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中港石油有限公司*

CHK OIL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of CHK Oil Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	58,797	153,126
Cost of sales		<u>(58,433)</u>	<u>(150,955)</u>
Gross profit		364	2,171
Other income		1,438	403
Administrative expenses		(27,899)	(36,141)
Loss on written off of property, plant and equipment		–	(2,524)
Reversal of impairment loss of property, plant and equipment	10	4,770	2,682
Reversal of impairment loss of intangible assets	11	46,630	26,218
Reversal of (Provision for) impairment loss of trade and other receivables		177	(5,998)
Finance costs	5	<u>(171)</u>	<u>(264)</u>

* *For identification purpose only*

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit (Loss) before tax	6	25,309	(13,453)
Income tax expense	7	<u>(9,077)</u>	<u>(8,029)</u>
Profit (Loss) for the year		16,232	(21,482)
Other comprehensive income (loss) for the year, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		<u>3,692</u>	<u>(3,208)</u>
Total comprehensive income (loss) for the year		<u>19,924</u>	<u>(24,690)</u>
Profit (Loss) attributable to:			
Owners of the Company		16,232	(21,482)
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>16,232</u>	<u>(21,482)</u>
Total comprehensive income (loss) attributable to:			
Owners of the Company		19,924	(24,690)
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>19,924</u>	<u>(24,690)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings (Loss) per share			
– Basic and diluted	9	<u>1.88</u>	<u>(2.55)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	20,856	16,099
Intangible assets	<i>11</i>	202,306	155,676
Right-of-use assets		2,796	1,484
Statutory deposits and other assets		2,622	2,622
		<u>228,580</u>	<u>175,881</u>
Current assets			
Trade receivables	<i>12</i>	6,299	4,332
Prepayments, deposits and other receivables	<i>13</i>	105,460	91,237
Bank balances and cash		1,590	13,511
		<u>113,349</u>	<u>109,080</u>
Current liabilities			
Trade and other payables	<i>14</i>	33,670	21,618
Loans from ultimate holding company		17,849	10,900
Bank loan and other borrowings	<i>15</i>	5,448	3,193
Lease liabilities		1,488	1,701
Tax payable		6,422	12,801
		<u>64,877</u>	<u>50,213</u>
Net current assets		<u>48,472</u>	<u>58,867</u>
Total assets less current liabilities		<u>277,052</u>	<u>234,748</u>
Non-current liabilities			
Deferred tax liabilities		16,879	6,100
Lease liabilities		1,343	–
		<u>18,222</u>	<u>6,100</u>
Net assets		<u>258,830</u>	<u>228,648</u>

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Equity			
Share capital	16	173,871	168,376
Reserves		83,944	59,257
		<hr/>	<hr/>
Equity attributable to owners of the Company		257,815	227,633
Non-controlling interests		1,015	1,015
		<hr/>	<hr/>
Total equity		258,830	228,648
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

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 address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is situated at Units 2617-18, 26th Floor, Mira Place Tower A, No. 132 Nathan Road, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

In the opinion of the directors of the Company, the Company’s parent and ultimate holding company is Xin Hua Petroleum (Hong Kong) Limited (“**Xin Hua**”), a company incorporated in Hong Kong.

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is the functional currency of the Company and all values are rounded to the nearest thousand except where otherwise indicated.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The measurement basis used in the preparation of these consolidated financial statements is the historical cost basis.

Adoption of new/revised HKFRS Accounting Standards

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements. The adoption of the new/revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years. A summary of the principal accounting policies adopted by the Group is set out below.

(b) Going concern

These consolidated 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 earned a net profit attributable to owners of the Company of HK\$16,232,000 for the year ended 31 December 2025 but, as of that date, the Group's total trade and other payables, loans from ultimate holding company, bank loan and other borrowings, lease liabilities, tax payable in aggregated to approximately HK\$64,877,000 which are due for repayment within the next twelve months from 31 December 2025, while the Group had only bank balances and cash of HK\$1,590,000. 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 consolidated 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 associated activities and technologies surrounding the oil and gas sector by establishing the provision of market development service and technical service and development as an additional business segment in coming year, 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 consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of oil and natural gas reserves

Changes in proved oil and natural gas reserves will affect the depreciation, depletion and amortisation under the unit-of-production method recorded in the Group's consolidated financial statements for property, plant and equipment and intangible assets related to oil and gas production activities. The proved oil and natural gas reserves are also key determinants in assessing whether the carrying value of the Group's oil and gas properties and intangible assets have been impaired. Proved reserves are determined using estimates such as oil in place, future product prices and drilling and development plans.

