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

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of Yanchang Petroleum International Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026 together with the unaudited comparative figures for the six months ended 30 June 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	**(Unaudited)**	(Unaudited)
		HK$'000	*HK$'000*
Revenue	4	**7,024,440**	9,994,518
Other revenue	4	**2,673**	3,560
		7,027,113	9,998,078
Expenses			
Cost of revenue		**(6,910,302)**	(9,869,666)
Royalties		**(11,532)**	(15,574)
Field operation expenses		**(37,950)**	(45,495)
Exploration and evaluation expenses		**(776)**	(1,271)
Selling and distribution expenses		**(6,222)**	(7,033)
Administrative expenses		**(33,544)**	(34,312)
Depreciation, depletion and amortisation		**(37,490)**	(59,755)
Other gains and losses	5	**(9,882)**	24,577
		(7,047,698)	(10,008,529)

	Notes	Six months ended 30 June **2026** **(Unaudited)** ***HK$'000***	2025 (Unaudited) *HK$'000*
Loss from operating activities	6	**(20,585)**	(10,451)
Finance costs	7	**(19,418)**	(18,166)
Loss before taxation		**(40,003)**	(28,617)
Taxation	8	**(211)**	770
Loss for the period		**(40,214)**	(27,847)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong			
– Exchange differences arising during the period		**(5,529)**	76,831
Other comprehensive income for the period, with nil tax effect		**(5,529)**	76,831
Total comprehensive income for the period		**(45,743)**	48,984
(Loss)/profit for the period attributable to:			
Owners of the Company		**(41,327)**	(28,537)
Non-controlling interests		**1,113**	690
		(40,214)	(27,847)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(47,820)**	46,756
Non-controlling interests		**2,077**	2,228
		(45,743)	48,984
Loss per share			
Basic and diluted, HK cents	10	**(3.76)**	(2.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,123,622**	1,183,211
Investment properties		**11,793**	11,365
Exploration and evaluation assets		**8,800**	8,034
Right-of-use assets		**48,166**	55,941
		1,192,381	1,258,551
Current assets			
Inventories		**147,824**	291,118
Trade receivables	11	**32,163**	1,105,185
Prepayments, deposits and other receivables		**117,945**	45,351
Cash and bank balances		**120,981**	63,724
		418,913	1,505,378
Total assets		**1,611,294**	2,763,929
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**440,041**	440,041
Reserves		**67,705**	115,525
Total equity attributable to the owners of the Company		**507,746**	555,566
Non-controlling interests		**27,729**	25,652
Total equity		**535,475**	581,218

	Notes	**30 June 2026 (Unaudited)** ***HK$'000***	31 December 2025 (Audited) *HK$'000*
LIABILITIES			
Current liabilities			
Trade and other payables	12	**110,016**	1,245,796
Lease liabilities		**4,283**	5,240
Bank borrowings and other loans		**300,144**	254,317
Secured term loans		**266,578**	–
Current tax payables		**1,644**	1,584
		682,665	1,506,937
Non-current liabilities			
Decommissioning liabilities		**172,760**	176,931
Lease liabilities		**36,680**	43,119
Deferred tax liabilities		**11,014**	10,549
Secured term loans		**172,700**	445,175
		393,154	675,774
Total liabilities		**1,075,819**	2,182,711
Total equity and liabilities		**1,611,294**	2,763,929
Net current liabilities		**(263,752)**	(1,559)
Total assets less current liabilities		**928,629**	1,256,992

NOTES:

1. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2025 as contained in the Company's annual report 2025 (the "**Annual Report 2025**"), which have been prepared in accordance with HKFRS Accounting Standards (the "**HKFRSs**").

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Group. All values are rounded to the nearest thousand (HK$'000), unless otherwise stated. These unaudited condensed consolidated financial statements were approved for issue on 27 August 2026.

Going concern assumptions

The Group incurred net loss of approximately HK$40,214,000 for the period ended 30 June 2026, and as at that date, the Group had net current liabilities of HK$263,752,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In assessing the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements, the Directors have prepared a cash flow forecast covering a period of fifteen months from the end of the reporting period with careful consideration of the Group's future liquidity, performance and available sources of financing, and taking account of the following:

(i) the Group will be able to obtain additional finance from various sources including but not limited to banks and shareholders; and

(ii) the Group is able to renew the existing banking facilities from the banks and the loan granted by Yanchang Petroleum Group (Hong Kong) Co., Limited ("**Yanchang Petroleum HK**"), the immediate parent of the Company.

On the basis of successful implementation of the above, the Directors considered that the Group would have sufficient financial resources to finance its operations and to meet its obligations as and when they fall due. Accordingly, the unaudited condensed consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, whether the Group would be able to continue as a going concern is dependent upon the successful implementation of the above plans and measures on a timely basis for which the outcomes are subject to the associated inherent uncertainties that include whether:

(i) sufficient operating cash flows could be generated based on the expected economic outlook and market conditions;

(ii) the potential financing providers could provide the necessary funding to the Group on a timely basis; and

(iii) the banks and the immediate parent of the Company would renew the credit facilities based on the prevailing terms and conditions.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of its assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these unaudited condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies adopted in the unaudited condensed consolidated financial statements for the six months ended 30 June 2026 are consistent with those followed in the preparation of the Annual Report 2025 except for the impact of the adoption of the new or amended HKFRSs.

In the current period, the Group has applied for the first time the following new or amended HKFRS issued by the HKICPA which are effective for the Group's financial period beginning 1 January 2026.

- Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity
- Annual Improvements to HKFRS Accounting Standards – Volume 11 – Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

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

- HKFRS 18 – Presentation and Disclosure in Financial Statements[1]
- HKFRS 19 and its amendments – Subsidiaries without Public Accountability: Disclosures[1]
- Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency[1]
- Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

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

[2] No Mandatory effective date yet determined but available for adoption.

3. SEGMENT INFORMATION

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

(a) the exploration, exploitation and operation business segment involves oil and gas exploration, exploitation, sale and operation; and

(b) the supply and procurement business segment involves storage, transportation, trading and distribution of oil related products.

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

Segment revenue and results

	Exploration, exploitation and operation		Supply and procurement		Consolidated	
	For the six months ended 30 June					
	2026	2025	**2026**	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**80,689**	94,132	**6,943,751**	9,900,386	**7,024,440**	9,994,518
Segment (loss)/profit	**(12,711)**	(34,261)	**5,635**	2,368	**(7,076)**	(31,893)
Other revenue					**2,673**	3,560
Net foreign exchange (loss)/gain					**(10,680)**	24,577
Unallocated corporate expenses					**(5,502)**	(6,695)
Loss from operating activities					**(20,585)**	(10,451)
Finance costs					**(19,418)**	(18,166)
Loss before taxation					**(40,003)**	(28,617)
Taxation					**(211)**	770
Loss for the period					**(40,214)**	(27,847)

Revenue reported was generated from external customers. There were no inter-segment sales during the six months ended 30 June 2026 and 2025.

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

Segment assets and liabilities

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

	Exploration, exploitation and operation		**Supply and procurement**		**Consolidated**	
	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*	**30 June 2026 (Unaudited)** ***HK$'000***	31 December 2025 (Audited) *HK$'000*	**30 June 2026 (Unaudited)** ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Segment assets	**1,097,427**	1,159,338	**494,526**	1,576,653	**1,591,953**	2,735,991
Unallocated assets					**19,341**	27,938
Total assets					**1,611,294**	2,763,929
Segment liabilities	**484,661**	495,277	**413,086**	1,501,837	**897,747**	1,997,114
Unallocated liabilities					**178,072**	185,597
Total liabilities					**1,075,819**	2,182,711

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

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

Information about major customers

Included in revenue arising from supply and procurement business segment of HK$6,943,751,000 (six months ended 30 June 2025: HK$9,900,386,000) are revenue of HK$4,465,241,000 (six months ended 30 June 2025: HK$6,759,787,000) which arose from one customer (six months ended 30 June 2025: two customers) of the Group which contributed 10% or more to the Group's total revenue for the period.

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

	Six months ended 30 June	
	2026 (Unaudited) ***HK$'000***	2025 (Unaudited) *HK$'000*
Customer A	**4,465,241**	5,628,444
Customer B	**–**	1,131,343

4. REVENUE AND OTHER REVENUE

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

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of crude oil and natural gas	**80,689**	94,132
Trading and distribution of oil related products	**6,943,751**	9,900,386
	7,024,440	9,994,518
Other revenue		
Bank interest income	**954**	1,759
Rental income	**689**	634
Others	**1,030**	1,167
	2,673	3,560

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net foreign exchange (loss)/gain	**(10,680)**	24,577
Others	**798**	–
	(9,882)	24,577

6. LOSS FROM OPERATING ACTIVITIES

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**6,910,302**	9,869,666
Depreciation and depletion charge:		
– Property, plant and equipment	**34,212**	55,796
– Right-of-use assets	**3,278**	3,959
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**573**	681
Staff costs (including Directors' remuneration):		
– Salaries and wages	**32,533**	36,274
– Pension scheme contributions	**2,425**	2,493

7. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expenses on bank borrowings and secured term loans wholly repayable within five years	**15,392**	13,522
Interest expenses on lease liabilities	**1,344**	1,455
Interest expenses on other loans	**1,356**	1,845
Accretion expenses of decommissioning liabilities	**1,326**	1,344
	19,418	18,166

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

The provision for Hong Kong Profits Tax for the six months ended 30 June 2026 is calculated at 16.5% of estimated assessable profits (six months ended 30 June 2025: 16.5%). Taxation for subsidiaries outside Hong Kong is charged at appropriate current rate of taxation ruling in the relevant countries. The Canada blended statutory tax rate and the People's Republic of China (the "**PRC**") corporate income tax rate applicable to the Group's subsidiaries in Canada and the PRC are 25% and 25% for the six months ended 30 June 2026 and 2025 respectively.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Under-provision in prior period	**–**	26
Current tax – Outside Hong Kong		
Provision for the period	**211**	–
Over-provision in prior period	**–**	(796)
	211	(770)

9. INTERIM DIVIDENDS

The Directors do not recommend the payment of any interim dividends in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(41,327)**	(28,537)

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,100,103**	1,100,103

Diluted loss per share for the six months ended 30 June 2026 and 2025 were the same as the basic loss per share as the Company had no dilutive potential ordinary shares in existence during the six months ended 30 June 2026 and 2025.

11. TRADE RECEIVABLES

Trade receivables, which generally have credit terms of up to 90 days (31 December 2025: up to 90 days), are recognised and carried at the original invoiced amount less allowance for doubtful debt. Trade receivables are non-interest bearing.

