21	-24.45%
Share capital	797,848,400	797,848,400	-
Net asset per share attributable to equity holders of the Company (RMB)	2.40	3.05	-21.31%

2. BRIEF ANALYSIS ON OPERATING RESULTS AND FINANCIAL POSITION

The Company reported RMB 1,531,118,375.18 in operating revenue for the year of 2016, representing a 5.13% going down compared to the previous year. Operating profit for the year 2016 was RMB-585,373,878.78. Moreover, the total profit for the year 2016 was RMB-580,741,781.06. The net profit attributable to shareholders of the Company in 2016 was RMB-593,267,296.98. The main reasons are follows: (1) The results during the reporting period were affected by the domestic and international economic situation, resulting in a substantial fall in financial performance; the Company has made impairments against its inventories, accounts receivables, goodwill and other relevant assets; (2) although market demand increased in 2016, overall demand was still at a low level; owing to fluctuation in oil and raw material prices, despite an increase in production volume as compared with 2015, the product prices dropped significantly with unpredictably frequent fluctuations, causing substantial impacts to the Company's financial performance.

3. OTHER INFORMATION

For the details of the 2016 annual report of the Company, please refer to the results announcement and annual report of the Company which are expected to be published on 31 March 2017.

4. WARNING OF EXISTENCE OF DELISTING RISK ALERT

The net profit attributable to the shareholders of the Company for the year of 2015 was RMB -255,565,000. According to paragraph 1 of Section 2 "Delisting Risk Alert" of Chapter XIII of the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, if the Company continues to report negative earnings for the year of 2016, the Shenzhen Stock Exchange will issue a delisting risk alert on the Company's shares after the publication of the Company's complete 2016 annual report.

5. DOCUMENTS FOR INSPECTION

- (1) The comparative balance sheet and the comparative income statement, which were signed and sealed by the legal representative, the chief financial officer and the head of financial division of the Company;
- (2) The internal audit report signed by the head of the internal audit department; and
- (3) Other documents as required by Shenzhen Stock Exchange.

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

Shandong, People's Republic of China

28 February 2017

As at the date of this announcement, the Board is comprised of Mr. Zhang En Rong, Mr. Zhang Yun San, Mr. Guo Huan Ran and Mr. Yang Jin as executive directors, Mr. Guo Hong Li and 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*