THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Yanchang Petroleum International Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (1) THE SUPPLY AGREEMENT; (2) THE SALES AGREEMENTS; AND (3) NOTICE OF THE SGM

Financial adviser to the Company

红日资本有限公司

RED SUN CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company

ASTRUM

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from the Independent Financial Adviser is set out on pages 24 to 59 of this circular.

A notice convening the SGM of the Company to be held via a virtual meeting online at https://evoting.vistra.com/#/346 on Tuesday, 30 December 2025 at 3:30 p.m. is set out on pages 67 to 69 of this circular. A form of proxy for use by the Shareholders at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM, you are requested to complete and sign the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

8 December 2025

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In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"China Petroleum Yanchang"	中油延長石油銷售股份有限公司 (China Petroleum Yanchang Petroleum Trading Stock Limited Company*), 41% of which is owned by Yanchang Petroleum Group, 40% of which is owned by PetroChina Company Limited, a company listed on the Stock Exchange and 19% of which is owned by Hezhong Energy
"Company"	Yanchang Petroleum International Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 00346)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Continuing Connected Transaction(s)"	(i) transaction(s) between Henan Yanchang and Yanchang Petroleum Group for the supply of refined oil and by-products (including chemical products) from Yanchang Petroleum Group to Henan Yanchang with terms and conditions in accordance with the Existing Supply Agreement and the Supply Agreement; and (ii) transaction(s) between Henan Yanchang and the Sales Connected Parties for the sales of refined oil and by-products (including chemical products) from Henan Yanchang to the Sales Connected Parties with terms and conditions in accordance with the Existing Sales Agreement and the Sales Agreements
"Director(s)"	the director(s) of the Company
"Existing Sales Agreement"	the sales agreement dated 27 November 2023 in respect of the sales of refined oil and by-products from Henan Yanchang to China Petroleum Yanchang for the three years ending 31 December 2026
"Existing Supply Agreement"	the supply agreement dated 18 November 2022 (supplemental by the supplemental supply agreement dated 27 November 2023) in respect of the Existing Supply Annual Caps

"Existing Supply Annual Cap(s)"	the annual cap(s) applicable to the Existing Supply Agreement for the three years ending 31 December 2025
"Group"	the Company and its subsidiaries from time to time
"Henan Yanchang"	河南延長石油銷售有限公司 (Henan Yanchang Petroleum Sales Co., Limited), a limited company incorporated under the PRC laws which is an indirect non wholly-owned subsidiary of the Company and 70% owned by the Group as at the Latest Practicable Date
"Hezhong Energy"	Xixian New District Energy Project Development Co., Ltd.* (西咸新區和眾能源項目建設有限公司) a limited company incorporated under the PRC laws and which is held by Xian Zhongli Investment Management Ltd.* (西安中立投資管理有限公司) ("**Xian Zhongli**") and Zhongli Energy Technology Co., Ltd.* (中立能源科技股份有限公司) ("**Zhongli Energy Technology**"), being directly holding 55.0% and 45.0% of its interest, respectively. As at the Latest Practicable Date, to the best of the Director's knowledge, (i) the beneficial owners of Xian Zhongli are Wang Zeonling* (王俊玲) and Sun Singlei* (孫勝利), being indirectly holding 90.0% and 10.0% interest in Xian Zhongli, respectively; and (ii) the beneficial owners of Zhongli Energy Technology are Tang Chen* (唐琛), Wei Wulong* (魏伍龍) and Tang Hui* (唐琿), being directly holding approximately 53.8%, 38.5% and 7.7% interest in Zhongli Energy Technology, respectively
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company, comprising all the independent non-executive Directors to be established to advise the Independent Shareholders on the Supply Agreement and the Sales Agreements and the transactions and matters contemplated thereunder

"Independent Financial Adviser" or "Astrum Capital Management Limited"	Astrum Capital Management Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions
"Independent Shareholders"	Shareholders other than Yanchang Petroleum Group and its associates
"Latest Practicable Date"	4 December 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange and as amended from time to time
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Proposed Sales Annual Cap(s)"	the proposed annual cap(s) for the Continuing Connected Transactions under the Sales Agreements for the three years ending 31 December 2028
"Proposed Supply Annual Cap(s)"	the proposed annual cap(s) for the Continuing Connected Transactions under the Supply Agreement for the three years ending on 31 December 2028
"Sales Agreements"	the agreements dated 18 November 2025 entered into between Henan Yanchang and each of the Sales Connected Parties in respect of the sales of refined oil and by-products (including chemical products) from the Henan Yanchang to the Sales Connected Parties for the three years ending 31 December 2028
"Sales Connected Parties"	China Petroleum Yanchang, Sichuan Yanchang State Oil Reserve, Yanchang Petroleum Hubei and Yanchang Sinochem Shanxi, each of them is the associate of Yanchang Petroleum Group

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Supply Agreement and the Sales Agreements and the transactions contemplated thereunder
"Shaanxi Tianli"	Shaanxi Tianli Investment Co., Limited* (陝西天力投資有限公司) a limited company incorporated under the PRC laws which is held by Tiancai Holdings Limited* (天財控股有限公司) and Sun Singlei* (孫勝利) being directly holding 90.0% and 10.0% of its interest, respectively. Shaanxi Tianli is principally engaged in the investment fund management and energy related business
"Share(s)"	existing ordinary share(s) of HK$0.4 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Sichuan Yanchang State Oil Reserve"	四川延長國儲石油銷售有限公司 (Sichuan Yanchang State Oil Reserve Petroleum Trading Company Limited*), 51% of which is owned by Yanchang Sichuan and 49% of which is owned by 江油興蜀石化有限公司 (Jiangyou Xingshu Petrochemical Co., Ltd.*), a company controlled by 四川儲備物資管理局 (Sichuan Reserve Resources Management Bureau*)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supply Agreement"	the agreement dated 18 November 2025 entered into between Henan Yanchang and Yanchang Petroleum Group in respect of the supply of refined oil and by-products (including chemical products) from Yanchang Petroleum Group to Henan Yanchang for the three years ending 31 December 2028

"Yanchang Petroleum Group"	陝西延長石油(集團)有限責任公司 (Shaanxi Yanchang Petroleum (Group) Co., Limited), a state-owned corporation registered in the PRC with limited liability, being a controlling Shareholder holding 634,310,161 Shares representing approximately 57.66% of the existing issued share capital of the Company as at the Latest Practicable Date
"Yanchang Petroleum Hubei"	延長石油湖北銷售有限公司 (Yanchang Petroleum Hubei Trading Limited*), a wholly-owned subsidiary of Yanchang Petroleum Group
"Yanchang Sinochem Shanxi"	延長中化石油銷售(山西)有限公司 (Yanchang Sinochem Petroleum Trading (Shanxi) Company Limited*), 51% of which is owned by Yanchang Petroleum Group and 49% of which is owned by 中化石油銷售有限公司 (Sinochem Petroleum Trading Limited*), a state-owned enterprise
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of Hong Kong
"%"	per cent

Certain English translation of Chinese names or words in this circular are included for information only, and are not official English translations of such Chinese names or words.

* *For identification purpose only*

延長石油國際有限公司
YANCHANG PETROLEUM INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00346)

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

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and Principal place of business in Hong Kong:
Room 3403, 34 Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

8 December 2025

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (1) THE SUPPLY AGREEMENT; AND (2) THE SALES AGREEMENTS

INTRODUCTION

Reference is made to the announcements of the Company dated 18 November 2023, 27 November 2023 and 18 November 2025 in relation to, among others, the Existing Supply Agreement, entered into between Henan Yanchang and Yanchang Petroleum Group. As the Existing Supply Agreement will expire on 31 December 2025, the Supply Agreement was entered into on 18 November 2025 (after trading hours) between Henan Yanchang and Yanchang Petroleum Group, pursuant to which Yanchang Petroleum Group will supply refined oil and by-products (including chemical products) to Henan Yanchang for the three years ending 31 December 2028.

Reference is made to the announcements of the Company dated 27 November 2023 and 18 November 2025 in relation to, among others, the Existing Sales Agreement, entered into between Henan Yanchang and China Petroleum Yanchang. As the Existing Sales Agreement will expire on 31 December 2026 and the Directors intend to offer its products to China Petroleum Yanchang and more customers for longer period, the Sales Agreements were entered into on 18 November 2025 (after trading hours) between Henan Yanchang and each of the Sales Connected Parties, pursuant to which Henan Yanchang will supply refined oil and by- products (including chemical products) to each of the Sales Connected Parties for the three years ending 31 December 2028.

Henan Yanchang is an indirect non-wholly-owned subsidiary of the Company, while the Sales Connected Parties are the associates of Yanchang Petroleum Group and Yanchang Petroleum Group, being a controlling Shareholder beneficially holding 634,310,161 Shares as at the Latest Practicable Date, representing approximately 57.66% of the existing issued share capital of the Company, is a connected person of the Company as defined under the Listing Rules and hence the transactions contemplated under the Supply Agreement and the Sales Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of each of the Proposed Supply Annual Caps and Proposed Sales Annual Caps exceed 5% and the consideration exceeds HK$10,000,000 on an annual basis, the Supply Agreement, the Sales Agreements and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Yanchang Petroleum Group and its associates shall abstain from voting in favour of the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder, respectively, at the SGM. Save for Yanchang Petroleum Group, to the best knowledge, information and belief of the Directors, no other Shareholders or any of their respective associates have a material interest in the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder, and accordingly are required to abstain from voting at the SGM.

The purpose of this circular is to provide you with the information, among other things, (i) details of the Supply Agreement and the transactions and matters and the Proposed Supply Annual Caps contemplated thereunder; (ii) details of the Sales Agreements and the transactions and matters and the Proposed Sales Annual Caps contemplated thereunder; (iii) the letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Supply Agreement, the Sales Agreements and the Continuing Connected Transactions; (iv) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supply Agreement, the Sales Agreements and the Continuing Connected Transactions; and (v) the notice of the SGM.

(1) THE SUPPLY AGREEMENT

BACKGROUND

Reference is made to the announcements of the Company dated 18 November 2022, 27 November 2023 and 18 November 2025 in relation to, among others, the Existing Supply Agreement, entered into between Henan Yanchang and Yanchang Petroleum Group. As the Existing Supply Agreement will expire on 31 December 2025, the Supply Agreement was entered into on 18 November 2025 (after trading hours) between Henan Yanchang and Yanchang Petroleum Group, pursuant to which Yanchang Petroleum Group will supply refined oil and by-products (including chemical products) to Henan Yanchang for the three years ending 31 December 2028.

THE SUPPLY AGREEMENT

The principal terms of the Supply Agreement are set out as follow:

Date	:	18 November 2025 (after the trading hours)
Parties	:	(i) Henan Yanchang (as customer); and (ii) Yanchang Petroleum Group (as supplier).
Subject	:	Yanchang Petroleum Group has agreed to sell and Henan Yanchang has agreed to purchase refined oil and by-products (including chemical products) on normal commercial terms.
Term	:	Three years commencing from 1 January 2026 until 31 December 2028, and is renewable for another term of three years under negotiation between both parties at least 90 days prior to the expiry date, subject to the compliance with the Listing Rules.
Pricing basis	:	The purchase price of refined oil and by-products (including chemical products) shall be the actual trading price quoted by Yanchang Petroleum Group to customers and the purchase price paid by Henan Yanchang shall not be higher than that offered by Yanchang Petroleum Group to its independent third-party customers for the comparable product type and quantity at the relevant time.

Payment terms	:	The purchase price of refined oil and by-products (including chemical products) shall be paid in advance by Henan Yanchang before delivery of the relevant products. The payment terms offered by Yanchang Petroleum Group to Henan Yanchang should not be less favourable than those offered by Yanchang Petroleum Group to its independent third-party customers for the comparable product type and quantity at the relevant time.
Condition precedent	:	The Independent Shareholders have approved at the SGM in accordance with the Company's memorandum of association and bye-laws and the Listing Rules, the Supply Agreement and the transactions and matters contemplated thereunder.

THE PROPOSED SUPPLY ANNUAL CAPS

Historical amounts

The approximate purchase amounts of refined oil and by-products (including chemical products) made by Henan Yanchang from Yanchang Petroleum Group, for each of the three years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 are set out below:

	For the year ended 31 December			For the nine months ended 30 September
	2022	**2023**	**2024**	**2025**
	RMB million approximately	*RMB million approximately*	*RMB million approximately*	*RMB million approximately*
Historical transaction amounts	8,198.7	13,588.2	9,315.3	4,312.1
Historical annual caps	12,600.0	15,148.0	25,857.0	26,326.0
Utilisation (%)	65.1	89.7	36.0	N/A *(Note)*

Note: Annualised utilisation rate is not calculated as it does not represent the actual or planned utilisation rate for the year ending 31 December 2025.

The decrease in purchase of refined oil and by-products (including chemical products) from Yanchang Petroleum Group during the year ended 31 December 2024 and the nine months ended 30 September 2025 was mainly attributable to the resource allocation of Yanchang Petroleum Group during the period. As Yanchang Petroleum Group adjusted its operational priorities and allocated resources to its other business units, the supply volume from Yanchang Petroleum Group under the Continuing Connected Transactions was reduced. In response to broader operational considerations of Yanchang Petroleum Group, including the prioritisation of supply

to its other business units, Yanchang Petroleum Group allocated fewer resources to the transactions contemplated under the Existing Supply Agreement. As a result, the supply volume available to Henan Yanchang was lower than originally projected, which in turn led to a reduced level of utilisation of the approved annual caps. However, the lower utilisation does not reflect any deterioration in Henan Yanchang's demand or operational capacity, but rather the outcome of Yanchang Petroleum Group's internal resource planning and strategic deployment decisions during the period.

