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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)

LAPSE OF SUBSCRIPTION AGREEMENT

Reference is made to the Company's announcement dated 16 June 2016 relating to the Subscription of new Shares under the General Mandate (the "**Subscription Announcement**"), the announcement dated 13 July 2017 relating to the extension of long stop date for Subscription of new Shares under the General Mandate (the "**Extension Announcement**"), and the announcement dated 17 July 2017 relating to the further update and clarification on the Subscription of new Shares under the General Mandate 2017 (the "**Clarification Announcement**", together with the Subscription Announcement and the Extension Announcement, the "**Announcements**"). Terms used herein shall have the same meanings as defined in the Announcements unless otherwise required.

Pursuant to the Subscription Agreement and the confirmation letter of 13 July 2017, in the event that any of the conditions of the Subscription is not fulfilled on or before 31 December 2017 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement. As at 31 December 2017, certain conditions of the Subscription have not been fulfilled, and the parties to the Subscription Agreement have not agreed on any further extension of the Subscription. As such, the Subscription Agreement lapsed and shall be automatically terminated thereafter. The obligations of the Company and the Subscriber under the Subscription Agreement immediately ceased and be null and void.

The Directors are of the view that the lapse of the Subscription Agreement has no material adverse impact on the existing business operation and financial position of the Company as a whole.

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

Hong Kong, 2 January 2018

Executive Directors:

Mr. Li Yi (*Chairman*)

Mr. Bruno Deruyck (*Chief Executive Officer*)

Mr. Shen Hao

Mr. Sha Chunzhi

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