Estimation of impairment of oil and gas assets and intangible assets

Oil and gas assets and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable or there has been a favourable change in the estimates used to determine the recoverable amount. Determination as to whether and how much an asset is impaired or impairment loss is reversed involves the management estimates and judgements such as future price of oil and gas, the production profile and any significant changes in factors or assumptions used in estimating reserves.

Estimation of impairment of trade deposits paid

The Group's management estimates the loss allowance for trade deposits paid by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade deposit paid. If the expected credit losses ("ECLs") rates on the trade deposits paid over 365 days had been 1% higher (lower) at the end of the reporting period, with other assumptions held constant, the loss allowance would have been HK\$96,000 (2024: HK\$92,000) higher (lower).

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in oil and gas sales; and trading of oil and oil-related and other products.

	Oil and gas sales HK\$'000	2025 Trading of oil, oil-related and other products HK\$'000	Total HK\$'000
Revenue			
– Sales of oil and gas: recognised at a point in time			
– United States of America (“USA”)	8	–	8
– Sales of oil-related and other products: recognised at a point in time			
– People’s Republic of China (“PRC”)	–	58,789	58,789
	<u>8</u>	<u>58,789</u>	<u>58,797</u>
Segment profit (loss)	45,202	(938)	44,264
Unallocated income			1
Unallocated expenses			(18,785)
Finance costs			<u>(171)</u>
Profit before tax			25,309
Income tax expense			<u>(9,077)</u>
Profit for the year			<u><u>16,232</u></u>

	2025			
	Oil and gas sales <i>HK\$'000</i>	Trading of oil, oil-related and other products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	219,016	110,366	–	329,382
Unallocated assets			12,547	<u>12,547</u>
Total assets				<u><u>341,929</u></u>
Segment liabilities	7,506	27,591	–	35,097
Deferred tax liabilities	16,879	–	–	16,879
Unallocated liabilities			31,123	<u>31,123</u>
Total liabilities				<u><u>83,099</u></u>
Other information				
Interest income	63	1,374	1	1,438
Finance costs	–	91	80	171
Additions				
– property, plant and equipment	–	–	68	68
– right-of-use assets	–	–	3,129	3,129
Depreciation				
– property, plant and equipment	–	31	54	85
– right-of-use assets	–	–	1,817	1,817
Reversal of provision for impairment loss				
– property, plant and equipment	(4,770)	–	–	(4,770)
– intangible assets	(46,630)	–	–	(46,630)
– trade and other receivables	–	(177)	–	(177)
Legal and professional fees	2,749	–	4,948	7,697
Repair and maintenance expenses	2,197	–	11	2,208
Penalties	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>

	Oil and gas sales <i>HK\$'000</i>	2024 Trading of oil, oil-related and other products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
-Sales of oil and gas: recognised at a point in time			
-USA	1	-	1
-Sales of oil-related and other products: recognised at a point in time			
-PRC	<u>-</u>	<u>153,125</u>	<u>153,125</u>
	<u>1</u>	<u>153,125</u>	<u>153,126</u>
Segment profit (loss)	10,102	(6,128)	3,974
Unallocated income			5
Unallocated expenses			(17,285)
Finance costs			<u>(147)</u>
Loss before tax			(13,453)
Income tax expense			<u>(8,029)</u>
Loss for the year			<u><u>(21,482)</u></u>

