

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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “Board”) of directors (the “Directors”) of Yanchang Petroleum International Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2025 together with the unaudited comparative figures for the six months ended 30 June 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	4	9,994,518	16,771,559
Other revenue	4	3,560	5,482
		9,998,078	16,777,041
Expenses			
Cost of revenue		(9,869,666)	(16,547,797)
Royalties		(15,574)	(21,792)
Field operation expenses		(45,495)	(48,988)
Exploration and evaluation expenses		(1,271)	(1,243)
Selling and distribution expenses		(7,033)	(18,080)
Administrative expenses		(34,312)	(37,425)
Depreciation, depletion and amortisation		(59,755)	(96,649)
Other gains and losses	5	24,577	(15,247)
		(10,008,529)	(16,787,221)

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Loss from operating activities	6	(10,451)	(10,180)
Finance costs	7	(18,166)	(17,949)
Loss before taxation		(28,617)	(28,129)
Taxation	8	770	863
Loss for the period		(27,847)	(27,266)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		76,831	(37,621)
Other comprehensive income for the period, with nil tax effect		76,831	(37,621)
Total comprehensive income for the period		48,984	(64,887)
(Loss)/profit for the period attributable to:			
Owners of the Company		(28,537)	(27,018)
Non-controlling interests		690	(248)
		(27,847)	(27,266)
Total comprehensive income for the period attributable to:			
Owners of the Company		46,756	(63,481)
Non-controlling interests		2,228	(1,406)
		48,984	(64,887)
Loss per share attributable to the owners of the Company			
Basic and diluted, HK cents	10	(2.59)	(2.46)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		1,832,843	1,771,918
Investment properties		11,882	11,542
Exploration and evaluation assets		9,663	8,898
Right-of-use assets		78,416	75,730
Goodwill and intangible asset		58,149	58,149
		<u>1,990,953</u>	<u>1,926,237</u>
Current assets			
Inventories		95,308	89,851
Trade receivables	11	557,460	457,758
Prepayments, deposits and other receivables		31,229	47,478
Cash and bank balances		240,015	278,675
		<u>924,012</u>	<u>873,762</u>
Total assets		<u>2,914,965</u>	<u>2,799,999</u>
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		440,041	440,041
Reserves		854,670	807,914
Total equity attributable to the owners of the Company		1,294,711	1,247,955
Non-controlling interests		<u>54,452</u>	<u>52,224</u>
Total equity		<u>1,349,163</u>	<u>1,300,179</u>

		30 June 2025	31 December 2024
	<i>Notes</i>	(Unaudited)	(Audited)
		HK\$'000	HK\$'000
LIABILITIES			
Current liabilities			
Trade and other payables	12	565,613	650,214
Lease liabilities		6,317	5,065
Bank borrowings and other loans		293,514	159,691
Secured term loans		274,565	–
Current tax payables		903	1,908
		1,140,912	816,878
Non-current liabilities			
Decommissioning liabilities		178,050	166,761
Lease liabilities		63,610	61,352
Deferred tax liabilities		10,530	10,177
Secured term loans		172,700	444,652
		424,890	682,942
Total liabilities		1,565,802	1,499,820
Total equity and liabilities		2,914,965	2,799,999
Net current (liabilities)/assets		(216,900)	56,884
Total assets less current liabilities		1,774,053	1,983,121

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (the “HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024 as contained in the Company’s annual report 2024 (the “Annual Report 2024”), which have been prepared in accordance with HKFRS Accounting Standards (the “HKFRSs”).

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Group. All values are rounded to the nearest thousand (HK\$’000), unless otherwise stated. These unaudited condensed consolidated financial statements were approved for issue on 28 August 2025.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies adopted in the unaudited condensed consolidated financial statements for the six months ended 30 June 2025 are consistent with those followed in the preparation of the Annual Report 2024 except for the impact of the adoption of the new or amended HKFRSs.

In the current period, the Group has applied for the first time the following new or amended HKFRS issued by the HKICPA which are effective for the Group’s financial period beginning 1 January 2025.

- Amendments to HKAS 21 – Lack of Exchangeability

The application of the above new or amended HKFRS had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The following new or amended HKFRSs, potentially relevant to the Group’s unaudited condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

- Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments¹
- Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity¹
- Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 – Annual Improvements to HKFRS Accounting Standards – Volume 11¹
- HKFRS 18 – Presentation and Disclosure in Financial Statements²

- HKFRS 19 – Subsidiaries without Public Accountability: Disclosures²
- Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ No Mandatory effective date yet determined but available for adoption.

3. SEGMENT INFORMATION

The Group's operating and reportable segments are as follows:

- (a) the exploration, exploitation and operation business segment involves oil and gas exploration, exploitation, sale and operation; and
- (b) the supply and procurement business segment involves storage, transportation, trading and distribution of oil related products.

No operating segments have been aggregated to form the above reportable segments.

