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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)

QUARTERLY UPDATE ANNOUNCEMENT ON RESUMPTION PROGRESS AND BUSINESS OPERATIONS

This announcement is made by Brightoil Petroleum (Holdings) Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

Reference is made to the announcements of the Company dated 26 September 2017, 3 October 2017, 10 November 2017, 28 December 2017, 15 February 2018, 28 February 2018, 3 April 2018, 21 May 2018, 13 July 2018, 30 July 2018, 1 August 2018, 4 September 2018, 28 September 2018, 21 November 2018, 28 December 2018 and 18 January 2019 (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements. Unless otherwise specified herein, all capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

This announcement sets out the update on satisfying the resumption conditions and implementation of the resumption plan by the Company and the business operations of the Group for the fourth quarter of 2018.

RESUMPTION CONDITIONS IMPOSED BY THE STOCK EXCHANGE

As disclosed in the announcement of the Company dated 28 December 2017, the Stock Exchange imposed the following conditions (the “**Resumption Conditions**”) for the resumption of trading in the shares of the Company:

- (a) disclose the findings of the forensic investigation, assess the impact on the Company’s financial and operational position, and take appropriate remedial actions;
- (b) publish all outstanding financial results and address any audit qualifications; and

- (c) inform the market of all material information for the shareholders and investors to appraise the Company's position.

The Stock Exchange may modify the above Resumption Conditions and/or impose further conditions if the situation changes.

PROGRESS ON THE REVIEW

As stated in the announcement of the Company dated 31 October 2018, the Board was informed by the Audit Committee that a meeting was held in mid-October 2018 involving the Auditor, the Independent Adviser and the Audit Committee, to *inter alia* update the Auditor about the work performed by the Independent Adviser. Legal advice was then obtained by the Audit Committee in relation to the work done by the Independent Adviser thus far, information and documents to provide to the Auditor, and the Audit Committee's intention to have further meetings with the Auditor.

As stated in the announcement of the Company dated 31 October 2018, the next stages of work to be performed by the Independent Adviser will involve more detailed analysis into the background and commercial rationales for the Transactions, and analysis of the relevant transactional records, documents and communications, and computer forensic work, as proposed by the Independent Adviser. The Board has been informed by the Audit Committee that these works have not yet commenced because the Audit Committee was given to understand that the estimated costs and expenses involved are unexpectedly high, in particular where substantial sums have already been incurred.

To proceed with the Review and the work of the Independent Adviser, the Audit Committee has engaged a further professional adviser ("**the Further Adviser**") with a view to reducing costs and expenses, to see whether more streamline, cost efficient and cost effective approaches and methodologies are feasible. The Further Adviser was engaged by the Audit Committee in mid-December 2018. The Further Adviser will assist the Audit Committee to review the Independent Adviser's findings and advising on the next steps proposed by the Independent Adviser for the purpose of dealing with the audit issues.

The Further Adviser has released the updated findings made by the Independent Adviser to the Auditor. As instructed by the Audit Committee, the Further Adviser has liaised with the Independent Adviser to discuss their work and updated findings. The Audit Committee and the Further Adviser are in the course of attending the relevant procedures for further discussion with the Independent Adviser. In the meantime, the Further Adviser has also liaised with the Auditor for the purpose of understanding their concerns, resolving the audit issues and agreeing a timeline on completion of the audit and issuance of the audit report. The Audit Committee, the Further Adviser, the Independent Adviser and the Auditor will continue liaising with one another with a view to progressing with the Review, completing the audit of the Company's financial statements and publishing outstanding matters.

RESUMPTION PLAN

As stated above, the Audit Committee, based on the recommendations to be provided by the Further Adviser, will give instructions to the Independent Adviser for the further steps of the Review. As soon as the Review is completed, the Audit Committee will report to the Board about the findings of the forensic investigation and the results of the Review. It is expected that the Company will then make further announcement(s) about the findings and any

appropriate remedial measures, and liaise with the Auditor to complete the audit of the Company's financial statements and publish all outstanding financial results.