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

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
0 to 30 days	**29,965**	1,103,811
31 to 60 days	**216**	49
61 to 90 days	**125**	43
Over 90 days	**1,857**	1,282
	32,163	1,105,185

As at 30 June 2026, trade receivables of HK$1,857,000 (31 December 2025: HK$1,282,000) were past due but not credit-impaired. These related to a number of independent customers for whom there was no recent history of default. The Group does not hold any collaterals or other credit enhancements over these balances.

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

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
0 to 30 days past due	**1,857**	1,282

12. TRADE AND OTHER PAYABLES

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Trade payables	**7,941**	1,142,950
Contract liabilities *(note)*	**27,269**	11,963
Valued added tax payables	**9,773**	7,761
Other tax payables	**7,697**	8,027
Staff cost payables	**9,218**	9,421
Other payables	**48,118**	65,674
	110,016	1,245,796

Note: Contract liabilities as at 30 June 2026 and 31 December 2025 mainly represented the advance received from customers upon order placement, and were fully recognised as revenue during the period when the control over a product was transferred to customer. The Group typically received advance on acceptance of orders. The amount of the advance, if any, was negotiated on a case by case basis with customers.

Contract liabilities of HK$27,269,000 were recognised as at 30 June 2026 (31 December 2025: HK$11,963,000) as a result of the receipt of payment during the period in advance of the satisfaction of performance obligation, and are expected to be fully recognised as revenue within one year.

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	HK$'000	*HK$'000*
0 to 30 days	**6,179**	1,141,598
31 to 60 days	**106**	71
61 to 90 days	**–**	52
Over 90 days	**1,656**	1,229
	7,941	1,142,950

As at 30 June 2026 and 31 December 2025, the trade payables are non-interest bearing and have an average credit period on purchases of up to 90 days.

13. CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no material contingent liabilities (31 December 2025: Nil).

14. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, during the six months ended 30 June 2026, the Group had the following transactions with related parties.

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

Key management personnel

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
	HK$'000	*HK$'000*
Salaries, bonus and allowance	**5,333**	8,730
Pension Scheme contributions	**131**	127
	5,464	8,857

Related party transactions

Relationship	Nature of transactions	Six months ended 30 June 2026 (Unaudited) *HK$'000*	2025 (Unaudited) *HK$'000*
Ultimate holding company	Purchase of refined oil and by-products *(note 1)*	**3,117,536**	3,628,421
Fellow subsidiaries	Purchase of refined oil and by-products *(note 1)*	**2,151,463**	78,666
Fellow associates	Purchase of refined oil and by-products *(note 1)*	**32,689**	450
Fellow associates	Sale of refined oil and by-products *(note 2)*	**298**	–
Immediate holding company	Secured term loan interest expenses	**12,283**	12,148
Ultimate holding company	Other loans interest expenses	**1,356**	1,845

Notes:

(1) During the six months ended 30 June 2026, the Group had connected transactions with ultimate holding company, fellow subsidiaries and fellow associates arising from the purchases of refined oil and by-products. Henan Yanchang Petroleum Sales Co., Limited ("**Henan Yanchang**") (an indirectly non-wholly owned subsidiary of the Company) entered into the supply agreement dated 18 November 2025 (the "**Supply Agreement**") with Yanchang Petroleum Group in respect of the purchases of refined oil and by-products from Yanchang Petroleum Group with effect from 1 January 2026 for the three years ending 31 December 2028.

(2) During the six months ended 30 June 2026, the Group had connected transactions with fellow associates arising from the sales of refined oil and by-products. Henan Yanchang entered into the sale agreement dated 27 November 2023 (the "**Yanchang Shell Sales Agreement**") with Yanchang Shell Henan Petroleum Limited* (延長殼牌河南石油有限公司) ("**Yanchang Shell**"), in respect of sales of oil and by-products to Yanchang Shell with effect from 1 January 2024 for the three years ending 31 December 2026. Henan Yanchang entered into the sales agreements dated 18 November 2025 (the "**Sales Agreements**") with China Petroleum Yanchang Petroleum Trading Stock Limited Company* (中油延長石油銷售股份有限公司), Sichuan Yanchang State Oil Reserve Petroleum Trading Company Limited* (四川延長國儲石油銷售有限公司), Yanchang Petroleum Hubei Trading Limited* (延長石油湖北銷售有限公司) and Yanchang Sinochem Petroleum Trading (Shanxi) Company Limited* (延長中化石油銷售(山西)有限公司) (the "**Sales Connected Parties**") respectively, in respect of the sales of refined oil and by-products to each of the Sales Connected Parties with effect from 1 January 2026 for the three years ending 31 December 2028.

(3) The above transactions constitute continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the requirements under Chapter 14A of the Listing Rules.

15. EVENT AFTER REPORTING PERIOD

The Company had recently received a report dated 21 August 2026 from the management of a subsidiary of the Company, which reported a sales staff of the subsidiary and an independent third party (together the "**Suspected Persons**") were suspected of committing conspiracy to defraud and misappropriation of inventories with an estimated amount of approximately RMB19.24 million (equivalent to approximately HK$22.32 million) (the "**Suspected Misappropriation**").

After discovering the Suspected Misappropriation and having conducted preliminary internal investigation, the management of the subsidiary has reported the Suspected Misappropriation to the public security bureau in the PRC. The Company has been informed that the Suspected Persons have been criminally detained by the public security bureau in the PRC. Based on the information currently available to the Company, the Suspected Persons had produced false documents to illegally obtain inventories. The Group is in cooperation with the public security bureau in the PRC with an aim to fully recover the misappropriated inventories or illicit funds.