Segment revenue and results

	Exploration, exploitation and operation		Supply and procurement		Consolidated	
			For the six months ended 30 June			
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	<u>94,132</u>	<u>189,103</u>	<u>9,900,386</u>	<u>16,582,456</u>	<u>9,994,518</u>	<u>16,771,559</u>
Segment (loss)/profit	<u>(34,261)</u>	<u>7,932</u>	<u>2,368</u>	<u>(1,597)</u>	<u>(31,893)</u>	<u>6,335</u>
Other revenue					<u>3,560</u>	<u>5,482</u>
Net foreign exchange gain/(loss)					<u>24,577</u>	<u>(15,219)</u>
Unallocated corporate expenses					<u>(6,695)</u>	<u>(6,778)</u>
Loss from operating activities					<u>(10,451)</u>	<u>(10,180)</u>
Finance costs					<u>(18,166)</u>	<u>(17,949)</u>
Loss before taxation					<u>(28,617)</u>	<u>(28,129)</u>
Taxation					<u>770</u>	<u>863</u>
Loss for the period					<u><u>(27,847)</u></u>	<u><u>(27,266)</u></u>

Revenue reported was generated from external customers. There were no inter-segment sales during the six months ended 30 June 2025 and 2024.

Segment (loss)/profit represents the loss incurred/profit earned by each segment without allocation of other revenue, net foreign exchange gain/(loss), unallocated corporate expenses, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Exploration, exploitation and operation		Supply and procurement		Consolidated	
	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Segment assets	1,794,116	1,741,246	1,099,728	1,033,640	2,893,844	2,774,886
Unallocated assets					21,121	25,113
Total assets					<u>2,914,965</u>	<u>2,799,999</u>
Segment liabilities	507,016	497,991	877,153	819,523	1,384,169	1,317,514
Unallocated liabilities					181,633	182,306
Total liabilities					<u>1,565,802</u>	<u>1,499,820</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than unallocated corporate financial assets; and
- all liabilities are allocated to reportable segments other than unallocated corporate financial liabilities.

Information about major customers

Included in revenue arising from supply and procurement business segment of HK\$9,900,386,000 (six months ended 30 June 2024: HK\$16,582,456,000) are revenue of HK\$6,759,787,000 (six months ended 30 June 2024: HK\$12,452,145,000) which arose from two customers (six months ended 30 June 2024: two customers) of the Group which contributed 10% or more to the Group's total revenue for the period.

Revenue from major customers of the Group's total revenue, are set out below:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Customer A	5,628,444	8,679,176
Customer B	1,131,343	–
Customer C	–	3,772,969
	<u>–</u>	<u>3,772,969</u>

4. REVENUE AND OTHER REVENUE

Revenue represents the consideration expected to be entitled from the goods sold which are recognised under point in time under HKFRS 15. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's revenue and other revenue are as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sales of crude oil and gas	94,132	189,103
Trading and distribution of oil related products	9,900,386	16,582,456
	<u>9,994,518</u>	<u>16,771,559</u>
Other revenue		
Bank interest income	1,759	3,124
Rental income	634	698
Others	1,167	1,660
	<u>3,560</u>	<u>5,482</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net foreign exchange gain/(loss)	24,577	(15,219)
Others	–	(28)
	<u>24,577</u>	<u>(15,247)</u>

6. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	9,869,666	16,547,797
Depreciation and depletion charge:		
– Property, plant and equipment	55,796	92,358
– Right-of-use assets	3,959	4,291
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	681	632
Staff costs (including Directors' remuneration):		
– Salaries and wages	36,274	33,088
– Pension scheme contributions	2,493	2,180
	<u> </u>	<u> </u>

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on bank borrowings and secured term loans wholly repayable within five years	13,522	14,323
Interest expenses on lease liabilities	1,455	2,262
Interest expenses on other loans	1,845	–
Accretion expenses of decommissioning liabilities	1,344	1,364
	<u> </u>	<u> </u>
	<u>18,166</u>	<u>17,949</u>

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The provision for Hong Kong profits tax for the six months ended 30 June 2025 is calculated at 16.5% of estimated assessable profits (six months ended 30 June 2024: 16.5%). Taxation for subsidiaries outside Hong Kong is charged at appropriate current rate of taxation ruling in the relevant countries. The Canada blended statutory tax rate and the People's Republic of China (the "PRC") corporate income tax rate applicable to the Group's subsidiaries in Canada and the PRC are 25% and 25% for the six months ended 30 June 2025 and 2024 respectively.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Under-provision in prior year	26	–
Current tax – Outside Hong Kong		
Over-provision in prior year	(796)	(863)
Deferred tax		
Origination of temporary differences	–	–
	(770)	(863)

9. INTERIM DIVIDENDS

The Directors do not recommend the payment of any interim dividends in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	(28,537)	(27,018)

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,100,103	1,100,103

Diluted loss per share for the six months ended 30 June 2025 and 2024 were the same as the basic loss per share as the Company had no dilutive potential ordinary shares in existence during the six months ended 30 June 2025 and 2024.

11. TRADE RECEIVABLES

Trade receivables, which generally have credit terms of up to 90 days (31 December 2024: up to 90 days), are recognised and carried at the original invoiced amount less allowance for doubtful debt. Trade receivables are non-interest bearing.