Proposed Supply Annual Caps

The Company estimated that the annual transaction amounts in respect of the purchase of the refined oil and by-products (including chemical products) by Henan Yanchang from Yanchang Petroleum Group under the Supply Agreement for the three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB million	*RMB million*	*RMB million*
Proposed Supply Annual Caps	20,150	20,670	21,014

The Proposed Supply Annual Caps under the Supply Agreement are determined after taking into account: (i) Yanchang Petroleum Group committed to supply more refined oil and by-products (including chemical products) to Henan Yanchang so as to enhance the sales of Henan Yanchang; (ii) the historical amounts for the purchase of refined oil and by-products (including chemical products) by Henan Yanchang from Yanchang Petroleum Group for the three years ended 31 December 2022, 2023 and 2024 and for the nine months ended 30 September 2025; (iii) based on the expected transaction amounts for the year ending 31 December 2026, the expected growth in the purchase volume to be made by Henan Yanchang from Yanchang Petroleum Group of approximately 2.6% and 1.7% for the two years ending 31 December 2027 and 2028, respectively; (iv) the estimated purchase price of refined oil and by-products (including chemical products) from Yanchang Petroleum Group; (v) the existing business scale of Henan Yanchang needed to be backed by the stable and sufficient supply of refined oil and by-products (including chemical products) from Yanchang Petroleum Group; and (vi) Henan Yanchang is holding a valid licence for distribution and sales of refined oil and by-products (including chemical products) in the whole PRC and Henan Yanchang keeps on its business development in particular Southwest PRC.

The Supply Annual Caps are determined as RMB20,150 million, RMB20,670 million and RMB21,014 million for the three years ending 31 December 2028. Such amounts are determined with reference to (i) the increase in purchase volume of refined oil and by-products of Henan Yanchang from approximately 3.4 million tonnes for the year ended 31 December 2023 to approximately 3.8 million tonnes for the year ended 31 December 2024; (ii) the estimated total purchase volume of approximately 3.4 million tonnes, 3.5 million tonnes and 3.6 million tonnes of refined oil and by-products is required for each of the three years ending 31 December 2028 for the business development of Henan Yanchang; (iii) the estimated proportion of the total

purchase volume of refined oil and by-products to be purchased from Yanchang Petroleum Group of approximately 51.5% for each of the three years ending 31 December 2028; (iv) the estimated purchase price per tonne of the refined oil of approximately RMB9,970 per tonne; (v) Yanchang Petroleum Group is one of the Group's major suppliers of refined oil and by-products (including chemical products) and is continuing to supply refined oil and by-products (including chemical products) to Henan Yanchang with favourable pricing basis as set out in the Existing Supply Agreement and the Supply Agreement; and (vi) additional buffer of approximately 10% to 15% of the estimated purchase amounts.

In the latest business update of Henan Yanchang set out in the 2025 Interim Report, Henan Yanchang has broadened its business scale through a multi-pronged expansion strategy. Henan Yanchang strengthened its retail membership base to over 110,000 members plus 3,000 corporate WeChat members, enhancing customer engagement and loyalty. Henan Yanchang advanced into new opportunities by reaching cooperation with Sinopec on 24 gas stations in Shiyan, with business launch preparations underway. Regionally, Henan Yanchang expanded into private customer markets in Sanmenxia, Nanyang, and Luoyang. In addition, Henan Yanchang is coordinating the rotation of state reserve oil products, expected to commence in the second half of the year 2025, which will further diversify its operations. On the trading side, Henan Yanchang added four new suppliers and one customer, with anticipated monthly sales growth of 15,000–30,000 tonnes, underscoring its strengthened procurement and sales network. Such expansion of Henan Yanchang supports the operation needs of the Proposed Supply Annual Caps.

(2) THE SALES AGREEMENTS

BACKGROUND

Reference is made to the announcements of the Company dated 27 November 2023 and 18 November 2025 in relation to, among others, the Existing Sales Agreement, entered into between Henan Yanchang and China Petroleum Yanchang. As the Existing Sales Agreement will expire on 31 December 2026 and the Directors intend to offer its products to China Petroleum Yanchang and more customers for longer period, the Sales Agreements were entered into on 18 November 2025 (after trading hours) between Henan Yanchang and each of the Sales Connected Parties, pursuant to which Henan Yanchang will supply refined oil and by-products (including chemical products) to each of the Sales Connected Parties for the three years ending 31 December 2028.

THE SALES AGREEMENTS

The principal terms of the relevant Sales Agreements are set out as follow:

Date	:	18 November 2025 (after the trading hours)
Parties	:	(i) Henan Yanchang (as supplier); and
		(ii) Each of below:

(a) China Petroleum Yanchang;

(b) Sichuan Yanchang State Oil Reserve;

(c) Yanchang Petroleum Hubei; and

(d) Yanchang Sinochem Shanxi

(each as customer).

Subject	:	Henan Yanchang has agreed to sell and each of the relevant Sales Connected Parties has agreed to purchase refined oil and by-products (including chemical products) on a normal commercial term basis.
Term	:	Three years commencing from 1 January 2026 until 31 December 2028, and is renewable for another term of three years under negotiation between both parties at least 90 days prior to the expiry date, subject to the compliance with the Listing Rules.
Pricing basis	:	The sales price of refined oil and by-products (including chemical products) shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time.
Payment terms	:	The sales price of refined oil and by-products (including chemical products) shall be paid by the Sales Connected Parties upon the receipt of refined oil and by-products (including chemical products). The payment terms offered by Henan Yanchang to the Sales Connected Parties shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time.
Condition precedent	:	The Independent Shareholders have approved at the SGM in accordance with the Company's memorandum of association and bye-laws and the Listing Rules, the Sales Agreements and the transactions and matters contemplated thereunder.

THE PROPOSED SALES ANNUAL CAPS

Historical amounts

The relevant historical transaction sales amounts of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang are set out as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2022	**2023**	**2024**	**2025**
	RMB million approximately	*RMB million approximately*	*RMB million approximately*	*RMB million approximately*
Historical transaction amounts	–	–	21.7	–
Historical annual caps	43.0	43.0	43.0	43.0
Utilisation (%)	–	–	50.5	N/A*(Note)*

Note: Annualised utilisation rate is not calculated as it does not represent the actual or planned utilisation rate for the year ending 31 December 2025.

The low utilisation of the existing annual caps under the Existing Sales Agreement was attributable to market and operational factors, including (i) the heightened competition from other market participants constrained the Henan Yanchang's ability to capture a share of purchase orders from China Petroleum Yanchang; and (ii) the regulatory adjustments and pricing mechanisms in the PRC refined oil sector have limited flexibility in matching the sales orders from China Petroleum Yanchang, particularly where retail price ceilings applied. Consequently, the low utilisation was attributable to external market conditions and regulatory development that were beyond the Company's expectations, rather than any deficiencies in the Company's internal planning or execution.

Notwithstanding no sales of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang were recorded during the nine months ended 30 September 2025, Henan Yanchang is in final stage of negotiation with China Petroleum Yanchang for the sales of refined oil and by-products (including chemical products) and it is expected that such sales will be concluded within 2025. In addition, the Group did not record any sales with the Sales Connected Parties other than China Petroleum Yanchang for the three years ended 31 December 2024 and the nine months ended 30 September 2025.

Proposed Sales Annual Caps

The Company estimated that the annual transaction amounts in respect of the sales of the refined oil and by-products (including chemical products) by Henan Yanchang to the Sales Connected Parties (in aggregate) under the Sales Agreements for the three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB million	*RMB million*	*RMB million*
Proposed Sales Annual Caps	148	330	330

The Proposed Sales Annual Caps under the Sales Agreements are determined after taking into account: (i) the forecast amounts of demand of refined oil and by-products (including chemical products) confirmed by the Sales Connected Parties for the three years ending 31 December 2028; (ii) the expected selling price of refined oil and by-products (including chemical products) for the sales to the Sales Connected Parties with reference to the selling price range recently suggested by the National Development and Reform Commission of the PRC and the prevailing market prices; and (iii) Henan Yanchang holding a valid licence for distribution and sales of refined oil and by-products (including chemical products) in the whole PRC.

The Proposed Sales Annual Caps are determined after taking into account: (i) estimated selling price of approximately RMB10,000 per tonne for the sales of refined oil and by-products (including chemical products) to the Sales Connected Parties with reference to the selling price range recently suggested by the National Development and Reform Commission of the PRC and the prevailing market prices; and (ii) the indicative aggregated sales volume proposed by Sales Connected Parties of approximately 14,800 tonnes, 33,000 tonnes and 33,000 tonnes for each of the three years ending 31 December 2028, respectively, for their business development purposes. In light of the updated utilisation, the Company notes that sales of refined oil for the year ended 31 December 2024 have already reached approximately 50.5% of the annual cap under the Existing Sales Agreement. This reflects a significant improvement over the low utilisation levels recorded in prior years and provides clear evidence of Henan Yanchang's ability to meet the demand from the Sales Connected Parties. The Broad is of the view that the Proposed Sales Annual Caps provide headroom to accommodate the observed demand indicators, reduce the risk of exceeding limits, and ensure compliance with the Listing Rules while preserving operational flexibility. The Proposed Sales Annual Caps are underpinned by quantitative utilisation data and demand indicators from the Sales Connected Parties, representing a balanced and forward-looking approach to sales planning.

INTERNAL CONTROL MEASURES

The Supply Agreement

To ensure the purchase price and payment terms of refined oil and by-products (including chemical products) offered by Yanchang Petroleum Group under the Supply Agreement are in line with the prevailing market practice, on normal commercial terms, fair and reasonable and no less favourable than available from the independent third parties, and the Proposed Supply Annual Caps are not exceeded, the Group will adopt the following internal control measures:

(i) the operation team within procurement department of Henan Yanchang is required to obtain, review and compare the quotations (e.g. purchase price and payment terms) from independent third-party suppliers and Yanchang Petroleum Group in respect of the same products. As a general practice, Henan Yanchang will obtain quotations from at least three suppliers for comparison. Following the receipt of quotations, Henan Yanchang will compare the terms of quotations and determine the selection of suppliers by taking into account factors such as price quotations, quality of refined oil and by-products (including chemical products) and ability of the supplier in meeting delivery time schedules. Henan Yanchang usually purchases refined oil and by-products (including chemical products) from the supplier with the lowest fee quotation. However, Henan Yanchang may also consider other non-monetary factors, including quality of refined oil and by-products (including chemical products) supplied, delivery time schedule and payment terms of different suppliers in determining its purchase decisions. The managers within the procurement department of Henan Yanchang will obtain, review and compare prices, and approve the purchase orders for the relevant products, if those orders comply with the pricing policy as set out in the Supply Agreement;

(ii) the finance department of Henan Yanchang will maintain records of comparable transactions with Independent Third Parties and the finance department of the Company conducts periodic reviews to confirm that Continuing Connected Transactions are complied with the pricing policy as set out in the Supply Agreement and the Listing Rules;

(iii) the finance department of the Company will closely monitor the transaction amounts in relation to the transactions under the Supply Agreement to ensure that the Proposed Supply Annual Caps are not exceeded;

(iv) the independent non-executive Directors will review and confirm whether the transactions contemplated under the Supply Agreement are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(v) the finance department of the Company will engage the independent auditors to review the transactions under the Supply Agreement whether or not in compliance with the annual reporting and review requirements under the Listing Rules.

Based on the internal procurement procedures and the price comparison between the refined oil and by-products (including chemical products) offered by each of Yanchang Petroleum Group and other independent third parties, Henan Yanchang has procured and will procure refined oil and by-products (including chemical products) from Yanchang Petroleum Group which offered same and better pricing and other terms among other quotations obtained from independent third parties. As such, the Directors consider that above internal control measures would ensure that the pricing and other terms for refined oil under the Supply Agreement will be fair and reasonable and no less favourable than that offered by independent third parties. The Directors also consider such measures could ensure that the transactions would be conducted on normal commercial terms and not prejudicial to the interests of the Company and minority shareholders.

The Sales Agreements

To ensure the selling price and payment terms of refined oil and by-products (including chemical products) offered by Henan Yanchang to the Sales Connected Parties under the Sales Agreements are in line with the prevailing market practice, on normal commercial terms, fair and reasonable and no less favourable than those offered to other independent third-party customers of Henan Yanchang, and the Proposed Sales Annual Caps are not exceeded, the Group will adopt the following internal control measures:

(i) the operation team within sales department of Henan Yanchang is required to obtain, review and compare the price lists (e.g. selling price and payment terms) to ensure that the selling price offered by Henan Yanchang to the Sales Connected Parties shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time. As a general practice, the sales department of Henan Yanchang will obtain price lists for comparison with at least three customers. Following the receipt of price lists, the sales department of Henan Yanchang will compare the terms of price lists and determine the selection of customers by taking into account factors such as pricing terms, payment terms and payment ability. Henan Yanchang usually sells refined oil and by-products (including chemical products) to the customers with the highest unit price. The managers within the sales department of Henan Yanchang will obtain, review and compare the prices and approve the sale orders for the relevant products if those orders comply with the pricing policy as set out in the Sales Agreement;

(ii) the finance department of Henan Yanchang will maintain records of comparable transactions with Independent Third Parties and the finance department of the Company conducts periodic reviews to confirm that Continuing Connected Transactions are complied with the pricing policy as set out in the Sales Agreement and the Listing Rules;

(iii) the finance department of the Company will closely monitor the transaction amounts in relation to the transactions under the Sales Agreements to ensure that the Proposed Sales Annual Caps are not exceeded;

(iv) the independent non-executive Directors will review and confirm whether the transactions contemplated under the Sales Agreements are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(v) the finance department of the Company will engage the independent auditors to review the transactions under the Sales Agreements whether or not in compliance with the annual reporting and review requirements under the Listing Rules.

Based on the internal procedures and the price comparison between the refined oil and by-products (including chemical products) offered by Henan Yanchang to the Sales Connected Parties and other independent third-party customers of Henan Yanchang, Henan Yanchang has sold and will sell refined oil and by-products (including chemical products) to the Sales Connected Parties which offered same and better pricing and other terms when compared to other independent third-party customers of Henan Yanchang. As such, the Directors consider that above internal control measures would ensure that the pricing and other terms for refined oil and by-products (including chemical products) under the Sales Agreements will be fair and reasonable and no less favourable than those offered to other independent third-party customers of Henan Yanchang. The Directors also consider such measures could ensure that the transactions would be conducted on normal commercial terms and not prejudicial to the interests of the Company and minority shareholders.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLY AGREEMENT AND THE SALES AGREEMENTS

Background

The Group is principally engaged in investment in the oil, gas and energy related business; oil and gas exploration, exploitation and operation; and trading and distribution of oil related products (including chemical products).

