THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult your licensed securities dealer, 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 and the enclosed proxy form and reply slip to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

CONNECTED TRANSACTION
RENEWAL OF THE LOAN

Financial adviser to the Company

邁時資本
MAXA CAPITAL

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

建泉融資有限公司
VBG Capital Limited

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 4 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 to 13 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 27 of this circular.

A notice convening the SGM of the Company to be held via a virtual meeting online at https://evoting.vistra.com/#/529 on Thursday, 15 January 2026 at 3:30 p.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM are 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.

23 December 2025

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day (other than Saturday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
"CAD"	Canadian Dollars, the lawful currency of Canada
"Company"	Yanchang Petroleum International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00346)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Debenture"	the debenture given in favour of Yanchang Petroleum HK by Novus as security for the Loan
"Director(s)"	the director(s) of the Company
"Facility Agreement"	the agreement in relation to a loan facility entered into between Novus and Yanchang Petroleum HK on 5 November 2019
"Forever Peace Investment"	Forever Peace Investment Limited (恒太投資有限公司), a company incorporated in Hong Kong with limited liability and is indirectly wholly owned by the Company
"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 date of this circular
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors to be established to advise the Independent Shareholders on the Loan Renewal Request Notice and the transactions and matters contemplated thereunder
"Independent Financial Adviser"	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Renewal Request Notice and the transactions and matters
"Independent Shareholders"	Shareholders other than Yanchang Petroleum HK and its respective associates
"Latest Practicable Date"	19 December 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange and as amended from time to time
"Loan"	the loan granted to Novus by Yanchang Petroleum HK in the principal amount of US$35 million drawn down by Novus pursuant to the Facility Agreement
"Loan Renewal Request Notice"	the notice in relation to the renewal of the Loan entered into between Novus and Yanchang Petroleum HK on 16 December 2025
"Novus"	Novus Energy Inc., a company incorporated in Canada with limited liability and is indirect-wholly owned by the Company

"PRC"	the People's Republic of China, which shall, for the purpose of renewal of the Loan, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Loan Renewal Request Notice and the transactions and matters contemplated thereunder
"Share(s)"	existing ordinary share(s) of HK$0.4 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Facility Agreement"	the agreement in relation to the renewal of the Loan entered into between Novus and Yanchang Petroleum HK on 6 December 2022
"Yanchang Petroleum Group"	陝西延長石油(集團)有限責任公司 (Shaanxi Yanchang Petroleum (Group) Co., Limited), a state-owned corporation registered in the PRC with limited liability, is directly 100% interested in Yanchang Petroleum HK
"Yanchang Petroleum HK"	Yanchang Petroleum Group (Hong Kong) Co., Limited (延長石油集團(香港)有限公司), a company incorporated in Hong Kong with limited liability, being a Shareholder holding 634,310,161 Shares representing approximately 57.66% of the existing issued share capital of the Company as at the date of this circular
"US$"	United States dollar, the lawful currency of the United States of America
"%"	per cent.

For the purpose of this circular, the exchange rate of US$0.1286=HK$1.00 and CAD0.1770=HK$1.00 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged, at this or any other rates.

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, 34th Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

23 December 2025

To the Shareholders:

Dear Sir or Madam,

CONNECTED TRANSACTION
RENEWAL OF THE LOAN

INTRODUCTION

References are made to the announcements of the Company dated 5 November 2019 and 6 December 2022 and the circulars of the Company dated 29 November 2019 and 23 December 2022 in relation to, among others, the Facility Agreement and Supplemental Facility Agreement. On 20 December 2019, Novus drew down the principal amount of US$35 million pursuant to the Facility Agreement, which was repayable in three years from the utilisation date. On 6 December 2022, Novus entered into the Supplemental Facility Agreement with Yanchang Petroleum HK, pursuant to which Yanchang Petroleum HK has agreed to renew the Loan with maturity extended to 17 January 2026. On 16 December 2025 (after trading hours), Novus (as the borrower) entered into the Loan Renewal Request Notice with Yanchang Petroleum HK (as the lender), pursuant to which Yanchang Petroleum HK has conditionally agreed to renew the Loan with maturity further extended to 17 January 2027.

The purpose of this circular is to provide you with the information, among other things, (i) details of the Loan Renewal Request Notice and the transactions and matters contemplated thereunder; (ii) the letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Loan Renewal Request Notice and the transactions and matters contemplated thereunder; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Renewal Request Notice and the transactions and matters contemplated thereunder; and (iv) the notice of the SGM.

THE LOAN RENEWAL REQUEST NOTICE

The principal terms of the Loan Renewal Request Notice are summarised as follows:

Utilisation Date:	18 January 2026
Principal amount:	US$35 million
Interest rate:	4.8% per annum, which shall be payable every three months from the utilisation date. If any interest payment date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next Business Day in that calendar month (if any) or the preceding Business Day.
Final Repayment Date	17 January 2027
Conditions precedent:	Completion of the Loan Renewal Request Notice is subject to the following principal conditions precedent: (1) Novus and Yanchang Petroleum HK having obtained all necessary approvals in relation to the Loan Renewal Request Notice, including but not limited to passing relevant board resolutions to approve the Loan Renewal Request Notice; (2) Novus and Yanchang Petroleum HK having obtained all necessary approvals from the relevant regulatory authorities (including the Stock Exchange) in relation to the Loan Renewal Request Notice; and (3) the Independent Shareholders having approved the Loan Renewal Request Notice at the SGM.