	2024			
	Oil and gas sales <i>HK\$'000</i>	Trading of oil, oil-related and other products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	168,153	106,052	–	274,205
Unallocated assets			10,756	<u>10,756</u>
Total assets				<u><u>284,961</u></u>
Segment liabilities	12,882	18,459	–	31,341
Deferred tax liabilities	6,560	(460)	–	6,100
Unallocated liabilities			18,872	<u>18,872</u>
Total liabilities				<u><u>56,313</u></u>
Other information				
Interest income	79	10	3	92
Finance costs	–	117	147	264
Additions				
– property, plant and equipment	–	–	216	216
Depreciation	1	30	60	91
– property, plant and equipment	–	–	1,869	1,869
– right-of-use assets				
Loss on written off of property, plant and equipment	2,524	–	–	2,524
(Reversal of) Provision for impairment loss				
– property, plant and equipment	(2,682)	–	–	(2,682)
– intangible assets	(26,218)	–	–	(26,218)
– trade and other receivables	–	5,998	–	5,998
Legal and professional fees	3,475	–	3,057	6,532
Repair and maintenance expenses	8,285	–	–	8,285
Penalties	4,683	–	–	<u>4,683</u>

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

	Revenue from external customers		Non-current assets	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong (place of domicile)	–	–	2,869	1,543
USA	8	1	225,630	174,229
PRC	58,789	153,125	81	109
	58,797	153,126	228,580	175,881

The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the non-current assets is based on physical location of the asset in the case of property, plant and equipment, right-of-use assets, statutory deposits and other assets and the location of the operation to which they are allocated in the case of intangible assets.

The Group's customer base includes one customer (2024: four customers) with whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to this customer amounted to approximately HK\$58,789,000 (2024: HK\$63,087,000, HK\$33,854,000, HK\$28,003,000 and HK\$19,458,000 respectively) and was related to trading of oil, oil-related and other products segment.

5. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank loan	91	117
Interest on lease liabilities	80	147
	171	264

6. PROFIT (LOSS) BEFORE TAX

The Group's profit (loss) before tax is arrived at after charging (crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Employee benefit expense, including directors' emoluments:		
– Salaries and allowances	9,643	9,053
– Retirement scheme contributions	341	355
	<u>9,984</u>	<u>9,408</u>
Cost of inventories	58,433	150,955
Depreciation		
– property, plant and equipment	85	91
– right-of-use assets	1,817	1,869
Auditor's remuneration:		
– annual audit	1,100	1,260
– non-assurance services	170	170
Loss on written off of property, plant and equipment	–	2,524
Reversal of impairment loss		
– property, plant and equipment	(4,770)	(2,682)
– intangible assets	(46,630)	(26,218)
(Reversal of) Provision for impairment loss of trade and other receivables	(177)	5,998
Short-term lease payments	363	756
Legal and professional fees	7,697	6,532
Repair and maintenance expenses	2,208	8,285
Penalties	<u>1</u>	<u>4,683</u>

7. INCOME TAX EXPENSE

Hong Kong Profits tax

The two-tiered profits tax rates regime has been implemented in Hong Kong since 1 April 2018.

For the years ended 31 December 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 years.

Overseas taxes

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the country in which the Group operates.

PRC Enterprise Income tax (“EIT”)

EIT has been provided on the estimated assessable profits of a subsidiary operating in the PRC at a concessionary tax rate of 15% under Hainan Free Trade Port’s Preferential for the year ended 31 December 2025 and 2024.

PRC withholding tax

In addition, according to the EIT law, dividends, interests, rent, royalties and gains on transfers of property received by a foreign enterprise, i.e. a non-Chinese tax resident enterprise, will be subject to PRC 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 such preferential treatment.

As the PRC subsidiaries of the Group are eligible for the preferential treatment withholding income tax of 5% is provided on the dividends distributed or expected to be distributed by the PRC subsidiaries of the Group. As at 31 December 2025 and 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Groups’ subsidiaries established in the PRC of HK\$77,323,000 (2024: HK\$80,963,000). In the opinion of the directors, these accumulated undistributed profits, at the present time, are required for financing the continuing operations of the entities and no distribution would be made in the foreseeable future.

