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

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延長石油國際有限公司

YANCHANG PETROLEUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00346)

**PROPOSED SHARE CONSOLIDATION,
PROPOSED CHANGE IN BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the board of directors of the Company is set out on pages 5 to 10 of this circular. A notice convening the special general meeting (the “SGM”) of the Company to be held at Taishan Room, Level 5, Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong on 10 May 2023 at 3:30 p.m. is set out on pages 11 to 12 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

19 April 2023

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DEFINITIONS

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

“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 in force
“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	14 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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 circular refer to Hong Kong local times and dates.

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 fulfilment of the conditions for the implementation of the Share Consolidation and Change in Board Lot Size as set out in this circular.

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

EXPECTED TIMETABLE

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 Consolidation 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 Consolidation 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

LETTER FROM THE BOARD



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*)

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

Registered Office:

Codan Services Limited

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

19 April 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION,
PROPOSED CHANGE IN BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 6 April 2023 (the “**Announcement**”) in relation to, among other matters, the proposed Share Consolidation and the proposed Change in Board Lot Size. The purpose of this circular is to provide you with more information regarding the proposed Share Consolidation, proposed Change in Board Lot Size and the Notice of SGM.

2. 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.

LETTER FROM THE BOARD

Effects of the Share Consolidation

As at the Latest Practicable Date, 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 Latest Practicable Date 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 \$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.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

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.

LETTER FROM THE BOARD

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.

3. PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, 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 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\$0.039 per Existing Share (equivalent to the theoretical closing price of HK\$0.78 per Consolidated Share) as at the Latest Practicable Date, (i) the value per board lot of 10,000 Existing Shares is HK\$390; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$7,800 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 5,000 Consolidated Shares would be HK\$3,900 on the assumption that the Change in Board Lot Size had also become effective.

4. 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.

LETTER FROM THE BOARD

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation and the 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 the 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 Latest Practicable Date, 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.

5. 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.

Shareholders who wish to take advantage of this facility should contact Mr. Leung Siu Wa of Cinda International Securities Limited at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong (telephone number (+852) 2235 7801) during office hours (9:00 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m.) on working days (excluding Saturdays, Sundays and public holidays) for the period from Friday, 12 May 2023 to Tuesday, 20 June 2023 (both days inclusive).

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.

LETTER FROM THE BOARD

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.

6. SGM

The SGM will be held at Taishan Room, Level 5, Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 10 May 2023 at 3:30 p.m. to consider and, if thought fit, pass the resolution to approve the Share Consolidation.

A notice convening the SGM is set out on pages 11 to 12 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are advised to complete the form of proxy and return it 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 in accordance with the instructions printed thereon not less than 48 hours before the time scheduled for the SGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the meeting in person or any adjourned meeting should you so wish, and in such case, the form of proxy submitted by you shall be deemed to be revoked. Please refer to the section headed "Precautionary Measures for the SGM" of this circular for further details.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder would have a material interest in the Share Consolidation which is different from other Shareholders, and no Shareholder should be required to abstain from voting on the resolution approving the Share Consolidation at the SGM.

After the conclusion of the SGM, the poll vote results will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

LETTER FROM THE BOARD

7. CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 5 May 2023 to Wednesday, 10 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the entitlement to attend and vote at the SGM, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with 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 registration not later than 4:30 p.m. on Thursday, 4 May 2023.

8. 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 Company. 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.

9. RECOMMENDATION

The Directors consider that the proposed Share Consolidation is in the best interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the ordinary resolution to be proposed at the SGM.

10. MISCELLANEOUS

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

11. WARNING

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 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.

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

NOTICE OF SGM



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 the special general meeting (the “**SGM**”) of Yangchang Petroleum International Limited (the “**Company**”) will be held at Taishan Room, Level 5, Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 10 May 2023 at 3:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Consolidated Shares (as defined below) arising from the Share Consolidation (as defined below) and with effect from the second business day immediately following the date on which this resolution is passed:
 - (a) every twenty (20) issued and unissued ordinary shares with a par value of HK\$0.02 each in the authorised and issued share capital of the Company be consolidated into one (1) ordinary share with a par value of HK\$0.4 each (the “**Consolidated Shares**”) (the “**Share Consolidation**”), such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of the shares contained in the memorandum of association and bye-laws of the Company;
 - (b) following the Share Consolidation, the directors of the Company (the “**Directors**”) be and are hereby authorised to make arrangements for the settlement and disposal of fractional entitlements, if any, arising from or in connection therewith and, in particular (but without prejudice to the generality of the foregoing), by aggregating any fractional entitlements arising as a result thereof and selling the same for the benefit of the Company in such manner and on such terms as the Directors may think fit; and

NOTICE OF SGM

- (c) any one of the Directors be and is hereby authorised to do all such acts and things and sign, execute and deliver all documents (including affixing the common seal of the Company if appropriate) he considers necessary, desirable or expedient to give effect to the Share Consolidation and the transactions contemplated thereunder.”

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

Hong Kong, 19 April 2023

Notes:

- (1) In case of joint holders of a share in the capital of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he/she was solely entitled thereto. However, if more than one of such joint holders are present at the meeting personally or by proxy, that one of such holders whose name stands first in the register of members of the Company shall alone be entitled to vote in respect of that share.
- (2) The register of members will be closed from Friday, 5 May 2023 to Wednesday, 10 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the entitlement to attend and vote at the SGM, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with 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 registration not later than 4:30 p.m. on Thursday, 4 May 2023.
- (3) Save for resolutions approving the procedural and administrative matters, any voting of the meeting shall be taken by poll.

As at the Latest Practicable Date, the Board consists of three executive directors, Mr. Feng Yinguo, Mr. Zhang Jianmin and Mr. Ding Jiasheng; one non-executive director, Mr. Sun Jian; and four independent non-executive directors, Mr. Ng Wing Ka, Mr. Leung Ting Yuk, Mr. Sun Liming and Dr. Mu Guodong.