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Majority Shareholder – Shaanxi Yanchang Petroleum Group
Shaanxi Yanchang Petroleum Group

**Background**

- Shaanxi Yanchang Petroleum (Group) Co., Ltd (“Yanchang Group”) is the 4th largest O&G SOE in China.
- A Fortune 500 company and ranked 263 in 2019.
- Established in 1905. A state-owned enterprise owned by Shaanxi provincial government, headquartered in Xian, with c.120,000 employees.
- Major business units include upstream E&P, refinery & processing, pipeline, petrochemical, retail gas stations and coal chemical.
- In Jan 2014, Yanchang Group invested HKD 1.7bn to YPI for acquiring Novus Energy in Canada, becoming the controlling shareholder. Currently own 53% shareholding of YPI.
- Other overseas upstream exploration projects include Thailand, Kyrgyzstan and Central Africa.
Shaanxi Yanchang Petroleum Group

**Upstream E&P**

- 13 operated fields onshore China with an area of 5,600 km², OOIP 2.6 bn ton (c.19bn bbl)
- 2019 production: Oil - 11mn ton (~220,000 bopd), Gas - 2.6bn m³ (~52 mmcfd)
- Development: vertical and horizontal drillings, waterflood (accounts for 30% of production), field optimization

**Refinery & Petrochemical**

- 3 refineries in Shaanxi Province, producing 13mn ton of refined products in 2019 with annual capacity over 17mn ton
- Petrochemical production of 4.6mn ton in 2019

**New Technology**

- Coal-to-Ethanol project – achieved pilot production (100k ton), the first to ramp up commercial development (500k ton) in China
- Carbon Capture Utilization & Storage project – developed state of the art CCUS technology, joint research with Australia CCS Institute in 2013, target 1mn ton commercial capacity by 2020
Shaanxi Yanchang Petroleum Group

**Yanchang – Shell JV**
- Joint-venture established in 2008, aiming to develop the retail gas station business in China.
- First gas station opened in Xian, Shaanxi Province in 2009
- Currently operating over 600 gas stations in Shaanxi, Shanxi, Sichuan and Guangdong provinces
- Total investment over RMB 5bn

**Yanchang – Copower – Schlumberger JV**
- Yanchang Group signed the strategic cooperation agreement with Copower and Schlumberger SPM in 2011
- Further signed into a service contract in 2013 to jointly develop the Yanbei tight gas field owned by Yanchang Group in China
- The preliminary production target has been achieved and the second phase is in process
Operations
Asset Portfolio

Yanchang Petroleum International ("YPI") assets located in Canada and China

- **Novus Energy**
  - Upstream O&G Producing Project

- **Henan Yanchang**
  - Downstream Refined Oil Trading & Distribution
Novus Energy – 2019 Annual Result Highlights

Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the Year Ended 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(CAD’000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily Production (BOEPD)</td>
<td>2,044</td>
<td>2,313</td>
</tr>
<tr>
<td>Revenue</td>
<td>38,649</td>
<td>46,809</td>
</tr>
<tr>
<td>Profit/(loss)</td>
<td>(71,310)</td>
<td>12,570</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>12,044</td>
<td>22,071</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>17,226</td>
<td>26,399</td>
</tr>
</tbody>
</table>

Capital Program

<table>
<thead>
<tr>
<th>Year</th>
<th>New Drills</th>
<th>Refracs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td>2018</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

2019 YE Reserve & PV@10%

- **PV@10% (CAD mm) 2019**
  - PDP: 475 mmboe
  - 1P: 137 mmboe
  - 2P: 245 mmboe

2P: 20.6 mmboe

- Probable: 6.6 mmboe
- Possible: 4.4 mmboe
- PUD + PDNP: 9.5 mmboe

Probable: 21%
Possible: 21%
PUD + PDNP: 40%
Novus Energy – Financial Highlights

Production Revenue

- 2011: 53 CAD MN
- 2012: 76 CAD MN
- 2013: 114 CAD MN
- 2014: 120 CAD MN
- 2015: 66 CAD MN
- 2016: 34 CAD MN
- 2017: 52 CAD MN
- 2018: 47 CAD MN
- 2019: 39 CAD MN

Net Profit / (Loss)

- # Before deducting one-time impairment loss

Capital Expenditure

- 2011: 73 CAD MN
- 2012: 87 CAD MN
- 2013: 70 CAD MN
- 2014: 105 CAD MN
- 2015: 17 CAD MN
- 2016: 15 CAD MN
- 2017: 38 CAD MN
- 2018: 26 CAD MN
- 2019: 17 CAD MN

Operating cash flow

- 2011: 25 CAD MN
- 2012: 42 CAD MN
- 2013: 61 CAD MN
- 2014: 76 CAD MN
- 2015: 35 CAD MN
- 2016: 10 CAD MN
- 2017: 25 CAD MN
- 2018: 16 CAD MN
- 2019: 15 CAD MN
Novus Energy – Stable Oil Price

Maintain positive cash flow throughout the oil price slump in 2019
Novus Energy – Robust Opportunity Inventory

639 locations across 111,000 acres of land.

