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中港石油有限公司*

CHK OIL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

INTERIM RESULTS ANNOUNCEMENT 2025

The board (the “**Board**”) of directors (the “**Director(s)**”) of CHK Oil Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”) with comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	38,390	36,705
Cost of sales		<u>(38,136)</u>	<u>(36,584)</u>
Gross profit		254	121
Other income		3	251
Administrative expenses		(12,915)	(12,458)
Selling expenses		–	(155)
Finance costs		<u>(90)</u>	<u>(148)</u>
Loss before tax	5	(12,748)	(12,389)
Income tax credit	6	<u>1,644</u>	<u>–</u>
Loss for the period		<u><u>(11,104)</u></u>	<u><u>(12,389)</u></u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)**

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to:		
Owners of the Company	(11,104)	(12,389)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u>(11,104)</u>	<u>(12,389)</u>
Other comprehensive income (loss) for the period, net of tax		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>2,560</u>	<u>(2,553)</u>
Total comprehensive loss for the period	<u>(8,544)</u>	<u>(14,942)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(8,544)	(14,942)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u>(8,544)</u>	<u>(14,942)</u>
Loss per share		
Basic and diluted	8 <u>(HK1.29 cents)</u>	<u>(HK1.47 cents)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		16,092	16,099
Intangible assets		155,676	155,676
Right-of-use assets		549	1,484
Statutory deposits and other assets		2,622	2,622
		174,939	175,881
Current assets			
Trade receivables	9	2,961	4,332
Prepayments, deposits and other receivables	10	105,148	91,237
Bank balances and cash		1,917	13,511
		110,026	109,080
Current liabilities			
Trade and other payables	11	29,561	21,618
Loans from ultimate holding company		8,725	10,900
Bank loan and other borrowings		3,287	3,193
Lease liabilities		590	1,701
Tax payable		6,340	12,801
		48,503	50,213
Net current assets		61,523	58,867

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

		30 June 2025 (Unaudited) <i>HK\$'000</i>	31 December 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Total assets less current liabilities		<u>236,462</u>	<u>234,748</u>
Non-current liabilities			
Deferred tax liabilities		<u>6,100</u>	<u>6,100</u>
Net assets		<u>230,362</u>	<u>228,648</u>
Equity			
Share capital	12	173,871	168,376
Reserves		<u>55,476</u>	<u>59,257</u>
Equity attributable to owners of the Company		229,347	227,633
Non-controlling interests		<u>1,015</u>	<u>1,015</u>
Total equity		<u>230,362</u>	<u>228,648</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CHK Oil Limited (the “Company”, together with its subsidiaries are collectively referred to as the “**Group**”) is a limited liability company incorporated in Bermuda. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The principal activities of the Group are investment holding, exploring, exploiting and sale of oil and natural gas (“**Oil and gas sales**”) and trading of oil, oil-related and other products.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”) which is same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2024.

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis.

Going concern

These unaudited condensed consolidated interim financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the cash requirements to meet its financial obligations as and when they fall due within the next twelve months. The Group incurred a net loss attributable to owners of the Company of HK\$11,104,000 for the six months ended 30 June 2025 and, as of that date, the Group's total trade and other payables (excluding contract liabilities), loans from ultimate holding company, bank loan and other borrowings, lease liabilities, tax payable in aggregated to approximately HK\$37,205,000 which are due for repayment within the next twelve months after 30 June 2025, while the Group had only bank balances and cash of HK\$1,917,000. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the unaudited condensed consolidated interim financial statements which can be prepared on a going concern basis, after taking into consideration of the followings:

- (i) the Group's ultimate holding company and its substantial beneficial shareholder have committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its day-to-day operations and its financial obligations as they fall due;
- (ii) with reference to the cash flow projection for the next twelve months from the date of this announcement, the Group will maintain sufficient cash and cash equivalents through internally generated cash flows to finance its activities and pay its debts as and when they fall due;
- (iii) the Group will consider other financing arrangements and fund-raising alternatives with a view to reduce the Group's debt/equity and to support the daily operations of the Group; and
- (iv) the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flows from its operation in future.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the directors of the Company are of the opinion that, in light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in these unaudited condensed consolidated interim financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 December 2024. The adoption of the new/revised HKFRS Accounting Standards issued by the HKICPA which are relevant to the Group's operation and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

