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 disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 the unaudited management accounts of the Group currently available, the Group is expected a loss of around HK$22 million for the six months ended 30 June 2018.

Despite the extreme bad and cold weather in Canada during the first quarter of 2018 which has adversely impacted the field operation cost and production, the Group has managed to achieve profit for its oil and gas producing business in Canada. In addition, the refined oil trading business in the mainland China has remained profitable. The interim loss of the Group is mainly attributable to the convertible bond interest of around HK$16.7 million and business development expenses of around HK$4.5 million incurred for positioning the Group for future growth.

Alongside the international crude oil prices being stabilised, the Group will continue to improve its business performance by adopting efficiency enhancement and cost reduction measures with an aim to achieve overall turnaround. At the same time, the Company will seize opportunities to expand its upstream business through both asset acquisition and organic growth.

As the Company is still in the process of finalising the interim results for six months ended 30 June 2018, the information contained in this announcement is only based on the preliminary assessment of the Group's unaudited management accounts which have 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 2018 shall be published on or about 28 August 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, 10 August 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