DEBENTURE

The Loan is secured by the Debenture with details summarised as follows:

Parties:	(1) Novus (as borrower); and
	(2) Yanchang Petroleum HK, (as lender)
Principal sum:	US$70 million
Charge:	(1) first and fixed charge over all of Novus' right, title and interest, whether freehold, leasehold or other, under or in respect of the lands, in relation to the properties held by Novus from time to time;
	(2) a first priority security interest to and over all of Novus' present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof; and
	(3) a floating charge over all of Novus' property to the extent not otherwise described above (excluding any agreement, right, franchise, intellectual property, licence or permit).

According to the management report of Novus for the six months ended 30 September 2025, as at 30 September 2025, Novus had total assets of approximately CAD307.76 million (equivalent to approximately HK$1,738.76 million), which mainly consisted of the developed and producing oil and natural gas assets of CAD295.54 million (equivalent to approximately HK$1,669.72 million) in Alberta and Saskatchewan of Canada.

The Board took into account (i) the debenture represents a loan to security ratio of 0.50 times; (ii) the previous debenture that Novus had given to a bank in Canada with comparable assessed value and the loan to security ratio of 0.24 times; and (iii) the range of the loan to security ratios of comparable transactions of approximately 0.28 times and 0.77 times, details of which are set out in the letter from the Independent Financial Adviser, and considered that the terms of the Debenture are comparable or better.

INFORMATION OF THE PARTIES TO THE LOAN RENEWAL REQUEST NOTICE

Novus is a company incorporated in Canada with limited liability and is indirect-wholly owned by the Company. Novus engaged in the business of exploration, exploitation and production of oil and natural gas in Western Canada.

Yanchang Petroleum HK is a company incorporated in Hong Kong with limited liability which is directly-wholly owned by Yanchang Petroleum Group. As at the date of this circular, Yanchang Petroleum HK is the Controlling Shareholder of the Company holding 634,310,161 Shares, representing approximately 57.66% of the issued share capital of the Company. Accordingly, the Yanchang Petroleum HK is a connected person of the Company.

The principal activities of Yanchang Petroleum HK are investment holding and trading of crude oil. The principal activities of Yanchang Petroleum Group include oil and gas exploration, engineering construction, technical research and development, equipment manufacturing, oil and gas development, petrochemical engineering, oil refining, comprehensive chemical engineering of oil, gas, coal, and salt, and pipeline transport.

REASONS FOR AND BENEFITS OF ENTERING INTO LOAN RENEWAL REQUEST NOTICE

As disclosed in the interim report of the Company for the six months ended 30 June 2025 ("**2025 Interim Report**"), in the first half of 2025, international oil prices exhibited high volatility under the influence of complex and changing geopolitical situations and tariff wars, with prices consistently fluctuating downward. Influenced by the aforesaid factors, the recovery of global economy lacked momentum, with industrial output and refined oil consumption remaining weak, further suppressing crude oil demand. In the first half of 2025, WTI crude oil prices experienced an overall volatile downward trend, declining from an average of approximately US$77 per barrel in 2024 to approximately US$68 per barrel on average for the six months ended 30 June 2025.

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

As at the date of this circular, the outstanding principal amount drawn down under the Facility Agreement is US$35 million (equivalent to approximately HK$272.2 million), and Novus is required to repay all outstanding amount on or prior to 17 January 2026. In addition, on 8 August 2024, the Company (as the borrower) entered into a supplemental loan agreement with Yanchang Petroleum HK (as the lender), pursuant to which Yanchang Petroleum HK agreed to renew a secured term loan of US$22,000,000 ("**2024 Loan**") for a term of three years from 3 September 2024 with an interest rate at 5.2% per annum and the 2024 Loan is secured by the Share Charge. According to the unaudited condensed financial statement of Novus for the nine months ended 30 September 2025, the cash and net asset value of Novus were amounted to approximately CAD6.1 million (equivalent to approximately HK$34.5 million) and CAD143.6 million (equivalent to approximately HK$811.3 million) as at 30 September 2025, respectively. Although the management of Novus has approached several banks in Canada for re-financing of the Loan, such banks refuse to provide the relevant proposal upon the date of this circular.

According to the 2025 Interim Report, the cash and bank balances of the Group were amounted to approximately HK$240 million as at 30 June 2025, of which approximately HK$189 million was maintained in the subsidiaries of the Group in the PRC, which would be used for maintaining their daily operation in the PRC, and can only be transferred to countries and regions outside the PRC through burdensome and time-consuming administrative procedures, therefore, it is not expected that the Company would have sufficient internal resources to repay the outstanding principal amount of US$35 million drawn down under the Facility Agreement upon maturity.

