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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)**

## **PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE**

### **PROPOSED SHARE CONSOLIDATION**

The Board proposes that every twenty (20) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share. As at the date of this announcement, there are 22,002,056,079 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the SGM, upon the Share Consolidation becoming effective, there will be 1,100,102,803 Consolidated Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will remain at HK\$2,000,000,000 but will be divided into 5,000,000,000 Consolidated Shares of HK\$0.4 each.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares upon the Share Consolidation becoming effective.

### **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the proposed Share Consolidation and the Change in Board Lot Size and the notice convening the SGM is expected to be despatched to the Shareholders on or before Wednesday, 19 April 2023.

**Shareholders should take note that the Share Consolidation is conditional upon the fulfilment of certain conditions set out below and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes that every twenty (20) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 100,000,000,000 Shares of par value of HK\$0.02 each, and there are 22,002,056,079 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the SGM, upon the Share Consolidation becoming effective, there will be 1,100,102,803 Consolidated Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will remain at HK\$2,000,000,000 but will be divided into 5,000,000,000 Consolidated Shares of HK\$0.4 each.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

### **Conditions of the Share Consolidation**

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and

(iii) the compliance with all relevant procedures and requirements under the applicable laws of Bermuda and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Friday, 12 May 2023.

### **Listing Application**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

The Existing Shares are currently traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading from 10,000 Existing Shares to 5,000 Consolidated Shares per board lot upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.042 per Existing Share (equivalent to the theoretical closing price of HK\$0.84 per Consolidated Share) as at the date of this announcement, (i) the value per board lot of 10,000 Existing Shares is HK\$420; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$8,400 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 5,000 Consolidated Shares would be HK\$4,200 on the assumption that the Change in Board Lot Size had also become effective.

## **REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “Guide”) has further stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation and Change in Board Lot Size will enable the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation and Change in Board Lot Size will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may affect the trading in the Shares, and the Company does not have any concrete plan to conduct any fund-raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund-raising exercises when suitable fund-raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

## **OTHER ARRANGEMENTS**

### **Entitlement of Fractional Consolidated Shares**

Fractional Consolidated Shares (if any) will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

## **Arrangement on Odd Lot Trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots arrangement will be set out in the circular to be despatched to the Shareholders.

**Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.**

## **Exchange of Certificates for Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be Friday, 12 May 2023, Shareholders may on or after Friday, 12 May 2023 and until Tuesday, 20 June 2023 (both days inclusive), submit their existing share certificates in yellow colour for the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for exchange for new share certificates in pink colour for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.5 per share certificate (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for exchange of new share certificates.

After 4:10 p.m. on Friday, 16 June 2023, trading will only be in Consolidated Shares which share certificates will be issued in pink colour. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

## **EXPECTED TIMETABLE**

The expected timetable for the Share Consolidation and Change in Board Lot Size is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Despatch date of circular with

notice of the SGM . . . . . On or before Wednesday,  
19 April 2023

Latest time for lodging transfers of shares in order to qualify for attendance and voting at the SGM . . . . . 4:30 p.m. on Thursday, 4 May 2023

Register of members closes (both days inclusive) . . . . . Friday, 5 May 2023 to Wednesday, 10 May 2023

Latest time for lodging forms of proxy for the SGM. . . . . 3:30 p.m. on Monday, 8 May 2023

Date and time of the SGM . . . . . 3:30 p.m. on Wednesday, 10 May 2023

Publication of the announcement of the results of the SGM . . . . . Wednesday, 10 May 2023

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and Change in Board Lot as set out in this announcement.**

Effective date of the Share Consolidation. . . . . Friday, 12 May 2023

First day of free exchange of existing share certificates for new share certificates for Consolidated Shares . . . . . Friday, 12 May 2023

Dealing in the Consolidated Shares commences . . . . . 9:00 a.m. on Friday, 12 May 2023

Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . . 9:00 a.m. on Friday, 12 May 2023

Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens . . . . . 9:00 a.m. on Friday, 12 May 2023

Original counter for trading in the Consolidated Shares in new board lots of 5,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens . . . . . 9:00 a.m. on Monday, 29 May 2023

Parallel trading in the Consolidated Shares  
(in the form of new share certificates for the  
Consolidated Shares and existing share certificates)  
commences . . . . . 9:00 a.m. on Monday,  
29 May 2023

Designated broker starts to stand in the market to provide  
matching services for odd lots of the Consolidated Shares . . . . . 9:00 a.m. on Monday,  
29 May 2023

Designated broker ceases to stand in the market to provide  
matching services for odd lots of the Consolidated Shares . . . . . 4:00 p.m. on Friday,  
16 June 2023

Temporary counter for trading in the Consolidated Shares  
in board lots of 500 Consolidated Shares  
(in the form of existing share certificates) closes . . . . . 4:10 p.m. on Friday,  
16 June 2023

Parallel trading in the Consolidated Shares  
(in the form of new share certificates for  
the Consolidated Shares and existing share certificates)  
ends . . . . . 4:10 p.m. on Friday,  
16 June 2023

Last day for free exchange of existing share certificates for  
new share certificates for the Consolidated Shares . . . . . 4:30 p.m. on Tuesday,  
20 June 2023

**GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the proposed Share Consolidation and Change in Board Lot Size and the notice convening the SGM is expected to be despatched to the Shareholders on or before Wednesday, 19 April 2023.

**Shareholders should take note that the Share Consolidation is conditional upon the fulfilment of certain conditions and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Therefore, the Share Consolidation and Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares
“Company”	Yanchang Petroleum International Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.4 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.02 each in the existing share capital of the Company before the Share Consolidation becomes effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company together with its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company convened to be held for the purpose of considering and, if thought fit, approving the proposed Share Consolidation
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Shares of the Company
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 6 April 2023

***Executive Directors:***

Mr. Feng Yinguo (*Chairman*)  
Mr. Zhang Jianmin  
Mr. Ding Jiasheng

***Non-Executive Director:***

Mr. Sun Jian

***Independent Non-Executive Directors:***

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