- Since 2011, Novus has started to develop the Viking Oilfield through multilateral fracturing of horizontal wells
- More than 400 horizontal wells have been drilled to a depth of 700 meters using the most advanced technology
- Each well takes approximately 3 days to complete drilling
- In order to improve productivity and economic efficiency, the multilateral fracturing has been increased to 40 stages on top of the horizontal length of 1,400 meters

**Typical Single Well Type Curve Economics**

<table>
<thead>
<tr>
<th>Oil field</th>
<th>CAPEX</th>
<th>IP365</th>
<th>F&amp;D</th>
<th>EUR</th>
<th>IRR*</th>
<th>Payout*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(C$M)</td>
<td>(BOEPD)</td>
<td>(C$/BOE)</td>
<td>(MBOE)</td>
<td>(%)</td>
<td>(Yrs)</td>
</tr>
<tr>
<td>Viking – Flaxcombe</td>
<td>891</td>
<td>58</td>
<td>15,329</td>
<td>43</td>
<td>30</td>
<td>1.7</td>
</tr>
<tr>
<td>Viking – Marengo</td>
<td>870</td>
<td>44</td>
<td>19,972</td>
<td>33</td>
<td>26</td>
<td>1.8</td>
</tr>
<tr>
<td>Refracs</td>
<td>325</td>
<td>12</td>
<td>26,423</td>
<td>24</td>
<td>38</td>
<td>2.4</td>
</tr>
</tbody>
</table>

*All economics above are calculated under WTI price deck at US$50/bbl flat
Henan Yanchang

Refined Oil Trading

- Accumulated refined oil sales of Henan Yanchang in 2019 recorded 3,700,000 tonnes, representing a year-on-year growth of 14.78%, the operating revenue was RMB7.06 billion with total profit of RMB28,200,000.

- In addition to efficiency fulfillment and growth security, business of Henan Yanchang will be expanded and consolidated. The Group will devote more efforts on development of domestic and overseas trading of oil products, nurturing a new profit driver of the Group.

Financial Highlights

<table>
<thead>
<tr>
<th>For the Year Ended</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Volume (Tonnes)</td>
<td>3,700,000</td>
<td>3,200,000</td>
</tr>
<tr>
<td>Revenue (HK$’000)</td>
<td>7,060,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Net Profit (HK$’000)</td>
<td>28,200</td>
<td>21,900</td>
</tr>
<tr>
<td>CAPEX (HK$’000)</td>
<td>13,642</td>
<td>6,163</td>
</tr>
</tbody>
</table>

Final Stage of Xingang Sub-pipeline Construction

- Submitted application to obtain the approval of environmental assessment of oil storage. Approval is currently under review.

- Conduct feasibility study for oil storage capacity expansion to cope with the development and operation of pipeline business.
Financial Highlights
# 2019 Annual Report - Financial Highlights

## Income Statement Highlights

<table>
<thead>
<tr>
<th>For the Year Ended 31 Dec (HK$’000)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>8,197,422</td>
<td>5,933,388</td>
</tr>
<tr>
<td>(Loss)/profit from operating activities</td>
<td>(310,254)</td>
<td>99,676</td>
</tr>
<tr>
<td>(Loss)/profit for the year</td>
<td>(434,764)</td>
<td>6,268</td>
</tr>
<tr>
<td>Loss per share</td>
<td>(3.65HK cents)</td>
<td>(0.01HK cents)</td>
</tr>
</tbody>
</table>

## Statement of financial position Highlights

<table>
<thead>
<tr>
<th>HK$’000</th>
<th>At 31 Dec 2019</th>
<th>At 31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>2,545,384</td>
<td>2,989,682</td>
</tr>
<tr>
<td>Total Equity</td>
<td>1,093,346</td>
<td>1,470,937</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,452,038</td>
<td>1,518,745</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>1,512,454</td>
<td>2,074,833</td>
</tr>
</tbody>
</table>
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