Henan Yanchang is principally engaged in the wholesale, retail, storage and transportation of refined oil (gasoline, diesel oil, paraffin fuel oil, lubricating oil, grease and asphalt) and by-products (including chemical products). Henan Yanchang has been granted a valid licence since 21 December 2006 (without expiry date) for the distribution and sale of refined oil and by-products (including chemical products) in the PRC.

Yanchang Petroleum Group is principally engaged in oil and gas exploration, exploitation and processing, pipeline transportation, sales of oil and gas and by-products (including chemical products), chemical engineering of oil, gas and coal, machinery manufacturing, project

construction and oil and gas research and development. Yanchang Petroleum Group owns the right for exploration, exploitation and operation of oil and natural gas resources in the PRC and has refining facilities in the PRC, and owns oil and natural gas resource assets in the PRC and abroad.

Each of the relevant Sales Connected Parties are principally engaged in oil and gas processing and sales of oil, gas and by-products (including chemical products).

Reasons and benefits

According to the interim report of the Company for the six months ended 30 June 2025, Henan Yanchang has taken actions to enhance its business including: (i) advanced 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; (ii) 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; (iii) 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; (iv) coordinating the rotation of state reserve oil products, and the business is expected to be launched in the second half of the year; (v) visited quality trade partners, with addition of four new suppliers and one customer to its external procurement and sales business; (vi) 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. To cope with potential business growth of the above actions, the Group will continue to leverage its purchase of refined oil and by-products (including chemical products) from Yanchang Petroleum Group as one of its major suppliers.

In view of (i) Henan Yanchang's strategies as stated above; and (ii) Yanchang Petroleum Group committed to supply more refined oil and by-products (including chemical products) to Henan Yanchang so as to enhance the sales of Henan Yanchang, the Directors estimate that the total purchase of the refined oil and by-products (including chemical products) from Yanchang Petroleum Group for each of the three years ending 31 December 2028 will exceed the Existing Supply Annual Caps.

The Supply Agreement was entered into in the usual and ordinary course of the Group's business and the terms of which were negotiated based on normal commercial terms and the prices were determined after arm's length negotiation and on terms which Yanchang Petroleum Group agreed to be no less favourable than those terms offered by Yanchang Petroleum Group to its independent third-party customers for refined oil and by-products (including chemical products) of comparable product type and quantity at the relevant time.

In view of (i) Henan Yanchang's strategies as stated above; (ii) Henan Yanchang is holding valid licence for distribution and sales of refined oil and by-products (including chemical

products) in the whole PRC and the Group would be able to expand its refined oil and by-products (including chemical products) business as well as its sales network in the PRC; and (iii) the unit price of refined oil and by-products (including chemical products) offered to the Sales Connected Parties shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time, the Directors are of the view that Henan Yanchang could enhance its business and operation so as to foster its long-term development by entering into of the Sales Agreements with the Sales Connected Parties.

The Sales Agreements were entered into in the usual and ordinary course of the Group's business and the terms of which were negotiated based on normal commercial terms and the prices were determined after arm's length negotiation and on terms which the Group considers to be no less favourable than those terms offered by Henan Yanchang to its independent third-party customers for refined oil and by-products (including chemical products) of comparable product type and quantity at the relevant time.

The Directors (including the independent non-executive Directors) consider that the terms of the Supply Agreement and the Sales Agreements are fair and reasonable and on normal commercial terms and the entering into of the Supply Agreement and the Sales Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

Henan Yanchang is an indirect non-wholly-owned subsidiary of the Company, while the Sales Connected Parties are the associates of Yanchang Petroleum Group and Yanchang Petroleum Group, being a controlling Shareholder beneficially holding 634,310,161 Shares as at the Latest Practicable Date representing approximately 57.66% of the existing issued share capital of the Company, is a connected person of the Company as defined under the Listing Rules and hence the transactions contemplated under the Supply Agreement and the Sales Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the each of the Proposed Supply Annual Caps and Proposed Sales Annual Caps exceed 5% and the consideration exceeds HK$10,000,000 on an annual basis, the Supply Agreement, the Sales Agreements and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Yanchang Petroleum Group and its associates shall abstain from voting in favour of the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder, respectively, at the SGM. Save for Yanchang Petroleum Group, to the best knowledge, information and belief of the Directors, no other Shareholders or any of their respective associates have a material interest in the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder, and accordingly are required to abstain from voting at the SGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on whether (i) the terms of the Supply Agreement (including the Proposed Supply Annual Caps); and (ii) the terms of the Sales Agreements (including the Proposed Sales Annual Caps), are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Astrum Capital Management Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regards.

SGM

The SGM will be convened by the Company to seek the approval from the Independent Shareholders for the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder by way of poll. None of the Directors have any material interest in the Continuing Connected Transactions for which they would be required to abstain from voting at the board resolution. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, Yanchang Petroleum Group, being a controlling Shareholder beneficially holding 634,310,161 Shares, representing approximately 57.66% of the existing issued share capital of the Company, is a connected person and hence Yanchang Petroleum Group, together with its associates, will abstain from voting at the SGM on the relevant resolution(s) to approve the Continuing Connected Transactions. Save for Yanchang Petroleum Group and its associates, none of the Shareholders will be required to abstain from voting at the SGM in respect of the ordinary resolution(s) to approve the Continuing Connected Transactions.

The notice convening the SGM of the Company to be held via a virtual meeting online at https://evoting.vistra.com/#/346 on Tuesday, 30 December 2025 at 3:30 p.m. set out on pages 67 to 69 of this circular. An ordinary resolution will be proposed at the SGM to approve the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder. The resolutions proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the result of the SGM.

A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the form of proxy enclosed, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

RECOMMENDATIONS

Taking into consideration of the reasons set out in the paragraph headed "Reasons for and benefits of entering into the Supply Agreement and the Sales Agreements" above, the Directors (including the all independent non-executive Directors) consider that (i) the entering into the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder are in the ordinary and usual course of the Group's business, on normal commercial terms; and (ii) the Proposed Supply Annual Caps and the Proposed Sales Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including all the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Continuing Connected Transactions.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 22 to 23 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Supply Agreement (including the Proposed Supply Annual Caps), the Sales Agreements (including the Proposed Sales Annual Caps) and the transactions and matters contemplated thereunder; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 24 to 59 of this circular; and (iii) the information set out in the appendix of this circular.

Yours faithfully,
By order of the Board
Yanchang Petroleum International Limited
Feng Yinguo
Chairman

延長石油國際有限公司
YANCHANG PETROLEUM INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00346)

8 December 2025

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (1) THE SUPPLY AGREEMENT; AND (2) THE SALES AGREEMENTS

We refer to the circular of the Company dated 8 December 2025 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been established to advise the Independent Shareholders on whether (i) the terms and the Proposed Supply Annual Caps for the three years ending 31 December 2028 under the Supply Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the terms and the Proposed Sales Annual Caps for the three years ending 31 December 2028 under the Sales Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Astrum Capital Management Limited has been appointed by the Company as the Independent Financial Adviser to advise us in these regards. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 24 to 59 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

After taking into account the factors and reasons considered by Astrum Capital Management Limited and its conclusion and advice, we concur with its views and consider that the entering into the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder are in the ordinary and usual course of the Group's business, on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned

and in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders should vote in favor of the resolutions to be proposed at the SGM to approve the Continuing Connected Transactions.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Ng Wing Ka **Mr. Leung Ting Yuk** **Mr. Sun Liming** **Dr. Mu Guodong**
Independent non-executive Directors



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

8 December 2025

To the Independent Board Committee and
the Independent Shareholders of
Yanchang Petroleum International Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (1) THE SUPPLY AGREEMENT; AND (2) THE SALES AGREEMENTS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the independent board committee (the "**Independent Board Committee**") and the independent shareholders (the "**Independent Shareholders**") of Yanchang Petroleum International Limited (the "**Company**") in relation to (i) the continuing connected transactions contemplated under the supply agreement (the "**Supply Agreement**") entered into between 河南延長石油銷售有限公司 (Henan Yanchang Petroleum Sales Co., Limited*, "**Henan Yanchang**") and 陝西延長石油(集團)有限責任公司 (Shaanxi Yanchang Petroleum (Group) Co., Limited*, "**Yanchang Petroleum Group**") dated 18 November 2025 with the proposed supply annual caps (the "**Proposed Supply Annual Caps**"); and (ii) the continuing connected transactions contemplated under the sales agreements (the "**Sales Agreements**") entered into between Henan Yanchang and each of the Sales Connected Parties dated 18 November 2025 with the proposed annual caps (the "**Proposed Sales Annual Caps**") (collectively, the "**Continuing Connected Transactions**"). The details of the Continuing Connected Transactions are disclosed in the announcement of the Company dated 18 November 2025 (the "**Announcement**") and in the letter from the Board (the "**Letter from the Board**") set out on pages 6 to 21 of the circular of the Company dated 8 December 2025 (the "**Circular**") to its shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 18 November 2022, Henan Yanchang entered into the supply agreement with Yanchang Petroleum Group (the "**Existing Supply Agreement**"), pursuant to which Yanchang Petroleum Group would supply refined oil and by-products (including chemical products) to Henan Yanchang has agreed to purchase for the three years ended 31 December 2025. On 27 November 2023, Henan Yanchang and Yanchang Petroleum Group entered into the supplemental supply agreement (the "**Supplemental Supply Agreement**") to revise the annual caps for the purchase of refined oil by Henan Yanchang from Yanchang Petroleum Group under the Existing Supply Agreement for the three years ending 31 December 2025. As the Existing Supply Agreement will expire on 31 December 2025, Henan Yanchang and Yanchang Petroleum Group entered into the Supply Agreement on 18 November 2025, pursuant to which, Yanchang Petroleum Group will supply refined oil and by-products (including chemical products) to Henan Yanchang for the three years ending 31 December 2028.

On 27 November 2023, Henan Yanchang entered into the sales agreement (the "**Existing Sales Agreement**") with China Petroleum Yanchang in respect of the sales of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang. As the Existing Sales Agreement will expire on 31 December 2026 and the Directors intend to offer its products to more customers, the Sales Agreements were entered into on 18 November 2025 between Henan Yanchang and each of the Sales Connected Parties, pursuant to which Henan Yanchang will supply refined oil and by-products (including chemical products) to each of the Sales Connected Parties for the three years ending 31 December 2028.

As at the Latest Practicable Date, Henan Yanchang is an indirect non-wholly-owned subsidiary of the Company, while the Sales Connected Parties are the associates of Yanchang Petroleum Group, and Yanchang Petroleum Group, being a controlling Shareholder beneficially holding 634,310,161 Shares, representing approximately 57.66% of the existing issued share capital of the Company, is a connected person of the Company as defined under the Listing Rules, and hence, the transactions contemplated under the Supply Agreement and the Sales Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of each of the Proposed Supply Annual Caps and Proposed Sales Annual Caps exceed 5% and the consideration exceeds HK$10,000,000 on an annual basis, the Supply Agreement, the Sales Agreements and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Yanchang Petroleum Group and its associates shall abstain from voting in favour of the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder, respectively, at the SGM. Save for Yanchang Petroleum Group, to the best knowledge, information and belief of the Directors, no other Shareholders or any of their respective associates have a material interest in the Supply Agreement, the Sales Agreements and the transactions and matters contemplated thereunder, and accordingly are required to abstain from voting at the SGM.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Ng Wing Ka, Mr. Leung Ting Yuk, Mr. Sun Liming and Dr. Mu Guodong, has been established to make recommendations to the Independent Shareholders in respect of (i) the Supply Agreement and the transactions contemplated thereunder (including the Proposed Supply Annual Caps); and (ii) the Sales Agreements and the transactions contemplated thereunder (including the Proposed Sales Annual Caps) and as to voting at the SGM. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, Henan Yanchang, Yanchang Petroleum Group, the Sales Connected Parties and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. In the last two years, save for the appointment as the independent financial adviser of the Company in respect of the continuing connected transactions contemplated under the Existing Supply Agreement and the Existing Sales Agreement (details of which were set out in the circular of the Company dated 1 December 2023 (the "**2023 Circular**")), there was no other engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Continuing Connected Transactions, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Circular, the Existing Supply Agreement, the Existing Sales Agreement, the Supply Agreement, the Sales Agreements, the annual report of the Company for the financial year ended 31 December 2024 (the "**2024 Annual Report**") and the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"). We have also reviewed certain information provided by the management of the Company (the "**Management**") relating to the operations, financial conditions and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted discussions with the Management regarding the Continuing Connected Transactions, the businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the Continuing Connected Transactions, and to justify our reliance on the information provided so as to provide a reasonable basis of opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the entering into of the Supply Agreement and the Sales Agreements and the transactions and matters contemplated thereunder. Except for the inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of (i) the Supply Agreement (including the Proposed Supply Annual Caps); and (ii) the Sales Agreements (including the Proposed Sales Annual Cap) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

I. Information of the Group

According to the Letter from the Board, the Group is principally engaged in investment in the oil, gas and energy related business; oil and gas exploration, exploitation and operation; and trading and distribution of oil related products (including chemical products).