As at the date of authorisation of these unaudited condensed consolidated interim financial statements, the HKICPA has issued a number of new/revised HKFRS Accounting Standards that are not yet effective for the current period, which the Group has not early adopted. The Group is in the process of assessing the possible impact on the future adoption of these new/revised HKFRS Accounting Standards but it is not yet in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

Each of the operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that:

- finance costs
- income tax
- corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets exclude corporate assets which are not directly attributable to the business activities of any operating segment. Corporate assets include certain property, plant and equipment, right-of-use assets, prepayments, deposits and other receivables and bank balances and cash.

Segment liabilities exclude deferred tax liabilities and corporate liabilities which are not directly attributable to the business activities of any operating segment. Corporate liabilities include certain other payables and accruals, loan from a substantial shareholder, lease liabilities and tax payable.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and geographical location of customers is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
within the scope of HKFRS 15		
Disaggregated by major products		
Sales of oil and gas	5	–
Trading of oil, oil-related and other products	<u>38,385</u>	<u>36,705</u>
	<u>38,390</u>	<u>36,705</u>
Disaggregated by geographical location of		
United States of America (“USA”)	5	–
People’s Republic of China (“PRC”)	<u>38,385</u>	<u>36,705</u>
	<u>38,390</u>	<u>36,705</u>

Operating segment information

	Six months ended 30 June 2025		
	Trading of oil, oil-related		Total (Unaudited) HK\$'000
	Oil and gas sales (Unaudited) HK\$'000	and other products (Unaudited) HK\$'000	
Segment revenue	<u>5</u>	<u>38,385</u>	<u>38,390</u>
Segment loss	<u>(3,106)</u>	<u>(717)</u>	<u>(3,823)</u>
Unallocated income			1
Unallocated expenses			(8,836)
Finance costs			<u>(90)</u>
Loss before tax			(12,748)
Income tax credit			<u>1,644</u>
Loss for the period			<u>(11,104)</u>

	At 30 June 2025		
	Trading of oil, oil-related		Total (Unaudited) HK\$'000
	Oil and gas sales (Unaudited) HK\$'000	and other products (Unaudited) HK\$'000	
Segment assets	168,152	106,997	275,149
Unallocated assets			<u>9,816</u>
Total assets			<u>284,965</u>
Segment liabilities	7,448	25,160	32,608
Deferred tax liabilities	6,560	(460)	6,100
Unallocated liabilities			<u>15,895</u>
Total liabilities			<u>54,603</u>

Six months ended 30 June 2024			
	Trading of oil, oil-related and other		Total
	Oil and gas sales (Unaudited) <i>HK\$'000</i>	products (Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Segment revenue	<u>–</u>	<u>36,705</u>	<u>36,705</u>
Segment loss	<u>(4,791)</u>	<u>(876)</u>	(5,667)
Unallocated income			–
Unallocated expenses			(6,574)
Finance costs			<u>(148)</u>
Loss before tax			(12,389)
Income tax credit			<u>–</u>
Loss for the period			<u>(12,389)</u>

At 31 December 2024			
	Trading of oil, oil-related and other		Total
	Oil and gas sales (Audited) <i>HK\$'000</i>	products (Audited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
Segment assets	168,153	106,052	274,205
Unallocated assets			<u>10,756</u>
Total assets			<u>284,961</u>
Segment liabilities	12,882	18,459	31,341
Deferred tax liabilities	6,560	(460)	6,100
Unallocated liabilities			<u>18,872</u>
Total liabilities			<u>56,313</u>