US tax

For the years ended 31 December 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%.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax on profit (loss) for the year		
PRC EIT	–	1,311
PRC withholding tax	274	1,661
Over provision for prior years		
PRC EIT	(58)	–
PRC withholding tax	<u>(1,918)</u>	<u>–</u>
	(1,702)	2,972
Deferred tax	<u>10,779</u>	<u>5,057</u>
Total tax expense for the year	<u><u>9,077</u></u>	<u><u>8,029</u></u>

8. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HK\$Nil).

9. EARNINGS (LOSS) PER SHARE

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

	2025	2024
Profit (Loss) for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u>16,232</u>	<u>(21,482)</u>
Weighted average number of ordinary shares (<i>'000</i>)	<u>864,829</u>	<u>841,636</u>
Basic and diluted earnings (loss) per share (<i>HK cents</i>)	<u>1.88</u>	<u>(2.55)</u>

(a) Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024, excluding ordinary shares held as treasury shares.

(b) Diluted earnings (loss) per share

The calculation of diluted earnings (loss) per share is the same as basic earnings (loss) per share as there were no dilutive potential ordinary shares during the years ended 31 December 2025 and 2024.

10. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor Vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 January 2024	31,079	89	1,380	88	32,636
Additions	144	–	19	53	216
Exchange difference	–	–	(1)	2	1
Written off	<u>(5,115)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(5,115)</u>
At 31 December 2024 and 1 January 2025	26,108	89	1,398	143	27,738
Additions	–	–	68	–	68
Exchange difference	<u>–</u>	<u>–</u>	<u>2</u>	<u>6</u>	<u>8</u>
At 31 December 2025	<u>26,108</u>	<u>89</u>	<u>1,468</u>	<u>149</u>	<u>27,814</u>
Accumulated depreciation and impairment losses					
At 1 January 2024	15,457	89	1,269	8	16,823
Charge for the year	–	–	64	27	91
Exchange difference	–	–	(1)	(1)	(2)
Impairment loss reversed	(2,682)	–	–	–	(2,682)
Written off	<u>(2,591)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,591)</u>
At 31 December 2024 and 1 January 2025	10,184	89	1,332	34	11,639
Charge for the year	–	–	54	31	85
Exchange difference	–	–	2	2	4
Impairment loss reversed	<u>(4,770)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,770)</u>
At 31 December 2025	<u>5,414</u>	<u>89</u>	<u>1,388</u>	<u>67</u>	<u>6,958</u>
Net book value					
At 31 December 2025	<u>20,694</u>	<u>–</u>	<u>80</u>	<u>82</u>	<u>20,856</u>
At 31 December 2024	<u>15,924</u>	<u>–</u>	<u>66</u>	<u>109</u>	<u>16,099</u>

11. INTANGIBLE ASSETS

**Oil and gas
processing rights**
HK\$'000

Costs

At 1 January 2024, 31 December 2024,

1 January 2025 and 31 December 2025

1,348,175

Accumulated amortisation and impairment

At 1 January 2024

1,218,717

Impairment loss reversed

(26,218)

At 31 December 2024 and 1 January 2025

1,192,499

Impairment loss reversed

(46,630)

At 31 December 2025

1,145,869

Net carrying amounts

At 31 December 2025

202,306

At 31 December 2024

155,676

The intangible assets represent oil and gas processing rights in Utah, the USA. The intangible assets are amortised upon the commercial production of oil and natural gas on a unit-of-production basis over the total proved reserves. The lease contracts for oil and gas processing rights contain provisions that the Group is required to maintain the wells in production of oil or gas in paying quantities sufficient to pay the operating expenses after royalties and taxes.

12. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables from third parties	6,299	7,207
Less: Loss allowance	<u>–</u>	<u>(2,875)</u>
	<u>6,299</u>	<u>4,332</u>

The credit period of trade receivables is normally within 60 – 365 days. The ageing analysis of the trade receivables based on the date of delivery/invoice date is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-30 days	–	–
31-60 days	–	–
61-180 days	–	–
181-365 days	–	–
Over 365 days	<u>6,299</u>	<u>7,207</u>
	<u>6,299</u>	<u>7,207</u>