Due to final recoverability of the misappropriated inventories or illicit funds is pending investigation by the public security bureau in the PRC and non-disclosure of information in criminal cases pursuant to the PRC laws, the Company currently is unable to grasp the details of progress of the case. At this stage, the actual financial impact of the Suspected Misappropriation on the Group's financial performance and position has yet to be confirmed. While assessing the financial impact, the Group is also in discussion with its PRC legal adviser on the legal impact of the Suspected Misappropriation under the circumstances of conspiracy to defraud committed by the Suspected Persons. As of the date of this results announcement, the Company is still unable to ascertain the actual financial impact of the Suspected Misappropriation on the Group. As such, the financial impact of the Suspected Misappropriation was not included in the Group's financial results for the six months ended 30 June 2026. The Company will update the shareholders of the company accordingly once the relevant financial impact from the Suspected Misappropriation can be ascertained.

In light of the Suspected Misappropriation, the Company plans engage third party appropriate professional advisers to conduct an independent investigation of the Suspected Misappropriation, review the risk management and internal control systems of the Group and make rectification and improvement recommendations, if any, to the Board.

Further details of the Suspected Misappropriation were set out in the announcement of the Company dated 25 August 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

In the first half of 2026, amid interweaving geopolitical conflicts, supply and demand restructuring, and the energy transition, the global energy market entered its most complicated oscillating cycle in the past three years. The full-scale military conflict in the Middle East is spearheading international oil prices, which surged sharply in the first quarter and, at one point, reached a three-year record high. In the second quarter, the parties signed an interim memorandum to ease geopolitical tensions temporarily. Augmented by OPEC+'s gradual output ramp-up, sustained growth in shale oil production in the Americas, and sluggish global economic recovery, the rapid popularisation of EVs continued to catalyse transport-fuel demand. International oil prices fell back to pre-conflict levels in late June, putting every segment of the industry chain – from upstream to midstream to downstream – through a severe volatility test. On the demand side, a clear structural divergence had emerged. Oil demand for petrochemical use remained rigid, while transport-fuel demand continued to shrink. Refineries responded by cutting throughput; the price difference of refined oil oscillated within a wide band, and sector profit margins were squeezed from both ends. Meanwhile, the global low-carbon transition showed no sign of slowing down amid short-term oil price fluctuations, and major Middle East producers simultaneously stepped up their investments and footprints in the new energy sector, leaving the traditional oil and gas sector's long-term headroom under sustained pressure.

Against this backdrop of overlapping external pressures, the Company adhered to its prudent operating strategy, dynamically adjusting production and operating measures while closely tracking market developments. The Company moved swiftly to optimise the pace of production and sales, as well as inventory management, thereby cushioning the business against the bombardment of extreme market changes. In the first half of 2026, owing to losses from the oil and gas production business in Canada, the Group recorded an overall loss of HK$40,210,000.

Upstream oil and gas production business in Canada

In the first half of 2026, weighed down by multiple adverse factors, including extreme cold weather, road closure orders during the snowmelt period in spring, backpressure constraints in third-party systems, and tight external financing channels, Novus adhered to its principle of "maintaining stable production while safeguarding efficiency". It prioritised the stable operation of existing production systems, allocated its limited capital rationally, and strove to mitigate the impact of production decline on overall operations, thereby ensuring stable production and operation activities. The constrained capital expenditure and a significant decrease in capital investment led to a significant slowdown in development. No new wells were drilled in the first half of 2026, and total capital expenditure was CAD407,000. As of the end of June 2026, Novus realised cumulative net oil and gas sales of 183,000 barrels of oil equivalent ("**BOE**"), representing a year-on-year decrease of 30.3%, with sales revenue of CAD14,460,000, representing a year-on-year decrease of 11.8%, and a net loss of CAD7,440,000.

(I) Continuously implementing low-cost production enhancement measures to mitigate the natural decline of old wells

Leveraging the characteristics of natural decline in mature oilfields, Novus continued to carry out low-cost optimisation measures such as hot-oil treatments, pigging, workovers, sucker-rod repairs, and pump replacements. As of the end of June 2026, Novus had completed 34 hot-oil treatments, 2 sucker-rod repairs, and 4 pump replacements, delivering an aggregate production uplift of approximately 1,188 BOE. These ongoing production optimisation initiatives have effectively curbed the decline rate of old wells, enhanced development efficiency of existing assets, and played a positive role in stabilising base production.

(II) Strengthening coordination with third-party systems to safeguard natural gas sales capacity

Novus continued to be constrained by backpressure limitations imposed by third-party systems, including Campus, Five Point, and Steel Reef, which to some extent restricted natural gas and crude oil production, particularly during peak gas sales periods. In particular, during January and February, extreme cold weather caused compressor freeze-offs, while freezing issues affected the Steel Reef gas sales pipeline and the Five Point compression system. These disruptions curtailed production by approximately 84 BOE per day over the period. In April, output was temporarily curtailed by approximately 89 BOE per day due to the combined impact of third-party backpressure constraints and road de-icing in spring, which deferred required workovers at multiple wells. In May, routine maintenance, including hot-oil treatments and pigging, took several wells offline temporarily or at the stages of recovery, clipping production by approximately 60 BOE per day. To address these issues, Novus has intensified coordination with third-party operators, maintained close monitoring of system performance, advanced solutions to critical production bottlenecks, and studied preventive winter measures to curb future production-loss risks.

