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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)

ANNOUNCEMENT IN RELATION TO UPDATE ON FINANCIAL POSITION AND POTENTIAL DEBT REORGANIZATION

This announcement is made by Brightoil Petroleum (Holdings) Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

POTENTIAL DEBT REORGANIZATION

Reference is made to the Company's announcement dated 21 November 2018, in which the Board of the Directors of the Company has announced that the Group is working to formulate a package of financing and debt optimization adjustment plans for the Group to optimize the Group's debt structure and enhance liquidity of the Group.

The Company is currently assessing the financial position of the Group and the impact of claims made by some creditors against the Group. Based on a preliminary assessment made by management of the Company, the total creditor claims amount to approximately USD250 million. The management of the Company considers that the Group has sufficient cash flow to maintain its normal operation, while it would require new funding to be received from the potential debt reorganization or otherwise to satisfy all the creditor claims.

The Board wishes to inform shareholders and investors that while there are claims made by some creditors against the Group, work in relation to the potential debt reorganization is actively pursued by the Group. Under the guidance and coordination of the People's Bank of China and following the principles of mitigating risks and supporting enterprise development, a committee led by a key financier of the Group is in discussion with the Group to advance the formulation of the debt reorganization plans. It is anticipated by the management of the Group that debt reorganization or new financing can be arranged after the due diligence which is in progress and further discussions with the Group. The plans under consideration include renewal of existing credit facilities, takeover of existing loans by certain key financiers and/or disposal of assets of the Group for raising capital to pay off a portion of the existing debts and enhancing liquidity of the Group.

Further, the suspension of trading of the Company's shares has put pressure on the Group's ability to secure financing and limited the Group's access to capital for business and operations. To protect the Group's business from creditors' claims, including winding up petitions against the Company or its subsidiary, the Group is taking steps to pursue the debt reorganization, engaging in negotiations with creditors, and pursuing legal protection as advised.

SETTLEMENT CONCERNING WINDING UP PETITION AGAINST THE COMPANY

On 8 January 2019, a winding up petition was filed by Broad Action Limited against the Company in the High Court of Hong Kong in relation to an alleged unpaid early redemption amount in the sum of approximately US\$42 million under the terms and conditions of the unsecured redeemable convertible bonds due 2018 issued by the Company on or around 19 November 2015. Through friendly consultation, pursuant to a settlement, Broad Action Limited and the Company have filed a Consent Summons at court for the withdrawal of the petition.

CLAIMS AGAINST A SUBSIDIARY AND APPLICATION FOR A MORATORIUM

In August 2018, a creditor commenced legal proceedings against Brightoil Petroleum (S'Pore) Pte. Ltd. ("**BOPS**"), which is an indirect wholly-owned subsidiary of the Company, in the High Court of the Republic of Singapore ("**High Court of Singapore**") in relation to sums allegedly due on letters of credit and short term advances. An application for summary judgment has been made by the creditor. In November 2018, an originating summons was filed by another creditor against BOPS in the High Court of Singapore seeking, among other things, a winding up order against BOPS in relation to an invoice and a settlement agreement.

On 13 December 2018, BOPS applied for a moratorium under section 211B of the Singapore Companies Act (the "**Moratorium**") to restrain legal action or proceedings against BOPS. The interim moratorium was for a period of 30 days following the filing of the application, which expired on 11 January 2019. On 11 January 2019, the High Court of Singapore granted an extension of the Moratorium until 31 March 2019. It is anticipated that a further hearing before the High Court of Singapore will be held before the end of March 2019.

SEEKING SETTLEMENT FOR OTHER CREDITOR ACTIONS AGAINST THE COMPANY AND ANOTHER SUBSIDIARY

The Group is also negotiating with other creditors which have issued statutory demands against the Company and/or commenced legal actions against Brightoil Shipping Singapore Pte. Ltd., another indirect wholly-owned subsidiary of the Company, with the view to exploring settlement options and seeking creditors' support to reorganize the Group's debts.

OTHER PLANS TO INCREASE LIQUIDITY OF THE GROUP

The Group has been working towards increasing liquidity. In December 2018, the Group and a major cooperative partner, CNOOC, reached agreements in relation to provision of a total amount of approximately USD700 million in financing and capital support. The Group is actively considering other plans to improve liquidity, including sale of assets, and refinancing. Reference is made to the Company's announcement dated 30 July 2018 in relation to, among other things, the intended sales of assets and/or shareholding of Zhoushan Oil Storage and Terminal Facilities ("**Zhoushan Project**"). The Company is in discussions with potential purchasers or investors about the Zhoushan Project. Further, the Group is presently in discussion with financial institutions for refinancing of its oil tankers. The management of the

Company believes that the debt reorganization, the sale of assets, or refinancing would provide the necessary liquidity to allow the Group to protect its business, meet the creditor claims, and pursue future business opportunities.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares on the Stock Exchange has been suspended since 3 October 2017 pending the publication of the Results Announcements, and will remain suspended until further notice. The Company will make further announcement(s) as and when appropriate.

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

Hong Kong, 18 January 2019

As at the date of this announcement, the Board comprises (i) three Executive Directors, namely Dr. Sit Kwong Lam, Mr. Tang Bo and Mr. Tan Yih Lin; (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*