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		As at 30 June	As at 31 December
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	–	–	613	1,543
USA	5	–	174,230	174,229
PRC	38,385	36,705	96	109
	<u>38,390</u>	<u>36,705</u>	<u>174,939</u>	<u>175,881</u>

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation		
– Property, plant and equipment	47	45
– Right-of-use assets	935	935
Finance costs		
– Interest on lease liabilities	33	87
– Interest expense	57	61
Employee benefit expense, including directors' emoluments:		
– Salaries and allowances	3,635	4,805
– Retirement scheme contributions	178	181
Penalties	–	4,212

6. INCOME TAX CREDIT

Hong Kong Profits tax

The two-tiered profits tax rates regime has been implemented in Hong Kong since 1 April 2018. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. For the periods ended 30 June 2025 and 2024, no provision for Hong Kong profits tax has been made for the Hong Kong incorporated subsidiaries of the Group as they had no assessable profits for the periods.

PRC Enterprise Income tax (“EIT”)

The provision for EIT in the PRC has been provided on the estimated assessable profits for the period at the statutory tax rate of 25% (for the period ended 30 June 2024: 25%). A subsidiary of the Group entitles to the preferential tax rate of 15% under Hainan Free Trade Port’s Preferential (for the six months ended 30 June 2024: 15%). EIT had not been provided as the subsidiaries operating in the PRC incurred loss for taxation purposes for the periods ended 30 June 2025 and 2024.

PRC withholding tax

Pursuant to the PRC Enterprise Income Tax Law and its implementation regulations, dividends, interest, rent, royalties, and gains derived from the transfer of property by a foreign enterprise – defined as a non-Chinese tax resident – are generally subject to a withholding tax at a statutory rate of 10%. However, a reduced rate of 5% may apply where a tax treaty between the PRC and the jurisdiction of the foreign enterprise provides for such preferential treatment. For the Group’s PRC subsidiaries, dividends distributed to foreign investors are subject to a 5% withholding tax rate, in accordance with the applicable tax treaty provisions.

US tax

For the periods ended 30 June 2025 and 2024, no provision for US tax has been made for the US incorporated subsidiaries of the Group as they had no assessable profits. The tax rate adopted to measure the current tax and deferred tax balances is 21%.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Current income tax credit		
Current year		
– PRC withholding tax	274	–
Over-provision in prior year		
– PRC withholding tax	(1,918)	–
Total tax credit for the period	(1,644)	–

7. DIVIDENDS

The board of directors does not recommend the payment of an interim dividend for the Period (for the period ended 30 June 2024: Nil).

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	<u>(11,104)</u>	<u>(12,389)</u>
Weight average number of ordinary shares in issue ('000)	<u>860,477</u>	<u>841,636</u>
Basic and diluted loss per share (HK cents)	<u>(1.29)</u>	<u>(1.47)</u>

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the periods ended 30 June 2025 and 2024, excluding ordinary shares held as treasury shares.

(b) Diluted loss per share

The calculation of diluted loss per share is the same as basic loss per share for the periods ended 30 June 2025 and 2024 as there were no dilutive potential ordinary shares during both periods.

9. TRADE RECEIVABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade receivables from third parties	5,922	7,207
Less: Loss allowance	<u>(2,961)</u>	<u>(2,875)</u>
	<u>2,961</u>	<u>4,332</u>

As at 30 June 2025, all trade receivables were from trading of oil, oil-related and other products segment. These receivables were expected to be recovered within one year.

The following is an ageing analysis of trade receivables net of allowance for credit losses presented based on the date of delivery/invoice date.

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
0 to 30 days	–	–
31 to 60 days	–	–
61 to 180 days	–	–
181 to 365 days	–	–
Over 365 days	<u>2,961</u>	<u>4,332</u>
	<u>2,961</u>	<u>4,332</u>

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
	Note		
Prepayments		1,128	1,117
Rental and other deposits paid		624	624
Trade deposits paid	(a)	103,054	89,207
Valued-added tax and other tax receivables		2,421	2,350
Other receivables		924	942
		<u>108,151</u>	<u>94,240</u>
Less: Loss allowance		<u>(3,003)</u>	<u>(3,003)</u>
		<u><u>105,148</u></u>	<u><u>91,237</u></u>

(a) Trade deposits paid

Trade deposits paid represent prepayments to suppliers which are unsecured, interest-free and will be used to offset against future purchases from suppliers.

