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**中港石油有限公司\***

**CHK OIL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 632)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **Placing Agent**



**國元證券經紀(香港)有限公司**  
GUOYUAN SECURITIES BROKERAGE (HONG KONG) LIMITED

On 15 January 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, the Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for no more than 20,000,000 Placing Shares at the Placing Price of HK\$0.385 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 7 June 2024.

The Placing Shares represent (i) approximately 2.38% of the total existing issued Shares as at the date of this announcement; and (ii) approximately 2.32% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.385 per Placing Share represents (i) a discount of approximately 12.5% to the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.6% to the average closing price per Share of approximately HK\$0.479 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$7.7 million, 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) are expected to be approximately HK\$7.3 million, representing a net issue price of approximately HK\$0.365 per Placing Share.

The Group intends to apply (i) approximately 50%, or HK\$3.65 million for the development, operation and working capital needs of the Group's oil fields in the United States of America; and (ii) approximately 50%, or HK\$3.65 million for other business operation and general working capital of the Group.

### **WARNING**

**Since Completion is conditional upon fulfilment of the conditions precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

On 15 January 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, the Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for no more than 20,000,000 Placing Shares at the Placing Price of HK\$0.385 per Placing Share.

The principal terms and conditions of the Placing Agreement are as follows:

### **Date**

15 January 2025 (after trading hours)

### **Parties**

- (1) The Company; and
- (2) The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

## **Placing Shares**

The Placing Shares represent (i) approximately 2.38% of the total existing issued Shares as at the date of this announcement; and (ii) approximately 2.32% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

## **Rights of the Placing Shares**

The Placing Shares will rank, upon allotment and issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placees**

The Placing Agent will, on a best effort basis, place the Placing Shares to the Placees, who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties. It is expected that none of the Placees nor their associates will become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

## **Placing Price**

The Placing Price of HK\$0.385 per Placing Share represents:

- (i) a discount of approximately 12.5% to the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.6% to the average closing price per Share of approximately HK\$0.479 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.365 per Placing Share. Based on a nominal value of HK\$0.2 per Share, the aggregate nominal value of the maximum number of Placing Shares is HK\$4,000,000.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and the current market conditions. The Directors consider that the terms of the Placing, including the Placing Price, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

## **Placing commission**

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 1.0% of the amount which is equal to the Placing Price multiplied by the total number of Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the size of the Placing.

## **Conditions of the Placing**

Completion is conditional upon the satisfaction of the following Conditions:

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange; and
- (b) the Placing Agreement not having been terminated in accordance with the terms of the Placing Agreement.

In the event any of the Conditions is not fulfilled by 7 February 2025 (or such later date as may be agreed between the Company and the Placing Agent), all rights, obligations and liabilities of the Placing Agent and the Company in relation to the Placing shall cease and determine and none of the parties to the Placing Agreement shall have any claim against any other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

## **Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and the permission to deal in, the Placing Shares.

## **Completion**

Completion shall take place at 10:00 a.m. on the Completion Date.

## Termination

The Placing Agent may, by notice in writing given to the Company, terminate the Placing Agreement at any time prior to the Completion Date provided that such notice is received prior to 10:00 a.m. on the Completion Date if any of the following occurs:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the Company's undertakings, warranties and representations set out in the Placing Agreement; or any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute a material omission therefrom; or any failure by the Company to perform its undertakings in the Placing Agreement; any of the undertakings, warranties and representations set out in the Placing Agreement would not be true in any material respect if given at that time; or any material breach of any of the obligations imposed upon the Company under the Placing Agreement; or any material adverse change in the business or in the financial or trading position of any member of the Group taken as a whole which is material in the context of the Placing; or
- (b) there develops, occurs or comes into force:
  - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in the People's Republic of China (including Hong Kong) and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing or trading of the Shares in the market;
  - (ii) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

- (iii) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (iv) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the People's Republic of China or elsewhere which will materially and adversely affect the business or the financial or trading position of the Group as a whole or which would, in the reasonable opinion of the Placing Agent, materially prejudice the success of the Placing; or
- (v) the instigation of any litigation or claim of material importance by any third party against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing.

Upon termination of the Placing Agreement, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and neither the Company nor the Placing Agent shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement except for any antecedent breach of the Placing Agreement.