For the year ended 31 December 2025, a reversal of impairment loss for the trade receivables from contracts with customers within HKFRS 15 of HK\$2,933,000 (2024: provision of impairment loss of HK\$2,934,000) is recognised in the consolidated statement of profit or loss and other comprehensive income as a result of settlement subsequent to the end of the reporting period.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Prepayments		446	1,117
Rental and other deposits paid		580	624
Trade deposits paid	<i>(a)</i>	108,183	89,207
Value-added tax and other tax receivables		1,397	2,350
Other receivables		<u>816</u>	<u>942</u>
		111,422	94,240
Less: Loss allowance		<u>(5,962)</u>	<u>(3,003)</u>
		<u>105,460</u>	<u>91,237</u>

Note:

(a) Trade deposits paid

Trade deposits paid represent prepayments to suppliers for securing the supply of trading goods and are deductible against future purchases which are unsecured and interest-free, except for a trade deposit of HK\$14,455,000 that is secured by oil-related products of approximately HK\$15,090,000 as at 31 December 2025 and bears interest at 12% per annum and repayable in May 2026 pursuant to a court order (2024: all trade deposits paid are unsecured and interest-free).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each supplier. The default risk of the industry and country in which suppliers operate also has an influence on credit risk but to a lesser extent. At the end of each reporting period, the Group has a certain concentration of credit risk as 78% (2024: 78%) and 100% (2024: 100%) of the total trade deposits paid to the Group's largest supplier and the four largest suppliers respectively.

14. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Trade payables to third parties	<i>(a)</i>	112	246
Other payables			
Accruals		2,984	5,034
Accrued directors' fee and salaries		5,713	1,437
Accrued legal and professional fees		4,176	2,270
Accrued repair and maintenance expenses		12	3,257
Accrued penalties		4,683	4,683
Deposits received from customers		15,597	4,237
Value-added tax and other tax payables		12	67
Other payables		381	387
		33,558	21,372
		33,670	21,618

Note:

- (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:

	2025 HK\$'000	2024 <i>HK\$'000</i>
0-30 days	–	–
31-60 days	–	–
61-180 days	–	–
181-365 days	–	53
Over 365 days	<u>112</u>	<u>193</u>
	<u>112</u>	<u>246</u>

15. BANK LOAN AND OTHER BORROWINGS

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Bank loan	<i>(a)</i>	3,336	3,193
Loan from a director	<i>(b)</i>	<u>2,112</u>	<u>–</u>
		<u>5,448</u>	<u>3,193</u>

(a) Bank loan

The bank loan represents the unsecured revolving banking facility of RMB3,000,000 (equivalent to HK\$3,336,000) (2024: RMB3,000,000 (equivalent to HK\$3,193,000)) utilised, with a term of 1 year from 14 August 2025 (2024: 13 August 2024), that carries variable interest rate with reference to the PRC's Loan Prime Rate as determined by the National Interbank Funding Center plus 0.0570% (2024: 0.1307%) per annum. As at 31 December 2025, the effective interest rate of the bank loan was 3.06% (2024: 3.48%) per annum.

(b) Loan from a director

The loan from a director is unsecured, interest-free, and has no fixed repayment term.

16. SHARE CAPITAL

	Notes	2025		2024	
		Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:					
At beginning of the reporting period and at end of the reporting period, ordinary shares of HK\$0.2 each		<u>100,000,000</u>	<u>20,000,000</u>	<u>100,000,000</u>	<u>20,000,000</u>
Issued and fully paid:					
At beginning of the 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>	–	–
At the end of the reporting period, ordinary shares of HK\$0.2 each		<u>869,353</u>	<u>173,871</u>	<u>841,879</u>	<u>168,376</u>

- (a) The Company issued 15,426,000 ordinary shares of HK\$0.2 each to Ms. Mo Zhiqian and Mr. Lam Ho Yin at the placing price of HK\$0.385 per share (representing a discount of 12.5% to the closing price of HK\$0.44 per share quoted on 5 February 2025) and a net price of HK\$0.368 per share under placing agreement on 5 February 2025. The gross proceeds from placing amounted to HK\$5,939,000 with an incremental cost of HK\$260,000. The Group applied approximately 50% for the development, operation and working capital needs of the Group's oil fields in Utah and approximately 50% for other business operation and general working capital of the Group according to the intentions previously disclosed in the announcements. 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 of HK\$0.2 each upon loan capitalisation amounting to HK\$5,000,000 at the issue price of HK\$0.415 per share (representing a discount of 11.7% to the closing price of HK\$0.470 per share quoted on 17 January 2025) with an incremental cost of HK\$421,000 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.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND REVIEW OF OPERATIONS

