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 net loss of approximately HK$ 4.7 billion for the year ended 31 December 2014 as compared to a net profit of approximately HK$53 million for the corresponding year of 2013. Such loss was mainly attributable to a substantial one-off and non-cash asset valuation impairment of approximately HK$4.5 billion in aggregate for the 2104 and 3113 Oilfield Blocks in Madagascar due to the sharp and persisted drop in international oil price since October 2014. In addition, the Group recorded another one-off and non-cash valuation impairment of approximately HK$400 million in total for some oil related assets as a result of the said significant drop of international oil price. The Board is of the view that such valuation impairment loss is one-off and non-cash in nature and thus should not have any material impact on the cash flow and the usual business operation of the Group; and that the Group's overall financial position is healthy and robust.

Despite the impact of the one-off and non-cash valuation impairment loss amounted to approximately HK$4.9 billion in total, the profit attributable to the Group's oil and gas in-production business in Canada and refined oil business in Henan, the PRC for the year of 2014 as a whole is expected to be approximately HK$210 million, that is almost 3 times of the profit of approximately HK$53 million recorded for the corresponding year of 2013. Hence, the Board considers that the overall business operation of the Group will remain sound and intact. Given the current low international oil price environment, the Board also believes that the Group is well positioned to withstand the challenges and will be able to capture acquisition opportunity when it arises.

As the Company is still in the process of finalising the annual results for the year ended 31 December 2014, 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 2014 is expected to be published on or before 27 March 2015.

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
Zhang Kaiyong
Chairman

Hong Kong, 23 February 2015

Executive Directors:

Mr. Zhang Kaiyong (*Chairman*)
Mr. Ren Yansheng *(Chief Executive Officer)*
Mr. Hui Bo *(Vice President)*
Mr. Shen Hao
Mr. Feng Dawei
Mr. Zhao Jie
Mr. Andres Pena Salceda

Independent Non-Executive Directors:

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