The following table sets out (i) the audited financial information of the Group for the two financial years ended 31 December 2023 and 31 December 2024 ("**FY2023**" and "**FY2024**", respectively) as extracted from the 2024 Annual Report; and (ii) the unaudited financial information of the Group for the six months ended 30 June 2024 and 30 June 2025 ("**1H2024**" and "**1H2025**", respectively) as extracted from the 2025 Interim Report:

Table 1: Financial information of the Group

	FY2023	**FY2024**	**1H2024**	**1H2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	27,742,529	29,184,915	16,771,559	9,994,518
– *Exploration, exploitation and operation*	501,817	331,333	189,103	94,132
– *Supply and procurement*	27,240,712	28,853,582	16,582,456	9,900,386
Gross profit *(Note)*	392,829	252,294	151,739	62,512
Profit/(loss) before taxation	588,392	55,155	(28,129)	(28,617)
Profit/(loss) for the year/period attributable to owners of the Company	**217,593**	**54,128**	**(27,018)**	**(28,537)**

	As at 31 December 2023	**As at 31 December 2024**	**As at 30 June 2025**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Total assets	**3,684,542**	**2,799,999**	**2,914,965**
Non-current assets	2,041,005	1,926,237	1,990,953
Current assets	1,643,537	873,762	924,012
Total (liabilities)	**(2,336,376)**	**(1,499,820)**	**(1,565,802)**
Non-current (liabilities)	(268,879)	(682,942)	(424,890)
Current (liabilities)	(2,067,497)	(816,878)	(1,140,912)
Total equity attributable to the owners of the Company	**1,290,913**	**1,247,955**	**1,294,711**

Sources: the 2024 Annual Report and the 2025 Interim Report

Note: Gross profit is calculated based on revenue minus the sum of (i) cost of revenue; (ii) royalties; (iii) field operation expenses; and (iv) exploration and evaluation expenses.

(i) For the year ended 31 December 2024 (i.e. FY2024)

In FY2024, the Group recorded revenue of approximately HK$29,184.9 million, representing a slight increase of approximately 5.2% as compared to approximately HK$27,742.5 million in FY2023. Such increase was mainly attributable to the increase in revenue generated from supply and procurement business from approximately HK$27,240.7 million in FY2023 to approximately HK$28,853.6 million in FY2024 due to the increase in sales volume of refined oil and by-products (including chemical products) in FY2024.

Notwithstanding the slight increase in revenue, the Group's gross profit decreased from approximately HK$392.8 million in FY2023 to approximately HK$252.3 million in FY2024. Profit attributable to owners of the Company decreased by approximately 75.1% from approximately HK$217.6 million in FY2023 to approximately HK$54.1 million in FY2024.

As at 31 December 2024, the Group's total assets and total liabilities amounted to approximately HK$2,800.0 million (31 December 2023: approximately HK$3,684.5 million) and approximately HK$1,499.8 million (31 December 2023: approximately HK$2,336.4 million), respectively. Equity attributable to owners of the Company decreased from approximately HK$1,290.9 million as at 31 December 2023 to approximately HK$1,248.0 million as at 31 December 2024. Such decrease was primarily due to the exchange loss on translation of financial statements of subsidiaries of the Group outside Hong Kong of approximately HK$98.8 million, which was partially offset by the profit attributable to owners of the Company of approximately HK$54.1 million.

(ii) For the six months ended 30 June 2025 (i.e. 1H2025)

In 1H2025, the Group recorded revenue of approximately HK$9,994.5 million, representing a significant decrease of approximately 40.4% as compared to approximately HK$16,771.6 million in 1H2024. Such decrease was mainly attributable to the decrease in revenue generated from supply and procurement business from approximately HK$16,582.5 million in 1H2024 to approximately HK$9,900.4 million in 1H2025 due to the decrease in sales volume of refined oil and by-products (including chemical products) in 1H2025.

In line with the decrease in revenue, the Group's gross profit significantly decreased from approximately HK$151.7 million in 1H2024 to approximately HK$62.5 million in 1H2025. Loss attributable to owners of the Company increase by approximately 5.6% from approximately HK$27.0 million in 1H2024 to approximately HK$28.5 million in 1H2025.

As at 30 June 2025, the Group's total assets and total liabilities amounted to approximately HK$2,915.0 million (31 December 2024: approximately HK$2,800.0 million) and approximately HK$1,565.8 million (31 December 2024: approximately HK$1,499.8 million), respectively. Equity attributable to the owners of the Company increased from approximately HK$1,248.0 million as at 31 December 2024 to approximately HK$1,294.7 million as at 30 June 2025. Such increase was primarily due to the exchange gain on translation of financial statements of subsidiaries of the Group outside Hong Kong of approximately HK$76.8 million, which partially offset by the loss attributable to owners of the Company of approximately HK$28.5 million.

II. The Supply Agreement

1. Background of, reasons for, and benefits of the entering into of the Supply Agreement

According to the Letter from the Board, the Group is principally engaged in investment in the oil, gas and energy related business; oil and gas exploration, exploitation and operation; and trading and distribution of oil related products (including chemical products).

Henan Yanchang is an indirect 70% owned subsidiary of the Company and acts as the core operating arm of the Group's trading business of refined oil and by-products (including chemical products) in the PRC. It is principally engaged in the wholesale, retail, storage and transportation of refined oil (including gasoline, diesel oil, paraffin fuel oil, lubricating oil, grease and asphalt) and by-products (including chemical products). Henan Yanchang was granted a valid licence for the distribution and sale of refined oil and by-products (including chemical products) in the PRC (without expiry date) on 21 December 2006. According to the financial reports of the Company, Henan Yanchang's sales of refined oil and by-products (including chemical products) achieved approximately 3.4 million tonnes, approximately 3.8 million tonnes and approximately 1.4 million tonnes for FY2023, FY2024 and 1H2025, respectively. The Group's trading business of refined oil and by-products (including chemical products), being mainly operated by Henan Yanchang, remained as the core revenue driver of the Group for the past few years. Revenue derived from the Group's trading business of refined oil and by-products (including chemical products) amounted to approximately HK$27,240.7 million, approximately HK$28,853.6 million and approximately HK$9,900.4 million for FY2023, FY2024 and 1H2025, respectively, representing approximately 98.2%, approximately 98.9% and approximately 99.1% of the Group's total revenue for the respective years or period.

In its ordinary course of business, Henan Yanchang has been from time to time purchasing refined oil and by-products (including chemical products) from different suppliers (including but not limited to Yanchang Petroleum Group). Indeed, Henan Yanchang has been carrying on transactions pursuant to the Existing Supply Agreement entered into between Henan Yanchang and Yanchang Petroleum Group on 18 November 2022 in relation to the supply of refined oil from Yanchang Petroleum Group to Henan Yanchang, which constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Existing Supply Agreement and the transactions contemplated thereunder (including the annual caps (the "**2022 Supply Annual Caps**")) were duly approved by the then Independent Shareholders at the special general meeting of the Company held on 30 December 2022. Please refer to the circular of the Company dated 6 December 2022 for further details of the Existing Supply Agreement. As disclosed in the 2023 Circular, the Directors estimated that the total purchase amount of the refined oil and by-products (including chemical products) by Henan Yanchang from Yanchang Petroleum Group for the three years ending 31 December 2025 would exceed the 2022 Supply Annual Caps and hence, the 2022 Supply Annual Caps would not be sufficient for the expected sales of the Group for the three years ending 31 December 2025. Therefore, Henan Yanchang and Yanchang Petroleum Group entered into the Supplemental Supply Agreement on 27 November 2023, pursuant to which the 2022 Supply Annual Caps for the three years ending 31 December 2025 would be increased to the Existing Supply Annual Caps. Save for the revision of the 2022 Supply Annual Caps, the other terms of the Existing Supply Agreement remains unchanged and effective. The Supplemental Supply Agreement and the transactions contemplated thereunder (including the Existing Supply Annual Caps) were duly approved by the then Independent Shareholders at the special general meeting of the Company held on 21 December 2023 (the "**2023 SGM**"). Please refer to the 2023 Circular for further details of the Existing Supply Agreement and the Supplemental Supply Agreement.

According to the 2025 Interim Report, Henan Yanchang has been continuously enhancing and expanding its business in 1H2025, including: (i) 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; (ii) actively conducting research on the investment business at 24 Sinopec gas stations in Shiyan, Hebai Province, the PRC, and reaching cooperation after several rounds of negotiations with companies of different levels of Sinopec, the business implementation plan of which has been completed; (iii) actively promoting the development of investment business for private customers in the Sanmenxia, Nanyang, and Luoyang regions, Henan Province, the PRC which has successfully launched in June 2025; and (iv) actively coordinating the rotation of state reserve oil products which is expected to be launched in the second half of 2025; (v) visiting quality trade partners, with addition of four new suppliers and one customer to its external procurement and sales business; and (vi) studying the operation of liquefied natural gas ("**LNG**") production organisations within Yanchang Petroleum Group and collaborating with professional third-party organisations to conduct feasibility studies

and analyses of the LNG business, thereby laying the foundation for its subsequent development. Having considered the facts that (i) the Existing Supply Agreement (as supplemented by the Supplemental Agreement) will expire shortly on 31 December 2025; (ii) it is expected that Henan Yanchang will continue to enter into transactions of similar nature with Yanchang Petroleum Group from time to time thereafter so as to facilitate the operation of its trading business of refined oil and by-products (including chemical products); and (iii) the measures proactively taken by Henan Yanchang as detailed above, the Directors anticipated that the sales of refined oil and by-products (including chemical products) of Henan Yanchang will improve in the coming months, and thus, Henan Yanchang and Yanchang Petroleum Group entered into the Supply Agreement on 18 November 2025 as an extension of the Existing Supply Agreement.

According to the Letter from the Board, Yanchang Petroleum Group is principally engaged in (i) oil and gas exploration, exploitation, processing, pipeline transportation and sales of oil and gas and by-products (including chemical products); (ii) chemical engineering of oil, gas and coal, machinery manufacturing, project construction; and (iii) oil and gas research and development. Yanchang Petroleum Group owns the right for exploration, exploitation and operation of oil and natural gas resources in the PRC and has refining facilities in the PRC, and owns oil and natural gas resource assets in the PRC and abroad. Yanchang Petroleum Group is one of the largest oil and gas state-owned enterprises in the PRC qualified to explore and develop oil and gas in the PRC with an extensive sales network, including Yunnan Province, Guizhou Province and Sichuan Province, the PRC. According to the official website of Yanchang Petroleum Group (http://www.sxycpc.com/), Yanchang Petroleum Group has established a comprehensive energy and chemical industry system in the PRC, serving as a key national energy supplier and an important pillar of local economic development. Currently, Yanchang Petroleum Group possesses a crude oil production capacity of 12 million tonnes per year, a refining and processing capacity of 17.4 million tonnes per year, a natural gas production capacity of 5.3 billion cubic meters per year, a coal production capacity of 11 million tonnes per year, a chemical products capacity of 6.7 million tonnes per year, a coal-to-liquids capacity of 1.1 million tonnes per year, and an ethanol production capacity of 100,000 tonnes per year. As advised by the Management, Yanchang Petroleum Group is one of Henan Yanchang's major suppliers of refined oil and by-products (including chemical products) and has commenced to supply refined oil and by-products (including chemical products) to Henan Yanchang since 2011. For FY2023, FY2024 and the nine months ended 30 September 2025 ("**9M2025**"), Yanchang Petroleum Group supplied approximately 1.8 million tonnes, approximately 1.5 million tonnes and approximately 0.7 million tonnes of refined oil and by-products (including chemical products), respectively, to Henan Yanchang under the Existing Supply Agreement, representing approximately 53.9%, approximately 37.7% and approximately 37.0% of the total volume of refined oil and by-products (including chemical products) purchased by Henan Yanchang for the respective years/period. Having considered the facts that (i) Yanchang Petroleum Group is one of the largest oil and gas state-owned enterprises qualified to explore and develop oil and gas in the PRC with an extensive sales network; (ii) Yanchang

Petroleum Group is one of the Group's major suppliers of refined oil and by-products (including chemical products) and has commenced to supply refined oil and by-products (including chemical products) to Henan Yanchang since 2011; and (iii) Yanchang Petroleum Group supplied approximately 53.9%, approximately 37.7% and approximately 37.0% of the total volume of refined oil and by-products (including chemical products) purchased by Henan Yanchang for FY2023, FY2024 and 9M2025, respectively, we concur with the Management's view that Yanchang Petroleum Group is a reliable and stable source of refined oil and by-products (including chemical products) to Henan Yanchang, and that it is crucial for the Group to secure the source of refined oil and by-products (including chemical products) from Yanchang Petroleum Group so as to maintain and develop its trading business of refined oil and by-products (including chemical products).

Having considered the facts that (i) it is the ordinary and usual course of business of the Group to purchase refined oil and by-products (including chemical products) for its trading business; (ii) the trading business of refined oil and by-products (including chemical products) represents a major revenue stream for the Group; (iii) the Existing Supply Agreement (as supplemented by the Supplemental Supply Agreement) will expire shortly on 31 December 2025; (iv) it is expected that Henan Yanchang will continue to enter into transactions of similar nature with Yanchang Petroleum Group from time to time thereafter so as to facilitate the operation of its trading business of refined oil and by-products (including chemical products); (v) the measures proactively taken by Henan Yanchang as detailed above, the Directors anticipated that the sales of refined oil and by-products (including chemical products) of Henan Yanchang will improve in the coming months; (vi) Yanchang Petroleum Group is considered as a reliable and stable source of refined oil and by-products (including chemical products) to Henan Yanchang; and (vii) the terms of the Supply Agreement (including the Proposed Supply Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned (please refer to our analysis as detailed in the paragraphs headed "*2. Principal terms of the Supply Agreement" and "3. The Proposed Supply Annual Caps*" below), we concur with the Management's view that the entering into of the Supply Agreement could enhance the flexibility of Henan Yanchang for the procurement of quality refined oil and by-products (including chemical products), and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Supply Agreement

According to the Letter from the Board, the principal terms of the Supply Agreement are as follows:

Date	:	18 November 2025 (after trading hours)
Parties	:	(i) Henan Yanchang (as a customer); and (ii) Yanchang Petroleum Group (as a supplier)
Subject	:	Yanchang Petroleum Group has agreed to sell and Henan Yanchang has agreed to purchase refined oil and by-products (including chemical products) on normal commercial terms.
Term	:	The Supply Agreement shall subsist for three years commencing from 1 January 2026 until 31 December 2028, and is renewable for another term of three years under negotiation between both parties at least 90 days prior to the expiry date, subject to the compliance with the Listing Rules.
Pricing basis	:	The purchase price of refined oil and by-products (including chemical products) shall be the actual trading price quoted by Yanchang Petroleum Group to customers and the purchase price paid by Henan Yanchang shall not be higher than that offered by Yanchang Petroleum Group to its independent third-party customers for the comparable product type and quantity at the relevant time.
Payment terms	:	The purchase price of refined oil and by-products (including chemical products) shall be paid in advance by Henan Yanchang before delivery of the relevant products. The payment terms offered by Yanchang Petroleum Group to Henan Yanchang should not be less favourable than those offered by Yanchang Petroleum Group to its independent third-party customers for the comparable product type and quantity at the relevant time.