(III) Persisting in cost reduction and efficiency enhancement to improve the efficiency of capital utilisation

Faced with capital pressure, Novus has strictly adhered to the principle of prudent operation. It prioritized funding required for safe production and maintained existing production capacity, rigorously controlled the scale of capital expenditure, and deferred the implementation of low-priority projects. At the same time, Novus continued to strengthen cost management, optimize production organization models, improve equipment utilisation efficiency, and capital utilisation efficiency, underpinning the stable operation of Novus. In the first half of 2026, field operating expenses amounted to CAD6,178,000, representing a decrease of 15.7% compared with CAD7,326,000 recorded in the corresponding period last year. Administrative expenses amounted to CAD3,074,000, representing a decrease of 31.5% compared with CAD4,488,000 recorded in the corresponding period last year.

(IV) Continuously enhancing safety and environmental management to ensure regulatory compliant operation

By consistently adhering to the policy of "Safety First, Prevention Foremost", Novus strictly complied with relevant laws and regulations of the Government of Canada, the Province of Alberta, and the Province of Saskatchewan, and continued to improve the on-site safety management system and risk prevention and control mechanisms. In the first half of 2026, Novus maintained overall safe and stable production and operation. All environmental protection and compliance management work was carried out in an orderly manner, laying a solid foundation for the sustained and stable operation of Novus.

(V) Advancing asset value enhancement and research into M&A Opportunities

In the first half of 2026, mergers and acquisitions activities in Canada's oil and gas sector remained active. As large enterprises continued to expand their scale through mergers and acquisitions, regional consolidation by small and mid-sized oil and gas enterprises to boost asset value and operational efficiency emerged as a key industry trend. Against the backdrop of ongoing consolidation within Canada's oil and gas industry, Novus actively conducted industry research and analysis of asset opportunities. It focused on studies covering oil and gas asset mergers and acquisitions, resource consolidation, and long-term development strategies in the Western Canadian Sedimentary Basin (WCSB), offering decision support for Novus's future resource replacement and scale expansion. Novus' existing assets are primarily concentrated in the Viking light oil blocks in Saskatchewan, featuring favourable regional concentration, established infrastructure, and operational experience advantages. Going forward, on the premise of safeguarding safe production and stable cash flow, Novus will continue to monitor asset opportunities in neighbouring areas. It will prioritise potential projects with geographical overlap, facility synergy, and cost advantages relative to its current assets. Through resource consolidation, Novus aims to extend reserve life, expand resource scale, raise asset value, and strengthen market competitiveness, laying the groundwork for Novus' long-term sustainable development. Simultaneously, Novus will continue to research industry policies, oil price trends, capital market conditions, and global energy development trends to further refine its medium- and long-term development plan; proactively exploring strategic cooperation and asset consolidation opportunities conducive to Novus's high-quality development.

Downstream oil products sales business in China

In the first half of 2026, Henan Yanchang faced the challenges of business restructuring, decline in the trading business scale, continuous narrowing of margins in its retail business, and its new business lines have yet to provide substantive support. Henan Yanchang implemented its board's decisions by focusing on the core objective of "turning loss into profit", upholding safety, environmental protection, and compliant operations, advancing business recovery, capacity restructuring, and model upgrades, and endeavouring to achieve its various targets. In the first half of 2026, the total sales volume of Henan Yanchang amounted to 925,800 tonnes, representing a year-on-year decrease of 32%. Operating revenue amounted to RMB6,004,000,000, representing a year-on-year decrease of 33.8%; and total net profit amounted to RMB3,210,000.

(I) Steady and effective business operations

(1) Retail business. Henan Yanchang continued to advance the establishment of its retail membership system. Currently there are 127,500 members. Average daily sales on Super Member Days rose by approximately 25% compared with ordinary days. Henan Yanchang actively engaged with Sinograin to introduce daily necessities including rice, flour and edible oil. Non-oil sales revenue amounted to RMB797,600, with a profit margin of 16.8%.

(2) Fixed investment business. From January to June 2026, Henan Yanchang achieved a price difference of RMB1,517,400, representing a year-on-year increase of 515.3%, with remarkable profitability improvement. The price difference per tonne of fixed investment business in Hubei remained positive, with no monthly losses, serving as a stable allocation to hedge against market risks.

(3) Railway distribution. In the first six months of 2026, Henan Yanchang achieved a sales volume of 290,900 tonnes with a gross profit of RMB13.6775 million, exceeding the halfway target for both sales volume and gross profit. Henan Yanchang has 19 cooperative bidding customers cumulatively, achieving bidding sales of 126,100 tonnes, which became the core incremental driver for the railway distribution segment. While consolidating traditional markets in Southwestern and Northwestern China, it focused its efforts on penetrating emerging markets in Hubei and Hunan, achieving regional sales of 42,900 tonnes.

(4) Business along the River. The distribution proportion of trade along the river increased to 25%. The proportion of shipment-based carriage and delivery rose by 20% year-on-year. The price negotiation power of the business along the river was further strengthened, with an average spread increasing by RMB10–20 per tonne.

(5) Inventory sales operations. Capitalising on a window opportunity presented by fluctuations in international crude oil prices, Henan Yanchang sold 27,700 tonnes of diesel in the first half of 2026 with a gross profit of RMB4.3558 million, representing a year-on-year increase of RMB2.344 million. By focusing on the core markets in central Henan (Zhengzhou and Xuchang), Henan Yanchang solicited 49 new end customers in the first half of 2026. Henan Yanchang completed the sale of 1,233.57 tonnes of diesel from the Longquanyi oil tank in Sichuan. All remaining stock from the previous period was fully sold.