### **Lock-up**

The Placing Agent shall procure each Placee to undertake that it shall not, whether directly or indirectly, at any time during the period of three months following the date of Completion, (i) sell, transfer, or otherwise dispose of all or any part of the Placing Shares; (ii) create, grant, or agree to create or grant any pledge, mortgage, or other encumbrance over the Placing Shares; or (iii) undertake any other act that may result in a transfer of ownership or economic interest in the Placing Shares, without first having obtained the written consent of the Placing Agent.

## **GENERAL MANDATE TO ISSUE THE PLACING SHARES**

As disclosed in the Company's poll results announcement dated 7 June 2024, the grant of the General Mandate was approved by the Shareholders at the annual general meeting of the Company held on 7 June 2024. Under the General Mandate, the Company is authorised to issue up to 168,375,896 new Shares.

As at the date of this announcement, no Share has been issued pursuant to the General Mandate. Accordingly, the Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in exploring, exploiting and sale of oil and natural gas, and trading of oil, oil-related and other products.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$7.7 million, 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) are expected to be approximately HK\$7.3 million, representing a net issue price of approximately HK\$0.365 per Placing Share.

The Group intends to apply (i) approximately 50%, or HK\$3.65 million for the development, operation and working capital needs of the Group's oil fields in the United States of America; and (ii) approximately 50%, or HK\$3.65 million for other business operation and general working capital of the Group.

The Group is committed to retain close attention and continuously follow up on the repairment works on its gas and oil fields in Utah. The funds raised from the Placing will expedite these repair efforts. Once the repair work successfully completed, the Group will be able to resume its oil and gas production. The Directors consider that the Placing represents an opportunity to raise additional funding for the operations in oil and gas as well as other businesses of the Group and will strengthen the Group's financial position, and widen the shareholder base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising. In light of the above, the Directors (including all the independent non-executive Directors) consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming there is no change to the shareholding structure of the Company from the date of this announcement and up to Completion other than the allotment and issue of the Placing Shares) are as follows:

	(i) As at the date of this announcement		(ii) Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Xin Hua Petroleum (Hong Kong) Limited ( <i>Note 1</i> )	580,172,014	68.91	580,172,014	67.31
<b>Directors</b>				
Yu Zhibo ( <i>Note 1</i> )	580,172,014	68.91	580,172,014	67.31
Zhong Bifeng ( <i>Note 2</i> )	5,000,000	0.59	5,000,000	0.58
Jin Ailong ( <i>Note 3</i> )	4,726,000	0.56	4,726,000	0.55
<b>Public Shareholders</b>				
Placees	—	—	20,000,000	2.32
Other public Shareholders	<u>251,981,468</u>	<u>29.94</u>	<u>251,981,468</u>	<u>29.24</u>
<b>Total</b>	<b><u>841,879,482</u></b>	<b><u>100</u></b>	<b><u>861,879,482</u></b>	<b><u>100</u></b>

Notes:

- These 580,172,014 Shares are held by Xin Hua Petroleum (Hong Kong) Limited, which, in turn, is owned as to 46.28% by Mr. Yu Zhibo, being an executive Director and chairman of the Board.
- Ms. Zhong Bifeng is an independent non-executive Director.
- Mr. Jin Ailong is an executive Director.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.



## **WARNING**

**Since Completion is conditional upon fulfilment of the conditions precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“Company”	CHK Oil Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 632)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the 3rd Business Day following the fulfilment of the Conditions or such other time or date as the Placing Agent may agree
“Condition(s)”	the conditions precedent set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and deal with up to 168,375,896 Shares, representing 20% of the total number of issued Shares as at the date of the annual general meeting of the Company held on 7 June 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who are third parties independent of the Company and its connected persons
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	Guoyuan Securities Brokerage (Hong Kong) Limited, a licensed corporation to carry out businesses in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	a placing agreement dated 15 January 2025 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.385 per Placing Share

“Placing Shares”	no more than a total of 20,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 15 January 2025

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Zhibo, Mr. Jin Ailong, Ms. Yang Yuyan and Ms. Sun Xiaoze, two non-executive Directors, namely Mr. Lin Qing Yu and Mr. Zheng Ye and three independent non-executive Directors, namely Ms. Zhong Bifeng, Ms. Huang Qingwei and Mr. Shen Shigang.*

\* For identification purposes only