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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, 18 January 2019, 31 January 2019, 1 February 2019 and 16 April 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 first quarter of 2019.

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 January 2019, to proceed with the Review and the work of the Independent Advisor, the Audit Committee has engaged the Further Adviser with a view to reducing costs and expenses, and to see whether more streamline, cost efficient and cost effective approaches and methodologies are feasible.

Since the engagement of the Further Adviser by the Audit Committee in mid-December 2018, the Further Adviser has reviewed the Independent Adviser's report, liaised with the Independent Adviser and liaised with the Auditor, with a view to progressing with the Review.

In mid-March 2019, the Audit Committee submitted the Further Adviser's letter of its findings on the review of the report of the Independent Adviser, and advice on the next steps proposed by the Independent adviser for the purpose of dealing with the audit issues, to the management of the Company. In gist, the Further Adviser advised that, in view of its findings, it appears that the Audit Committee is left with no alternative but to instruct the Independent Adviser to proceed with the computer forensics in order to meet the specific requirements of the Auditor, and in this respect, it is recommended by the Further Adviser that e-discovery should be considered. However, the Further Adviser pointed out to the Audit Committee that there are still uncertainties on whether and how the Auditor would issue the Company's audited financial statements for the financial year of 2017 after considering the Independent Adviser's report on the computer forensics.

Based on the advice and recommendations provided by the Further Adviser, the Audit Committee has instructed the Further Adviser to examine the reasonableness of the Independent Adviser's invoices and has requested the management of the Company to (1) settle the Independent Adviser's outstanding fees according to the advice to be provided by the Further Adviser; (2) approve the making of a further addendum to the Independent Adviser's engagement letter to include the Further Adviser as an additional recipient so that the Independent Adviser would be able to work with the Further Adviser; and (3) approve and arrange funding for payment of the Independent Adviser's costs for e-discovery.

The management of the Company considers that the Independent Adviser's outstanding fees and estimated costs for e-discovery are excessive. A Board meeting was held in late April 2019, for the purpose of, amongst other matters, resolving the requests made by the Audit Committee. After deliberation, it was resolved by the Board that, inter alia, (1) the Company shall negotiate with the Independent Adviser on the discount of the outstanding fees to a specific target figure; (2) the Company shall make a further addendum to the Independent Adviser's engagement letter to include the Further Adviser as an additional recipient; and (3) the Company shall negotiate with the Independent Adviser to fix a ceiling of the costs for e-discovery to a specific target figure.

In furtherance to the resolutions passed by the Board, the management of the Company will forthwith negotiate with the Independent Adviser on (1) the discount of the outstanding fees; and (2) the ceiling of the costs for e-discovery, and the Audit Committee will forthwith liaise and work out with the Independent Adviser for the further addendum as aforesaid.

RESUMPTION PLAN

As stated above, the Audit Committee, based on the advice and recommendations provided by the Further Adviser and subject to the result of the negotiation between the Company and the Independent Adviser on (1) the discount of the outstanding fees; and (2) the ceiling of the costs for e-discovery, 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 management will negotiate with the Independent Adviser to minimize the engagement costs such that they will come within the budgeted fee level as discussed and agreed in the Board meeting held on 26 April 2019 while ensuring that the work to be done by the Independent Auditor will provide sufficient assurance to the Auditor.

This will then be incorporated into the timeline to formulate the new timescale for the resumption of trade exercise and submitted to the Board by the Audit Committee. Thereafter, the Board will access the whole timescale of resumption of trade and acknowledge and inform the relevant parties, including the Auditor and the Stock Exchange. 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 March 2019, the daily oil production of Caofeidian oilfield was 28,000 barrels. The implementation of the ODAP for the Caofeidian project was at 65.81% 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 March 2019, the daily natural gas production of Dina 1 and Tuzi gas field was 108MMcf. The preparatory work for booster station construction of Dina 1 new well and 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.

The ITB Business is actively cooperating with Brightoil Group to carry out debt restructuring. With the approach of the International Maritime Organization (IMO) on the implementation of the new regulations on the marine low sulphur fuel in 2020, the

Group's resources in the supply chain of offshore fuel supply in Singapore and China's major ports are prominent. ITB is actively working with China and overseas. Energy companies negotiate cooperation to maximize the value of marine bunkering supply resources.

(3) Marine Transportation

Operations of 5 VLCCs, 6 barges and 4 Aframax tankers of the Group have been totally suspended due to arrests by related creditors since the end of last year. Based on the management's preliminary assessment, the suspension of the operations has affected on no more than five 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. There is a risk of a judicial sale in all jurisdictions where the vessels are under arrest ie. Singapore, Hong Kong, China, South Korea. However, the Group is exploring external funding for refinancing to redeem the vessels in order to avoid a judicial sale outcome.

(4) Zhoushan Oil Storage and Terminal Facilities

Reference is made to the Company's voluntary announcement dated 30 July 2018, in relation to, among other things, the Company's engagement in preliminary commercial negotiations with potential investors for the intended sale of the assets and/or shareholding of Zhoushan Oil Storage and Terminal Facilities. The Company has been negotiating with different potential buyers in selling full/partial interest of the Zhoushan Oil Storage and Terminal Facilities. The negotiation process has been prolonged due to valuation and terms of payments. While the Company is negotiating with potential buys and searching for further potential buyers, completion of the Zhoushan Oil Storage and Terminal Facilities has been deferred until new funding becomes available.

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\$1.85 billion with claims of approximately US\$391 million made by some creditors of the Group. Therefore the Group is required to have 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 is expected to complete due diligence in the next three months. 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 and is in discussion of different financing options and asset disposal, with different investors.

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. There was a further hearing in Singapore on 17 April 2019 for the extension of the moratoria and this has now been extended until the end of May 2019. The Company believes that the moratoria would provide the Group with the necessary protection against any effort to frustrate its potential debt reorganization.

UPDATE ON GUARANTEE BY DR. SIT KWONG LAM

Under the terms of various borrowing agreements and a finance lease agreement with various institutional borrowers, Dr. Sit Kwong Lam ("**Dr. Sit**"), former Chairman and Executive Director of the Company is a guarantor of such borrowings. As stated in the announcement dated 16 April 2019, Dr. Sit was adjudged bankrupt by the High Court of Hong Kong on 11 April 2019. The parties providing the financing may request the Company to transfer the title of the underlying assets, to provide additional guarantee, cease negotiation in any progress borrowing transactions and request remediation proposal within a specific period of time, in addition to demand on full repayment of outstanding interest and corresponding fee. The aggregated borrowing amounted to approximately USD1,362 million.

Apart from these aforesaid borrowing transactions, there are outstanding amounts, totally USD76.15 million due to three trading partners, which are also guaranteed by Dr. Sit. **The personal guarantees do not contain any specific provisions relating to the bankruptcy of the guarantor and it is not possible for the Company to predict what steps these trade creditors will take as a result of Dr. Sit's bankruptcy.** As of the date of this announcement, the Company is not aware of nor have there been any legal proceedings brought against the Company by these creditors consequent on Dr. Sit's bankruptcy.

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
Tang Bo
Director

Hong Kong, 6 May 2019

As at the date of this announcement, the Board comprises (i) two Executive Directors, namely 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*