(6) Supply chain management. Full compensation has been recovered for all oil losses. The loss of 16.07 tonnes during transportation was borne in full by the shipping companies and the transportation fleet, resulting in zero net loss.

(II) Continuously optimising operation and management

(1) Retail upgrades. Henan Yanchang has completed the upgrade and renovation of gas station in front of the oil depot (including fuel island optimization and route realignment, among other improvements), achieving uninterrupted business operation during construction. Henan Yanchang has further optimised the compensation reform plan for gas stations, improved the performance-based salary distribution rules, and fostered the intensive binding of compensation incentives with business performance.

(2) Fund management. Henan Yanchang has successfully granted composite credit facilities of RMB975 million, ensuring smooth financing channels. The average interest rate of external financing decreased by 0.16 percentage point year-on-year, saving RMB215,900 in interest expense. By actively promoting the credit customer bank acceptance discount business in the first half of 2026, Henan Yanchang extended the realization of bank acceptance buyer interest discount collection of RMB2.502 billion, significantly improving its collection efficiency.

(3) Saving expenses and reducing Consumption. After multiple rounds of negotiations in the early stage, Henan Yanchang has reduced the overall annual rent of three gas stations in Xiangcheng City by RMB600,000 from 2026, effectively reducing operating costs.

(4) Management enhancement. Henan Yanchang formulated the *Three-Year Action Plan for the Skill Master Studio* (《技能大師工作室三年行動方案》) and was granted one utility model patent in the first half of the year, achieving a two-way breakthrough in skill incubation and technological innovation. It had formulated the *Three-Year Action Plan for Deepening and Enhancing Management* (《管理深化提升三年行動方案》), covering 54 initiatives and 24 key tasks across seven major areas, and promoted the overall coverage of management enhancement work.

(5) Informatization construction. Henan Yanchang conducted a special investigation and rectification of system authorization, recalibrated and optimized user account authorization, and eliminated security risks associated with authorization; and has carried out data discrepancy reconciliation between systems, identified data anomalies, and promoted rectification to ensure data consistency.

(6) Safety and compliance. Henan Yanchang issued the "Three Emergency Stops, One Shutdown, One Cut-off, One Alarm, One Extinguisher" operating requirements for gas stations along with the 15 Safety Prohibitions. We obtained one utility model patent certificate (a timed cyclic on-off combustible gas ventilation device), and two team experience-sharing articles were published in the *BanZu TianDi* (班組天地) magazine. We refined the business compliance management assessment framework to ensure that business operations are legal, compliant, truthful, and accurate, thereby enhancing risk prevention and control capabilities and the level of refined management.

OUTLOOK

Looking ahead to the second half of 2026, the highly uncertain landscape in the global energy market is expected to persist. Three core variables, including geopolitics, supply-demand balance, and the low-carbon transition, will continue to dictate the industry's direction. The durability of the Islamabad Memorandum is far from assured. With bilateral hostilities flaring up again in July and maritime security threats in the Strait of Hormuz becoming a prolonged risk, international oil prices will continue to carry a geopolitical premium and are likely to maintain a pattern of wide-range volatility throughout the year. On the supply side, although OPEC+'s gradual output ramp-up is as scheduled, geopolitical bottlenecks impose a hard constraint on capacity unleashing. On the demand side, the global economy is showing a moderate recovery. However, the substitution effect of new energy continues to weigh on transportation fuel demand. Both the supply and demand sides collectively impose a cap on the upside potential of oil prices.

In the first half of 2026, the combined and reinforcing impact of geopolitical crises, weakening demand, and transition pressures not only posed severe challenges to the industry but also compelled the Company to accelerate business-structure optimization and strategic adjustment. In the second half of 2026, volatility risk in the energy market remains high. The long-term interplay of geopolitical rivalry, supply-demand mismatch, and the low-carbon transition will continue to coexist. The Company will maintain its strategic focus, firmly stabilize the foundation of its oil and gas core business, comprehensively strengthen the prevention and control of various operational risks, and actively seize opportunities for investment and cooperation in new businesses. Through stable operations and a diversified layout, the Company aims to navigate industry cycles and vigorously propel high-quality, sustainable development.

FINANCIAL REVIEW

Segment revenue and segment results

For the period under review, the Group's operating segments comprised (i) exploration, exploitation and operation business and (ii) supply and procurement business. For the six months ended 30 June 2026, the Group's turnover was mainly derived from the production of oil and natural gas in Canada as well as the trading business of oil and by-products in the PRC.

Novus is engaged in the business of exploration, exploitation and production of oil and natural gas in Western Canada. Novus achieved sale volume of oil and gas of 183,441 BOE and contributed revenue of HK$80,689,000 during the period under review, as compared to sale volume of 263,010 BOE and income of HK$94,132,000 of the previous period. The exploration, exploitation and operation business incurred an operating loss of HK$12,711,000 for the six months ended 30 June 2026, as compared to an operating loss of HK$34,261,000 for the previous period.

Henan Yanchang is engaged in the business of oil and by-products trading in the PRC. During the six months ended 30 June 2026, the sales volume of oil and by-products trading business in the PRC decreased from the previous period of 1.36 million tonnes to the current period of 0.93 million tonnes, the revenue decreased to HK$6,943,751,000 of the current period from HK$9,900,386,000 of the previous period. The supply and procurement business recorded an operating profit of HK$5,635,000, as compared to an operating profit of HK$2,368,000 of the previous period.