The following is an ageing analysis of trade receivables presented based on the invoice dates at the end of the reporting period:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 30 days	507,147	434,230
31 to 60 days	175	385
61 to 90 days	66	688
Over 90 days	50,072	22,455
	557,460	457,758

As at 30 June 2025, trade receivables of HK\$50,072,000 (31 December 2024: HK\$22,455,000) were past due but not credit-impaired. These related to a number of independent customers for whom there was no recent history of default. The Group does not hold any collaterals or other credit enhancements over these balances.

Aging of trade receivables which are past due but not credit-impaired at the reporting date is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 30 days past due	50,072	22,455

12. TRADE AND OTHER PAYABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade payables	438,730	468,732
Contract liabilities (<i>note</i>)	38,178	75,965
Valued added tax payables	58	11,059
Other tax payables	4,847	4,664
Staff cost payables	9,907	15,701
Other payables	73,893	74,093
	565,613	650,214

Note: Contract liabilities as at 30 June 2025 and 31 December 2024 mainly represented the advance received from customers upon order placement, and were fully recognised as revenue during the period when the control over a product was transferred to customer. The Group typically received advance on acceptance of orders. The amount of the advance, if any, was negotiated on a case by case basis with customers.

Contract liabilities of HK\$38,178,000 were recognised as at 30 June 2025 (31 December 2024: HK\$75,965,000) as a result of the receipt of payment during the period in advance of the satisfaction of performance obligation, and are expected to be fully recognised as revenue within one year.

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 30 days	437,481	464,345
31 to 60 days	109	229
61 to 90 days	137	6
Over 90 days	1,003	4,152
	<u>438,730</u>	<u>468,732</u>

As at 30 June 2025 and 31 December 2024, the trade payables are non-interest bearing and have an average credit period on purchases of up to 90 days.

13. CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

14. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, during the six months ended 30 June 2025, the Group had the following transactions with related parties.

Remuneration for key management personnel, including emoluments paid to the Company's Directors and certain highest paid individuals, were as follows:

Key management personnel

	Six months ended 30 June 2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Salaries, bonus and allowance	8,730	7,360
Pension Scheme contributions	127	116
	<u>8,857</u>	<u>7,476</u>

Related party transactions

Relationship	Nature of transactions	Six months ended 30 June	
		2025	2024
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Ultimate holding company	Purchase of refined oil and by-products (<i>note 1</i>)	3,628,421	5,747,594
Fellow subsidiaries	Purchase of refined oil and by-products (<i>note 1</i>)	78,666	1,711,923
Fellow associates	Purchase of refined oil and by-products (<i>note 1</i>)	450	20,091
Fellow associates	Sale of refined oil and by-products (<i>note 2</i>)	–	27,817
Immediate holding company	Secured term loan interest expenses	12,148	11,182
Ultimate holding company	Other loans interest expenses	<u>1,845</u>	<u>2,992</u>

Notes:

- (1) During the six months ended 30 June 2025, the Group had connected transactions with ultimate holding company, fellow subsidiaries and fellow associates arising from the purchases of refined oil and by-products. Henan Yanchang entered into the supply agreement dated 18 November 2022 and the supplemental supply agreement dated 27 November 2023 with Yanchang Petroleum Group in respect of the purchases of refined oil and by-products from Yanchang Petroleum Group with effect from 1 January 2023 for the three years ending 31 December 2025.
- (2) During the six months ended 30 June 2025, the Group had no connected transactions with fellow associates arising from the sales of refined oil and by-products. Henan Yanchang entered into the sales agreements with China Petroleum Yanchang Petroleum Trading Stock Limited Company* (中油延長石油銷售股份有限公司, “China Petroleum Yanchang”) and Yanchang Shell Henan Petroleum Limited* (延長殼牌河南石油有限公司, “Yanchang Shell Henan”) respectively on 27 November 2023 and with effect from 1 January 2024, in respect of the sales of refined oil and by-products for the three years ending 31 December 2026.
- (3) The above transactions constitute continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the requirements under Chapter 14A of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

In the first half of 2025, international oil prices exhibited high volatility under the influence of complex and changing geopolitical situations and tariff wars, with prices consistently fluctuating downward. From the geopolitical perspective, the escalation of tensions in the Middle East, along with the ongoing deadlock in the Russia-Ukraine war after multiple rounds of negotiations, has posed significant challenges to the stability of global oil supply. Meanwhile, the tariff wars triggered by the United States have brought uncertainty to the global economic recovery.

Influenced by the aforesaid factors, the recovery of global economy lacked momentum, with industrial output and refined oil consumption remaining weak, further suppressing crude oil demand. In the first half of 2025, WTI crude oil prices experienced an overall volatile downward trend, declining from an average of approximately US\$77 per barrel in 2024 to approximately US\$68 per barrel on average for the six months ended 30 June 2025. As performance of the oil and gas production business in Canada is highly vulnerable to volatility of international crude oil prices, the decline in international crude oil prices resulted in a loss for the oil and gas production business in Canada. Primarily dragged down by the performance of the oil and gas production business in Canada, the Group recorded an overall loss of approximately HK\$27,900,000 during the period under review.