The Group funded its operation mainly by its internal resources together with bank borrowings, unsecured other loans and secured term loans. The Group had outstanding variable interest rates bank borrowings amounted to RMB118,000,000 as at 30 June 2025 (31 December 2024: RMB100,000) under Henan Yanchang, which bear interest at the prevailing market rates quoted by the People's Bank of China. The Group had also obtained bank facilities of RMB495,000,000 from various banks in the PRC. The unsecured other loans represent loan advances to Henan Yanchang from ultimate holding company of HK$164,280,000 (31 December 2024: HK$159,585,000), which is unsecured with interest rate of 2.27% per annum and repayable in December 2025. The secured term loans represent the Loan and the 2024 Loan, which bear interest rates of 4.8% and 5.2% per annum respectively.

The Company has approached several banks in Hong Kong and Canada for provision of loan financing during the year, while banks declined such provision in view of the Group's lacking of available local assets as security. The Company has also considered equity financing such as convertible bonds, placing, rights issue or open offer, and has approached three underwriters before the Latest Practicable Date with the indication that the amount that could be raised by equity financing within a short period of time is less certain than the renewal of the Loan. The Company will need to undergo a relatively lengthy process in order to (i) identify suitable investor(s), underwriter(s) and negotiate terms agreeable to the Company; (ii) prepare the requisite compliance and legal documentation, including but not limited to subscription agreement(s), underwriting agreement(s), announcement(s), circular(s) and prospectus(es). Therefore, the Directors consider that such fund-raising exercises would be more time-consuming given the lengthy process of identifying potential placee(s) and/or underwriter(s) and might incur more transaction costs including but not limited to placing/underwriting commission.

Notwithstanding the Loan is extending to 17 January 2027 with the amount being classified as current liability in the financial statements of Novus which would result in the working capital ratio below the required level under the Facility Agreement, Yanchang Petroleum HK agreed to waive to exercise the rights of any event of default under such agreement until the final date of repayment of the Loan. The renewal of the Loan demonstrates the continuous financial support provided by the Controlling Shareholder of the Company to the Group. The terms of the Loan Renewal Request Notice, including the applicable interest rate of 4.8% per annum, are entered into after arm's length negotiations between the parties and taking into account, among others, (i) the existing interest rate under the Facility Agreement; (ii) the interest rate of the 2024 Loan; and (iii) the existing US$ Best Lending Rate announced by the Hongkong and Shanghai Banking Corporation Limited of 6.00%.

Taking into account (i) the repayment of the Loan upon its maturity, (ii) the financial situation of Novus as discussed above, (iii) the cash level to be maintained for the daily operation of the Company's subsidiaries in the PRC, and (iv) the alternative funding methods tried but unsuccessfully by Novus and the Company, respectively, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the opinion that though the Loan Renewal Request Notice is not entered in the ordinary and usual course of business, the terms of the Loan Renewal Request Notice, including the applicable interest rate, are on normal commercial terms, fair, reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

Novus is a wholly-owned subsidiary of the Company in Canada. As at the date of this circular, Yanchang Petroleum HK is the Controlling Shareholder holding 634,310,161 Shares, representing approximately 57.66% of the issued share capital of the Company. As such, Yanchang Petroleum HK is a connected person of the Company as defined under the Listing Rules. Hence, the transaction contemplated under the Loan Renewal Request Notice will constitute connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Loan exceeds 5% and the consideration exceeds HK$10,000,000, the Loan Renewal Request Notice is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Yanchang Petroleum HK is the Controlling Shareholder of the Company, Yanchang Petroleum HK shall abstain from voting in favour of the Loan Renewal Request Notice and the transactions and matters contemplated thereunder at the SGM. Save for Yanchang Petroleum HK, 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 Loan Renewal Request Notice and the transactions and matters contemplated thereunder, and accordingly are required to abstain from voting at the SGM.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to, among other things, the Loan Renewal Request Notice and the transactions and matters contemplated thereunder and on how to vote. VBG Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

SGM

The SGM will be convened by the Company to seek approval from the Independent Shareholders for the Loan Renewal Request Notice and the transactions and matters contemplated thereunder by way of poll. As at the date of this circular, Yanchang Petroleum HK, being a substantial Shareholder 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 and hence Yanchang Petroleum HK will abstain from voting at the SGM.

The notice convening the SGM to be held via a virtual meeting online at https://evoting.vistra.com/#/529 on Thursday, 15 January 2026 at 3:30 p.m. is set out on pages SGM-1 to SGM-2 of this circular. An ordinary resolution will be proposed at the SGM to approve the Loan Renewal Request Notice and the transaction contemplated thereunder. The resolution 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 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 and return it 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, in accordance with the instructions printed thereon 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 at any adjournment meeting thereof if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

RECOMMENDATIONS

Taking into account the reasons as set out in the paragraph headed "Reasons for and benefits of entering into the Loan Renewal Request Notice" above, the Directors (including the independent non-executive Directors) consider that although the Loan Renewal Request Notice is not entered in the ordinary and usual course of business, the terms of the Loan Renewal Request Notice are on normal commercial terms, fair and reasonable, and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution be proposed at the SGM to approve the Loan Renewal Request Notice.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 12 to 13 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Loan Renewal Request Notice; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 14 to 27 of this circular; and (iii) the information set out in the appendix of this circular.

