中港石油有限公司*

CHK OIL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

INTERIM RESULTS ANNOUNCEMENT 2026

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 2026 (the "**Period**") with comparative figures for the corresponding period in 2025 as follows:

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

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**11,641**	38,390
Cost of sales		**(11,297)**	(38,136)
Gross profit		**344**	254
Other income		**60**	3
Administrative expenses		**(12,418)**	(12,915)
Provision for impairment loss of trade and other receivables		**(3,852)**	–
Finance costs		**(124)**	(90)
Loss before tax	*5*	**(15,990)**	(12,748)
Income tax credit	*6*	**544**	1,644
Loss for the period		**(15,446)**	(11,104)

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

	Notes	Six months ended 30 June 2026 (Unaudited) HK$'000	Six months ended 30 June 2025 (Unaudited) HK$'000
Loss attributable to:			
Owners of the Company		**(15,446)**	(11,104)
Non-controlling interests		**–**	–
		(15,446)	(11,104)
Other comprehensive income for the period, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**3,742**	2,560
Total comprehensive loss for the period		**(11,704)**	(8,544)
Total comprehensive loss attributable to:			
Owners of the Company		**(11,704)**	(8,544)
Non-controlling interests		**–**	–
		(11,704)	(8,544)
Loss per share			
Basic and diluted	*8*	**(HK1.75 cents)**	(HK1.29 cents)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2026 (Unaudited) *HK$'000***	31 December 2025 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**21,192**	20,856
Intangible assets		**202,432**	202,306
Right-of-use assets		**2,014**	2,796
Statutory deposits and other assets		**3,558**	2,622
		229,196	228,580
Current assets			
Trade receivables	*9*	**404**	6,299
Prepayments, deposits and other receivables	*10*	**104,386**	105,460
Bank balances and cash		**5,778**	1,590
		110,568	113,349
Current liabilities			
Trade and other payables	*11*	**33,233**	33,670
Loans from ultimate holding company		**13,966**	17,849
Bank loan and other borrowings		**3,459**	5,448
Lease liabilities		**1,560**	1,488
Tax payable		**6,664**	6,422
		58,882	64,877
Net current assets		**51,686**	48,472

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Total assets less current liabilities		**280,882**	277,052
Non-current liabilities			
Lease liabilities		**545**	1,343
Deferred tax liabilities		**15,861**	16,879
		16,406	18,222
Net assets		**264,476**	258,830
Equity			
Share capital	*12*	**191,271**	173,871
Reserves		**72,190**	83,944
Equity attributable to owners of the Company		**263,461**	257,815
Non-controlling interests		**1,015**	1,015
Total equity		**264,476**	258,830

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 2026 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 2025.

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$15,446,000 for the six months ended 30 June 2026 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$46,545,000 which are due for repayment within the next twelve months after 30 June 2026, while the Group had only bank balances and cash of HK$5,778,000. 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 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, including but not limited to not calling for repayment of the loans made to the Group until it is financially capable, 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 expand its business in the (a) associated activities and technologies surrounding the oil and gas sector; and (b) E-Commerce Platform, thereby enhancing its financial income base.

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 2025. 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 ultimate holding company, 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	
	2026	2025
	(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	**3**	5
Trading of oil, oil-related and other products	**10,596**	38,385
E-Commerce	**1,042**	–
	11,641	38,390
Disaggregated by geographical location of		
United States of America ("**USA**")	**3**	5
People's Republic of China ("**PRC**")	**11,638**	38,385
	11,641	38,390

Operating segment information

	Six months ended 30 June 2026			
	Oil and gas sales (Unaudited) *HK$'000*	Trading of oil, oil-related and other products (Unaudited) *HK$'000*	E-Commerce (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue	**3**	**10,596**	**1,042**	**11,641**
Segment loss	**(1,698)**	**(4,747)**	**(338)**	**(6,783)**
Unallocated income				**–**
Unallocated expenses				**(9,083)**
Finance costs				**(124)**
Loss before tax				**(15,990)**
Income tax credit				**544**
Loss for the period				**(15,446)**