Upstream oil and gas production business in Canada

In the first half of 2025, faced with the continuous downward fluctuations of international crude oil prices, construction restrictions due to road closure order during the snowmelt period in spring, and tight external financing channels, Novus relied heavily on its own funds to coordinate production plans while ensuring safety and compliance, and scientifically advancing various tasks. In the first half of the year, 0.25 new wells were drilled, 0.25 wells were fractured, and 0.25 wells were put into production. The total capital expenditure was CAD831,000, representing a significant decrease in capital investment compared to CAD3,340,000 in the same period in 2024. Due to the impact of the decline in oil prices, the advancement of capital construction projects has been restricted, resulting in a significant slowdown in development. As of the end of June 2025, Novus realised cumulative net oil and gas production of 263,000 barrels of oil equivalent (“BOE”), representing a year-on-year decrease of 37%, with sales revenue of CAD16,400,000, representing a year-on-year decrease of 50%, and a net loss of CAD4,920,000.

(I) Actively address the impact of declining production and continuously optimise production and operating expenses

Since January 2025, Novus has been under pressure on production, including a decline in output and falling market prices, and in particular, extreme cold weather in the first quarter caused a temporary daily production drop of 184 barrels. Novus responded quickly, mobilising resources to restore production capacity within a week and stabilise the operations. In the first half of the year, Novus achieved sales of 58,700 BOE of natural gas, reaching 97% of its target, despite certain constraints on natural gas sales due to the back pressure from third-party pipelines. In terms of cost control, Novus places a high priority on the efficiency of capital utilisation. Novus saved CAD26,000 through purchasing carbon credits in advance; reduced labour costs by CAD1,820,000 through optimising organisational structure and streamlining personnel; reduced operating costs by CAD35,000 through scientific planning of oilfield expenditures; and lowered office rents and insurance premiums by CAD77,000 through negotiation, providing strong support for its operations.

(II) Efficiently organise production operations and practically enhance operational efficiency

Novus adheres to the core objective of “stabilising production and increasing efficiency”, and always prioritising stable production. Through advance planning, scientific organisation, and efficient execution, Novus has significantly improved its operational efficiency in production. In response to fluctuations in international oil prices and natural gas prices, Novus closely monitored market dynamics and flexibly adjusted its inventory strategy to maximise profits while ensuring market supply. Addressing the adverse effects of extreme cold weather in the first quarter, Novus actively coordinated with third-party companies to quickly complete de-icing of pipelines and removal of snow at the well field, gaining valuable time to ensure stable production and achieving a well-controlled production decline of only 2% from the first to the second quarter. With the change in production structure, the ratio of Viking crude oil to Success crude oil was adjusted, and Novus dynamically monitored the quality of blended crude oil and promptly optimised its sales strategy to maximise revenue level while ensuring compliance.

(III) Advance refined oilfield management and continuously promote the implementation of cost reduction and efficiency enhancement

Novus adheres to the principle of focusing on economic efficiency, viewing refined field management as a key approach to realise high-quality development, and coordinates the implementation of budget management, cost control and technical optimisation. By controlling expenses such as operating expenses, labour costs and carbon emissions, Novus saved a total of CAD567,000 in the first half of the year, with an estimated annual cost reduction of CAD1,960,000. In terms of production measures, Novus intensified its efforts to tap the potential of old wells and promoted the application of technical means such as washing wells with hot oil, replacement of pump under the wells, depressurisation with casing, wax removal and chemical treatment. In the first half of the year, a total of 52 production enhancement measures were implemented, resulting in a daily production increase of 103 barrels, effectively curbing the decline in output from old wells. Field operating expenses amounted to CAD7,920,000, representing a year-on-year decrease of CAD670,000 or 7.7%; administrative expenses were maintained at CAD2,930,000, representing a year-on-year decrease of CAD510,000 or 14.8%, providing solid support for Novus to maintain stable operations.

(IV) Strengthen mid- to long-term planning research to support the healthy and sustainable field development

Based on the long-term field development, Novus leveraged its internal technical strength and collaborated with scientific research institutions to initiate a project of the “Five-Year Development Plan Research of Novus Oilfield”. The project involves constructing economic models based on the annual production targets (160,000 tonnes to 500,000 tonnes) under various international crude oil price scenarios (WTI at USD65, 70, 75 and 90), and setting free cash flow models based on WTI prices of USD70 and 75. At the same time, Novus has completed oilfield geological resources research and industry market research and analysis. Novus has also worked with a team of university professors and scientific research institutes to explore the feasibility of carbon dioxide sequestration projects. It aims to expand into green and low-carbon development, and to simultaneously explore the application of AI technology in oilfield production management, laying the foundation for the construction of intelligent oilfields.