The Shareholders and potential investors should be aware that the Loan Renewal Request Notice and the transaction contemplated thereunder are subject to the fulfilment of the conditions precedent as contemplated under the Loan Renewal Request Notice. Accordingly, the renewal of the Loan may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Yours faithfully,
By Order of the Board
Yanchang Petroleum International Limited
Mr. Feng Yinguo
Chairman

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders in relation to the Loan Renewal Request Notice and the transaction contemplated thereunder.

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

23 December 2025

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
RENEWAL NOTICE

We refer to the circular (the "**Circular**") dated 23 December 2025 issued by the Company of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the terms of Loan Renewal Request Notice and the transaction contemplated thereunder. VBG Capital 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 14 to 27 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 the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that although the Loan Renewal Request Notice is not entered in the ordinary and usual course of business, the terms of the Loan Renewal Request Notice are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders should vote in favor of the resolution to be proposed at the SGM to approve the Loan Renewal Request Notice and the transaction contemplated thereunder.

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

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Renewal Request Notice for the purpose of inclusion in this circular.

建泉融資有限公司
VBG Capital Limited

Suites 707–709, 7/F.
12 Taikoo Wan Road
Taikoo
Hong Kong

23 December 2025

To: The independent board committee and the independent shareholders of Yanchang Petroleum International Limited

Dear Sirs,

CONNECTED TRANSACTION
RENEWAL OF THE LOAN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Renewal Request Notice, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 23 December 2025 issued by the Company to the Shareholders (the "**Circular**"), of which this letter of advice forms part. Capitalized terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular unless the context requires otherwise.

References are made to the announcement of the Company dated 5 November 2019 and its circular dated 29 November 2019 in relation to the entering into of the Facility Agreement dated 5 November 2019, pursuant to which Yanchang Petroleum HK conditionally agreed to provide Novus (a wholly-owned subsidiary of the Company) with the Loan of US$35 million at the interest rate of 4.8% per annum for a term of three years commencing from the utilization date. The independent Shareholders approved the Facility Agreement at the special general meeting of the Company held on 19 December 2019. Subsequently. the Loan was drawn down by Novus on 20 December 2019.

References are also made to the announcement of the Company dated 6 December 2025 and its circular dated 23 December 2022. On 6 December 2022, Yanchang Petroleum HK (as lender) and Novus (as borrower) entered into the Supplemental Facility Agreement, pursuant to which the parties agreed on the renewal of the Loan for a term of three years commencing from the renewal request date. The independent Shareholders approved the Supplemental Facility Agreement at the special general meeting of the Company held on 17 January 2023. The maturity date of the Loan was thereby extended to 17 January 2026.

On 16 December 2025, Yanchang Petroleum HK (as lender) and Novus (as borrower) entered into the Loan Renewal Request Notice, pursuant to which the parties agreed on the further renewal of the Loan with maturity extended to 17 January 2027.

As extracted from the Letter from the Board, Yanchang Petroleum HK is connected person of the Company. Accordingly, the entering into of the Loan Renewal Request Notice constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

The Independent Board Committee comprising Mr. Ng Wing Ka, Mr. Leung Ting Yuk, Mr. Sun Liming and Dr. Mu Guodong (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Loan Renewal Request Notice are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the renewal of the Loan is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Loan Renewal Request Notice at the SGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from (i) having acted as the independent financial adviser of the Company relating to a connected transaction of which a circular dated 15 August 2024 was issued; and (ii) the existing engagement in relation to the Loan Renewal Request Notice, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the Loan Renewal Request Notice in compliance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Loan Renewal Request Notice, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the SGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Group, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, Novus, Yanchang Petroleum Group, Yanchang Petroleum HK or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Loan Renewal Request Notice. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Loan Renewal Request Notice, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Loan Renewal Request Notice

Business review of the Group

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.

Set out below is the key consolidated financial information of the Group for the six months ended 30 June 2025 and the two years ended 31 December 2024 as extracted from the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**") and its annual report for the year ended 31 December 2024 (the "**2024 Annual Report**"), respectively:

	For the six months ended 30 June 2025	**For the year ended 31 December 2024**	**For the year ended 31 December 2023**
	HK$'000 (unaudited)	*HK$'000* (audited)	*HK$'000* (audited)
Revenue	9,994,518	29,184,915	27,742,529
(Loss) for the period/Profit for the year	(27,847)	55,578	580,132

