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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 SUBSTANTIAL DECREASE IN LOSS

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 (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 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 the unaudited management accounts of the Group currently available, the Group is expected to record a loss of around HK\$58 million for the year ended 31 December 2017, which has been significantly reduced as compared to a loss of around HK\$270 million for the previous year.

Despite the low international crude oil prices environment in 2017, the oil and gas producing business in Canada, through remarkable operational efficiency enhancement as well as various cost reduction initiatives, successfully managed a turnaround. In addition, the refined oil trading business in the PRC has remained profitable and also contributed to the decrease in the loss of the Group. The loss of the Group includes, inter alia, convertible bonds interest of around HK\$37 million and business development expenses of around HK\$6 million destined to position the Group for future growth.

On one hand the Company continues to adopt operational efficiency enhancement and cost reduction measures, on the other the Company positions itself to seize opportunities to expand the Group’s business through both acquisitions and organic growth. With the current international oil prices rebound, the Board believes that the Group will improve its performance to achieve an overall turnaround in the near future.

As the Company is still in the process of finalising the annual results of 2017, 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, if any. Formal announcement of the Group’s audited annual results for the year ended 31 December 2017 is expected to be published on or about 28 March 2018.

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

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

Hong Kong, 15 February 2018

Executive Directors:

Mr. Li Yi (*Chairman*)
Mr. Bruno Deruyck (*Chief Executive Officer*)
Ms. Sha Chunzhi
Mr. Gao Hairen
Mr. Li Jun
Mr. Tan Meng Seng

Independent Non-Executive Directors:

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