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BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED

光滙石油(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 933)

BRIGHTOIL ONLINE - ENERGY AND FINANCIAL E-COMMERCE PLATFORM 2017 E-COMMERCE EXCLUSIVE TECHNICAL CONSULTANCY AND SERVICES AGREEMENT

2017 E-COMMERCE AGREEMENT

Reference is made to the announcement of the Company dated 8 October 2015 with respect to the 2016 E-commerce Agreement entered into between Brightoil E-commerce and Shenzhen Brightoil, pursuant to which Brightoil E-commerce agreed to provide operational e-commerce services to Shenzhen Brightoil for a term of 1 year, from 1 January 2016 to 31 December 2016.

As the 2016 E-commerce Agreement expires on 31 December 2016, Brightoil E-commerce and Shenzhen Brightoil have entered into the 2017 E-commerce Agreement on 23 December 2016 for another term of 1 year, from 1 January 2017 to 31 December 2017, for the provision of operational e-commerce services by Brightoil E-commerce to Shenzhen Brightoil Group in relation to the latter's single-purpose commercial prepaid cards related business.

IMPLICATIONS UNDER THE LISTING RULES

Shenzhen Brightoil is ultimately controlled and beneficially owned by Dr. Sit, an Executive Director, the Chairman and the Chief Executive Officer of the Company and a controlling Shareholder indirectly interested in approximately 72.81% of the issued share capital of the Company as at the date of this announcement. Accordingly, Shenzhen Brightoil is a connected person of the Company and the transactions contemplated under the 2017 E-commerce Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the 2017 E-commerce Agreement (even if required to be aggregated with the 2016 Cargo-Carrying Agreement) is more than 0.1% but less than 5%, the 2017 E-commerce Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements pursuant to Chapter 14A of the Listing Rules, but are exempt from the Independent Shareholders' approval requirements under the Listing Rules.

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Date: 23 December 2016.

Parties: (1) Brightoil E-commerce; and
(2) Shenzhen Brightoil.

Subject matter of the Transaction – the Services: In consideration of the Consultancy Service Fee, Brightoil E-commerce will be the exclusive provider of the Services for the single-purpose commercial prepaid cards related business of Shenzhen Brightoil Group. The Services are:

- (1) brand strategy and marketing services (consisting of marketing strategy planning services, product research and development services, business process planning, client data collection and analysis services, and services arising from other new businesses);
- (2) corporate operational services (consisting of financial management services, risk control management services and customer services); and
- (3) information technology research and development and system operations maintenance services (which includes the authorised use of the e-commerce platform software of the Brightoil E-commerce).

Consideration – Consultancy Service Fee: Shenzhen Brightoil Group shall pay to Brightoil E-commerce the Consultancy Service Fee, which consists of the following three components and is subject to the Annual Cap of RMB850,000,000 (equivalent to approximately HK\$957,355,000):

- (1) service fee for brand strategy and marketing services – equal to 110% of the actual cost directly incurred for this purpose by Brightoil E-commerce in providing the relevant types of services;
- (2) service fee for corporate operational services – equal to 106% of the actual cost directly incurred for this purpose by Brightoil E-commerce in providing the relevant types of services; and
- (3) service fees for information technology research and development and system operations maintenance services (including the fee for the authorised use of the e-commerce platform software of Brightoil E-commerce) – equal to 4% of the sales income conducted on the e-commerce platform of Shenzhen Brightoil Group.

Payment arrangement: Brightoil E-commerce shall issue an invoice to Shenzhen Brightoil Group within 15 days of the end of each quarter of the Term, setting out the payable Consultancy Service Fee for that quarter. Shenzhen Brightoil Group shall pay the invoiced Consultancy Service Fee within 15 days upon receipt of such invoice to an account specified by Brightoil E-commerce.

Term: 1 year, starting on 1 January 2017.

Brightoil E-commerce shall be entitled to terminate the 2017 E-commerce Agreement upon 30-day prior written notice to Shenzhen Brightoil at any time, and shall not be liable for any liability for breach of contract in doing so.