As mentioned in the Letter from the Board, the terms of the Supply Agreement were negotiated based on normal commercial terms and the pricing terms were determined after arm's length negotiation between Henan Yanchang and Yanchang Petroleum Group and on terms which the Directors consider to be no less favourable to the Group than the terms offered by independent third-party suppliers to the Group for refined oil and by-products (including chemical products) of comparable product type, quality and quantity at the relevant time.

In assessing the fairness and reasonableness of the terms of the Supply Agreement, we have reviewed the terms of the Existing Supply Agreement and the Supply Agreement, and noted that save for the Proposed Supply Annual Caps for each of the three years ending 31 December 2028, the terms of the aforementioned agreements are substantially the same. In addition, we have discussed with the Management on the terms of the Supply Agreement (in particular, the pricing terms), and were advised that the price of refined oil and by-products (including chemical products) to be supplied by Yanchang Petroleum Group to Henan Yanchang will be determined with reference to the availability of supply of refined oil and by-products (including chemical products) and the prevailing market prices of relevant products. Pursuant to the Supply Agreement, the purchase price of refined oil and by-products (including chemical products) shall be the actual trading price quoted by Yanchang Petroleum Group to customers and the purchase price paid by Henan Yanchang shall not be higher than that offered by Yanchang Petroleum Group to its independent third-party customers for the comparable product type and quantity at the relevant time. We were also given to understand by the Management that notwithstanding the entering into of the Supply Agreement, Henan Yanchang is entitled to purchase refined oil and by-products (including chemical products) from other suppliers (not limited to Yanchang Petroleum Group). In this regard, Henan Yanchang has designed and implemented a procedure manual (the "**Supply Procedure Manual**") in respect of the purchase of refined oil and by-products (including chemical products) as required by Henan Yanchang's internal control procedures in relation to the continuing connected transactions. We have obtained from the Management, and reviewed, the Supply Procedure Manual, the details of which were summarised as below:

(i) Before every purchase of refined oil and by-products (including chemical products), the operation team within the procurement department of Henan Yanchang will obtain, review and compare the quotations (e.g. purchase price and payment terms) from Yanchang Petroleum Group and independent third-party supplier(s) in respect of the supply of same products. As a general practice, Henan Yanchang will obtain quotations from at least three suppliers for comparison.

(ii) Following the receipt of quotations, Henan Yanchang will compare the terms of quotations and determine the selection of suppliers by taking into account factors such as price quotations, quality of relevant products and ability of the supplier in meeting delivery time schedules. Henan Yanchang

usually purchases refined oil and by-products (including chemical products) from the supplier with the lowest fee quotation if the quality of refined oil and by-products (including chemical products) supplied, delivery time schedule and payment terms offered by different suppliers are similar. However, Henan Yanchang may also consider other non-monetary factors, including quality of relevant products supplied, delivery time schedule and payment terms of different suppliers in determining its purchase decisions.

(iii) The managers of the procurement department of Henan Yanchang would obtain, review and compare the prices, and approve the purchase orders for the relevant products, if the purchase orders comply with the pricing policy as out in the Supply Agreement.

Upon review of the Supply Procedure Manual and our discussion with the Management, we are of the view that the implementation of the Supply Procedure Manual can ensure that Henan Yanchang would purchase refined oil and by-products (including chemical products) with the most favorable terms available to it under a systematic procedure, and thus safeguard the interests of the Company and the Shareholders as a whole, and that the internal control measures under the Supply Procedure Manual is effective.

In order to further evaluate the operational effectiveness of the implementation of the Supply Procedure Manual, we have requested the Management to provide the walk-through documents (including, among other things, price quotations from Yanchang Petroleum Group and independent third-party suppliers, the ultimate supplier of refined oil and by-products selected by Henan Yanchang with specified reasons, and the relevant delivery and payment records) regarding transactions conducted between (i) Henan Yanchang and Yanchang Petroleum Group; and (ii) Henan Yanchang and independent third-party suppliers. The selection criteria of the walk-through documents were as follows: (i) six transactions (three with Yanchang Petroleum Group and three with independent third-party suppliers) were selected to form three comparable sets for each of FY2023, FY2024 and 9M2025 (collectively, the "**Review Period**"); (ii) oil product purchased under each comparable set should be the same; and (iii) transaction dates within each comparable set should be within 10 days to eliminate the effect of price change. Given that (i) the characteristics of the relevant transactions (including product type and transaction time) were similar; (ii) nine comparable sets comprising 18 transactions were examined across the entire Review Period, enabling us to assess whether the Supply Procedure Manual was consistently implemented from time to time throughout the Review Period, we consider nine comparable sets to be fair and representative samples for the purposes of our analysis.

We have reviewed an aggregate of 18 sample walk-through documents (the "**Supply Walk-through Documents**") provided by the Group in respect of the purchase of refined oil and by-products by Henan Yanchang during the Review Period, all of which met the above selection criteria.

Based on our sample review on the Supply Walk-through Documents, we noted that (i) the transactions under the Existing Supply Agreement were carried out in accordance with the Supply Procedure Manual; and (ii) Henan Yanchang would purchase refined oil and by-products from Yanchang Petroleum Group under the Existing Supply Agreement only when the price quotation and terms offered by Yanchang Petroleum Group are more favorable to Henan Yanchang than those offered by independent third-party suppliers. We are of the view that the pricing policy and mechanism in respect of the purchase of refined oil and by-products (including chemical products) has been well in place, and the interests of the Company and the Shareholders are properly safeguarded.

Having considered the facts that (i) the terms of the Supply Agreement were negotiated based on normal commercial terms and the prices were determined after arm's length negotiation between Henan Yanchang and Yanchang Petroleum Group and on terms which the Directors consider to be no less favourable to the Group than the terms offered by independent third-party suppliers to the Group for refined oil and by-products (including chemical products) of comparable product type and quantity at the relevant time; (ii) the purchase price of refined oil and by-products (including chemical products) shall be the actual trading price quoted by Yanchang Petroleum Group to customers and the purchase price paid by Henan Yanchang shall not be higher than that offered by Yanchang Petroleum Group to its independent third-party customers; and (iii) the implementation of the Supply Procedure Manual can ensure that Henan Yanchang would purchase refined oil and by-products (including chemical products) with the most favorable terms available to it under a systematic procedure, and thus safeguard the interests of the Company and the Shareholders as a whole, we consider that the terms of the Supply Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The Proposed Supply Annual Caps

The table below sets forth (i) the Existing Supply Annual Caps for FY2023, FY2024 and the year ending 31 December 2025 ("**FY2025**"), the actual transaction amounts under the Existing Supply Agreement for FY2023, FY2024 and 9M2025, and the utilisation rate of the Existing Supply Annual Caps; and (ii) the Proposed Supply Annual Caps for the three years ending 31 December 2026, 2027 and 2028 ("**FY2026**", "**FY2027**" and "**FY2028**", respectively):

Table 2: Supply Annual Caps

	FY2023 *RMB million*	**FY2024** *RMB million*	**FY2025** *RMB million*	**FY2026** *RMB million*	**FY2027** *RMB million*	**FY2028** *RMB million*
Existing Supply Annual Caps/ Proposed Supply Annual Caps	15,148	25,857	26,326	20,150	20,670	21,014
Historical transaction amounts	13,588	9,315	4,312 (up to 30 September 2025)	N/A	N/A	N/A
Utilisation rate of the Existing Supply Annual Caps	89.7%	36.0%	16.4% (up to 30 September 2025)	N/A	N/A	N/A

According to the Letter from the Board, the Proposed Supply Annual Caps under the Supply Agreement were determined after taking into account: (i) Yanchang Petroleum Group committed to supply more refined oil and by-products (including chemical products) to Henan Yanchang so as to enhance the sales of Henan Yanchang; (ii) the historical transaction amounts for the purchase of refined oil and by-products (including chemical products) by Henan Yanchang from Yanchang Petroleum Group for the three years ended 31 December 2024 and 9M2025; (iii) based on the expected transaction amounts for FY2026, the expected growth in the purchase volume to be made by Henan Yanchang from Yanchang Petroleum Group for FY2026 and FY2027 (the "**Estimated Growth Rate**"); (iv) the estimated purchase price of refined oil and by-products (including chemical products) from Yanchang Petroleum Group; (v) the existing business scale of Henan Yanchang is needed to be backed by the stable and sufficient supply of refined oil and by-products (including chemical products) from Yanchang Petroleum Group; and (vi) Henan Yanchang was granted a valid licence for distribution and sales of refined oil and by-products (including chemical products) in the whole PRC and Henan Yanchang keeps on its business development, in particular Southwest PRC. Due to uncertainty of the amounts required of refined oil and by-products (including chemical products) for the purpose of the Group's business,

additional buffer is included when determining the Proposed Supply Annual Caps to avoid any undue disruption and detriment to the business operations of the Group if any supply annual caps is to be revised and re-approved by the Independent Shareholders.

In order to assess the fairness and reasonableness of the Proposed Supply Annual Caps, we have discussed with the Management in relation to the estimation of the Proposed Supply Annual Caps and were given to understand that the Proposed Supply Annual Cap was estimated based on the following formula:

the Proposed Supply Annual Caps = A x B x C

where

A = the estimated total purchase volume of refined oil and by-products (including chemical products) to be purchased by Henan Yanchang for FY2026, FY2027 and FY2028 (the "**Estimated Purchase Volume**")

B = the estimated proportion of the total purchase volume of refined oil and by-products (including chemical products) to be purchased by Henan Yanchang from Yanchang Petroleum Group for FY2026, FY2027 and FY2028 (the "**Estimated Purchase Proportion**")

C = the estimated purchase price per tonne of the refined oil (the "**Estimated Purchase Price**")

In this regard, we have discussed with the Management about the determination of each of (i) the Estimated Purchase Volume; (ii) the Estimated Purchase Proportion; and (iii) the Estimated Purchase Price as detailed below:

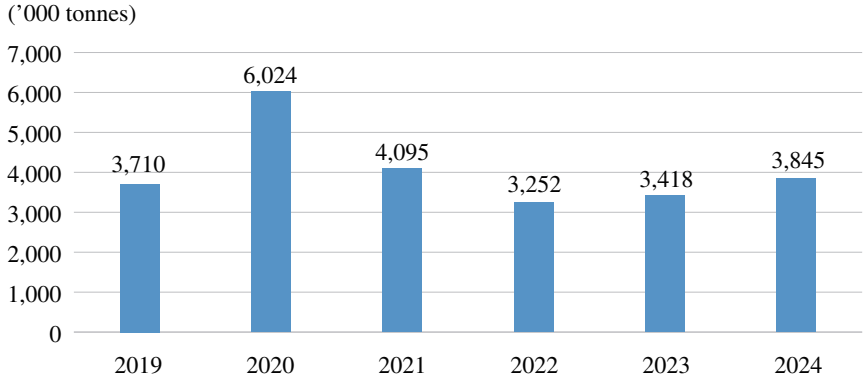
(i) the Estimated Purchase Volume

Upon our review on the calculation of the Proposed Supply Annual Caps, we noted that the Estimated Purchase Volume for FY2026, FY2027 and FY2028 are approximately 3.4 million tonnes, approximately 3.5 million tonnes and approximately 3.6 million tonnes (the "**FY2026 Purchase Volume**", the "**FY2027 Purchase Volume**" and the "**FY2028 Purchase Volume**", respectively).

We were given to understand that in determining the FY2026 Purchase Volume, the Management first projected the total volume of refined oil and by-products (including chemical products) to be purchased by Henan Yanchang for the fourth quarter of 2025 ("**4Q2025**") based on the historical purchase volume and the existing purchase orders, the Management estimated that the Estimated Purchase Volume for 4Q2025 would be approximately 0.6 million tonnes. The Management then applied a buffer of 15% to the Estimated Purchase Volume for 4Q2025 to come up with the purchase volume for FY2025 (the "**FY2025 Purchase Volume**"). Therefore, the FY2025 Purchase Volume of approximately 2.5 million tonnes is calculated as the sum of the actual purchase volume for 9M2025 of approximately 1.8 million tonnes, the Estimated Purchase Volume for 4Q2025 of approximately 0.6 million tonnes and the buffer of 15% to the Estimated Purchase Volume for 4Q2025.

To assess the fairness and reasonableness of the Estimated Growth Rate (i.e. approximately 35% for FY2026, approximately 3% for FY2027 and approximately 2% for FY2028), we have reviewed the actual sale and purchase volume of refined oil and by-products (including chemical products) of Henan Yanchang for the six years ended 31 December 2024, figures of which are depicted in the following chart:

Chart 1: Total purchase volume of refined oil and by-products (including chemical products) of Henan Yanchang for the six years ended 31 December 2024



Source: the financial reports of the Company

As shown in Chart 1 above, we noted that the total volume of refined oil and by-products (including chemical products) purchased by Henan Yanchang increased by approximately 62.4% from approximately 3.7 million tonnes in 2019 to approximately 6.0 million tonnes. In this regard, we have enquired with the Management regarding the reason for the significant increase in the total purchase volume of refined oil and by-products (including chemical products) of Henan Yanchang in 2020, and were advised that Henan Yanchang has put extra effort in market expansion and customer exploration, as well as building up oil depot network in the first half of 2020 under the shadow of the spread of COVID-19 and the plunge in international oil price. Particularly, Henan Yanchang expanded its business to regions beyond Henan Province, the PRC by further expanding geographical coverage of its sales network with a focus on the expansion towards south-west and north-west of the PRC, and nearly 200 new customers have been procured in the first half of 2020.

