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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” and 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 the unaudited consolidated management accounts of the Group currently available, the Group is expected to record a loss for the six months ended 30 June 2016.

Under the sluggish economic climate and low international oil prices environment in the first half year of 2016, the Group has strengthened its management over the in-production oil and gas business in Canada by decreasing in operational costs and increasing in production efficiency, and successfully reduced by approximately HK\$9 million to a loss of approximately HK\$34 million for the six months ended 30 June 2016, as compared to a loss of approximately HK\$43 million recorded in the last period. However, affected by the decrease in profit of the refined oil trading business in the PRC together with the interest and the non-cash fair value loss arisen from the issue of convertible bonds raised last year for the development of the Group’s business, and therefore as a result, the Group’s interim results is expected to record a loss of approximately HK\$60 million.

Although facing the challenge of the current low international oil prices environment, the Group’s overall financial position is still healthy and robust. The Group has introduced various measures to mitigate the operational pressure, including, inter alia, stringent controls on the operating costs and capital expenditure so as to enhance the profitability and balance the cash flows. The Board believes that the Group is well prepared to withstand the difficulties; to seize any acquisition opportunities would arise; and to explore new business opportunities to create value for shareholders.

As the Company is still in the process of finalising the interim results for the six months ended 30 June 2016, the information contained in this announcement is only based on the preliminary assessment of the Group's unaudited management accounts which has not been audited or reviewed by the Company's independent auditors, and may therefore be subject to necessary adjustments. Formal announcement of the Group's interim results for the six months ended 30 June 2016 is expected to be published on or before 30 August 2016.

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, 12 August 2016

Executive Directors:

Mr. Li Yi (*Chairman*)
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