(V) Actively expand the mineral rights area to enhance resource security of the Company

Novus continuously monitors market dynamics and opportunities for oil and gas asset allocation. It adheres to the principle of prioritising exploration, systematically studies the reservoir directions of the reserve layer, and steadily promotes the enhancement of resource reserve capabilities. Through comprehensive assessment of non-core blocks in the region and detailed analysis of the economic value of each block, Novus has proposed a disposal plan for the Wapiti block in line with market demand, which can optimise its asset structure and strengthen its resource diversity and risk-resistant capability.

(VI) Strictly enforce safety production management and fully comply with environmental protection obligations

Novus prioritises safety in production by strengthening the construction of its on-site safety management system, and conducts regular employee safety training and emergency drills, improving its emergency response system, and enhancing its emergency response capability. In terms of environmental protection, Novus strictly complies with the requirements of federal and relevant provincial environmental protection laws and regulations in Canada. It actively realises its emission reduction responsibilities and constructs natural gas pipelines in advance to reduce combustion emissions. It can ensure the accomplishment of the emission reduction targets issued by the government and avoid financial penalties for exceeding emissions. At the same time, Novus diligently fulfills its responsibility for the remediation and landfill of abandoned wells, and completed the government's abandoned well treatment tasks on schedule, so as to demonstrate the responsible corporate image and strong compliance management capabilities of Novus.

Downstream oil products sales business in China

In the first half of 2025, Henan Yanchang's retail business suffered a decline in profitability and sales volume due to the decline in price adjustment and price limit, regional price wars and new energy substitution. In addition, external procurement and sales were affected by the elimination of risk-related businesses and a reduction in Sinopec's unified procurement volume, with profits influenced by sales volume and the handling of high-priced oil products. For period under review, the total sales volume of Henan Yanchang amounted to 1,361,400 tonnes, representing a year-on-year decrease of 36%; operating revenue amounted to RMB9,062,000,000, representing a year-on-year decrease of 41%; and total net profit amounted to RMB2,100,000.

1. Steady and effective business development

Firstly, Henan Yanchang is fully committed to advancing the establishment of its retail membership system by enhancing member engagement through initiatives such as attracting new members and distributing recall and work resumption coupons. Currently there are 110,000 members, with an additional 3,000 corporate WeChat members. Secondly, Henan Yanchang has also actively conducted research on the investment business at 24 Sinopec gas stations in Shiyan and reached cooperation after several rounds of negotiations with companies of different levels of Sinopec, and completed the business implementation plan. Henan Yanchang is currently preparing for the business launch. Thirdly, Henan Yanchang is actively promoting the development of private customers in the Sanmenxia, Nanyang, and Luoyang regions, and successfully launched the first investment business for private customers in June. Fourthly, Henan Yanchang is actively coordinating the rotation of state reserve oil products, and the business is expected to be launched in the second half of the year. Fifthly, Henan Yanchang has visited quality trade partners, with addition of four new suppliers and one customer to

its external procurement and sales business. It is expected that the monthly sales volume will increase by 15,000 to 30,000 tonnes after launching business. Sixthly, Henan Yanchang studied the operation of LNG (liquefied natural gas) production organisations within Yanchang Petroleum Group and collaborated with professional third-party organisations to conduct feasibility studies and analyses of the LNG (liquefied natural gas) business, laying the foundation for subsequent development of the business.

2. *Enhanced business protection*

Firstly, under the participation and guidance of the Organisation Department of the Party Committee, the Human Resources Department, and professional institutions, Henan Yanchang successfully completed the public selection and appointment of 10 department heads and 8 deputy heads, as well as the dual selection of 157 grassroots employees. Secondly, Henan Yanchang has also initiated a review and optimisation of the authority and responsibility processes across various departments of Henan Yanchang, focusing on formulating SOPs (standard operating procedures) to enhance the modules of customer and vendor management, logistics management, and external warehouse management. Thirdly, Henan Yanchang has reviewed and optimised the compensation reform plan for gas stations, deepening the achievements of the retail system reform, which included upgrading the flagship gas station and gradually promoting these upgrades to other stations. Fourthly, Henan Yanchang obtained approval for a 2% reduction in the urban construction tax rate in March, resulting in a tax saving of RMB14,200 in May. Henan Yanchang actively processed simple tax collection approvals for warehousing services, resulting in a tax saving of RMB12,100 in the first half of the year, and realised the splitting of the sale of oil products and the car wash service, standardising the financial accounting and resulting in a tax saving of RMB13,900.

3. *Continuous consolidation of safety cornerstones*

Firstly, Henan Yanchang organised an internal assessment on safety risk at the large oil and gas storage bases, which scored 910 points and was assessed to be of low-risk level, effectively enhancing the safety management level of the bases. Secondly, Henan Yanchang hosted the “2025 Comprehensive Emergency Rescue Drill for Hazardous Chemical Production Accidents in Xinzheng City”, receiving high praise from local government and emergency management departments, thereby enhancing its emergency response capabilities. In the first half of the year, a total of 1,551 people participated in production safety training, with a 100% coverage rate for frontline employees. Henan Yanchang organised 6 company-level safety activities and 4 emergency drills, maintaining a 100% integrity rate for safety equipment. Henan Yanchang joined 15 external large-scale safety inspections and conducted 8 internal inspections, identifying and rectifying a total of 185 safety hazards. The fire safety inspection pass rate reached 100%, with no anomalies in environmental protection testing. Besides, no quality incidents related to oil products occurred, and both internal assessment and external inspections of oil products achieved a 100% pass rate.