11. TRADE AND OTHER PAYABLES

		As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
	Note		
Trade payables to third parties	(a)	<u>110</u>	<u>246</u>
Other payables			
Accruals		3,444	5,034
Accrued directors' fee and salaries		2,075	1,437
Accrued legal and professional fees		3,204	2,270
Accrued repair and maintenance expenses		282	3,257
Accrued penalties		4,680	4,683
Deposits received from customers		4,034	4,237
Contract liabilities		11,298	–
Value-added tax and other tax payables		22	67
Other payables		<u>412</u>	<u>387</u>
		<u>29,451</u>	<u>21,372</u>
		<u>29,561</u>	<u>21,618</u>

The carrying amounts of other payables and accruals at the end of the Period approximate their fair values. All of the other payables and accruals are expected to be settled or recognised as income within one year or are repayable on demand.

- (a) The credit period of trade payables is normally within 90 (2024: 90) days. The ageing analysis of the trade payables, based on the invoice date is as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
0 to 30 days	–	–
31 to 60 days	–	–
61 to 180 days	–	–
181 to 365 days	–	53
Over 365 days	<u>110</u>	<u>193</u>
	<u>110</u>	<u>246</u>

12. SHARE CAPITAL

	As at 30 June 2025		As at 31 December 2024	
	No. of shares		No. of shares	
<i>Notes</i>	<i>'000</i>	<i>HK\$'000</i>	<i>'000</i>	<i>HK\$'000</i>
Authorised:				
At beginning of the period/year and at end of the period/year, ordinary shares of HK\$0.20 each	<u>100,000,000</u>	<u>20,000,000</u>	100,000,000	20,000,000
Issued and fully paid:				
At beginning of the period/year, ordinary shares of HK\$0.2 each	841,879	168,376	841,879	168,376
Placing of new shares (a)	15,426	3,085	–	–
Issue of new shares upon loan capitalisation (b)	<u>12,048</u>	<u>2,410</u>	<u>–</u>	<u>–</u>
At end of the period/year, ordinary shares of HK\$0.20 each	<u>869,353</u>	<u>173,871</u>	841,879	168,376

- (a) The Company issued 15,426,000 ordinary shares under placing agreement on 5 February 2025. Details of the placing arrangement are set out in the announcements of the Company dated 15 January 2025 and 5 February 2025.
- (b) The Company issued 12,048,192 ordinary shares upon loan capitalisation amounting of HK\$5,000,000 on 3 April 2025. Details of the loan capitalisation are set out in the announcements of the Company published on 17 January 2025, 21 March 2025 and 3 April 2025, and the circular of the Company published on 28 February 2025.

MANAGEMENT DISCUSSION & ANALYSIS

RESULT AND REVIEW OF OPERATIONS

For the six months ended 30 June 2025 (the “**Period**” or “**1H 2025**”), the Group recorded a consolidated revenue of approximately HK\$38,390,000 (2024 Interim: approximately HK\$36,705,000) mainly contributed from the trading of oil, oil-related products, and other products business. Basic and diluted loss per share for the Period was HK1.29 cents (2024 Interim: Basic and diluted loss per share was HK1.47 cents). Basic and diluted loss per share were based on the weighted average of approximately 860 million shares (2024 interim: approximately 842 million shares) in issue for the Period. Gross profit for the Period amounted to approximately HK\$254,000 (2024 Interim: Gross profit amounted to approximately HK\$121,000), which was contributed by the trading of oil and oil-related products in the PRC. The net loss attributable to the owners of the Company for the Period was approximately HK\$11,104,000, as compared with the net loss attributable to owners of the Company of approximately HK\$12,389,000 for the six months ended 30 June 2024 (“**1H 2024**”). The decrease in the net loss for 1H 2024 is mainly attributable to reversal of over-provision of PRC withholding tax in prior years.

