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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 (the “**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, 31 October 2018, 21 November 2018, 28 December 2018, 18 January 2019, 31 January 2019, 1 February 2019, 16 April 2019, 6 May 2019, 11 June 2019, 28 June 2019, 17 July 2019, 22 July 2019, 30 July 2019 and 9 August 2019 (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

This announcement sets out an update of the Company’s actions taken on satisfying the resumption conditions and the business operations of the Group for the third 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 AND RESUMPTION PLAN

Changes in composition of the Board

As disclosed in the announcement of the Company of 28 June 2019, Mr. Lau, Prof. Chang and Mr. Kwong had jointly resigned as independent non-executive directors of the Company with effect from 19 June 2019. The Company had since appointed Dr. Lo Wing Yan William, JP, Mr. Chan Wai Leung and Mr. Wang Tian as independent non-executive directors (the "INEDs") of the Company with effect from 28 June 2019 to fill the vacancies. On 28 June 2019, the Board had resolved to form an Independent Control Committee (the "ICC") with the new INEDs as members to replace the Independent Investigation Committee comprising the Resigned Directors as members.

As disclosed in the announcement of 14 October 2019, Mr. Xie Wenyan resigned as an executive director of the Company on 11 October 2019.

Appointment of financial adviser

The Company has appointed Yu Ming Investment Management Limited, a licensed corporation under the Hong Kong Securities and Futures Ordinance for Type 1, 4, 6 and 9 regulated activities, as financial adviser to advise the Board on matters relating to the business restructuring and resumption of the trading of the shares in the Company in compliance with the Listing Rules and Hong Kong Code on Takeovers and Mergers (the "Takeovers Code").

Replacement of independent forensic accountant

The ICC has appointed RSM Corporate Advisory (Hong Kong) Limited as the Company's Independent Forensic Accountant on 27 August 2019 to replace KPMG Services Pte. Ltd.

The replacement was made primarily due to geographic concerns, the Board considers that the Hong Kong based RSM Corporate Advisory (Hong Kong) Limited is more suited to handle the forensic investigation fieldwork than the Singapore based KPMG Services Pte. Ltd.

Appointment of internal control adviser

The Company has appointed RSM Consulting (Hong Kong) Limited on 21 October 2019 as the Company's internal control adviser to review the internal control policies and procedures of the Company and provide relevant remedial measures to rectify any deficiencies.

Publish of outstanding financial results

The Company's auditor, PricewaterhouseCoopers, has commenced audit work on the Group's outstanding financial results. It is expected that the preliminary results will be available in December 2019. The Company will strive to publish all outstanding financial results and address any audit issues as soon as practicable.

Resumption plan

The Company and its financial adviser, Yu Ming Investment Management Limited, have been working on formulating a plan to satisfy the Resumption Conditions and resume trading in the Company's Shares. The resumption plan includes but not limit to business restructuring and debt restructuring of the Group.

The Company will make further announcement regarding a feasible timetable for its fulfilment of the Resumption Conditions as soon as it is available.

UPDATE ON BUSINESS

(1) Upstream business

For the quarter ended 30 September 2019, the daily oil production of Caofeidian oilfield was 30,000 barrels. From January to September, the crude oil output was 8.24 million barrels, 81.1% of the annual plan was completed, and it is expected to complete the annual production target 40 days ahead of schedule. The construction & installation of ODAP for the Caofeidian project has been finished. It was successfully put into operation on 29 September 2019. At present, ODAP project alone contributes about 10,000 barrels of crude oil per day. At the same time, in terms of construction costs, the actual costs incurred were approximately RMB 2423 million, which is approximately RMB 500 million below the approved budget of RMB 2923 million. For the quarter ended 30 September 2019, the daily natural gas production of Dina 1 and Tuzi gas field was 3.14 million cubic meters. The preparatory work for Tuzi gas field booster station and Dina 1-4 new well has begun, and the booster station is expected to be completed in October 2020.

The management expects that the upstream business will be the primary focus of the Company's development in the future.

(2) International Trading and Bunkering

Due to the suspension in the trading of the shares in the Company, the financing banks have tightened credit for the International Trading and Bunkering Unit ("ITB") Business, thus drastically reducing the business volume. During the relevant period under review, no significant amount of revenue has been generated by the ITB.