OUTLOOK

Looking ahead into the second half of 2025, the global energy market will remain full of uncertainty. Geopolitical conflicts are expected to remain a key factor influencing the international oil prices. At the same time, the expected slowdown in global economic growth will constrain the upward potential of oil prices.

Facing this complex operating environment, the Company has proactively deployed strategic measures by conducting in-depth analyses of the performance characteristics of various business segments under different market conditions. The Company strives to seize development opportunities amid market fluctuations to ensure that overall operations maintain a stable and healthy growth momentum. In the oil and gas production business segment in Canada, the Company will deepen technological innovation in exploration and development to enhance recovery efficiency of oil and gas resources. In the refined oil trading business segment in China, the Company will optimise the sales network distribution of oil products to strengthen the market's resilience against risks. The Company will steadfastly pursue a diversified development strategy. While consolidating the core position of its traditional oil and gas businesses, the Company will intensify efforts to explore and expand new business, dedicating to achieving sustainable long-term growth and generating continuous and stable value returns for its shareholders.

FINANCIAL REVIEW

Segment revenue and segment results

For the period under review, the Group's operating segments comprised (i) exploration, exploitation and operation business and (ii) supply and procurement business. For the six months ended 30 June 2025, the Group's turnover was mainly derived from the production of oil and natural gas in Canada as well as the trading business of oil and by-products in the PRC.

Novus is engaged in the business of exploration, exploitation and production of oil and natural gas in Western Canada. Novus achieved sale volume of oil and gas of 263,010 BOE and contributed revenue of HK\$94,132,000 during the period under review, as compared to sale volume of 456,989 BOE and income of HK\$189,103,000 of the previous period. Novus incurred an operating loss of HK\$34,261,000 for the six months ended 30 June 2025, as against an operating profit of HK\$7,932,000 for the previous period.

During the six months ended 30 June 2025, the sales volume of oil and by-products trading business in the PRC decreased from the previous period of 2.13 million tonnes to the current period of 1.36 million tonnes, the revenue decreased to HK\$9,900,386,000 of the current period from HK\$16,582,456,000 of the previous period. The supply and procurement business recorded an operating profit of HK\$2,368,000, as against an operating loss of HK\$1,597,000 of the previous period.

Other revenue

Apart from the aforesaid segment results, other revenue of HK\$3,560,000 which mainly represented interest income from bank deposits, oil card income and rental income from the PRC for the period under review, decreased by HK\$1,922,000 from HK\$5,482,000 of the previous period.

Royalties

Royalties, including crown, freehold and overriding royalties incurred by Novus for oil and natural gas production business in Canada, decreased from the previous period of HK\$21,792,000 to the current period of HK\$15,574,000 as a result of lower revenue of Novus.

Field operation expenses

Field operation expenses decreased to HK\$45,495,000 this period from the previous period of HK\$48,988,000. The decrease in expenses was mainly due to the decrease in production of Novus. Such expenses including labour costs, repairs and maintenance, processing costs, fluid hauling, lease rentals and workovers etc, were incurred by Novus in the production of oil and natural gas.

Exploration and evaluation expenses

Exploration and evaluation expenses amounted to HK\$1,271,000 represented the holding costs, mainly lease rentals, on the interests of non-producing lands held by Novus.

Selling and distribution expenses

Selling and distribution expenses, decreased from the previous period of HK\$18,080,000 to current period of HK\$7,033,000, were mainly incurred by Henan Yanchang for the oil and by-products trading business in the PRC.

Administrative expenses

Administrative expenses included directors' remuneration, staff costs, office rentals, professional fees and listing fee etc, decreased by HK\$3,113,000 to HK\$34,312,000 for the period under review.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation expenses decreased from the previous period of HK\$96,649,000 to the current period of HK\$59,755,000. The decrease was mainly due to the decrease in depletion of oil and gas assets of Novus in Canada resulting from the decrease in production during the period under review.

Other gains and losses

Other gains of HK\$24,577,000 represented the net foreign exchange gain.

Finance costs

Finance costs amounted to HK\$18,166,000 comprised (i) bank borrowing costs of HK\$1,375,000 related to the businesses of Henan Yanchang and interest of the secured term loans drawn down by Novus and the Company of HK\$12,147,000; (ii) accretion of HK\$1,344,000 related to the provision of the decommissioning liabilities incurred by Novus; (iii) imputed interest of lease liabilities of HK\$1,455,000 related to the leases of the Group; and (iv) interest expense on other loans of HK\$1,845,000.

Taxation

Tax credit of HK\$770,000 comprised (i) over-provision for the PRC enterprise income tax on the profit earned from the oil and by-products trading business amounted to HK\$796,000, and off-set by the under-provision for Hong Kong profits tax of HK\$26,000.

