



### Corporate Profile

**Yanchang Petroleum International Limited** (“Yanchang Petroleum International”) engages in both the Upstream and Downstream sectors of the Oil and Gas Industry. Upstream, its activities include Exploration, Development and Exploitation of Oil and Gas fields; Downstream, its activities include fuel oil trading and distribution.

### Overseas Expansion and Flagship of Yanchang Petroleum Group

Yanchang Petroleum International is an important platform to develop the overseas business of the Yanchang Petroleum Group, the majority shareholder of the Company. Yanchang Petroleum Group is among the top four state-owned oil and gas enterprises in China, which ranked No 288 in Fortune Global 500 in 2017. With the support of its majority shareholder, Yanchang Petroleum International pursues acquisition opportunities in stable regions of the world and strives to become a mid-size international energy company.

### Yanchang Petroleum International’s Financial Highlights

#### Balance Sheet

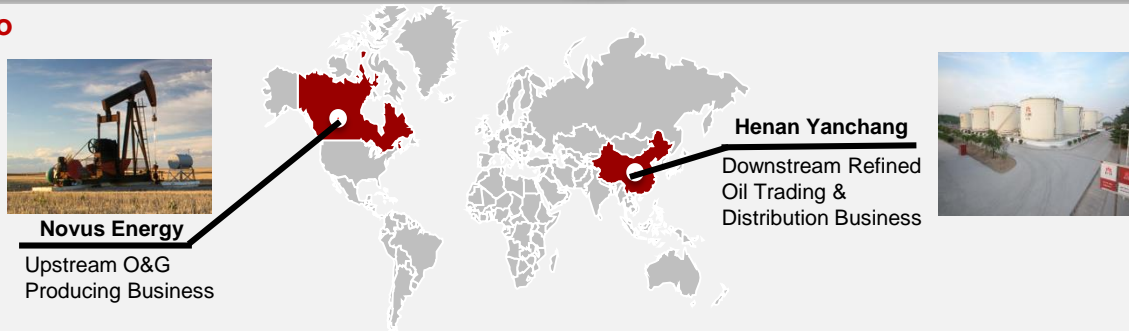
(HKD'000)	As of 30 Jun 2018	As of 31 Dec 2017
Total Assets	<b>3,327,166</b>	2,863,908
Total Equity	<b>1,508,282</b>	1,594,646
Total Liabilities	<b>1,818,884</b>	1,269,262
Cash and bank balances	<b>195,250</b>	207,998

#### Income Statement

For the six months ended 30 Jun (HKD'000)	2018	2017*
Turnover	<b>2,288,147</b>	2,308,928
Profit from operating activities	<b>13,140</b>	10,715*
Loss before tax	<b>(12,987)</b>	(15,347)
Loss for the Period	<b>(21,786)</b>	(21,955)
Basic Loss Per Share	<b>(0.21 cents)</b>	(0.20 cents)

\*Restated

### Asset Portfolio



### Upstream Business - Novus’ Oil and Gas Producing Business

Novus has drilled in excess of 360 horizontal oil wells in the geological formation known as “Viking” since its incorporation in 2009. Given the weather back to normal, drilling works were in full swing since the beginning of June 2018 and drilling of 10 wells was completed in the first six months. The adoption of new steerable drilling facilities together with extensive drilling experience in Viking oil play, Novus has increased the drilling accuracy of horizontal wells to 100%.

#### Financial Highlights of Novus

For the six months ended 30 Jun	2018	2017
Oil and gas (BOE)	<b>405,300</b>	512,800
Contributed production income (HKD'000)	<b>146,521</b>	146,500
Operating profit (HKD'000)	<b>12,980</b>	11,034
Netback per BOE (CAD)	<b>38.2</b>	31.4

### Downstream Business - Henan Yanchang’s Refined Oil Trading Business

Henan Yanchang owns land parcels of 209 mu in aggregate, 120,000 cubic meter of storage tank capacity and a railway line of 2,500 meter. Henan Yanchang has a license to distribute and sell refined oil products at an annual capacity of more than 2 million ton.

#### Financial Highlights of Henan Yanchang

For the six months ended 30 Jun	2018	2017
Sales volume (tonnes)	<b>1,330,000</b>	1,220,000
Revenue (HKD'000)	<b>2,141,626</b>	2,162,428
Operating Profit (HKD'000)	<b>8,111</b>	7,271

### Outlook

- We aim to become a mid-size international oil and gas company with an average production of 70,000 BOEPD in the coming five years.
- We will continue to increase overall market value of Novus by further enhancing both production volume and reserves. Average daily production is targeted to hit 3,000 BOE by the end of 2018.
- On the back of the financial and technical support from Yanchang Petroleum Group, we are seeking for overseas M&A and financing opportunities as well as focusing on the oil and gas producing projects with large potentials for development and enhancement.