For the year ended 31 December 2025 (the “Year”), the Group recorded a consolidated revenue of approximately HK\$58.8 million (2024: approximately HK\$153.1 million) mainly contributed from the trading of oil, oil-related products and other products business. Basic and diluted earnings per share for the Year was HK\$1.88 cents (2024: basic and diluted loss per share HK\$2.55 cents). Basic and diluted earnings/(loss) per share were based on the weighted average of approximately 864.8 million shares (2024: approximately 841.6 million shares) in issue for the Year. Gross profit for the Year amounted to approximately HK\$0.4 million (2024: approximately HK\$2.2 million), which was mainly contributed by the trading of oil and oil-related products in the PRC.

The net profit attributable to the owners of the Company for the Year was approximately HK\$16.2 million, as compared with the net loss attributable to owners of the Company of approximately HK\$21.5 million for the year ended 31 December 2024. The turnaround from net loss attributable to owners of the Company last year to net profit attributable to the owners of the Company for the Year was mainly attributable to the reversal of impairment loss on the oil and gas properties and intangible assets in the Group’s gas and oil fields in Utah (the “Utah Gas and Oil Field”) totalling to HK\$51.4 million.

In respect of the reversal of impairment loss on the oil and gas properties and intangible assets in the oil and gas sales segment, the increase in the fair value of oil and gas properties and intangible assets was primarily attributable to increase in probable gas reserves of the Utah Gas and Oil Field.

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. 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 the Group’s trading business in terms of trading volume and profit margin. During the Year, the Group recorded revenue of approximately HK\$58.8 million (2024: approximately HK\$153.1 million) in the trading of oil, oil-related and other products segment.

The Group had made trade deposit payments to Anda Xingda Chemical Co. Ltd., 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 Listing Rules. Details of the trade deposits paid to these suppliers were set out in the announcement of the Company dated 6 March 2026.

As at 31 December 2025, the outstanding balance of trade deposits paid to Longyou amounted to approximately RMB75.2 million (equivalent to approximately HK\$83.6 million) and represented approximately 24.4% 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 and 2025, 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 quarter of 2026. The fourth well remains under maintenance and work. During the Year, the Group recorded revenue of approximately HK\$8,000 (2024: HK\$1,000) 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 the reserves, net income from production and trade, cash flow and profitability of the Group.

During the Year, oil price fluctuated between approximately US\$60/barrel and US\$83/barrel, while natural gas fluctuated between approximately US\$2.65/million British thermal units (“MMBtu”) and US\$5.19/MMBtu. At the beginning of 2025, the price of Brent crude oil was approximately US\$76 per barrel. It experienced fluctuations with relatively low volatility throughout the Year and declined to approximately US\$61 per barrel by end of December 2025.

The price of natural gas started at approximately US\$3.65/MMBtu at the beginning of 2025 and exhibited notable volatility in January 2025. In February 2025, prices reverted to their previous price range and then gradually declined through November 2025. In December 2025, prices showed an upward trend, closing at approximately US\$4.00/MMBtu at the end of December 2025. (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.

OPERATIONAL REVIEW AND UPDATE ON RESERVES

Except for the maintenance works for the wells under the Remaining Leases, the Group has not undertaken any further exploration and development on the Utah Gas and Oil Field for the Year. During the Year, there have been production activities in the Utah Gas and Oil Field and the expenditure for such production activities and its associated cost (including the maintenance costs) was approximately HK\$2.2 million.