	At 30 June 2026			
	Oil and gas sales (Unaudited) *HK$'000*	Trading of oil, oil-related and other products (Unaudited) *HK$'000*	E-Commerce (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment assets	**221,375**	**106,803**	**145**	**328,323**
Unallocated assets				**11,441**
Total assets				**339,764**
Segment liabilities	**6,781**	**26,000**	**62**	**32,843**
Deferred tax liabilities	**15,861**	**–**	**–**	**15,861**
Unallocated liabilities				**26,584**
Total liabilities				**75,288**

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

	At 31 December 2025			
	Oil and gas sales (Audited) *HK$'000*	Trading of oil, oil-related and other products (Audited) *HK$'000*	E-Commerce (Audited) *HK$'000*	Total (Audited) *HK$'000*
Segment assets	219,016	110,366	–	329,382
Unallocated assets				12,547
Total assets				341,929
Segment liabilities	7,506	27,591	–	35,097
Deferred tax liabilities	16,879	–	–	16,879
Unallocated liabilities				31,123
Total liabilities				83,099

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
	2026	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**2,050**	2,869
USA	**3**	5	**226,948**	225,630
PRC	**11,638**	38,385	**198**	81
	11,641	38,390	**229,196**	228,580

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation		
– Property, plant and equipment	**26**	47
– Right-of-use assets	**782**	935
Finance costs		
– Interest on lease liabilities	**71**	33
– Interest expense	**53**	57
Employee benefit expense, including directors' emoluments:		
– Salaries and allowances	**6,459**	3,635
– Retirement scheme contributions	**195**	178
Penalties	**10**	–

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 2026 and 2025, 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 2025: 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 2025: 15%). EIT had not been provided as the subsidiaries operating in the PRC incurred loss for taxation purposes for the periods ended 30 June 2026 and 2025.

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 2026 and 2025, 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	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax charge (credit)		
Current year		
– PRC withholding tax	**–**	274
Under(over)-provision in prior year		
– PRC withholding tax	**–**	(1,918)
– Hong Kong profits tax	**33**	–
– US tax	**1**	–
	34	(1,644)
Deferred tax	**(578)**	–
Total tax credit for the period	**(544)**	(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 2025: 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	
	2026	2025
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company *(HK$'000)*	**(15,446)**	(11,104)
Weighted average number of ordinary shares in issue *('000)*	**883,530**	860,477
Basic and diluted loss per share *(HK cents)*	**(1.75)**	(1.29)

(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 2026 and 2025, 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 2026 and 2025 as there were no dilutive potential ordinary shares during both periods.

9. TRADE RECEIVABLES

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
	HK$'000	*HK$'000*
Trade receivables from third parties	**413**	6,299
Less: Loss allowance	**(9)**	–
	404	6,299

As at 30 June 2026, 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 credit period of trade receivables is normally within 60-365 days.

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

	As at 30 June 2026 (Unaudited) *HK$'000*	As at 31 December 2025 (Audited) *HK$'000*
0 to 30 days	**403**	–
Over 365 days	**1**	6,299
	404	6,299

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2026 (Unaudited) *HK$'000*	As at 31 December 2025 (Audited) *HK$'000*
Prepayments	**427**	446
Rental and other deposits paid	**580**	580
Trade deposits paid	**110,936**	108,183
Valued-added tax and other tax receivables	**1,449**	1,397
Other receivables	**799**	816
	114,191	111,422
Less: Loss allowance	**(9,805)**	(5,962)
	104,386	105,460

11. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2026 (Unaudited) *HK$'000*	As at 31 December 2025 (Audited) *HK$'000*
Trade payables to third parties	*(a)*	**116**	112
Other payables			
Accruals		**2,333**	2,984
Accrued directors' fee and salaries		**7,654**	5,713
Accrued legal and professional fees		**2,174**	4,176
Accrued repair and maintenance expenses		**–**	12
Accrued penalties		**4,680**	4,683
Deposits received from customers		**15,678**	15,597
Value-added tax and other tax payables		**10**	12
Other payables		**588**	381
		33,117	33,558
		33,233	33,670

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 days. The ageing analysis of the trade payables, based on the invoice date is as follows:

	As at 30 June 2026 (Unaudited) *HK$'000*	As at 31 December 2025 (Audited) *HK$'000*
Over 365 days	**116**	112

12. SHARE CAPITAL

	Notes	As at 30 June 2026 (Unaudited) Number of shares '000	HK$'000	As at 31 December 2025 (Audited) Number of shares '000	HK$'000
Authorised:					
At beginning of the period/year and at end of the period/year, ordinary shares of HK$0.20 each		**100,000,000**	**20,000,000**	100,000,000	20,000,000
Issued and fully paid:					
At beginning of the period/year, ordinary shares of HK$0.20 each		**869,353**	**173,871**	841,879	168,376
Placing of new shares	*(a) (c)*	**87,000**	**17,400**	15,426	3,085
Issue of new shares upon loan capitalisation	*(b)*	**–**	**–**	12,048	2,410
At end of the period/year, ordinary shares of HK$0.20 each		**956,353**	**191,271**	869,353	173,871

(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.