Other revenue

Apart from the aforesaid segment results, other revenue of HK$2,673,000 which mainly represented interest income from bank deposits, oil card income and rental income from the PRC for the period under review, decreased by HK$887,000 from HK$3,560,000 of the previous period.

Cost of revenue

Cost of revenue was wholly derived from the purchase of oil and by-products made by Henan Yanchang for its trading business in the PRC, which decreased from the previous period of HK$9,869,666,000 to this period of HK$6,910,302,000 and the decrease was consistent with the decrease in sales of oil and by-products.

Royalties

Royalties, including crown, freehold and overriding royalties incurred by Novus for oil and natural gas production business in Canada, decreased from the previous period of HK$15,574,000 to the current period of HK$11,532,000 as a result of lower revenue of Novus.

Field operation expenses

Field operation expenses decreased to HK$37,950,000 this period from the previous period of HK$45,495,000. The decrease in expenses was mainly due to the decrease in production of Novus. Such expenses including labour costs, repairs and maintenance, processing costs, fluid hauling, lease rentals and workovers etc, were incurred by Novus in the production of oil and natural gas.

Exploration and evaluation expenses

Exploration and evaluation expenses amounted to HK$776,000 represented the holding costs, mainly lease rentals, on the interests of non-producing lands held by Novus.

Selling and distribution expenses

Selling and distribution expenses, decreased from the previous period of HK$7,033,000 to current period of HK$6,222,000, were mainly incurred by Henan Yanchang for the oil and by-products trading business in the PRC.

Administrative expenses

Administrative expenses included directors' remuneration, staff costs, office rentals, professional fees and listing fee etc, decreased by HK$768,000 to HK$33,544,000 for the period under review.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation expenses decreased from the previous period of HK$59,755,000 to the current period of HK$37,490,000. The decrease was mainly due to the decrease in depletion of oil and gas assets of Novus in Canada resulting from the decrease in production during the period under review.

Other gains and losses

Other loss of HK$9,882,000 mainly represented the net foreign exchange loss.

Finance costs

Finance costs amounted to HK$19,418,000 comprised (i) bank borrowing costs of HK$3,109,000 and interest of the secured term loans of HK$12,283,000; (ii) accretion of HK$1,326,000 related to the provision of the decommissioning liabilities of oil wells; (iii) imputed interest of lease liabilities of HK$1,344,000; and (iv) interest expense on other loans of HK$1,356,000.

Taxation

Taxation of HK$211,000 represented the provision for the PRC corporate income tax on the profit earned from the oil and by-products trading business in the PRC.

Loss for the period

During the period under review, the Group as a whole recorded a loss of HK$40,214,000, including loss of HK$41,496,000 incurred by Novus, as compared to a loss of HK$27,847,000 for the last period. Despite the loss of Novus, Henan Yanchang managed to achieve a profit of HK$3,710,000 for the six months ended 30 June 2026.

LIQUIDITY AND FINANCIAL RESOURCES

The Group funded its operation mainly by its internal resources together with bank borrowings, unsecured other loans and secured term loans for the six months ended 30 June 2026.

The Group had outstanding variable interest rates bank borrowings amounted to HK$184,704,000 as at 30 June 2026 (31 December 2025: HK$143,067,000) under Henan Yanchang. The Group has obtained bank facilities of HK$779,220,000 (equivalent to RMB675,000,000) from various banks in the PRC.

The unsecured other loans represent loan advances to Henan Yanchang from ultimate holding company of HK$115,440,000 (31 December 2025: HK$111,250,000). The loan advances is unsecured with interest rate of 2.27% per annum and repayable in December 2026.

A secured term loan has been offered to Novus by Yanchang Petroleum HK for general working capital. On 20 December 2019, Novus drew down an amount of US$35,000,000 of the secured term loan with interest rate of 4.8% per annum and repayable in three years. On 6 December 2022, Novus entered into a supplemental facility agreement with Yanchang Petroleum HK, pursuant to which Novus has renewed the secured term loan of US$35,000,000 on 18 January 2023 which bears interest rate at 4.8% per annum and repayable in three years. On 16 December 2025, Novus entered into the Loan Renewal Request Notice with Yanchang Petroleum HK, pursuant to which Yanchang Petroleum HK has conditionally agreed to renew the secured term loan of US$35,000,000 which bears interest rate at 4.8% per annum with maturity further extended for a year. The principal amount of relevant secured term loan was still outstanding as at 30 June 2026.

On 3 September 2021, the Company drew down a secured term loan of US$22,000,000, granted by Yanchang Petroleum HK with interest rate at 4.8% per annum and repayable in three years. The secured term loan granted to the Company by Yanchang Petroleum HK as general working capital for operation. On 8 August 2024, the Company entered into a supplemental loan agreement with Yanchang Petroleum HK, pursuant to which the Company renewed the secured term loan of US$22,000,000 which bears interest rate at 5.2% per annum and repayable in three years. The principal amount of relevant secured term loan was still outstanding as at 30 June 2026.

As at 30 June 2026, the Group had cash and bank balances of HK$120,981,000 (31 December 2025: HK$63,724,000). In view of the cash on hand together with the available bank facilities, the Group has sufficient working capital to finance its business operation.

At the period end, the gearing ratio of the Group, measured on the basis of total liabilities as a percentage of total equity, was 200.9% (31 December 2025: 375.5%). The current ratio of the Group, measured on the basis of current assets as a percentage of current liabilities stood at 61.4% as at 30 June 2026 (31 December 2025: 99.9%).

TREASURY MANAGEMENT AND POLICIES

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

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

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

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisitions and disposals for the six months ended 30 June 2026.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investments as at 30 June 2026.