BUSINESS REVIEW

Trading Business

The crude oil industry has its industry-specific characteristics as domestic supplies are concentrated in a few enterprises. Based on the industry practice in the PRC, to secure a steady crude oil supply for trade, procurement agreements usually would be signed with suppliers and prepayment of purchase would be made in advance. However, due to the rising operating costs, some oil refineries faced thin margins or even losses, and scaled down their production, which eventually limited the extent of trade activities and caused significant impact on performance for our trading business in term of trading volume and profit margin. During the Period, the Group recorded revenue of approximately HK\$38,385,000 (1H 2024: approximately HK\$36,705,000) in the trading of oil, oil-related and other products segment.

Utah Gas and Oil Field

As disclosed in the announcements of the Company dated 15 August 2024 and 27 September 2024, the Bureau of Land Management (the “**BLM**”) of the United States Department of Interior issued written orders stating that the BLM considered three of the Group’s leases (the “**Relevant Leases**”) have been terminated on 31 July 2020 and 31 March 2021, respectively. Based on the legal advice from the Company’s legal advisers in Utah, taking into account that no production in relation to the Relevant Leases had been restored within 60 days since the first written order issued by the BLM on 22 June 2022, the Relevant Leases could be deemed terminated as at 26 September 2022, being 60 days after the receipt of the BLM’s first written order. As the BLM deemed that the Relevant Leases have been terminated, the Group was not allowed to do any work on the wells on the Relevant Leases. In light of the termination of the Relevant Leases, the Group filed a request for review of the BLM’s decision on 26 September 2024. After considering the Notice of Appeal and Petitions for Stay filed by the Group, in November 2024, the BLM determined to set aside and remand its decisions to terminate the Relevant Leases, and to revisit the matter and reconsider the appropriate actions to ensure consistency with applicable law and BLM policies. On 12 March 2025, the BLM reissued the termination decisions on the Relevant Leases effective on 27 August 2022, 26 September 2022 and 8 November 2022, respectively reconfirming its decision to terminate the Relevant Leases. As such, the Group considered that the Group ceased to possess the exploitation interest of the Relevant Leases in the Utah Gas and Oil Field as at 31 December 2022. As of 31 December 2022, 2023, 2024 and 30 June 2025, the Group did not hold interest in the Relevant Leases, while it would continue to retain the procession of the three remaining leases (the “**Remaining Leases**”). The Company has been in the course of seeking legal advice from its legal advisers in Utah to assess the legal implications and penalty, if any, and the possible legal actions that may be taken under the applicable laws in respect of the Relevant Leases and the orders of the BLM. On 9 May 2025, the Group commenced the appeal process to the relevant authorities against the termination decisions by the BLM. The Company will closely monitor this matter and will inform the shareholders of the Company of any significant developments as and when appropriate.

Presently, the Group oversees four wells under the Remaining Leases. In order to revitalise production, the Group is working with an oil services company and other potential suppliers for the maintenance of production facilities; planning of further perforation and related construction schedule; and acquisition of further production facilities, if needed.

In late December 2024, one of the wells has successfully undergone maintenance and resumed production. In late February 2025, two more wells have completed the necessary gas testing and are poised to commence production, pending the integrity of the pipeline and pigging system installation. The fourth well remains under maintenance. During the Period, the Group recorded revenue of approximately HK\$5,000 (1H 2024: Nil) in the oil and gas sales segment.