(c) The Company issued 87,000,000 ordinary shares under placing agreement on 18 June 2026. Details of the placing arrangement are set out in the announcements of the Company dated 5 June 2026, 9 June 2026 and 18 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT AND REVIEW OF OPERATIONS

For the six months ended 30 June 2026 (the "**Period**" or "**1H 2026**"), the Group recorded a consolidated revenue of approximately HK$11,641,000 (2025 Interim: approximately HK$38,390,000) mainly contributed from the trading of oil, oil-related products, and other products business. Basic and diluted loss per share for the Period was HK1.75 cents (2025 Interim: Basic and diluted loss per share was HK1.29 cents). Basic and diluted loss per share were based on the weighted average of approximately 884 million shares (2025 interim: approximately 860 million shares) in issue for the Period. Gross profit for the Period amounted to approximately HK$344,000 (2025 Interim: Gross profit amounted to approximately HK$254,000), which was mainly 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$15,446,000, as compared with the net loss attributable to owners of the Company of approximately HK$11,104,000 for the six months ended 30 June 2025 ("**1H 2025**"). The increase in the net loss for 1H 2026 is mainly attributable to provision of impairment loss of other receivables.

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 trade deposit for purchase would be made in advance. During the Period, the Group recorded revenue of approximately HK$10,596,000 (1H 2025: approximately HK$38,390,000) in the trading of oil, oil-related and other products segment. The decrease in the Group's revenue during the Period was primarily attributable to the continued weakness in the oil trading market, which resulted in a significant reduction in trading volume. At the same time, market competition intensified as suppliers competed for a smaller pool of customer demand. This further compressed trading margins and reduced the number of commercially viable opportunities available to the Group. Accordingly, the Group conducted fewer trading transactions during the Period, which resulted in a material decrease in revenue compared to 1H 2025.

The Group had made trade deposit payments to Anda Xingda Chemical Co. Ltd. ("**Anda**"), Hainan Longyou Group Industrial Co., Ltd. ("**Longyou**") and Jilin Songyuan Petrochemical Co., Ltd. The trade deposits paid to these suppliers were considered to be advance to an entity under the Rules 13.13 to 13.15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Details of the trade deposits paid to these suppliers were set out in the announcement of the Company dated on 6 March 2026.

As at 30 June 2026, the outstanding balance of trade deposits paid to Longyou amounted to approximately RMB55.2 million (equivalent to approximately HK$63.6 million) and represented approximately 18.6% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

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, 2025, and 30 June 2026, the Group did not hold interest in the Relevant Leases, while it would continue to retain the possession 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 is still waiting for the appeal result and 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 work 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, and the integrity of the pipeline was completed in the first half of 2026. The fourth well remains under maintenance and work. During the Period, the Group recorded revenue of approximately HK$3,000 (1H 2025: HK$5,000) in the oil and gas sales segment.

E-Commerce Platform

Hua You Yangguang (Beijing) Trading Co., Ltd. ("**Hua You Yangguang**") is a wholly-owned subsidiary of China Huayou Group, operating PetroChina's only self-operated e-commerce platform, Petroleum E-Procurement (Yunmengze). It focuses on centralized procurement of PetroChina non-production materials, covering more than 300 internal enterprises and 31 provinces and municipalities. Its main business covers more than 5,000 products in five major categories, including office consumables, labour protection and safety supplies, and general hardware. It is the sole designated cooperation e-commerce platform for storage and sales on behalf of Liaohe Oilfield.

Liaoning Port Oil Technology Co., Ltd. ("**Port Oil**"), an indirectly wholly-owned subsidiary of the Company, entered the platform directly, sign an agreement with Hua You Yangguang, and became a qualified supplier of e-commerce materials for Liaohe Oilfield, and accessed to the stable market with inelastic demand of a central state-owned enterprise. During the Period, the Group recorded revenue of approximately HK$1,042,000 (1H 2025: nil) in the E-Commerce Platform.