With reference to the 2025 Interim Report and the 2024 Annual Report, the Group's operating segments comprised (i) exploration, exploitation and operation business; and (ii) supply and procurement business. During the year ended 31 December 2024, the Group's turnover was mainly derived from the production of oil and natural gas business in Canada as well as the oil and by-products trading business in the PRC. Novus is engaged in the business of exploration, exploitation and production of oil and natural gas in Western Canada. Due to the decrease of both sales volume of oil and gas and oil prices in 2024, the exploration, exploitation and operation business recorded an operating loss of approximately HK$4.3 million, as compared to an operating profit of approximately HK$33.4 million in 2023. On the contrary, due to the increase of sales volume, revenue of the oil and by-products trading business in the PRC increased from approximately HK$27.2 billion in 2023 to approximately HK$28.9 billion in 2024 despite the lower selling prices. During the year ended 31 December 2024, the supply and procurement business generated an operating profit of approximately HK$5.1 million, as compared to an operating loss of approximately HK$118.1 million in 2023. As further disclosed in the 2024 Annual Report, benefited from the impairment recovery of oil and gas assets in Canada, the Group as a whole recorded a profit of approximately HK$55.6 million in 2024.

During the six months ended 30 June 2025, the Group's exploration, exploitation and operation business incurred an operating loss of approximately HK$34.3 million; as regards the supply and procurement business, an operating profit of approximately HK$2.4 million was recorded. During the six months ended 30 June 2025, the Group as a whole recorded a loss of approximately HK$27.8 million.

The Group's financial resources and liquidity

The table below summarizes the Group's unaudited financial resources and liquidity as at 30 June 2025 as extracted from the 2025 Interim Report:

	As at 30 June 2025 *HK$'000*
Current assets	
– Cash and bank balances	240,015
Current liabilities	
– Bank borrowings and other loans	(293,514)
– Secured term loans	(274,565)
Non-current liabilities	
– Secured term loans	(172,700)
Net current liabilities	(216,900)
Gearing ratio	116.1%

(a) Cash and bank balances

As at 30 June 2025, the Group had cash and bank balances of approximately HK240.0 million. Upon our enquiry with the Directors, we understand that among this total sum, approximately HK$189 million equivalent of RMB was not freely convertible into other currencies and was maintained in the bank accounts of the Company's subsidiaries in the PRC for supporting their daily operation.

(b) Bank borrowings and other loans

As at 30 June 2025, the Group had outstanding variable interest rates bank borrowings in the sum of approximately HK$129.2 million which were repayable within the next twelve months. The other loans represented loan advances from ultimate holding company of approximately HK$164.3 million. Such loan advances from ultimate holding company are unsecured, interest-bearing at 2.27% per annum and repayable in December 2025.

(c) Secured term loans

The Group had two secured term loans. On top of the Loan, the Group also has another secured term loan in the principal amount of US$22 million (equivalent to approximately HK$172.7 million) (the "**2024 Loan**") with Yanchang Petroleum HK. Such loan bears interest at 5.2% per annum and is repayable on 2 September 2027. As confirmed by the Directors, the Company had fully applied such loan for general working capital of the Group as at the Latest Practicable Date.

As at 30 June 2025, the Group recorded net current liabilities of approximately HK$216.9 million and its gearing ratio, measured on the basis of total liabilities as a percentage of total equity, was approximately 116.1%.

Information on Novus

As aforementioned, Novus is engaged in the business of exploration, exploitation and production of oil and natural gas in Western Canada. The table below depicts the key audited financial information of Novus for the three years ended 31 December 2024 as extracted from the relevant financial statements provided to us by the Company:

	For the year ended 31 December 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	CAD'000	*CAD'000*	*CAD'000*
Revenue	60,795	86,371	77,466
Income/(Loss) and comprehensive income/(loss) for the year	11,603	(19,008)	46,925

As depicted by the table above, the financial performance of Novus has been rather unstable over the past three years with fluctuating revenue and unpredictable profitability. As advised by the Directors, owing to high costs, tight service resources, fluctuating oil prices and other factors, the business of Novus is likely to continue to face challenges in the near future.

Based on the management accounts of Novus for the nine months ended 30 September 2025, Novus's cash on hand was approximately CAD6.1 million as at 30 September 2025.

Reasons for the renewal of the Loan

As illustrated under the previous sub-section of this letter of advice, the financial performance of Novus has been rather unstable over the past three years with fluctuating revenue and unpredictable profitability. With reference to the 2025 Interim Report, due to the impact of the decline in oil prices, the advancement of capital construction projects of Novus has been restricted, resulting in a significant slowdown in development. As of the end of June 2025, Novus realized cumulative net oil and gas production of 263,000 barrels of oil equivalent, representing a year-on-year decrease of around 37%, with sales revenue of approximately CAD16.4 million, representing a year-on-year decrease of around 50%, and a net loss of approximately CAD4.9 million.

As further represented by the Directors, Novus requires substantial funds to cover expenses incurred in the exploration, exploitation and production process. As referred to in the 2024 Annual Report, the total capital expenditure of Novus (excluding operating and recurrent expenses) was approximately CAD11.3 million in 2024. In order to finance the substantial amount of exploration, exploitation and production expenses, Novus has ongoing financing needs.