Principal Risks and Uncertainties Facing by the Group

Risk associated with the Utah Gas and Oil Field

As mentioned in the above section headed “Business Review” in this announcement, the Company has been in the course of seeking legal advice from its legal advisers in Utah to assess the legal implications and penalty, if any, and the possible legal actions that may be taken under the applicable laws in respect of the Relevant Leases and the orders of the BLM. As advised by its legal advisers in Utah, the BLM’s termination decision was led by the lack of production on the Relevant Leases since 2020, which was during the time of the Covid-19 pandemic and the restructuring of the third-party service provider which had caused interruption to its provision of gas transportation pipeline on the Relevant Leases. Although in November 2024, the BLM determined to set aside and remand its decisions to terminate the Relevant Leases, and to revisit the matter and reconsider the appropriate actions to ensure consistency with applicable law and BLM policies, in March 2025, the BLM reissued the termination decisions on the Relevant Leases effective on 27 August 2022, 26 September 2022 and 8 November 2022, respectively. On 9 May 2025, the Group commenced the appeal process to the relevant authorities against the termination decisions by the BLM. The Company will continue to seek legal advice from its legal advisers on the possible legal actions that may be taken under the applicable laws in respect of the Relevant Leases and the termination decision of the BLM. The Group will closely monitor the development and take all possible actions to protect and safeguard the interests of the Company and its shareholders.

Price risk

The revenue and financial results of the oil and gas sales segment are sensitive to changes in natural gas and oil prices and general economic conditions. Any substantial decline in natural gas or oil prices may result in delay or cancellation of existing or future drilling, exploration or reduction and closure of production. Furthermore, it could have a negative impact on the value and amount of our reserves, net income from production and trade, our cash flow and profitability.

During the Period, oil price fluctuated between approximately US\$60/barrel and US\$80/barrel, while natural gas fluctuated between approximately US\$2.65/million British thermal units (“MMBtu”) and US\$4.57/MMBtu. At the beginning of 2025, the price of Brent crude oil started at approximately US\$76 per barrel and it went ups and downs with low volatility during the Period. Finally, it decreased to approximately US\$68 per barrel at the end of June 2025. The price of natural gas started at approximately US\$3.65/MMBtu at the beginning of 2025 and it showed significant fluctuations in January 2025. In February 2025, the price reverted back to previous price range and then gradually decreased and closed at approximately US\$3.26/MMBtu at the end of June 2025. (Source: eia.gov)

Natural gas and oil prices are both expected to fluctuate in the foreseeable future due to uncertain factors related to the supply and demand of these commodities in the market. These uncertain factors are in turn resulting from the high degree of uncertainty in the growth of the global economy, war situation between Russia and Ukraine as well as crisis in Middle East. As such, it may be difficult to budget and project the returns on the development and exploitation projects. In order to alleviate the negative impact of the price uncertainties, the Group has reviewed its pricing policies and ensure that the contracts entered into by the Group include a necessary price adjustment mechanism with reference to the quoted market price.

Cost risks and risk associated by hiring third party service providers

The exploration for and development of our well sites of Utah Gas and Oil Field requires a significant amount of capital investment. The operation of the Utah Gas and Oil Field also depends on services provided by third parties, including, without limitation, processing pipelines for the transportation of products, equipment procurement, and operation and construction services on certain production facilities. The possible costs for the construction and production equipment as well as the services can inflate costs of project development and increase future production cost. Furthermore, the failure of any third service party to comply with the terms and conditions of the applicable agreements will have a negative impact on our operations. The Group actively seeks alternative third-party service providers with reasonable cost and necessary licences across the world and conducts due diligence on the counter-parties to mitigate the risks associated with the third-party service providers.

PROSPECTS

Utah Gas and Oil Field

In respect of the Remaining Leases, our strategic focus is now directed towards restoring operational capacities within our Utah Gas and Oil Field under the Remaining Leases. The Group has retained close attention and continuously followed up on the repairment works of the production facilities of the oil and gas wells under the Remaining Leases. As mentioned above, three of the wells have completed their maintenance, with one already back in production. Committed to restoring full operational capacity, the Group will continue to closely monitor the maintenance progress of the wells under the Remaining Leases to ensure production resumes seamlessly.