Rights of assignment: Brightoil E-commerce shall be entitled to assign its interests and/or its obligations in full or in part to any of its associates or affiliates, or to any third parties without the need for consent of Shenzhen Brightoil.

Guarantee or security given or required: None.

The basis of the Consultancy Service Fee was determined after arm's length negotiation between the parties to the 2017 E-commerce Agreement.

HISTORICAL CONSULTANCY SERVICE FEE

	For the eleven months ended 30 November 2016 (Approximate)
Total service fees received or receivable under the 2016 E-commerce Agreement	RMB51 million (equivalent to approximately HK\$57.4 million)

	For the year ending 31 December 2016
Existing annual cap	RMB850 million (equivalent to approximately HK\$957.4 million)

For the year ending 31 December 2016, the Company expects the monetary cap of RMB850 million (equivalent to approximately HK\$957.4 million) will not be exceeded.

THE PROPOSED ANNUAL CAP

The proposed Annual Cap for the transactions contemplated under the 2017 E-commerce Agreement for the Term is RMB850,000,000 (equivalent to approximately HK\$957,355,000).

The proposed Annual Cap is determined with reference to:

- (1) the budgeted cost to be incurred by Brightoil E-commerce in providing brand strategy and marketing services, being approximately RMB233,000,000 (equivalent to approximately HK\$262,427,900);
- (2) the budgeted cost to be incurred by Brightoil E-commerce in providing corporate operational services, being approximately RMB35,000,000 (equivalent to approximately HK\$39,420,500);
- (3) the estimated amount of sales revenue conducted on the e-commerce platform of Shenzhen Brightoil Group, being approximately RMB13,900,000,000 (equivalent to approximately HK\$15,655,570,000); and
- (4) the fixed rates of (1), (2) and (3) above to be charged by Brightoil E-commerce in accordance with the “Consideration – Consultancy Service Fee” section above, the fixed rates of which were determined after arm’s length negotiation between the parties to the 2017 E-commerce Agreement.

INFORMATION OF THE GROUP

The Group is principally engaged in oil and gas exploration, development and production, international trading and marine bunkering, marine transportation, oil storage and terminal facilities as well as e-commerce business.

INFORMATION OF SHENZHEN BRIGHTOIL GROUP

The Shenzhen Brightoil Group has been engaged in the provision of oil storage services, investment in gas stations, wholesale and retail of petroleum products in Shenzhen, the PRC. It is one of the five approved operators of duty-free oil marine bunkering in the PRC. Shenzhen Brightoil is also licensed to issue single-purpose commercial prepaid cards and Oil Prepaid Cards, as well as to engage in their network marketing in the PRC. Dr. Sit, an Executive Director, the Chairman and the Chief Executive Officer of the Company, is the ultimate controller and beneficial owner of Shenzhen Brightoil.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The 2017 E-commerce Agreement serves to continue the innovative development synergy between the Group and the Shenzhen Brightoil Group. The Company considers that the 2017 E-commerce Agreement and the participation and expansion into the oil and gas e-commerce business sector in the PRC can further boost the income of the Group's existing oil product trading and bunkering business and downstream business and provide the Company the means to gain meaningful insight of the future prospects of the developing oil and gas e-commerce business sector.

Based on the above reasons for and benefits of entering into the Transaction, the Directors, including all of the independent non-executive Directors, consider that:

- (1) the terms of the 2017 E-commerce Agreement (including the Annual Cap) are fair and reasonable;
- (2) the transactions contemplated by the 2017 E-commerce Agreement are with terms no less favourable than those available to the Company from Independent Third Parties or no more favourable than the terms offered by the Company to the Independent Third Parties (as appropriate) and in the ordinary and usual course of business of the Group; and
- (3) it is in the best interests of the Company and the Shareholders as a whole that the Group enters into the 2017 E-commerce Agreement (and the transactions contemplated thereunder).

As Dr. Sit is the ultimate controller and beneficial owner of Shenzhen Brightoil, he has abstained from voting of the Board approving the same.