As illustrated under the sub-section headed "The Group's financial resources and liquidity" of this letter of advice, the Group maintained cash and bank balances at approximately HK240.0 million as at 30 June 2025. Upon our enquiry with the Directors, we understand that among this total sum, approximately HK$189 million equivalent of RMB was not freely convertible into other currencies and was maintained in the bank accounts of the Company's subsidiaries in the PRC for supporting their daily operation. After deducting such "restricted" cash, the remaining "free" cash and bank balances of the Group amounted to approximately HK$51 million as at 30 June 2025, which was insufficient to repay the outstanding Loan of US$35 million (equivalent to approximately HK$272.2 million) upon maturity on 17 January 2026.

Given the lack of internal resources to settle the imminent repayment of the Loan, the Directors advised us that the Group has considered both debt financing and equity financing to raise additional funds of sizeable amount. As confirmed by the Directors, the Company has verbally approached several banks in Hong Kong and Canada for provision of loan financing during the year, while banks declined such provision in view of the Group's lacking available local assets as security.

As regards equity financing, the Company would be required to undergo a relatively lengthy process in order to (i) identify suitable investor(s), underwriter(s) and negotiate terms agreeable to the Company; and (ii) prepare the requisite compliance and legal documentation, including but not limited to the underwriting agreement(s), legal opinion and prospectus(es). As a matter of fact, the Directors advised us that the Company has approached three underwriters before the Latest Practicable Date with the indication that the amount that could be raised by equity financing within a short period of time is less certain than the renewal of the Loan. At the same time, negotiating with potential investors would be challenging given the relatively unsatisfactory financial performance of the Group in 2025 (the Group was loss making in the first half of 2025 and recorded net current liabilities as at 30 June 2025). It would also be difficult for the Company to attract public Shareholders to participate in rights issue or open offer without a huge price discount judging from the historical low trading liquidity of the Shares. Based on our study of the trading performance of the Shares from 1 December 2024 up to 15 December 2025 (being the last trading day prior to the date of the Loan Renewal Request Notice), the number of Shares traded was below 0.5% of the total number of Shares in public hand for the majority (almost 95%) of trading days.

Taking into account (i) Novus's unstable financial performance and its ongoing financing needs for business operation; (ii) the Group lacks internal resources for imminent repayment of the Loan upon maturity on 17 January 2026; (iii) both borrowings from banks and equity financing are rather unfeasible for the Group within a short time frame; and (iv) the Loan will (a) ease the Group's liquidity pressure; (b) not create dilution to the existing shareholding of the Shareholders; and (c) demonstrate the continuous financial support from the Controlling Shareholder (i.e. Yanchang Petroleum HK) to the Group, we concur with the Directors that the renewal of the Loan is in the interests of the Company and the Shareholders as a whole even though it is not conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the Loan Renewal Request Notice

As extracted from the Letter from the Board, the principal terms of the Loan Renewal Request Notice dated 16 December 2025 are as follows:

Principal amount of the Loan:	US$35 million
Utilization date:	18 January 2026
Final repayment date:	17 January 2027
Interest rate:	4.8% per annum, which shall be payable every three months from the utilization date.

Extension of the term

As demonstrated under the sub-section headed "Reasons for the renewal of the Loan" of this letter of advice, the Group had cash and bank balances of approximately HK$51 million outside the PRC as at 30 June 2025, which was insufficient for repayment of the Loan of approximately HK$272.2 million upon maturity on 17 January 2026. The Group therefore has an imminent need to obtain additional funds of sizeable amount. The Company has considered both borrowings from banks and equity financing but found both rather unfeasible. Thus, the renewal of the Loan for one year will alleviate the repayment pressure under the Facility Agreement (as supplemented by the Supplemental Facility Agreement) and allow the Group more flexibility to negotiate and obtain fund raising arrangement for its business development in future, if necessary.

The Interest Rate

Pursuant to the Loan Renewal Request Notice, the interest rate for the Loan (the "**Interest Rate**") will remain at 4.8% per annum. To assess the fairness and reasonableness of the Interest Rate, we have considered the following factors:

(a) The Company's attempt to identify other means of debt financing

As mentioned under the sub-section headed "Reasons for the renewal of the Loan" of this letter of advice, the Directors advised us that the Company has verbally approached several banks in Hong Kong and Canada for provision of loan financing during the year, while banks declined such provision in view of the Group's lacking available local assets as security.

As a matter of fact, we further researched and noted that during the period from December 2022 (the approximate date of the Supplemental Facility Agreement) to November 2025 (the approximate date of the Loan Renewal Request Notice), the United States Federal Reserve Board's monetary policy oscillated, leading to varying Federal Funds Interest Rate (the "**Federal Rate**") movement. From December 2022 to July 2023, there had been a period of rapid tightening during which the Federal Rate jumped from 4.5% to 5.5% within eight months. The Federal Rate then stayed at the peak of 5.5% until September 2024 when the monetary policy reversed and the Federal Rate was reduced to 5.0%. Thereafter, the Federal Rate showed a downward trend and was 3.75% as at the Latest Practicable Date. Although a downward trend has been observed over the past one year, we noted that throughout the 3-year term of the Supplemental Facility Agreement, the Federal Rate had indeed moved both upward and downward. On the other hand, based on the available information released by the Hongkong and Shanghai Banking Corporation Limited, the US$ Best Lending Rate of the bank was 6.00% as at the Latest Practicable Date.