Upon resuming production of the wells under the Remaining Leases, the Group will assess its financial resources and capacities to reformulate new drilling plan to enhance the production scale. The Group will consider a range of financing options to address funding needs as they emerge, while also exploring the development of new wells by co-operating with other investor to share expertise, costs, and risks effectively. Leveraging the extensive industry expertise of our chairman of the Board in the PRC's oil and gas sector, we are exploring opportunity to implement advanced oil and gas extraction technologies from the PRC to improve the productivity and operational efficiency of the Utah Gas and Oil Field. Upon successfully integrating these advanced technologies into our oil and gas wells, the Group plans to capitalise on its enhanced capabilities by exploring opportunities in the domestic market. The Group will strategically promote these innovations, showcasing their potential to optimise extraction efficiency, increase production yields, and meet the evolving demands of the domestic energy sector.

Looking ahead, our strategic agenda encompasses the proactive promotion of cost-effectiveness while sustaining production growth. Emphasis will be placed on completion quality management, alongside vigilant cost control, to attain the mutual objectives of improving productivity and operational efficiency.

In the long run, the Group will explore potential investments in clean energy and renewable energy, aiming to minimise emissions, achieve long-term sustainability and environmentally friendly objectives.

Trading and Service Business

Looking ahead, the oil trading business is still affected by the progress of international trade normalization, especially in terms of the PRC's low inflation and international political situations. In spite of the uncertainties and challenges ahead, the Group will continue to (i) maintain and develop its existing business as well as explore new business opportunities in the following areas of international trade on oil and oil-related products; (ii) seek high-quality leasable and purchasable projects in the upstream and downstream of the industry; and (iii) striving to achieve vertical synergies in the industries of the petroleum and petrochemical.

The Group expects that, with the heavy and manufacturing industry sector gradually resuming normal in the PRC, the domestic demands for crude oil and oil-related products and the Group's trading business is anticipated to improve in 2025. The Company will continue to strive to improve its operating results and financial position to address the going concern assumption for the subsequent reporting period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2025, there were HK\$8.7 million outstanding balance of interest-free loans owed to its ultimate holding company (being the controlling shareholder of the Company) (as at 31 December 2024: HK\$10.9 million) and RMB3.0 million (approximately equivalent to HK\$3.3 million) outstanding balance of interest bearing loan with variable interest rate owed to bank (as at 31 December 2024: RMB3.0 million) (approximately equivalent to HK\$3.2 million). The Group's cash and bank balances as at 30 June 2025 was approximately HK\$1.9 million (approximately HK\$13.5 million as at 31 December 2024). The current ratio (calculated on the basis of the Group's current assets over current liabilities) was approximately 2.3 times (as at 31 December 2024: 2.2 times).

The Group requires additional capital from time to time to maintain operations and maximise returns. Our source of funds primarily generated from our business activities and financial support from the ultimate holding company. We adopt a relatively conservative treasury policy to reduce business risks. During the Period, the Group did not use any financial instruments for hedging.

The Group's total finance costs was approximately HK\$90,000 for the Period (1H 2024: HK\$148,000). The decrease was mainly due to the decrease in interest on lease liabilities during the Period.

On 15 January 2025, the Company entered into an agreement with a placing agent, pursuant to which the placing agent conditionally agreed, to procure the placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for no more than 20,000,000 placing shares of the Company at the price of HK\$0.385 per placing share. The conditions set out in the placing agreement were fulfilled and the placing was completed on 5 February 2025. An aggregate of 15,426,000 placing shares were successfully placed by the placing agent at the price of HK\$0.385 per placing share. The gross proceeds from the placing amounted to approximately HK\$5,939,000 and the net proceeds from the placing (after deduction of the placing commission in respect of the placing and other related expenses including, among others, the professional fees) amounted to approximately HK\$5,679,000 and the net issue price per placing share was approximately HK\$0.368. Details of the placing arrangement are set out in the announcements of the Company dated 15 January 2025 and 5 February 2025.

The Group intended to apply (i) approximately 50% of the net proceeds for the development, operation and working capital needs of the Group's oil fields in the United States of America; and (ii) approximately 50% of the net proceeds for other business operation and general working capital of the Group. All net proceeds were fully utilized in accordance with intended use during the Period.