Loss for the period

During the period under review, the Group as a whole recorded a loss of HK\$27,847,000, including loss of HK\$28,250,000 incurred by Novus, as compared to a loss of HK\$27,266,000 for the last period. Despite the loss of Novus, Henan Yanchang managed to achieved a profit of HK\$2,300,000 for the six months ended 30 June 2025.

LIQUIDITY AND FINANCIAL RESOURCES

The Group funded its operation mainly by its internal resources together with bank borrowings, unsecured other loans and secured term loans for the six months ended 30 June 2025.

The Group had outstanding variable interest rates bank borrowings amounted to HK\$129,234,000 as at 30 June 2025 (31 December 2024: HK\$106,000) under Henan Yanchang. The Group has obtained bank facilities of HK\$542,120,000 (equivalent to RMB495,000,000) from various banks in the PRC.

The unsecured other loans represent loan advances to Henan Yanchang from ultimate holding company of HK\$164,280,000 (31 December 2024: HK\$159,585,000). The loan advances is unsecured with interest rate of 2.27% per annum and repayable in December 2025.

A secured term loan has been offered to Novus by Yanchang Petroleum HK for general working capital. On 20 December 2019, Novus drew down an amount of US\$35,000,000 of the secured term loan with interest rate of 4.8% per annum and repayable in three years. On 6 December 2022, Novus entered into a supplemental facility agreement with Yanchang Petroleum HK, pursuant to which Novus has renewed the secured term loan of US\$35,000,000 on 18 January 2023 which bears interest rate at 4.8% per annum and repayable in three years. The principal amount of relevant secured term loan was still outstanding as at 30 June 2025.

On 3 September 2021, the Company drew down a secured term loan of US\$22,000,000, granted by Yanchang Petroleum HK which bears interest rate at 4.8% per annum and repayable in three years. The secured term loan granted to the Company by Yanchang Petroleum HK as general working capital for operation. On 8 August 2024, the Company entered into a supplemental loan agreement with Yanchang Petroleum HK, pursuant to which the Company renewed the secured term loan of US\$22,000,000 which bears interest rate at 5.2% per annum and repayable in three years. The principal amount of relevant secured term loan was still outstanding as at 30 June 2025.

As at 30 June 2025, the Group had cash and bank balances of HK\$240,015,000 (31 December 2024: HK\$278,675,000). In view of the cash on hand together with the available bank facilities, the Group has sufficient working capital to finance its business operation.

At the period end, the gearing ratio of the Group, measured on the basis of total liabilities as a percentage of total equity, was 116.1% (31 December 2024: 115.4%). The current ratio of the Group, measured on the basis of current assets as a percentage of current liabilities stood at 81.0% as at 30 June 2025 (31 December 2024: 107.0%).

TREASURY MANAGEMENT AND POLICIES

The Group adopts a prudent approach for its cash management and risk control. The objective of the Group's treasury policies is to minimise risks and exposures due to fluctuation in foreign currency exchange rates and interest rates.

Cash has been generally placed in short-term deposits denominated in Hong Kong dollar, US dollar, Canadian dollar and Renminbi. The Group has obtained bank facilities and borrowings with stable interest rates. The Group does not foresee any significant interest rate risks. The Group's transactions and investment are mostly denominated in Hong Kong dollar, US dollar, Canadian dollar and Renminbi. As the Group's policy is to have its operating entities to operate in their corresponding local currencies to minimise currency risks, therefore the Group does not anticipate any material foreign exchange exposures and risks.

During the period under review, no hedging transactions related to foreign exchange had been made, proper steps will be taken when the management considers appropriate.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisitions and disposals for the six months ended 30 June 2025.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investments as at 30 June 2025.

CAPITAL COMMITMENT

The Group had capital commitments for purchase of property, plant and equipment amounting to HK\$462,000 (31 December 2024: HK\$179,000) which were contracted but not provided for as at 30 June 2025.

PLEDGE OF ASSETS

Secured term loan amount of US\$35,000,000 granted by Yanchang Petroleum HK, available to Novus, is secured by the debenture of US\$70,000,000 with first and fixed charge over all of Novus' right, title and interest, with floating charge over all assets of Novus.

Secured term loan amount of US\$22,000,000 granted by Yanchang Petroleum HK, available to the Company, is secured by 70% of the issued share capital of Henan Yanchang under the share charge deed pursuant to which the Company agreed to provide a guarantee in favour of Yanchang Petroleum HK that the Company shall procure on the best effort basis the carrying valuation of Henan Yanchang will be not less than US\$31,430,000.

Save as aforesaid, none of the Group's other assets had been pledged for granting the bank and other borrowings.

CONTINGENT LIABILITY

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: HK\$ Nil).

BANKRUPTCY UPDATES OF A NON-WHOLLY OWNED PRC SUBSIDIARY

On 27 June 2025, the Intermediate People's Court of Guangzhou City (the "Court") in Guangdong Province of PRC concluded the Company's 51% indirectly owned PRC subsidiary, namely Yanchang Petroleum (Zhejiang FTZ) Limited (the "Subsidiary"), bankruptcy reorganisation proceedings, adjudicated the Subsidiary bankrupt, and appointed Guangdong Oriental Kunlun Law Firm* (廣東東方崑崙律師事務所) as the bankruptcy administrator (the "Administrator"). On 30 June 2025, the Court granted the Administrator's application to terminate the bankruptcy proceedings.