As at the date of this announcement, the Review has not been completed. The Company will make further announcement(s) regarding a timetable for its fulfilment of the Resumption Conditions as and when appropriate.

UPDATE ON BUSINESS

(1) Upstream business

For the quarter ended 31 December 2018, the daily oil production of Caofeidian oilfield was 28,000 barrels. The implementation of the ODAP for the Caofeidian project was at 50.66% completion, and the work has been proceeding as planned; the oil production under the ODAP is expected to start in October 2019.

For the quarter ended 31 December 2018, the daily natural gas production of Dina 1 and Tuzi gas field was 104MMcf. The preparatory work for booster station construction of Tuzi gas field has begun, and the booster station is expected to come into production in December 2019.

(2) International Trading and Bunkering

Due to the suspension of trading in the Company, the financing banks have tightened credit for the International Trading and Bunkering Unit (“**ITB**”) Business, thus drastically reducing the respective business volume.

As disclosed in the announcement of the Company dated 1 August 2018, ITB Business has been actively merging the traditional business with e-commerce platform to achieve intelligent, transparent and light-asset operations. The Group is upgrading the e-commerce platform for marine bunkering which was launched in January 2016, integrating the entire marine online e-commerce platform and offering an integrated marine ecosystem solution, and the upgraded version is expected to be launched in the financial year of 2019.

(3) Marine Transportation

Operations of 5 VLCCs and 6 barges of the Group have been temporarily suspended due to arrests by related creditors since the end of last year. Based on the management's preliminary assessment, so far the temporary suspension of the operations has affected on no more than two months' income of the respective vessels of the marine transportation sector. The Group is currently in negotiation with the related creditors and working on the solutions, so that operations of the vessels could be resumed as soon as possible and the impact on the marine transportation sector could be minimized.

Other businesses maintain normal operations.

UPDATE ON POTENTIAL DEBT REORGANIZATION

As stated in the announcements of the Company dated 21 November 2018 and 18 January 2019, the Group has been working on the potential debt reorganization since November 2018. Based on the management's preliminary assessment, the Group presently has aggregate

debts of approximately US\$1.9 billion with claims of approximately US\$250 million made by some creditors of the Group, and therefore require, and is in discussions with the Group's key financiers for, external financing. The Group's key financiers responded positively, formed a committee to work with the Group and have established an overarching framework for the restructuring of the existing financial obligations of the Group. Presently, due diligence is being carried out in relation to the extent of existing financial obligations of the Group that will require reorganization and the financing that will be required for the continuation of the Group's business post- reorganization; at the same time, sub-committees were established to work on restructuring options for domestic and foreign debts respectively. In addition to the potential debt reorganization, the Group is working on other capital raising efforts to increase liquidity of the Group.

Further, as stated in the announcement of the Company dated 18 January 2019, BOPS was granted the Moratorium. In order to facilitate the potential debt reorganization for the Group and protect the Company from adverse actions taken by some creditors, the Company has also made an application under section 211C of the Singapore Companies Act in the High Court of Singapore for a moratorium restraining legal action or proceedings against the Company on 25 January 2019. A hearing date for the application is fixed for 20 February 2019. The Company believes that the moratorium would provide the Company with the necessary protection against any effort to frustrate the potential debt reorganization for the Group.

UPDATE ON SETTLEMENT CONCERNING WINDING UP PETITION AGAINST THE COMPANY

As stated in the announcement of the Company dated 18 January 2019, a winding up petition was filed by Broad Action Limited against the Company in the High Court of Hong Kong, and through friendly consultation, pursuant to a settlement, Broad Action Limited and the Company filed a Consent Summons at court for the withdrawal of the petition. The Company wishes to inform the shareholders and potential investors of the Company that the order for the withdrawal of the petition has been granted by the court.

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, 31 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*