



香港聯合交易所有限公司  
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

## STATEMENT OF DISCIPLINARY ACTION

---

Exchange's Disciplinary Action against CHK Oil Limited (Stock Code: 632)  
and a Former Director

### **SANCTIONS**

The Stock Exchange of Hong Kong Limited (**Exchange**)

#### **CENSURES:**

(1) **CHK Oil Limited (Company)**; and

**IMPOSES A PREJUDICE TO INVESTORS' INTERESTS STATEMENT** (Note 1) and **CENSURE**  
against:

(2) **Mr Yu Jiyuan (Mr Yu)**, former executive director, chief executive officer and Chairman of the  
Company.

### **SUMMARY OF FACTS**

The Company's subsidiary (**Subsidiary**) held an exploitation interest in certain gas and oil fields in  
the United States of America through leases (held by production) (Note 2) with a US government  
bureau (**Bureau**).

Mr Yu, also a director of the Subsidiary, was responsible for overseeing the Subsidiary and  
reporting to the Company's board of directors (**Board**) any significant matter that would require its  
decisions, including large scale restoration works on the leases.

In June 2022, the Bureau issued written orders (**First Written Orders**) requiring the Subsidiary to  
restore oil production under some of the leases (**Leases**) within 60 days, failing which the Leases  
would be terminated. In November 2022, the Bureau issued further written orders (**Second  
Written Orders**) terminating the Leases (**Termination**) due to a lack of response to the First  
Written Orders. At the material time, the Written Orders and the Termination were known to Mr Yu  
but not the rest of the Board.

Mr Yu did not take adequate action to address the Written Orders and Termination.

In particular, he delegated and relied on one staff member at the Subsidiary (**US Staff**) to handle the situation. However, he failed to ensure that the US Staff was sufficiently competent to handle the delegated matters. After the delegation, he also failed to actively monitor and supervise the US Staff's handling of the delegated matters by acquiring and maintaining sufficient knowledge of their status and developments. There was evidence that he had been uncontactable or unresponsive for months when the US Staff tried to contact him on the delegated matters.

It was noted that Mr Yu had taken some actions in response to the Written Orders (for example, engaging in a few discussions with external service providers about plans for repairing the wells in the relevant gas and oil fields and communications with the Bureau). However, these actions were far from sufficient for him to discharge his director's duties. He had withheld the Written Orders (including the Termination) from the Board, the audit committee and the auditors of the Company for more than two years. This was despite that, as he knew (or ought to know) at the material time,

- According to the Company's internal procedures, the Board's approval was required to restore oil production of the wells under the Leases and comply with the First Written Orders.
- The Termination was clearly stated in the Second Written Orders.
- The Leases, representing about 40% of the total assets in the Company's consolidated accounts for 2022, were material assets of the Company, and hence the Termination would have a significant impact on its financial position.
- After the Second Written Orders about the Termination were issued, the US Staff became aware that she had been dealing with the wrong government officials and department when responding to the First Written Orders. This called into question the competence of the US Staff in handling the relevant matters and indicated that the work previously done by her was inadequate or ineffective.
- The Written Orders and the Termination were information necessary for the Board and the audit committee to examine and approve the Company's consolidated financial statements and for its auditors to audit the same. It was noted that Mr Yu had continued to withhold such information from the Board, the audit committee and auditors when the auditors specifically and repeatedly raised queries about the oil wells under the Leases during the audit at the material time.

Further, Mr Yu allowed the Company to continue to book the terminated Leases in its consolidated financial statements and publish the same in the annual results and reports for the years ended 31 December 2022 and 2023, and the interim results and reports for the six months ended 30 June 2023 (**Financial Results and Reports**), which were therefore materially inaccurate, incomplete and/or misleading.

The Board became aware of the Termination in August 2024 and, in September 2024, procured the Company to publish an announcement restating the Financial Results and Reports. The announcement revealed, among others, that the Company's failure to exclude the terminated Lease from its balance sheets had caused an overstatement of the Group's total assets by about 65.5% and 58.1% for the years ended 31 December 2022 and 2023 respectively.

## **SETTLEMENT**

The Company and Mr Yu did not contest their respective breaches and agreed to accept the sanctions imposed on them as set out in this Statement.

## **LISTING COMMITTEE'S FINDINGS**

The Listing Committee found as follows:

### **Company**

The Company breached Rule 2.13(2) (Note 3) for publishing the Financial Results and Reports, which were materially inaccurate, incomplete and/or misleading.

### **Mr Yu**

Mr Yu breached Rules 3.08 and 3.09B(2) (Notes 4 and 5) and the breaches were serious. In particular,

- (1) He failed to escalate the Written Orders or the Termination to the Board, the audit committee or the auditors for over two years.
- (2) He failed to take proactive action to address the Written Orders and procure to restore oil production under the Leases. Instead, he placed excessive and unreasonable reliance on the US Staff to handle the matter, without (i) ensuring that the US Staff was sufficiently competent to do so and (ii) continuing to take an active interest and giving sufficient supervision over the delegated matters.

- (3) There were many occasions on which Mr Yu could have escalated the Written Orders and the Termination to the Board, the audit committee or the auditors. However, he did not do so, nor did he properly handle the auditors' related enquiries. The Company had been deprived of the information necessary for it to properly appraise its position, address the issues and inform the market and investors in a timely manner. As a result, the Company published the Financial Results and Reports in breach of the Listing Rules.

By reason of Mr Yu's conduct, the occupying of the position of director or senior management of the Company or any of its subsidiaries by Mr Yu may cause prejudice to the interests of investors.

## **CONCLUSION**

The Listing Committee decided to impose the sanctions set out in this Statement of Disciplinary Action.

For the avoidance of doubt, the Exchange confirms that the above sanctions apply only to the Company and Mr Yu, and not to any other past or present directors of the Company.

Hong Kong, 3 March 2026

### Notes:

1. The Prejudice to Investors' Interests Statement is a statement that, in the Exchange's opinion, the occupying of the position of director or senior management of the Company or any of its subsidiaries by Mr Yu may cause prejudice to the interests of investors.
2. "Held by production" refers to a requirement for the licensee to maintain certain production in the oil and gas field.
3. Rule 2.13(2) provides that the information contained in any announcement or corporate communication must be accurate and complete in all material respects and not misleading or deceptive.
4. Rule 3.08 provides that the Exchange expects directors, both collectively and individually, to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law. These duties include a duty to apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding his/her office within the issuer.

5. Under Rule 3.09B(2), a director has obligation to use his/her best endeavours to procure the issuer's compliance with the Listing Rules.