CAPITAL COMMITMENT

The Group had capital commitments for purchase of property, plant and equipment amounting to HK$353,000 (31 December 2025: HK$596,000) which were contracted but not provided for as at 30 June 2026.

PLEDGE OF ASSETS

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

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

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

CONTINGENT LIABILITY

As at 30 June 2026, the Group did not have any significant contingent liabilities (31 December 2025: HK$ Nil).

Suspected Misappropriation

The Company had recently received a report dated 21 August 2026 from the management of a subsidiary of the Company, which reported a sales staff of the subsidiary and an independent third party were suspected of committing conspiracy to defraud and misappropriation of inventories with an estimated amount of approximately RMB19.24 million (equivalent to approximately HK$22.32 million).

After discovering the Suspected Misappropriation and having conducted preliminary internal investigation, the management of the subsidiary has reported the Suspected Misappropriation to the public security bureau in the PRC. The Company has been informed that the Suspected Persons have been criminally detained by the public security bureau in the PRC. Based on the information currently available to the Company, the Suspected Persons had produced false documents to illegally obtain inventories. The Group is in cooperation with the public security bureau in the PRC with an aim to fully recover the misappropriated inventories or illicit funds.

Due to final recoverability of the misappropriated inventories or illicit funds is pending investigation by the public security bureau in the PRC and non-disclosure of information in criminal cases pursuant to the PRC laws, the Company currently is unable to grasp the details of progress of the case. At this stage, the actual financial impact of the Suspected Misappropriation on the Group's financial performance and position has yet to be confirmed. While assessing the financial impact, the Group is also in discussion with its PRC legal adviser on the legal impact of the Suspected Misappropriation under the circumstances of conspiracy to defraud committed by the Suspected Persons. As of the date of this results announcement, the Company is still unable to ascertain the actual financial impact of the Suspected Misappropriation on the Group. As such, the financial impact of the Suspected Misappropriation was not included in the Group's financial results for the six months ended 30 June 2026. The Company will update the shareholders of the company accordingly once the relevant financial impact from the Suspected Misappropriation can be ascertained.

In light of the Suspected Misappropriation, the Company plans engage third party appropriate professional advisers to conduct an independent investigation of the Suspected Misappropriation, review the risk management and internal control systems of the Group and make rectification and improvement recommendations, if any, to the Board.

Further details of the Suspected Misappropriation were set out in the announcement of the Company dated 25 August 2026.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group's total number of staff was 181 (31 December 2025: 192). Salaries of employees are maintained at a competitive level with total staff costs for the six months ended 30 June 2026 amounted to HK$34,958,000 (six months ended 30 June 2025: HK$38,767,000). Remuneration policy is based on principles of equality, motivation, performance and prevailing market practice and remuneration packages are normally reviewed on an annual basis. Other staff benefits including provident fund, medical insurance coverage etc. There is also a share option scheme offered to employees and eligible participants. No share options was granted under the Company's share option scheme during the six months ended 30 June 2026 and 2025.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Board, the Company had complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 of the Listing Rules during the six months ended 30 June 2026, except for the following deviation:

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

2. code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The position of the chief executive officer of the Company was vacant following the resignation of Mr. Bruno Guy Charles Deruyck as an executive Director and chief executive officer on 1 June 2019. In addition, the Board considers that the balance of power and authority, accountability and independent decision making under present arrangement is not impaired because of the diverse background and experience of the executive Directors, non-executive Director and independent non-executive Directors. The audit committee of the Company has free and direct access to the Company's senior management, external auditors and independent professional advisers when it considers necessary. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is not significant in such circumstance.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises the three independent non-executive Directors, namely Mr. Leung Ting Yuk, Mr. Ng Wing Ka and Mr. Sun Liming. Mr. Leung Ting Yuk is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and policies adopted by the Company as well as the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026.

CONTINUING CONNECTED TRANSACTIONS

Yanchang Petroleum Group and Henan Yanchang entered into the Supply Agreement, pursuant to which Yanchang Petroleum Group has agreed to supply and Henan Yanchang has agreed to purchase refined oil and by-products with effect from 1 January 2026 for the three years ending 31 December 2028.

Besides, Henan Yanchang had connected transactions with fellow associates arising from the sale of refined oil and by-products. Henan Yanchang entered into the Yanchang Shell Sales Agreement with Yanchang Shell in respect of sales of refined oil and by-products to Yanchang Shell with effect from 1 January 2024 for the three years ending 31 December 2026. Henan Yanchang entered into the Sales Agreements with each of the Sales Connected Parties in respect of the sales of refined oil and by-products to each of the Sales Connected Parties with effect from 1 January 2026 for the three years ending 31 December 2028.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry of all Directors of the Company, they confirmed that they have complied with the required standards as set out in the Model Code as their code of conduct regarding to the securities transactions of the Company by the Directors for the six months ended 30 June 2026.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement for the six months ended 30 June 2026 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yanchanginternational.com). The Company’s interim report for 2026 will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Yanchang Petroleum International Limited
Hu Yujie
Chairman

Hong Kong, 27 August 2026

Executive Directors:
Mr. Hu Yujie *(Chairman)*
Ms. Wang Haining
Mr. Ding Jiasheng

Non-executive Director:
Ms. Lu Yiwen

Independent Non-Executive Directors:
Mr. Ng Wing Ka
Mr. Leung Ting Yuk
Mr. Sun Liming
Dr. Mu Guodong

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