Associated activities and technologies surrounding the oil and gas sector

According to the "Action Plan for Energy Digital Transformation (2024–2030)" jointly issued by the National Energy Administration and the Ministry of Industry and Information Technology, the digital-intelligent coverage rate of China's key oilfields shall be no less than 40% in 2025. New-generation information technologies such as the Internet of Things, big data, artificial intelligence, and 5G are being accelerated in their implementation and application in oilfield production and operations. At the same time, the global green low-carbon transition continues to deepen, and demand for energy-saving and carbon-reduction equipment and technologies in the oil and gas industry continues to expand, providing broad room for development.

The first project of the Group was the provision of market development service and technical service and development to Zhejiang Dumei Electronics Technology Co., Ltd. ("**Dumei**") for its sale of intelligent oil and gas extraction equipment to oil fields located in the PRC and overseas. The submersible pumps from Dumei adopted the new-generation information technologies, which will focus on addressing prominent industry issues such as the treatment of water-flooded wells in mature oilfields, efficiency enhancement of low-efficiency wells, and disposal of abandoned wells, and will comprehensively support the digital-intelligent upgrading and green low-carbon transformation of oilfields.

The revenue from the associated activities and technologies surrounding the oil and gas sector for the Period was still at the infant stage and insignificant. Accordingly, it was grouped in "Trading of oil, oil-related and other products" for segment presentation.

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 the reserves, net income from production and trade, cash flow and profitability of the Group.

During the Period, oil price fluctuated between approximately US$60/barrel and US$120/barrel, while natural gas price fluctuated between approximately US$2.54 per million British thermal units ("**MMBtu**") and US$4.96/MMBtu. At the beginning of 2026, the price of Brent crude oil was at approximately US$62/barrel. It experienced fluctuations with relatively high volatility throughout the Period and increased to approximately US$70/barrel by end of June 2026.

The price of natural gas started at approximately US$2.85/MMBtu at the beginning of 2026 and exhibited notable volatility in January 2026. In February 2026, it reverted to its previous price range and remained stable from March 2026 to May 2026. In June 2026, it showed an upward trend and increased to approximately US$3.34/MMBtu by end of June 2026. (Source: eia.gov)

Looking ahead, both natural gas and oil prices are expected to remain volatile due to uncertainties affecting supply and demand dynamics in the global market. Such uncertainties are driven by factors including the unpredictable pace of global economic growth and on going geopolitical tensions, including the Russia-Ukraine conflict and the Middle-East conflict. As a result, it may be challenging to budget and forecast returns on the development and exploitation projects. To mitigate the potential adverse impact of price volatility, the Group has reviewed its pricing policies and ensure that contracts entered into by the Group incorporate appropriate price adjustment mechanism with reference to the quoted market prices.

Cost risks and risk associated by hiring third party service providers

The exploration for and development of the well sites at the 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, the Group's strategic focus is now directed towards restoring operational capacities within the Utah Gas and Oil Field under the Remaining Leases. The Group has maintained 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 resumption of production of the wells under the Remaining Leases, the Group will assess its financial resources and capacities to reformulate new drilling plans 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 the chairman of the Board in the PRC's oil and gas sector, the Company is exploring opportunities to implement advanced oil and gas services and 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 the Group's oil and gas wells, the Group plans to capitalise on its enhanced capabilities by exploring opportunities in the domestic market and abroad. 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, the Group's 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 the oil and gas sector and associated activities and technologies surrounding the oil and gas sector, 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, large domestic steel group and gas stations; (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 2026. 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.

Associated activities and technologies surrounding the oil and gas sector

Digital oilfield is a technology that includes a wide range of equipment and functions deployed in different upstream, downstream, and midstream stages to enhance the operational efficiency of oil & gas processes. The intelligent oil and gas extraction equipment for digital oilfield is a high-growth commercial opportunity. The demand of intelligent oil and gas extraction equipment is primarily driven by production optimization, remote monitoring, predictive maintenance, emissions reporting, and workforce safety.