As the Subsidiary was deconsolidated from the Group's financial statements in 2023, its bankruptcy has no material impact on the current operations, performance, or financial position of the Group.

Further details of the bankruptcy updates of the Subsidiary were set out in the announcement of the Company dated 3 July 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group's total number of staff was 203 (31 December 2024: 204). Salaries of employees are maintained at a competitive level with total staff costs for the six months ended 30 June 2025 amounted to HK\$38,767,000 (six months ended 30 June 2024: HK\$35,268,000). Remuneration policy is based on principles of equality, motivation, performance and prevailing market practice and remuneration packages are normally reviewed on an annual basis. Other staff benefits including provident fund, medical insurance coverage etc. There is also a share option scheme offered to employees and eligible participants. No share options was granted under the Company's share option scheme during the six months ended 30 June 2025 and 2024.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieve a high standard of corporate governance practices and procedures with a view to enhance the management of the Company as well as to safeguard the interests of the shareholders as a whole in terms of transparency, independence, accountability, responsibilities and fairness. The Board will review and improve the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective Board to optimize long-term value return for the shareholders.

In the opinion of the Board, the Company had complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules during the six months ended 30 June 2025, except for the following deviation:

1. code provision B.2.4(b) of the CG Code provides that all the independent non-executive Directors have served more than nine years on the Board, the Company should appoint a new independent non-executive Director on the Board. Mr. Ng Wing Ka, Mr. Leung Ting Yuk, Mr. Sun Liming and Dr. Mu Guodong have served as the independent non-executive Directors for more than nine years. The Company would appoint an additional new independent non-executive Director as soon as practicable as the Company needs time to identify a qualified and suitable candidate. As at the date of this announcement, the Company has not yet identified a suitable candidate to assume the role of the new independent non-executive Director as provided by the code provision B.2.4(b).

2. code provision C.1.6 of the CG Code provides that the independent non-executive Directors and other non-executive Directors should also attend general meetings and develop a balanced understanding of the views of shareholders. The non-executive Director, Ms. Lu Yiwen was unable to attend the annual general meeting of the Company held on 30 May 2025 due to other ad hoc engagements.
3. code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The position of the chief executive officer of the Company was vacant following the resignation of Mr. Bruno Guy Charles Deruyck as an executive Director and chief executive officer on 1 June 2019. In addition, the Board considers that the balance of power and authority, accountability and independent decision making under present arrangement is not impaired because of the diverse background and experience of the executive Directors, non-executive Director and independent non-executive Directors. The audit committee of the Company has free and direct access to the Company's senior management, external auditors and independent professional advisers when it considers necessary. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is not significant in such circumstance.
4. code provision F.2.2 of the CG Code provides that the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The chairman of the Board, Mr. Feng Yinguo was unable to attend the annual general meeting held on 30 May 2025 due to other ad hoc engagements.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises the three independent non-executive Directors, namely Mr. Leung Ting Yuk, Mr. Ng Wing Ka and Mr. Sun Liming. Mr. Leung Ting Yuk is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and policies adopted by the Company as well as the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025.

CONTINUING CONNECTED TRANSACTIONS

Yanchang Petroleum Group and Henan Yanchang (an indirect non-wholly owned subsidiary of the Company) renewed and entered into the new supply agreement dated 18 November 2022 and the supplemental supply agreement to revise annual caps dated 27 November 2023, pursuant to which with effect from 1 January 2023 Yanchang Petroleum Group agreed to supply and Henan Yanchang agreed to purchase refined oil and by-products for the three years ending 31 December 2025.

Besides, Henan Yanchang had connected transactions with fellow associates arising from the sale of refined oil and by-products. On 27 November 2023, Henan Yanchang entered into the sales agreements with China Petroleum Yanchang and Yanchang Shell Henan respectively and with effect from 1 January 2024, in respect of the sales of refined oil and by-products from Henan Yanchang to China Petroleum Yanchang and Yanchang Shell Henan, respectively for the three years ending 31 December 2026.

Further details of the transactions are included in note 14 to the unaudited condensed consolidated financial statements.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions mentioned above and have confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all Directors of the Company, they confirmed that they have complied with the required standards as set out in the Model Code as their code of conduct regarding to the securities transactions of the Company by the Directors for the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement for the six months ended 30 June 2025 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yanchanginternational.com). The Company's interim report for 2025 will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Yanchang Petroleum International Limited
Feng Yinguo
Chairman

Hong Kong, 28 August 2025

Executive Directors:

Mr. Feng Yinguo (*Chairman*)
Ms. Wang Haining
Mr. Ding Jiasheng

Non-executive Director:

Ms. Lu Yiwen

Independent Non-Executive Directors:

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

* The English translation of names in Chinese which are marked with "*" is for identification purposes only.