IMPLICATIONS UNDER THE LISTING RULES

Shenzhen Brightoil is ultimately controlled and beneficially owned by Dr. Sit, an Executive Director, the Chairman and the Chief Executive Officer of the Company and a controlling Shareholder indirectly interested in approximately 72.81% of the issued share capital of the Company as at the date of this announcement. Accordingly, Shenzhen Brightoil is a connected person of the Company and the transactions contemplated under the 2017 E-commerce Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the 2017 E-commerce Agreement (even if required to be aggregated with the 2016 Cargo-Carrying Agreement) is more than 0.1% but less than 5%, the 2017 E-commerce Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements pursuant to Chapter 14A of the Listing Rules, but are exempt from the Independent Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“2016 Cargo-Carrying Agreement”	the agreement entered into on 12 May 2016 between the Company and Shenzhen Brightoil in relation to the sub-chartering and / or subletting any of the Vessels to the Shenzhen Brightoil Group and / or the carrying of the cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels, details of which are disclosed in the announcement of the Company dated 12 May 2016;
“2016 E-commerce Agreement”	the agreement dated 8 October 2015 between Shenzhen Brightoil and Brightoil E-commerce for the purpose of governing the provision of operational e-commerce services by Brightoil E-commerce for the single-purpose commercial prepaid cards related to the business of Shenzhen Brightoil, details of which are disclosed in the announcement of the Company dated 8 October 2015;
“2017 E-commerce Agreement”	the agreement between Brightoil E-commerce and Shenzhen Brightoil governing the provision of operational e-commerce services by Brightoil E-commerce for the single-purpose commercial prepaid cards related business of Shenzhen Brightoil Group dated 23 December 2016;
“Annual Cap”	the proposed maximum aggregate annual amount payable by Shenzhen Brightoil Group to Brightoil E-commerce pursuant to the 2017 E-commerce Agreement;
“associate(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“Board”	the board of Directors;
“Brightoil E-commerce”	光滙石油電商（深圳）有限公司 (Brightoil Petroleum E-commerce (Shenzhen) Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;

“Company”	Brightoil Petroleum (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“Consultancy Service Fee”	the technical consultancy and service fees payable by Shenzhen Brightoil Group to Brightoil E-commerce in consideration of the Services;
“Director(s)”	the director(s) of the Company;
“Dr. Sit”	Dr. Sit Kwong Lam, an Executive Director, the Chairman and the Chief Executive Officer of the Company;
“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 PRC;
“Independent Shareholders”	Shareholders other than Dr. Sit and his associates;
“Independent Third Party (Parties)”	third party(ies) independent of the Group or its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Oil Prepaid Cards”	oil prepaid cards* (儲油卡), a type of E-commerce product available for purchase on the E-commerce platform of Shenzhen Brightoil and can be exchanged for oil products supplied by Shenzhen Brightoil Group;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Services”	the services to be provided by Brightoil E-commerce to Shenzhen Brightoil Group in accordance with the 2017 E-commerce Agreement;
“Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;

“Shenzhen Brightoil”	深圳光滙石油集團股份有限公司 (Shenzhen Brightoil Group Co., Ltd.*), a company established in the PRC with limited liability, which is ultimately controlled and beneficially owned by Dr. Sit;
“Shenzhen Brightoil Group”	Shenzhen Brightoil and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Term”	the term of the 2017 E-commerce Agreement, being the period of 1 year, starting on 1 January 2017; and
“Transaction”	the 2017 E-commerce Agreement and the transactions contemplated thereunder.

In this announcement, unless otherwise specified, amounts denominated in RMB have been translated for the purpose of illustration only, into HK\$ at the exchange rate of RMB1:HK\$1.1263.

By Order of the Board of
Brightoil Petroleum (Holdings) Limited
Sit Kwong Lam
Chairman

Hong Kong, 23 December 2016

As at the date of this announcement, the Board comprises (i) four Executive Directors, namely Dr. Sit Kwong Lam, Mr. Tang Bo, Mr. Tan Yih Lin and Mr. Wang Wei; (ii) one Non-Executive Director, namely Mr. Dai Zhujiang; and (iii) three Independent Non-executive Directors, namely Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang.

** For identification purpose only*