(3) Marine Transportation

Operations of the 5 VLCCs, 6 barges and 4 Aframax tankers of the Group remain suspended due to arrests by related creditors since the end of last year. Out of the fifteen vessels in the fleet, fourteen of the arrested vessels have been sold by auction. Since the last update the following vessels have been sold:

By the High Court of Singapore		
Ship's Name	Sale Date	Price
BRIGHTOIL 319	2 October 2019	SGD6,155,000
BRIGHTOIL 326		SGD5,955,000
BRIGHTOIL 329		SGD6,182,000
BRIGHTOIL 639	9 October 2019	SGD10,005,000
BRIGHTOIL 666		SGD10,225,800
BRIGHTOIL 688		SGD3,933,000
By the High Court of Hong Kong		
Ship's Name	Sale Date	Price
BRIGHTOIL GALAXY	21 October 2019	USD61,501,023.44
BRIGHTOIL LEAGUE		USD22,357,788.20
BRIGHTOIL LEGEND		USD22,229,759.70
BRIGHTOIL LUCKY		USD22,363,371.30

The BRIGHTOIL GEM, which is the last remaining VLCC that is under arrest in China is scheduled to be auctioned by the Haikou Maritime Court on 19-20 November 2019.

All proceeds from the various judicial sales are expected to be used to settle the debts of BOPS and the Company after repayment of the vessel-related debts and liabilities.

(4) Intended sale of Zhoushan Oil Storage and Terminal Facilities

Reference is made to the Company's announcement on 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 various potential buyers in respect of the sale of all or part of the interests of the Company in Zhoushan Oil Storage and Terminal Facilities. The related work is still on-going. The Company will make further announcement regarding the progress of the disposal as and when appropriate.

UPDATE ON POTENTIAL DEBT RESTRUCTURING AND WINDING-UP PETITIONS

Presently, due diligence continue to be carried out by various financial institutions in relation to the extent of existing financial obligations of the Group that will require restructuring. In addition to the potential debt restructuring, the Group is exploring other capital raising initiatives to increase the liquidity of the Group including different financing and asset disposal options, with different investors.

Brightoil Petroleum (S'pore) Pte. Ltd. Moratorium has now been extended until 30 January 2020 in light of the Company's ongoing debt restructuring efforts and progress. The Company believes that the continuing moratoria would provide the Group with the necessary protection against any effort to frustrate its potential debt restructuring. The next hearing date has not yet been fixed but is expected to take place in mid-January 2020.

In addition, as stated in the announcement of the Company dated 9 August 2019, the consent to adjourn the winding up petition was achieved through the Company's continuous negotiations with creditors which have resulted in a settlement agreement entered into between Petco Trading Labuan Company Ltd and the Company on 7 August 2019. The Company has made progress by entering into settlement agreements with other key creditors recently, and obtaining commitment letters from several creditors showing support for the Company's debt restructuring efforts. The Company will continue to negotiate with its key creditors for the purpose of resolving the Petition.

A WHOLLY-OWNED SUBSIDIARY'S LITIGATION IN CHINA

On 16 August 2019, Brightoil Petroleum Storage (Zhoushan) Co., Ltd. ("**Zhoushan Storage**"), a wholly-owned subsidiary of the Company, received a subpoena issued by the Intermediate People's Court of Zhoushan City, Zhejiang Province ("**Zhoushan Court**"), in which the plaintiffs are China Petroleum Pipeline Engineering Co., Ltd. and China Petroleum Pipeline Engineering Co., Ltd., Third Engineering Branch ("**Plaintiffs**") and the defendants are Zhoushan Storage and Shenzhen Brightoil Group Co., Ltd. ("**Shenzhen Brightoil**"). Shenzhen Brightoil is a guarantor of the construction contracts in dispute.

The Plaintiffs filed litigation with the Zhoushan Court against Zhoushan Storage and Shenzhen Brightoil (as guarantor), claiming for outstanding construction costs, interests, loss and legal costs under the termination of certain constructions contracts (《建設工程施工合同》和《委託代建施工協定》) entered into between the Plaintiffs and Zhoushan Storage pertaining to the building and construction of the Zhoushan Waidiao Island Brightoil Storage and Transportation Base (the "**Project**") for an aggregate sum of approximately RMB1,130 million. The Company has entrusted a Chinese law firm to represent the Company on the litigation and has obtained positive legal advice, especially in response to the unreasonable compensation request. The Company will take all necessary actions to protect the Company's rights and interests. At the same time, the Company and the Plaintiffs had already conducted several rounds of discussion in order to strive to reach a settlement of the legal action as soon as possible.

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 Outstanding Financial Results, 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
Chairman

Hong Kong, 1 November 2019

As at the date of this announcement, the Board comprises (i) one Executive Director, namely Mr. Tang Bo; (ii) two Non-executive Directors, namely Mr. Dai Zhujiang and Mr. Zhao Liguo; and (iii) three Independent Non-executive Directors, namely Dr. Lo Wing Yan William, JP, Mr. Wang Tian and Mr. Chan Wai Leung.

** For identification purposes only*