In 2021, Henan Yanchang has enhanced the effectiveness of oil distribution and expanded its business in Ningxia Province, Hubei Province and Henan Province, the PRC by acquiring 19 new customers and dealing with 35 new suppliers. Besides, Henan Yanchang completed the upgrade and transformation of three gas stations in Henan Province, the PRC and the intraday retail sales volume of Henan Yanchang exceeded 22.5 tonnes. However, due to the impact of the COVID-19 (particularly, the operation of gas stations in the PRC were adversely affected by the static-pandemic control promulgated by the PRC government), the total sales volume, and thus the total purchase volume, of refined oil and by-products (including chemical products) of Henan Yanchang showed a decrease in 2021 and 2022.

The total volume of refined oil and by-products (including chemical products) increased steadily from approximately 3.3 million tonnes in FY2022 to approximately 3.8 million tonnes in FY2024, representing an increase of approximately 5.1% in 2023 and approximately 12.5% in 2024, with an average total volume of approximately 3.5 million tonnes. In 2023, Henan Yanchang has further deepened the cooperation with major regional companies (i.e. Sinopec Northwest and Sinopec Central China) and recorded sales volume of approximately 2.0 million tonnes of oil products. Henan Yanchang actively conducted fixed-asset investment business in the Sanmenxia area and achieved annual fixed-asset investment sales of 50,100 tonnes in 2024. Moreover, Henan Yanchang has vigorously pursed state reserve collaborations by securing 90,000 tonnes of oil products for the Hubei state reserve in 2024.

The FY2025 Purchase Volume of approximately 2.5 million tonnes represented a decrease of approximately 34.4% as compared to the total purchase volume of refined oil and by-products (including chemical products) in FY2024. As advised by the Management, such decrease was mainly due to the decline of sales demand for refined oil and by-products (including chemical products) from the Group's customers, which was, in turn, attributable to the decline in price adjustment and price limit, regional price wars and new energy substitution. As mentioned in the paragraph headed "*1. Background of, reasons for, and benefits of the entering into of the Supply Agreement*" above, Henan Yanchang has been continuously enhancing and expanding its business in 1H2025. Particularly, we were advised by the Management that after several rounds of negotiations with companies of different levels of Sinopec, the Group commenced to supply refined oil to 24 new Sinopec gas stations in Shiyan since September 2025. The Group is currently negotiating with other 10 gas stations for the supply of refined oil and will continue to explore the possibility of the cooperation with other gas stations, with an aim of further expanding the geographical coverage of its sales network in the coming years. On the other hand, Henan Yanchang is actively coordinating the rotation of state-reserved oil products. According to Reuters, the PRC's state-owned enterprises, including Sinopec and CNOOC Limited, are leading the construction of 11 new storage sites with a combined capacity of 26.8 million cubic meters to expand the PRC's strategic petroleum reserves. As of October 2025, approximately 22% of this new capacity had been completed, with the remainder scheduled for completion in 2026. Subject to the outcome of ongoing negotiations, the Company expects to launch this business in the coming months, which will bring an additional sales of considerable amount of refined oil.

In view of the above, the Directors are confident that the sales of refined oil and by-products (including chemical products) of Henan Yanchang will improve in the coming months and that trading volume in FY2026 will reach approximately 3.4 million tonnes, which is comparable to the average purchase volume of approximately 3.5 million tonnes during the period from FY2022 to FY2024.

Notwithstanding that the Estimated Growth Rate of approximately 35% for FY2026 is significantly higher than the historical growth rate of approximately 5.1% in FY2023 and approximately 12.5% in FY2024, having considered the facts that (i) the estimated purchase volume in FY2026 is comparable to the average purchase volume of approximately 3.5 million tonnes during the period from FY2022 to FY2024; and (ii) Henan Yanchang has been continuously enhancing and expanding its business in 1H2025 as disclosed in the paragraph headed "1. Background of, reasons for, and benefits of the entering into of the Supply Agreement" under the section headed "II. The Supply Agreement" above, we consider that the Group's oil supply business is capable of rebounding back to the level of FY2022 to FY2024, and that the Estimated Growth Rate of approximately 35% for FY2026 is justifiable, fair and reasonable.

Notwithstanding the decrease in the purchase volume of refined oil and by-products (including chemical products) by Henan Yanchang in 9M2025, having considered the facts that (i) the increasing trend of the purchase volume of refined oil and by-products (including chemical products) of Henan Yanchang from 2022 to 2024; and (ii) the business expansion of the Group conducted in the past few years as discussed above, the Management anticipated that the total sale and purchase volume of refined oil and by-products (including chemical products) of Henan Yanchang will improve in the coming years and that trading volume in FY2026 will reach approximately 3.4 million tonnes, being a level comparable to the average trading volume of Henan Yanchang from FY2022 to FY2024. Therefore, we concur with the Management's view that it is necessary to provide sufficient buffer to cater the expected increase in the purchase volume in the coming years by applying the Estimated Growth Rate to come up with the Estimated Purchase Volume.

(ii) the Estimated Purchase Proportion

The historical and Estimated Purchase Proportion of Henan Yanchang's total purchase volume from Yanchang Petroleum Group and independent third-party suppliers for FY2023, FY2024 and 9M2025, FY2026, FY2027 and FY2028 are set out as follow:

Table 3: Proportion of Henan Yanchang's total purchase volume from Yanchang Petroleum Group and independent third-party suppliers

	FY2023	**FY2024**	**9M2025**	**FY2026**	**FY2027**	**FY2028**
	(Historical)			*(Estimated)*		
	Approximate %			*Approximate %*		
Yanchang Petroleum Group	53.9	37.7	37.0	51.5	51.5	51.5
Independent third-party suppliers	46.1	62.3	63.0	48.5	48.5	48.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

As set out in the above table, it is estimated by the Management that the Estimated Purchase Proportion will be approximately 51.5% for FY2026, FY2027 and FY2028. We noted that the Estimated Purchase Proportion for each of the three years ending 31 December 2028 is slightly higher than the average proportion of the total volume of refined oil and by-products (including chemical products) purchased by Henan Yanchang from Yanchang Petroleum Group of approximately 42.9% for FY2023, FY2024 and 9M2025. We were advised by the Management that it is the Group's development strategy to increase the proportion of purchase volume of refined oil and by-products (including chemical products) from Yanchang Petroleum Group after considering the facts that (i) Yanchang Petroleum Group would usually offer a relatively favourable pricing terms to Henan Yanchang as compared to independent third-party suppliers; (ii) Yanchang Petroleum Group would usually deliver refined oil and by-products (including chemical products) by railway which is a more reliable method for orders with large volume and long distance, whereas the independent third-party suppliers would mainly deliver the orders by road transport. Accordingly, Yanchang Petroleum Group could provide stable and reliable supply of refined oil and by-products (including chemical products) to Henan Yanchang; and (iii) Yanchang Petroleum Group possesses extensive sales network covering various provinces and cities in the PRC (including most of the new sales spots of Henan Yanchang). Despite the proportion of purchase volume of refined oil and by-products (including chemical products) by Henan Yanchang from Yanchang Petroleum Group holding steady at around 37% in FY2024 and 9M2025, the proportion had actually reached at 53.9% in FY2023.

As to the factor of historical average purchase price, we have obtained from the Management the historical average purchase price of refined oil and by-products (including chemical products) purchased from Yanchang Petroleum Group and the independent third-party suppliers. It is noted that the average purchase price of refined oil and by-products (including chemical products) purchased by Henan Yanchang from Yanchang Petroleum Group for 9M2025 was approximately 4.7% lower than the average purchase price of refined oil and by-products (including chemical products) purchased from the independent third-party suppliers. The Management considers that the competitive pricing terms offered by Yanchang Petroleum Group to Henan Yanchang could reduce the Group's purchase cost and, in turn, enhance the profitability of the Group's refined oil and by-products (including chemical products) trading business. Furthermore, as mentioned in the paragraph headed "*1. Background of, reasons for, and benefits of the entering into of the Supply Agreement*" above, Yanchang Petroleum Group is one of the largest oil and gas state-owned enterprises qualified to explore and develop oil and gas in the PRC with an extensive sales network and is considered as a reliable and stable source of refined oil and by-products (including chemical products) to Henan Yanchang. In view of the above, we consider that the Estimated Purchase Proportion was determined by the Management with reasonable ground and justifiable.

(iii) the Estimated Purchase Price

The Management expects that the Estimated Purchase Price will be approximately RMB9,970 per tonne for FY2026, FY2027 and FY2028. To assess the fairness and reasonableness of the Estimated Purchase Price, we have reviewed, and discussed with the Management, the basis of determination for the Estimated Purchase Price. The Estimated Purchase Price was determined by the Management based on (i) the NDRC Quoted Price (as defined below); and (ii) the potential increase in the purchase price of approximately 10% after consideration of the volatility in refined oil price quoted from the National Development and Reform Commission of the PRC ("**NDRC**") in 2025 and the potential adverse impact from the prevailing market condition and geopolitical risks.

We understood from the Management that NDRC issues a list of the maximum retail prices (the "**NDRC Quoted Price**") of refined oil (including gasoline and diesel) of each province, municipality and autonomous region bi-weekly with reference to the change in international oil price. In this regard, we have reviewed the relevant documents in respect of the NDRC Quoted Price and noted the average NDRC Quoted price of gasoline in Henan Province, the PRC (which is the principal place of business of Henan Yanchang is located) during the period from November 2024 to October 2025 was approximately RMB9,060 per tonne (the "**NDRC Quoted Average Price**"). Having considered the above, as well as the prevailing market condition and geopolitical risks (in particular, the further sanctions on Russia oil exports imposed by European Union, United Kingdom and United States in October 2025 due to the ongoing Russia-Ukraine conflict), the Management anticipated that the gasoline and diesel retail price may remain volatile in the coming years. Therefore, we concur with the Management's view that it is necessary to provide sufficient buffer to cater for the possible increase in the purchase price of refined oil and by-products (including chemical products). As such, we consider that the Estimated Purchase Price is justifiable.

In view of the foregoing, and upon our review on the calculation of the Proposed Supply Annual Caps, we are of the view that the Proposed Supply Annual Caps were determined by the Management under reasonable ground and due care, and that the Proposed Supply Annual Caps are justifiable, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

However, the Independent Shareholders should note that the Proposed Supply Annual Caps relate to future events and do not represent a forecast of transaction amounts to be incurred as a result of the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual transaction amounts of the Continuing Connected Transactions correspond with the Proposed Supply Annual Caps as discussed above.

III. The Sales Agreements

1. Background of, reasons for, and benefits of the entering into of the Sales Agreements

According to the Letter from the Board, the Group is principally engaged in investment in the oil, gas and energy related business; oil and gas exploration, exploitation and operation; and trading and distribution of oil related products (including chemical products).

As mentioned in the paragraph headed "*1. Background of, reasons for, and benefits of the entering into of the Supply Agreement*" under the section headed "*II. The Supply Agreement*" above, Henan Yanchang is an indirect 70% owned subsidiary of the Company and acts as the core operating arm of the Group's trading business of refined oil and by-products (including chemical products) in the PRC. The Group's trading business of refined oil and by-products (including chemical products), being mainly operated by Henan Yanchang, remained as the core revenue driver of the Group for the past few years. Revenue derived from the Group's trading business of refined oil and by-products (including chemical products) contributed approximately 98.2%, approximately 98.9% and approximately 99.1% of the Group's total revenue for the respective years or period.

In its ordinary course of business, Henan Yanchang has been from time to time selling refined oil and by-products (including chemical products) to different customers (including but not limited to China Petroleum Yanchang). Indeed, Henan Yanchang has been carrying on transactions pursuant to the Existing Sales Agreement entered into between Henan Yanchang and China Petroleum Yanchang on 27 November 2023 in relation to the sales of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang, which constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Existing Sales Agreement and the transactions contemplated thereunder (including the existing sales annual caps) were duly approved by the then Independent Shareholders at the 2023 SGM. Please refer to the 2023 Circular for further details of the Existing Sales Agreement. Having considered the facts that (i) the Existing Sales Agreement will expire on 31 December 2026; (ii) it is expected that Henan Yanchang will continue to enter into transactions of similar nature with the Sales Connected Parties from time to time thereafter so as to facilitate the operation of its trading business of refined oil and by-products (including chemical products); and (iii) the entering into of the Sales Agreements with the Sales Connected Parties could further expand the sales coverage and network of the Group so as to enhance the business and operation performance of Henan Yanchang and foster its long-term development which is in line with the Group's business strategy, Henan Yanchang and each of the Sales Connected Parties entered into the Sales Agreement on 18 November 2025.

The following table sets out the trading volume and transaction amount of sales of refined oil and by-products (including chemical products) by Henan Yanchang to China Petroleum Yanchang, Yanchang Shell Petroleum Limited* (延長殼牌河南石油有限公司, "**Yanchang Shell Henan**"), fellow subsidiaries of the Company and independent customers for FY2023, FY2024 and 9M2025:

Table 4: the historical sales volume of refined oil and by-products (including chemical products)

	FY2023	**FY2024**	**9M2025**
Sales volume	*'000 tonnes*	*'000 tonnes*	*'000 tonnes*
China Petroleum Yanchang	– *(Note 1)*	3	–
Yanchang Shell Henan *(Note 2)*	2	1	–
Fellow subsidiaries of the Company	1	–	–
Independent customers	3,415	3,841	1,818
Total	**3,418**	**3,845**	**1,818**

Notes:

1. The Existing Sales Agreement and the transactions contemplated thereunder (including the existing sales annual caps) were approved by the then Independent Shareholders at the 23 SGM (i.e. 30 December 2023), and thus, no sales of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang were recorded during FY2023.

2. Yanchang Shell Henan is owned as to 46% by Yanchang Petroleum Group, the transactions contemplated under the sales agreement entered into between Henan Yanchang and Yanchang Shell Henan on 18 November 2023 constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules which were duly approved by the then Independent Shareholders at the 2023 SGM. Please refer to the 2023 Circular for further details.