In response to the uncertainties in US-China relations and slow recovery in China's economy, the Group is constantly exploring opportunities for business expansion and diversification. Capitalizing on its exploration and production knowledge and expertise, the Group has identified the provision of market development service and technical service and development to manufacturers of intelligent oil and gas extraction equipment as a key area with strong growth potential and synergy with its existing business operations. The Group will continue to source other innovative technology products for digital oilfield. In the long run, the Group will base on the development trends of the global oilfield industry and will build an integrated comprehensive service system so as to create a globalized, digital-intelligent, and low-carbon oilfield service platform.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2026, there were HK$13.97 million outstanding balance of interest-free loans owed to its ultimate holding company (being the controlling shareholder of the Company) (as at 31 December 2025: HK$17.8 million), nil amount of loan from a director (as at 31 December 2025: HK$2.1 million) and RMB3.0 million (approximately equivalent to HK$3.5 million) outstanding balance of interest bearing loan with variable interest rate owed to bank (as at 31 December 2025: RMB3.0 million) (approximately equivalent to HK$3.3 million). The Group's cash and bank balances as at 30 June 2026 was approximately HK$5.8 million (approximately HK$1.6 million as at 31 December 2025). The current ratio (calculated on the basis of the Group's current assets over current liabilities) was approximately 1.9 times (as at 31 December 2025: 1.7 times).

The Group requires additional capital from time to time to maintain operations and maximise returns. The Group's source of funds primarily generated from its business activities and financial support from its ultimate holding company. The Group 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$124,000 for the Period (1H 2025: HK$90,000). The increase was mainly due to the increase in interest on lease liabilities during the Period.

On 5 June 2026, 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 87,000,000 placing shares of the Company at the price of HK$0.21 per placing share. The conditions set out in the placing agreement were fulfilled and the placing was completed on 18 June 2026. An aggregate of 87,000,000 placing shares were successfully placed by the placing agent at the price of HK$0.21 per placing share. The gross proceeds from the placing amounted to approximately HK$18,270,000 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$17,350,000 and the net issue price per placing share was approximately HK$0.199. Details of the placing arrangement are set out in the announcements of the Company dated 5 June 2026, 9 June 2026 and 18 June 2026.

The intended and actual usage of the net proceeds from the placing as at 30 June 2026 are set out below:

Intended use of net proceeds	Net proceeds available from the placing *(HK million)*	Percentage of use of proceeds raised	Actual net amount utilised as at 30 June 2026 *(HK million)*	Unutilized net amount as at 30 June 2026 *(HK million)*
Partial settlement of the outstanding aggregated principal amount of loan from Xin Hua	**13.0**	**74.9%**	**13.0**	**–**
Other business operation and general working capital of the Group	**4.35**	**25.1%**	**3.97**	**0.38**
Total	**17.35**	**100%**	**16.97**	**0.38**

CONTINGENT LIABILITIES

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

CHARGES ON GROUP ASSETS

As at 30 June 2026, the Group did not have any charges on assets (31 December 2025: 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 2026, the gearing ratio (debt-to-asset ratio) of the Group, calculated as total liabilities divided by total assets, was approximately 22.2% (31 December 2025: 24.3%).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the number of employees of the Group was about 25 (31 December 2025: 23). 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 (except Ms. Wong Wai Yin Viola) ("**Ms. Viola Wong**") have confirmed that they have complied with the required standard set out in the Model Code during the Period. During the blackout period under the Model Code for the Company's annual results for the year ended 31 December 2025, Ms. Viola Wong disposed of 142,000 shares of the Company and she did not comply with the required standard set out in the Model Code.

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 2026, 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 2026 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, except for the deviation from code provision D.1.2 of the CG Code as explained below.

The Company has not provided all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. However, the Company has provided updated business information based on the business situation to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising from the ordinary course of business provided to the Board from time to time in lieu of monthly updates is sufficient to enable the Board to discharge its duties. In the event that there are any significant updates to be provided, the Company will inform all the Directors as early as practicable for discussion and resolution.

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 2026 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.chkoilltd.com). The interim report for the period ended 30 June 2026, 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 2026

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Zhibo, Mr. Jin Ailong, Mr. Wong Chung Kin Quentin and Mr. Lam Pui Wang, one non-executive Director, namely Mr. Zheng Ye, and three independent non-executive Directors, namely Ms. Zhong Bifeng, Ms. Huang Qingwei and Mr. Chen Yawei.

* *For identification purpose only*