According to the latest reserves and resources evaluation report, the gross proved gas reserves and the gross proved plus probable gas reserves of the Utah Gas and Oil Field as at 31 December 2025 were approximately 32.4 billion cubic feet and 70.1 billion cubic feet, respectively (2024: 31.7 billion cubic feet and 34.1 billion cubic feet); and the gross proved oil and condensate reserves and the gross proved plus probable oil and condensate reserves of the Utah Gas and Oil Field as at 31 December 2025 were approximately 442 thousand barrels and 2,038 thousand barrels, respectively (2024: 276 thousand barrels and 1,712 thousand barrels).

PROSPECTS

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 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.

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.

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. In November 2025, the Group entered into a market development service agreement and technical service and development agreement with an independent third party. Details of the agreements were set out in the announcement of the Company dated 24 November 2025. Pursuant to the agreements, the Group agreed to provide market development service and technical services and development to the independent third party for its sales of intelligent oil and gas extraction equipment to the oil fields located in the PRC and overseas. By entering into these agreements, it allowed the Group to expand its business in the oil and gas sector by establishing the provision of market development service and technical service and development as an additional business segment in coming year, thereby enhancing its financial income base.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, there were HK\$17.8 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), loan from a director of HK\$2.2 million (as at 31 December 2024: Nil), 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 31 December 2025 was approximately HK\$1.6 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 1.7 times (as at 31 December 2024: 2.2 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 Year, the Group did not use any financial instruments for hedging.

The Group's total finance cost was approximately HK\$171,000 for the Year (2024: HK\$264,000). The decrease was mainly due to the decrease in interest on lease liabilities during the Year.

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 were set out in the announcements of the Company dated 15 January 2025 and 5 February 2025.

The Group applied (i) approximately 50% of the net proceeds for the development, operation and working capital needs of the Group's oil fields in the USA; 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 Year.

On 17 January 2025, the Company and Xin Hua, the controlling shareholder of the Company, which is directly interested in approximately 63.52% of the issued share capital of the Company as at the date of this announcement, 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 were set out in the announcements of the Company dated 17 January 2025, 21 March 2025 and 3 April 2025, and the circular of the Company dated 28 February 2025.

CONTINGENT LIABILITIES

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

CHARGES ON GROUP ASSETS

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

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

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

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 Year.

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 Year, 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 31 December 2025, the gearing ratio (debt-to-asset ratio) of the Group, calculated as total liabilities divided by total assets, was approximately 24.3% (31 December 2024: 19.8%).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the number of employees of the Group was about 23 (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.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There is no significant event requiring disclosure that has been taken place subsequent to 31 December 2025 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION ON THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2025.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2025. (2024: nil)

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 Model Code throughout the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board and senior management of the Company are committed to promoting high standards of corporate governance practices and procedures to ensure that sound and appropriate corporate governance practices are in place to grow the Group and safeguard the interests of shareholders and the Group's assets. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Listing Rules as its own code of corporate governance. During the year ended 31 December 2025, to the best of the knowledge of the Board, the Company was in compliance with the relevant code provisions set out in the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Ms. Huang Qingwei (Chairlady), Ms. Zhong Bifeng and Mr. Chen Yawei. The Audit Committee has reviewed with management and external auditor of the Company, the annual results of the Group for the year ended 31 December 2025, and the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that such statements complied with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosure have been made.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures contained in this results announcement in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 have been agreed by the Group's auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by Forvis Mazars in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars on this announcement.

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN

The following is an extract of Forvis Mazars's report on the Group's consolidated financial statements for the year ended 31 December 2025.

“We draw attention to the “Going concern” section in note 2(b) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group earned a net profit attributable to owners of the Company of HK\$16,232,000 for the year ended 31 December 2025 but, as of that date, the Group's total trade and other payables, loans from ultimate holding company, bank loan and other borrowings, lease liabilities, tax payable in aggregated to approximately HK\$64,877,000 which are due for repayment within the next twelve months from 31 December 2025, while the Group had only bank balances and cash of HK\$1,590,000. These conditions along with other matters as set forth in note 2(b) to the consolidated financial statements, indicate that a material uncertainty exists that 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, having considered the plans and measures being taken by the Group, are of opinion that the Group would be able to continue as a going concern. The Company's auditors' opinion is not modified in respect of this matter.

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

Hong Kong, 31 March 2026

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*