3. Any discrepancies in the table above between totals and sums of amounts set out in it are due to rounding.

As shown in the table above, the aggregate sales volume of refined oil and by-products (including chemical products) by Henan Yanchang to China Petroleum Yanchang amounted to approximately 3,000 tonnes for FY2024, representing approximately 0.07% of the aggregate sales volume of refined oil and by-products (including chemical products) by Henan Yanchang. However, no sales of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang were recorded during 9M2025. In this regard, we have enquired with the Management and given to understand that the low utilisation of the existing annual caps under the Existing Sales Agreement was attributable to the several market and operational factors, including but not limited to (i) the intensified competition from other market participants which constrained Henan Yanchang's ability to secure a large share of purchase orders from China Petroleum Yanchang; and (ii) the regulatory adjustments and pricing mechanisms in the PRC refined oil sector which have limited flexibility in fulfilling the sales orders from China Petroleum Yanchang, particularly in periods when retail price ceilings were in effect. Accordingly, the low utilisation resulted from external market conditions and regulatory development that were beyond the Company's reasonable anticipation, rather than from any shortcomings in the Company's internal planning or execution. Indeed, Henan Yanchang is in final stage of negotiation with China Petroleum Yanchang for the sales of refined oil and by-products (including chemical products) and it is expected that such sales will be concluded within 2025.

As mentioned in the paragraph headed "*1. Background of, reasons for, and benefits of the entering into of the Supply Agreement*" under the section headed "*II. The Supply Agreement*" above, Henan Yanchang has been continuously enhancing and expanding its business. As advised by the Management, the entering into of the Existing Sales Agreement with China Petroleum Yanchang has established a foundation of sales of refined oil and by-products (including chemical products) and enhanced the business and operation performance of Henan Yanchang for FY2024. Given each of the Sales Connected Parties is principally engaged in, among other, oil and gas processing and sales of oil, gas and by-products, the Directors considered that the entering into of the Sales Agreements with the Sales Connected Parties could (i) provide flexibility to the Group to cater for the possible demand for refined oil to the Sales Connected Parties; and (ii) further expand the sales coverage and network of the Group so as to enhance the business and operation performance of Henan Yanchang and foster its long-term development which is in line with the Group's business strategy.

Notwithstanding the low utilisation of the existing sales annual caps under the Existing Sales Agreement, having considered the facts that (i) it is the ordinary and usual course of business of the Group to sell refined oil for its trading business; (ii) the refined oil trading business represents a major revenue stream for the Group; (iii) the Existing Sales Agreement will be expire on 31 December 2026; (iv) the entering into of the Existing Sales Agreement with China Petroleum Yanchang has established a foundational for sales of refined oil and by-products (including chemical products)

and enhanced the business and operation performance of Henan Yanchang for FY2024; (v) it is expected that Henan Yanchang will supply refined oil and by-products (including chemical products) to the Sales Connected Parties from time to time as part of its ordinary course of business; (vi) the Sales Connected Parties could provide the long-term support and strong momentum to Henan Yanchang with stable demand for refined oil and by-products (including chemical products); (vii) the entering into of the Sales Agreements with the Sales Connected Parties could provide additional sales channels for Henan Yanchang and further expand the sales coverage and network of the Group so as to enhance the business and operation performance of Henan Yanchang and foster its long-term development which is in line with the Group's business strategies; and (viii) the terms of the Sales Agreements (including the Proposed Sales Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned (please refer to our analysis as detailed in the sections headed *"2. Principal terms of the Sales Agreements"* and *"3. The Proposed Sales Annual Caps"* below), we concur with the Management's view that the entering into of the Sales Agreements are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Sales Agreements

According to the Letter from the Board, the principal terms of the Sales Agreements are as follows:

Date	:	18 November 2025 (after trading hours)
Parties	:	(i) Henan Yanchang (as a supplier); (ii) Each of below: (a) China Petroleum Yanchang; (b) Sichuan Yanchang State Oil Reserve; (c) Yanchang Petroleum Hubei; and (d) Yanchang Sinochem Shanxi (collectively, as customers)
Subject matter	:	Henan Yanchang has agreed to sell and each of the relevant Sales Connected Parties has agreed to purchase refined oil and by-products (including chemical products) on a normal commercial term basis

Term	:	The Sales Agreements shall subsist for three years commencing from 1 January 2026 until 31 December 2028, and is renewable for another term of three years under negotiation between both parties at least 90 days prior to the expiry date, subject to the compliance with the Listing Rules
Pricing basis	:	in respect of the sales of refined oil and by-products (including chemical products) from Henan Yanchang to the Sales Connected Parties, the unit price of refined oil and by-products (including chemical products) shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time; and
Payment terms	:	The unit price of refined oil and by-products (including chemical products) shall be paid by the Sales Connected Parties upon the receipt of refined oil and by-products (including chemical products). The payment terms offered by Henan Yanchang to the Sales Connected Parties shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time

According to the Letter from the Board, the Sales Agreements were entered into in the usual and ordinary course of the Group's business and the terms of which were negotiated between the parties to the Sales Agreements based on normal commercial terms.

In assessing the fairness and reasonableness of the terms of the Sales Agreements, we have reviewed, and discussed with the Management, the Sales Agreements (including but not limited to the pricing policy). Pursuant to the Sales Agreements, the selling price of refined oil and by-products (including chemical products) payable by the Sales Connected Parties to Henan Yanchang shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time. The Management further advised us that the selling price of refined oil is determined by Henan Yanchang with reference to the NDRC Quoted Price quoted from NDRC and the prevailing market price.

In addition, we were given to understand by the Management that Henan Yanchang has designed and implemented a procedure manual (the "**Sales Procedure Manual**") in respect of sale of refined oil and by-products (including chemical products) as required by Henan Yanchang's internal control procedures in relation to the continuing connected transactions. We have obtained from the Management, and reviewed, the Sales Procedure Manual, the details of which were summarised as below:

(i) The Group has a standard pricing policy for its sales which is applicable to all customers. Upon receipt of purchase orders from customers, the sales department of Henan Yanchang is responsible for preparing quotations (including but not limited to type of product, selling price, quantity, payment term and transportation mode). The basis of determining the selling prices of the products to be supplied by Henan Yanchang will be with reference to the NDRC Quoted Price and the prevailing market prices of similar products. After obtaining the approval from the managers of the Sales Department, the Sales Department will provide the quotations to the customers if the sales orders comply with the pricing policy as set out in the Sales Agreements.

(ii) Following the quotations confirmed by the customers, Henan Yanchang will deliver the relevant products to the customers based on the quotations.

(iii) The customers will then settle the consideration amount payable for the refined oil and by-products (including chemical products) based on the actual quantities of the relevant products received.

Upon review of the Sales Procedure Manual and our discussion with the Management, we are of the view that the implementation of the Sales Procedure Manual can ensure that the selling price of refined oil and by-products (including chemical products) payable by the Sales Connected Parties to Henan Yanchang shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time, and thus safeguard the interests of the Company and the Shareholders as a whole, and that the internal control measures under the Sales Procedure Manual is effective.

In order to further evaluate the operational effectiveness of the implementation of the Sales Procedure Manual, we have requested the Management to provide the walk-through documents (including, among other things, price quotations to China Petroleum Yanchang and independent third-party customers, and the relevant delivery and payment records) regarding transactions conducted between (i) Henan Yanchang and China Petroleum Yanchang; and (ii) Henan Yanchang and independent third-party customers.

As mentioned in the paragraph headed "*1. Background of, reasons for, and benefits of the entering into of the Sales Agreements*" above, no sales of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang were recorded during FY2023 and 9M2025, and only one transaction has been conducted in FY2024. In this regard, the selection criteria of the walk-through documents were as follows: (i) two transactions (one with China Petroleum Yanchang and one with independent third-party customer) were selected to form a comparable set; (ii) oil product purchased under each comparable set should be the same; and (iii) transaction dates within comparable set should be within 10 days to eliminate the effect of price change. Therefore, we have obtained and reviewed 2 sample walk-through documents (one with China Petroleum Yanchang and one with independent third-party customer) (the "**Sales Walk-through Documents**") provided by the Group in respect of the sale of refined oil and by-products by Henan Yanchang during FY2024, both of which met the above selection criteria.

To further assess whether the Sales Procedure Manual was consistently implemented from time to time, we obtained and reviewed additional 6 sample walk-through documents provided by the Group to the independent third-party customers in respect of the sale of refined oil and by-products by Henan Yanchang during FY2024. Given that (i) the characteristics of the relevant transactions (including product type and transaction time) were similar; (ii) eight sets of the Sales Walk-through Documents were examined across FY2024, enabling us to assess whether the Sales Procedure Manual was consistently implemented from time to time throughout the Review Period, we consider eight sets of the Sales Walk-through Documents to be fair and representative samples for the purposes of our analysis.

Based on our sample review on the Sales Walk-through Documents, we noted that (i) the transactions under the Existing Sales Agreement were carried out in accordance with the Sales Procedure Manual; and (ii) the selling price of refined oil and by-products paid by China Petroleum Yanchang to Henan Yanchang shall be no less favourable to the Group than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time, and the selling price of refined oil and by-products was determined by Henan Yanchang with reference to the NDRC Quoted Price and the prevailing market price, respectively. We are of the view that the pricing policy and mechanism in respect of the sales of refined oil and by-products have been well in place, and the interests of the Company and the Shareholders are properly safeguarded.

Having considered the facts that (i) the terms of the Sales Agreements were negotiated based on normal commercial terms and the prices were determined after arm's length negotiation between Henan Yanchang and the Sales Connected Parties and on terms which the Directors consider to be no less favourable to the Group than the terms offered by independent third-party customers to the Group for refined oil and by-products (including chemical products) of comparable product type and quantity at the relevant time; (ii) the selling price of refined oil and by-products (including chemical products) shall not be lower than that offered by Henan Yanchang

to its independent third-party customers; and (iii) the implementation of the Sales Procedure Manual can ensure that the selling price of refined oil and by-products (including chemical products) payable by the Sales Connected Parties to Henan Yanchang shall be no less favourable than those offered to other independent third-party customers of Henan Yanchang for the comparable product type and quantity at the relevant time, and thus safeguard the interests of the Company and the Shareholders as a whole, we consider that the terms of the Sales Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The Proposed Sales Annual Caps

The table below sets forth (i) the existing annual caps (the "**Existing Sales Annual Cap**") for the continuing connected transactions contemplated under the Existing Sales Agreement for FY2023, FY2024 and FY2025; (ii) the actual transaction amounts under the Existing Sales Agreement and the utilisation rate of the Existing Sales Annual Caps for FY2023, FY2024 and 9M2025 from Henan Yanchang to China Petroleum Yanchang; and (iii) the Proposed Sales Annual Caps under the Sales Agreements for FY2026, FY2027 and FY2028:

	FY2023 *RMB million*	**FY2024** *RMB million*	**FY2025** *RMB million*	**FY2026** *RMB million*	**FY2027** *RMB million*	**FY2028** *RMB million*
Existing Sales Annual Caps/Proposed Sales Annual Caps	43.0	43.0	43.0	148.0	330.0	330.0
Historical transaction amounts	–	21.7	– (up to 30 September 2025)	N/A	N/A	N/A
Utilisation rate of the Existing Sales Annual Caps	–	50.5%	– (up to 30 September 2025)	N/A	N/A	N/A

According to the Letter from the Board, the Proposed Sales Annual Caps under the Sales Agreements were determined after taking into account: (i) the forecast amounts of demand for refined oil and by-products (including chemical products) confirmed by the Sales Connected Parties for the three years ending 31 December 2028 for their business development purposes; (ii) the expected selling price of refined oil and by-products (including chemical products) for the sales to the Sales Connected Parties with reference to the selling price range recently suggested by the NDRC and the prevailing market prices; and (iii) Henan Yanchang was granted a valid licence for distribution and sales of refined oil and by-products (including chemical products) in the PRC (without expiry date) on 21 December 2006.

Henan Yanchang has supplied refined oil to China Petroleum Yanchang since 2016 and acts as one of its suppliers of refined oil, while the Group did not record any sales with the other Sales Connected Parties. In order to assess the fairness and reasonableness of the Proposed Sales Annual Caps for FY2026, FY2027 and FY2028, we have discussed with the Management in relation to the determination of the Proposed Sales Annual Caps and were given to understand that the Proposed Sales Annual Cap for each of FY2026, FY2027 and FY2028 was estimated based on the following formula:

Proposed Sales Annual Cap = A x B

where

A = the estimated total volume of refined oil to be supplied by Henan Yanchang to the Sales Connected Parties (the "**Estimated Sales Volume**") for FY2026, FY2027 and FY2028

B = the estimated selling price of refined oil per tonne (the "**Estimated Selling Price**")

In this regard, we have discussed with the Management about the determination of each of (i) the Estimated Sales Volume; and (ii) the Estimated Selling Price as detailed below:

(i) the Estimated Sales Volume

Upon our review on the calculation of the Proposed Sales Annual Caps, we noted that the Estimated Sales Volume are approximately 14,800 tonnes, 33,000 tonnes and 33,000 tonnes for each of FY2026, FY2027 and FY2028.

We noted that the actual sales volume of refined oil by Henan Yanchang to China Petroleum Yanchang under the Existing Sales Agreement amounted to nil for the period commencing from 21 December 2023 (being the date of 2023 SGM approving the Existing Sales Agreement) and up to 31 December 2023, approximately 2,740 tonnes for FY2024, and nil for 9M 2025. As advised by the Management, such lower-than-expected sales volume was attributable to market and operational factors, including (i) the intensified competition from other market participants which constrained the Henan Yanchang's ability to secure a large share of purchase orders from China Petroleum Yanchang; and (ii) the regulatory adjustments and pricing mechanisms in the PRC refined oil sector which have limited flexibility in fulfilling the sales orders from China Petroleum Yanchang, particularly in periods when retail price ceilings were in effect. Notwithstanding no sales of refined oil and by-products (including chemical products) from Henan Yanchang to China Petroleum Yanchang were recorded during 9M 2025, Henan Yanchang is in final stage of negotiation with China Petroleum Yanchang for the sales of refined oil and by-products (including chemical products) and it is expected that such sales will be concluded within 2025. Given the facts that (i) the actual sales volume of refined oil by Henan Yanchang to China Petroleum Yanchang under the Existing Sales Agreement for the three years ending 31 December 2025 was lower than expected due to the external market conditions and regulatory development as discussed above; and (ii) no historical transactions had been conducted between Henan Yanchang and the other three Sales Connected Parties, we concur with the Management's view that it is not appropriate to make use of the historical sales volume in determining the Estimated Sales Volume.