(b) Comparable analysis

To evaluate as to whether the Interest Rate follows general market practice in loan provision regardless of business nature of the borrowers and/or the lenders. we have researched over the website of the Stock Exchange on an exhaustive basis for transactions involving the provision of new financial assistance by listed companies (as lenders) in Hong Kong to independent third parties. To the best of our knowledge and as far as we are aware of, there were 21 such announcements (the "**Comparables**") dated from 1 September 2025 to 15 December 2025 (being the approximate three and a half month period prior to the date of the Loan Renewal Request Notice). We chose the said approximate three and a half month research period due to its recency before signing of the Loan Renewal Request Notice. As the Loan is denominated in USD whilst the loans of the Comparables were denominated in currencies other than USD, the Comparables are only to provide reference for the general market practice and we consider the Comparables to be fair and representative for reference purpose. Summarized below are our relevant findings:

Date of announcement	**Company (stock code)**	**Principal amount of the loan**	**Term of the loan**	**Annual interest rate**	**Details of security/ guarantee**	**Loan-to-Security Ratio** *(times)(Note)*
4 December 2025	Chanjet Information Technology Company Limited (1588)	RMB70,000,000	1 year	3.00%	None	Not applicable
3 December 2025	Legend Upstar Holdings Limited (459)	HK$22,000,000	12 months	11.00%	A first legal charge/ Mortgage over property and car parking space	0.60
2 December 2025	eprint Group Limited (1884)	HK$2,000,000	12 months	9.60%	Personal guarantee and a charge registered in respect of a yacht	0.44
25 November 2025	EPI (Holdings) Limited (689)	Approximately HK$3,340,000	12 months	8.00%	Personal guarantee and a first mortgage in respect of lands and properties	Information not provided
20 November 2025	EPI (Holdings) Limited (689)	Approximately HK$8,800,000	12 months	8.00%	Personal guarantee and a first mortgage in respect of lands and properties	Information not provided

Date of announcement	Company (stock code)	Principal amount of the loan	Term of the loan	Annual interest rate	Details of security/ guarantee	Loan-to-Security Ratio *(times)(Note)*
19 November 2025	Finsoft Financial Investment Holdings Limited (8018)	HK$2,800,000	2 years	8.00%	Corporate guarantee	Not applicable
11 November 2025	EPI (Holdings) Limited (689)	Approximately HK$6,336,000	12 months	8.00%	Personal guarantee and a first mortgage in respect of lands and properties	Information not provided
7 November 2025	Legend Upstar Holdings Limited (459)	HK$8,500,000	12 months	10.00%	A first legal charge/ Mortgage over property	0.50
30 October 2025	Hong Kong Finance Group Limited (1273)	HK$46,000,000	6 months/ 1 month	13.20%	A first mortgage in respect of property and carpark	0.77
22 October 2025	China Financial Services Holdings Limited (605)	RMB17,000,000	1 year	14.40%	A first legal charge mortgage in respect of property and carparks	0.64
17 October 2025	China Financial Services Holdings Limited (605)	RMB4,000,000	1 year	12.00%	Corporate guarantee and a first legal charge mortgage in respect of property	0.70
16 October 2025	Hong Kong Finance Group Limited (1273)	HK$8,000,000	6 months	14.40%	A first mortgage in respect of property	0.67
13 October 2025	EPI (Holdings) Limited (689)	Approximately HK$7,065,000	12 months	8.00%	Personal guarantee and a first mortgage in respect of lands and properties	Information not provided
10 October 2025	China Financial Services Holdings Limited (605)	RMB20,000,000	3 months	15.60%	Personal and corporate guarantees and a first legal charge mortgage in respect of property	0.70

Date of announcement	Company (stock code)	Principal amount of the loan	Term of the loan	Annual interest rate	Details of security/ guarantee	Loan-to-Security Ratio *(times)(Note)*
29 September 2025	Hong Kong Finance Group Limited (1273)	HK$16,000,000	6 months	21.60%	A second mortgage in respect of property	0.34
22 September 2025	Hong Kong Finance Group Limited (1273)	HK$40,000,000	6 months	15.00%	A first mortgage in respect of property	0.28
22 September 2025	Legend Upstar Holdings Limited (459)	HK$11,000,000	12 months	10.00%	A first legal charge/ Mortgage and rental assignment over property	0.55
22 September 2025	eprint Group Limited (1884)	HK$9,000,000	24 months	9.60%	Personal guarantee and a charge registered in respect of a yacht	0.58
19 September 2025	New Century Group Hong Kong Limited (234)	HK$30,200,000	12 months	11.00%	A first legal charge over several properties	0.62
17 September 2025	China Financial Services Holdings Limited (605)	RMB14,000,000	6 months	12.00%	A first legal charge mortgage in respect of property	0.68
9 September 2025	Global International Credit Group Limited (1669)	HK$35,000,000	12 months	11.50%	A first legal charge/ mortgage in respect of property and carparks	0.65
		Maximum		**21.60%**		**0.77**
		Minimum		**3.00%**		**0.28**
		Average		**11.14%**		**0.58**

Note: The loan to security ratio is calculated by dividing the principal loan amount of the Comparables by the aggregate value of their securities as disclosed in the relevant announcement.