On 17 January 2025, the Company and Xin Hua Petroleum (Hong Kong) Limited (“**Xin Hua**”), the controlling shareholder of the Company, entered into a loan settlement agreement, pursuant to which, the parties have conditionally agreed that the partial and aggregated principal amount of loan from Xin Hua of HK\$5,000,000 would be partially settled through allotment and issuance of 12,048,192 capitalisation shares at the Issue Price of HK\$0.415 per capitalisation share to Xin Hua. The completion of the allotment and issue of the capitalisation shares took place on 3 April 2025. Details of the loan capitalisation are set out in the announcements of the Company published on 17 January 2025, 21 March 2025 and 3 April 2025, and the circular of the Company published on 28 February 2025.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

CHARGES ON GROUP ASSETS

As at 30 June 2025, the Group did not have any charges on assets (31 December 2024: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES

The Group had no material acquisition and disposal of subsidiaries, associated companies and joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Prospects” in this announcement, there were no future plans for material investments or capital assets.

SIGNIFICANT INVESTMENT

The Group did not have any significant investment during the Period.

FOREIGN EXCHANGE EXPOSURE

The operating revenue of the Group is mainly denominated in RMB. The results of operations and the financial position of the Group may be affected by any changes in the exchange rates. The conversion of RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. During the Period, the Group conducted its business transactions principally in US\$ and RMB or in the local currencies of the operating subsidiaries. Having considered (i) the historical trend of the exchange rates between the RMB and HK\$; and (ii) the operation of the Group which does not involve significant volume of cross-border remittances, the Directors considered that the Group had no significant exposure to foreign exchange fluctuations and believed it was not necessary to hedge against any exchange risk. Nevertheless, the management will continue to monitor the foreign exchange exposure position and will take any future prudent measure it deems appropriate.

GEARING RATIO

As at 30 June 2025, the gearing ratio (debt-to-asset ratio) of the Group, calculated as total liabilities divided by total assets, was approximately 19.2% (31 December 2024: 19.8%).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the number of employees of the Group was about 22 (31 December 2024: 20). The remuneration packages of employees are maintained at competitive levels and include monthly salaries, mandatory provident fund, medical insurance and share option schemes; and other employee benefits include travelling allowances and discretionary bonuses.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by its Directors. Having made specific enquiries with all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale of treasury shares as defined under the Listing Rules) of the Company during the Period. As at 30 June 2025, there were no treasury shares held by the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the six months ended 30 June 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The board of Directors of the Company (the “**Board**”) committed to achieving high standard of corporate governance. The Board regularly reviews and monitors our corporate governance practice to ensure that the Company is in compliant with the applicable laws, regulations and requirements of the Listing Rules. The Company’s corporate governance practices are based on the principles as set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 of the Listing Rules. The Company has complied throughout the Period with the CG Code as contained in Appendix C1 to the Listing Rules.

AUDIT COMMITTEE REVIEW

The audit committee (the “**Audit Committee**”) of the Company has reviewed and confirmed with management the accounting principles and practices adopted by the Group and is of the opinion that the condensed consolidated interim financial information for the six months ended 30 June 2025 contains adequate disclosure as required by the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Ms. Huang Qingwei (Chairlady), Ms. Zhong Bifeng and Mr. Chen Yawei.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the Company's website (<http://www.chkoiiltd.com>). The interim report for the period ended 30 June 2025, containing all the information required by the Listing Rules, will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange and on the Company's website in due course.

By Order of the Board
CHK Oil Limited
Yu Zhibo
Chairman and Executive Director

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yu Zhibo, Mr. Jin Ailong and Ms. Wong Wai Sze, two non-executive Directors, namely Mr. Zheng Ye and Ms. Wong Wai Yin, Viola, and three independent non-executive Directors, namely Ms. Zhong Bifeng, Ms. Huang Qingwei and Mr. Chen Yawei.

* *For identification purpose only*