We understood from the Management that the Estimated Sales Volume of 14,800 tonnes, 33,000 tonnes and 33,000 tonnes for each of FY2026, FY2027 and FY2028 are instead the forecast amounts of demand for refined oil and by-products (including the chemical products) confirmed by the Sales Connected Parties with reference to their business development purpose. In assessing the fairness and reasonableness of the Estimated Sales Volume, we have conducted independent search on the business scale of the Sales Connected Parties. According to the website of 企查查 (www.qcc.com), an independent public search engine of the PRC, the total sales volume of refined oil and total revenue of China Petroleum Yanchang in FY2024 amounted to approximately 5.7 million tonnes and approximately RMB30.5 billion, respectively, while the aggregate total revenue of the other three Sales Connected Parties in FY2024 amounted to approximately RMB4.4 billion. Having considered the facts that (i) the Estimated Sales Volume are the forecast amounts of demand for refined oil and by-products (including the chemical products) confirmed by the Sales Connected Parties; and (ii) the Estimated Sales Volume of approximately 14,800 tonnes for FY2026 and 33,000 tonnes for FY2027 and FY2028 merely represents approximately 0.26% and approximately 0.57% of the total transaction volume of China Petroleum Yanchang in FY2024, respectively, we are of the view that the Estimated Sales Volume is justifiable, fair and reasonable.

(ii) the Estimated Selling Price

The Management expects that the Estimated Selling Price will be approximately RMB10,000 per tonne. To assess the fairness and reasonableness of the Estimated Selling Price, we have discussed with the Management and were advised that the selling price of refined oil to be supplied by Henan Yanchang Group to the Sales Connected Parties under the Sales Agreements were determined with reference to (i) the NDRC Quoted Price; (ii) the potential increase in the selling price of approximately 10% after consideration of the volatility in refined oil price quoted from NDRC in 2025 and the potential adverse impact from the prevailing market condition and geopolitical risks; and (iii) the application of the Estimated Margin (as defined below).

As mentioned in the paragraph headed "*(iii) the Estimated Purchase Price*" under the section headed "*II. The Supply Agreement*" above, the NDRC Quoted Average Price of gasoline in Henan Province, the PRC during the period from November 2024 to October 2025 was approximately RMB9,060 per tonne. The Management anticipated that the gasoline and diesel retail price may remain volatile in the coming years. Therefore, we concur with the Management's view that it is necessary to provide sufficient buffer to cater for the possible increase in the purchase price of refined oil and by-products (including chemical products).

As advised by the Management, the actual selling price of the refined oil and by-product is based on estimated costs plus a mark-up margin with reference to the prevailing market price and the NDRC Quoted Price, and hence, is slightly higher than the actual purchase price of the refined oil and by-product. Therefore, in determining the Estimated Selling Price, the Management firstly estimated the Estimated Purchase Price (please refer to the paragraph headed "*(iii) the Estimated Purchase Price*" under the section headed "*II. The Supply Agreement*" above for the further analysis), then applied a mark-up margin of approximately 0.3% (the "**Estimated Margin**") to the Estimated Purchase Price (i.e. RMB9,970 per tonnes for FY2026) to come up with the Estimated Selling Price (i.e. RMB10,000). In this regard, we have reviewed the financial reports of the Company and noted that the average gross profit margin of the Group's trading business of refined oil and by-products (including chemical products) for the five years ended 31 December 2024 was approximately 0.52%, which is similar to the Estimated Margin. As such, we consider that the Estimated Selling Price is justifiable.

In view of the foregoing, and upon our review on the calculation of the Proposed Sales Annual Caps, we are of the view that the Proposed Sales Annual Caps were determined by the Management under reasonable ground and due care, and that the Proposed Sales Annual Caps are justifiable, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

However, the Independent Shareholders should note that the Proposed Sales Annual Caps relate to future events and do not represent a forecast of transaction amounts to be incurred as a result of the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual transaction amounts of the Continuing Connected Transactions correspond with the Proposed Sales Annual Caps as discussed above.

IV. Reporting requirements and conditions of the Continuing Connected Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

(a) each year, the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts of the Company that the Continuing Connected Transactions have been entered into:

  (i) in the ordinary and usual course of business of the Group;

  (ii) on normal commercial terms or better; and

  (iii) in accordance with the Supply Agreement or the Sales Agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;

(b) each year, the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:

  (i) have not been approved by the Board;

  (ii) were not, in all material respects, in accordance with the pricing policies of the Group (if applicable);

(iii) were not entered into, in all material respects, in accordance with the Supply Agreement or the Sales Agreements; and

(iv) have exceeded the Proposed Supply Annual Caps or the Proposed Sales Annual Caps;

(c) the Company must allow, and ensure that the relevant counterparties to the Continuing Connected Transactions allow, the auditors of the Company sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b); and

(d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and shareholders' approval requirements, and may impose additional conditions.

The Company confirms that they will strictly comply with the aforementioned annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules in respect of the Continuing Connected Transactions under the Supply Agreement or the Sales Agreements. Taking into account the aforementioned reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Proposed Supply Annual Caps or the Proposed Sales Annual Caps; and (ii) the on-going review by the independent non-executive Directors and the auditors of the Company of the Continuing Connected Transactions, we are of the view that there exist appropriate measures to monitor the conduct of the Continuing Connected Transactions so as to ensure that the Continuing Connected Transactions contemplated under the Supply Agreement and the Sales Agreements are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole, and thus, the interests of the Independent Shareholders is safeguarded.

OPINION

Having taken into account the above principal factors and reasons, we consider that the entering into of the Supply Agreement and the Sales Agreements are in the ordinary and usual course of business of the Group, and the terms of the Supply Agreement and the Sales Agreements are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the relevant resolutions at the SGM to approve the entering into of the Supply Agreement, the Sales Agreements and the transactions contemplated thereunder (including the Proposed Supply Annual Caps and the Proposed Sales Annual Caps).

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited

Hidulf KWAN	**Joseph CHU**
Managing Director	*Director*

Note: Mr. Hidulf Kwan is a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 27 years of experience in the corporate finance industry.

Mr. Joseph Chu is a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 11 years of experience in the corporate finance industry.

* *for illustration purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers:

Name	Nature of interest	Long position/ Short position	Number of Shares held	Approximate percentage of the total issued share capital of the Company
Mr. Sun Liming	Personal interest	Long position	30,000	0.003%
Dr. Mu Guodong ("**Dr. Mu**")	Personal interest and interest of spouse *(Note)*	Long position	15,000	0.001%

Note: Out of these 15,000 Shares, Dr. Mu personally held 11,500 Shares and his spouse held 3,500 Shares. Dr. Mu is deemed to be interested in these 3,500 Shares under the SFO.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as was known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or the chief executive of the Company) had an interest or short position, if any, in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the total issued ordinary share capital of the Company
Yanchang Petroleum Group *(Note 1)*	Interest of controlled corporation	Long position	634,310,161	57.66%
Yanchang Petroleum HK *(Note 1)*	Directly owned	Long position	634,310,161	57.66%
Chang An Huitong Co., Limited ("**Chang An Huitong**") *(Note 2)*	Interest of controlled corporation	Long position	183,350,467	16.67%
ChangAn Huitong Investment Management Co., Limited ("**ChangAn Huitong Investment**") *(Note 2)*	Interest of controlled corporation	Long position	183,350,467	16.67%
ChangAn Huitong HK *(Note 2)*	Directly owned	Long position	183,350,467	16.67%

Notes:

1. Yanchang Petroleum Group beneficially held these 634,310,161 shares through its direct wholly-owned subsidiary, Yanchang petroleum HK.

2. Chang An Huitong beneficially held these 183,350,467 shares through its directly wholly-owned subsidiary, ChangAn Huitong Investment, which in turn wholly owned ChangAn Huitong HK.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company representing 10% or more of the issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, (i) Mr. Feng Yinguo, an executive Director, the chairman of the Board and an authorized representative of the Company, the executive director and the deputy secretary of the Party Committee of Shaanxi Yanchang Petroleum International Energy & Chemical Co., Limited under Yanchang Petroleum Group; and (ii) Ms. Wong Haining, an executive Director of the Company, the supervisor of the Finance Center and deputy secretary of the Party Committee of Yanchang Petroleum Group.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his respective associates were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses to which the Directors were nominated and appointed as directors and/or senior management to represent the interests of the Company and/or the Group.

4. NO MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to acquired or disposed of by or leased to any members of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries, which was subsisting and was significant in relation to the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service agreement with any member of the Group (excluding contracts expiring or determinable by the Company within one year within payment of compensation (other than statutory compensation)).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company is known to the Directors to be pending or threatened by or against any members of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2024 being the date to which the latest published audited financial statements of the Group were made up.

8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Astrum Capital Management Limited	a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the transactions contemplated thereunder

Astrum Capital Management Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Astrum Capital Management Limited was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interests, either direct or indirect, in any assets which have been, since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

(i) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(ii) The head office and principal place of business of the Company in Hong Kong is located at Room 3403, 34 Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

(iii) The company secretary of the Company is Mr. Law Hing Lam, who is a member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

(iv) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(v) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10. DOCUMENTS ON DISPLAY

A copy of the Supply Agreement and the Sales Agreements will be available for display on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.yanchanginternatoinal.com) during the period of 14 days from the date of this circular (both days inclusive).

The SGM will be conducted via a virtual meeting online using the eVoting Portal provided by Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong. Shareholders may join the SGM through the eVoting Portal by visiting the website at https://evoting.vistra.com/#/346 (the "**eVoting Portal**") by using their computers, tablet devices or smartphones. Shareholders attending the SGM using the eVoting Portal will be deemed to be present at, and will be counted towards the quorum of the meeting.

Registered Shareholders will be able to attend the SGM through the eVoting Portal, vote and submit questions or comments online through the eVoting Portal to us and other Shareholders. Each registered Shareholder's personalized login and access code will be sent to him or her or it under a separate letter. In the case of joint registered holders of any Share(s), only ONE PAIR of login and access code will be provided to the joint registered holders. Any one of such joint registered holders may attend or vote in respect of such Share(s) as if he/she/it was solely entitled thereto.

Non-registered Shareholders whose shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the SGM through the eVoting Portal, vote and submit questions or comments online through the eVoting Portal to us and other Shareholders. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

For online voting at the SGM, the Shareholders can refer to our separate letter and the Online Meeting User Guide (by visiting the hyperlink or scanning the QR code as printed therein) for details. If you have any queries on the above, please contact the Company's share registrar in Hong Kong, Tricor Investor Services Limited, via their hotline at (852) 2980 1333 from 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays).

Shareholders who wish to attend the SGM and exercise their voting rights can be achieved in one of the following ways:

(i) attend the SGM via eVoting Portal which enables live streaming and interactive platform for questions and answers and submit their voting online; or

(ii) appoint chairman of the SGM or other persons as your proxy to vote on your behalf.

A proxy form for use at the SGM is enclosed and despatched together with this circular. Whether or not you intend to attend the SGM, you are requested to complete the said proxy form and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.

Each registered Shareholder is requested to provide a valid email address of his or her proxy (except appointing "the Chairman of the Meeting" as proxy) for the proxy to receive the login and access code to view a live streaming webcast of the SGM, vote and submit questions or comments online through the eVoting Portal. The proxy's authority and instruction will be revoked if the registered Shareholder attend and vote at the SGM via the eVoting Portal.

If Typhoon Signal No. 8 or above, or "extreme conditions" caused by super typhoons, or a "black" rainstorm warning is in effect any time and remains in force at 8:00 a.m. on the date of the SGM, the meeting will be postponed. The Company will post an announcement on the respective website of the Company and the Stock Exchange to notify Shareholders of the date and time of the rescheduled meeting as soon as practicable.

延長石油國際有限公司
YANCHANG PETROLEUM INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00346)

NOTICE OF THE SGM

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Yanchang Petroleum International Limited (the "**Company**") will be held via a virtual meeting online at http://evoting.vistra.com/#/346 on Tuesday, 30 December 2025 at 3:30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as the ordinary resolutions of the Company. Capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated 8 December 2025, unless the context otherwise requires:

ORDINARY RESOLUTIONS

"**THAT:**

(1) (a) the Supply Agreement and the transactions and matters contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the Proposed Supply Annual Caps for the Continuing Connected Transactions contemplated under the Supply Agreement for the three years ending 31 December 2028, being approximately RMB20,150 million, RMB20,670 million and RMB21,014 million, respectively be and are hereby approved, confirmed and ratified;

(c) any one director or the company secretary of the Company be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Supply Agreement and the transactions and matters contemplated thereunder; and

(2) (a) the Sales Agreements and the transactions and matters contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the Proposed Sales Annual Caps for the Continuing Connected Transactions contemplated under the Sales Agreements in respect of the sale of refined oil and by-products (including chemical products) from Henan Yanchang to the Sales

Connected Parties for the three years ending 31 December 2028, being approximately RMB148 million, RMB330 million and RMB330 million, respectively be and are hereby approved, confirmed and ratified; and

(c) any one director or the company secretary of the Company be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sales Agreements and the transactions and matters contemplated thereunder."

By order of the Board
Yanchang Petroleum International Limited
Mr. Feng Yinguo
Chairman

Hong Kong, 8 December 2025

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and Principal place of business in Hong Kong:
Room 3403, 34 Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the SGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the SGM.

4. Completion and return of the form of proxy will not preclude members from attending and voting at the SGM.

5. A form of proxy for use at the meeting is enclosed herewith.

6. The votes at the abovementioned meeting will be taken by a poll.

7. For determining the entitlement to attend and vote at the SGM or any adjournment thereof, the record date is fixed on Monday, 22 December 2025. Shareholders whose names appear on the register of members of the Company at the close of business on the record date will be entitled to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 22 December 2025.