As shown by the table above, the interest rates of the Comparables ranged from 3.00% to 21.60% which were mostly far above the Interest Rate of 4.8%. As such, the Interest Rate is more favourable based on general market comparison.

To conclude, having taken into account (i) the failing attempt of the Company to obtain bank borrowings outside the PRC; (ii) the fluctuating movement of the Federal Rate which means the current downward trend is not a guarantee; (iii) the Interest Rate is below the existing US$ Best Lending Rate announced by the Hongkong and Shanghai Banking Corporation Limited of 6.00%; and (iv) the results of our comparable analysis as just presented that may provide reference for general market practice in loan provision regardless of business nature of the borrowers and/or the lenders, we are of the opinion that the Interest Rate is fair and reasonable so far as the Independent Shareholders are concerned.

Security

From the table under the paragraph headed "Comparable analysis" of this letter of advice, we noted that loans of the Comparables were all secured in different forms, such as corporate guarantee and legal charge/mortgage on properties or carparks. Likewise, the Loan is secured by the Debenture.

In this relation, we further noted that the Debenture is in the sum of US$70 million and represents a loan to security ratio of 0.5 times, which is within the range of loan to security ratio of approximately 0.28 times and 0.77 times of the Comparables.

In light of that (i) it is a common market practice to require borrowers to provide collateral or guarantee as security for loans; and (ii) the loan to security ratio as represented by the Debenture is within the range of loan to security ratio of the Comparables, we are of the opinion that the security arrangement under the Loan Renewal Request Notice is fair and reasonable and is on normal commercial terms.

3. Possible financial effects of the Loan Renewal Request Notice

As confirmed by the Directors, it is expected that the Loan Renewal Request Notice would not have any immediate material effect on the Group's overall asset and liability position.

Additionally, based on the Loan amount of US$35 million and the Interest Rate of 4.8%, the estimated annual interest expense for the Loan would be approximately US$1.68 million during the remainder term of the Loan.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be after the Loan Renewal Request Notice taking effect.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Loan Renewal Request Notice are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the renewal of the Loan is in the interests of the Company and the Shareholders as a whole even though it is not conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Loan Renewal Request Notice, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 20 years of experience in corporate finance industry.

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. Wang 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 INTEREST

As at the Latest Practicable Date, none of the Directors and their 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 INTEREST

As at the Latest Practicable Date, none of the Directors have 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 were 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 had any existing or proposed service agreement with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As the Latest Practicable Date, no member of the Group was engaged in any litigation, 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 disclosed in the Company's interim report for the six months ended 30 June 2025, the Group recorded a loss of approximately HK$27.8 million for the six months ended 30 June 2025, as compared to a loss of approximately HK$27.3 million for the six months ended 30 June 2024. The interim loss of the Group was mainly attributable to the loss of approximately HK$28.3 million incurred by the oil and gas production business in Canada, which was mainly due to the falling of international crude oil prices.

Save as disclosed above, 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 expert, and its qualification, who has given opinion contained in this circular:

Name	Qualification
VBG Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Renewal Request Notice and the transactions and matters contemplated thereunder

VBG Capital Limited has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice, opinion and/or reports and references to its name in the form and context in which it respectively appeared.

As at the Latest Practicable Date, VBG Capital 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 situated 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 at Room 3403, 34th 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. DOCUMENT(S) AVAILABLE FOR INSPECTION

A copy of the Loan Renewal Request Notice will be available for display on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.yanchanginternational.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/#/529 (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 SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT that a special general meeting (the "**SGM**") of Yanchang Petroleum International Limited ("**Company**") will be held via a virtual meeting online at https://evoting.vistra.com/#/529 on Thursday, 15 January 2026 at 3:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(i) The Loan Renewal Request Notice and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(ii) any one director 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 considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Loan Renewal Request Notice and the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto that are of administrative nature and ancillary to the implementation of the Loan Renewal Request Notice and any other transaction contemplated under or incidental to the Loan Renewal Request Notice."

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

Hong Kong, 23 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 Friday, 9 January 2026. 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 Friday, 9 January 2026.

8. As at the date of this notice, the board of directors of the Company consists of seven directors, of which three are executive directors, namely Mr. Feng Yinguo (chairman), Ms. Wang Haining and Mr. Ding Jiasheng, one is non-executive director, namely Ms. Lu Yiwen and four are independent non-executive directors, namely Mr. Ng Wing Ka, Mr. Leung Ting Yuk, Mr. Sun Liming and Dr. Mu Guodong.