



INSIDE INFORMATION POLICY

1. Purpose

This policy aims to set out guidelines to the relevant personnel of Yanchang Petroleum International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) to ensure inside information (the “**Inside Information**”) of the Company is to be disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. The relevant personnel includes the director, senior executive, employee of the Group, because of his office or employment, who is likely to be in possession of the unpublished Inside Information.

2. Definition of Inside Information

Under the new Part XIVA of the Securities and Future Ordinance, Chapter 571 (the “**Part XIVA**”) effective 1 January 2013, the Inside Information is the specific information about the Company, its shareholder or director or senior executive or its listed securities or derivatives, which is not generally known to the persons who are accustomed, or would be likely, to deal in the Company’s listed securities but would, if generally known to them, be likely to materially affect the price of the Company’s listed securities.

3. Announcement of Inside Information

- i. The Company and/ or directors must disclose Inside Information to the public as soon as reasonably practicable.
- ii. The Company’s board of directors (the “**Board**”) shall take reasonable precautions for preserving the confidentiality of Inside Information and the relevant announcement (if applicable) before publication.
- iii. Disclosure must be made in a manner that provides the public with an equal, timely and effective access to the information, such as through the electronic publication system operated by The Stock Exchange of Hong Kong Limited.



4. Duty of Officers

Every director, manager or secretary of, or any other persons involved in the management of, the Company must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company.

5. Restriction on Sharing Non-public Information

Generally, no employee or director may disclose, discuss or share with outside parties (except for communication with the Group's advisers who owe a duty of confidentiality, e.g. lawyers, and other categories of persons as allowed under the Part XIVA) the information of price sensitive nature about the Company that has not been released to the public.

6. Handling of Rumours

There is no obligation to respond to media speculation, market rumours or analysts' reports. However, where press speculation or market rumours are largely accurate and underlying information constitutes the Inside Information, it is likely that matters intended to be kept confidential have been leaked, resulting in the safe harbour (as described below) falling away, and public disclosure is required. If there are rumours in the public, concern should be addressed to the Board for determination as to whether the relevant announcement has to be made.

7. Unintentional Selective Disclosure

Directors, senior executives and employees who become aware of any Inside Information having been divulged, should immediately inform the Company Secretary, who will notify the Chief Executive Officer or the Board accordingly. If it is determined that unintentional selective disclosure has occurred, the Company will promptly make an announcement to provide full disclosure to the public.



8. Exemption and Waiver to the Disclosure of Inside Information

Disclosure of the Inside Information is not required if and so long as the circumstances of the case fall within one of the following safe harbours under the Part XIVA:

- (A) the disclosure is prohibited or restricted by an enactment or a court order;
- (B) the information concerns an incomplete proposal or negotiation (e.g. in the brain-storming stage);
- (C) the information concerned is a trade secret;
- (D) when the Government's Exchange Fund or central bank provides liquidity support.; or
- (E) when the disclosure is waived by the Securities and Futures Commission.

With the exception of safe harbour (A), all other safe harbours will be applicable only if the Company has taken reasonable precautions for preserving the confidentiality of the Inside Information and the confidentiality of the Inside Information is actually preserved.

9. Compliance and Reporting

Each of the directors, senior executives and relevant employees of the Group must promptly bring any Inside Information to the attention of the Company Secretary, who will notify the Chief Executive Officer or the Board accordingly for taking the appropriate prompt action. In the event that there is evidence of any material violation of this policy regarding the Inside Information, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding the likelihood of its recurrence.

10. Effective Date

This policy is effective on 1 March 2012.