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延長石油國際有限公司

YANCHANG PETROLEUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 00346)

PROFIT WARNING

This announcement is made by Yanchang Petroleum International Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “Board”) of the Company would like to inform the shareholders of the Company and potential investors that based on unaudited consolidated management accounts of the Group currently available, the Group is expected to record a significant loss for the year ended 31 December 2015. The expected loss was mainly attributable to the significant impairment provision made for the Oilfield Blocks in Madagascar as well as the petroleum and natural gas properties in Canada as a result of the slump in international crude oil prices in 2015 and low oil prices expected to persist in 2016. The Company is still in the process of evaluating the impairment amount of those assets with independent valuers. Nevertheless, the recognition of the impairment loss on valuation of the Group’s oil and gas assets is one-off and non-cash in nature and therefore would not have any material negative impact on the cash flow and the operations of the Group.

Given the sluggish economic climate and low international oil prices environment, the Group with effective cost reduction measures in place did maintain a moderate overall loss of HK\$13 million before the aforesaid impairment. Notwithstanding the significant impairment provision being made, the Group’s oil and gas in-production business in Canada and refined oil business in the PRC remain sound and intact; whereas the Group’s overall financial position is healthy and robust. Facing the challenge of the current low international oil prices environment, the Board believes that the Group is well positioned to withstand the difficulties; to seize any acquisition opportunities would arise; and to explore new business opportunities such as new energy to create value for shareholders.

As the Company is still in the process of finalising the annual results for the year ended 31 December 2015, the information contained in this announcement is only based on the preliminary assessment of the Group’s unaudited management accounts which are subject to the audit of the Company’s independent auditors, and is therefore subject to necessary adjustments. Formal announcement of the Group’s audited annual results for the year ended 31 December 2015 is expected to be published on or before 30 March 2016.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
Yanchang Petroleum International Limited
Li Yi
Chairman

Hong Kong, 5 February 2016

Executive Directors:

Mr. Li Yi (*Chairman*)
Mr. Ren Yansheng (*Chief Executive Officer*)
Mr. Hui Bo (*Vice President*)
Mr. Shen Hao
Mr. Feng Dawei
Mr. Li Jun
Mr. Andres Pena Salceda

Independent Non-Executive Directors:

Mr. Ng Wing Ka
Mr. Leung Ting Yuk
Mr. Sun Liming
Dr. Mu Guodong