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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 BUSINESS OPERATIONS AND OTHER BUSINESS

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, 9 August 2019, 1 November 2019, 15 November 2019, 23 January 2020, 31 January 2020, 4 February 2020, 28 February 2020, 29 April 2020, 19 May 2020 and 27 July 2020 (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

UPDATE ON BUSINESS

(1) Upstream business

The outbreak of the new coronavirus (“**Coronavirus**”) has severely damaged global economic activity and caused great uncertainty in the current business environment. With the suspension of global trade, demand for crude oil and other products has plummeted, global oil prices have fallen, and crude oil futures have experienced negative oil prices. The oil industry is facing a difficult period. However, the production of the Group's oil fields, oil wells and natural fields was not affected.

As of 30 June 2020, the daily output of Caofeidian Oilfield was 55,000 barrels. From January to June 2020, crude oil output reached 8.519 million barrels, 45.7% of the annual plan. Since the implementation of the comprehensive adjustment project, all related facilities have been operating normally. 51 new wells has been put into production, including 42 oil wells and 9 water wells. The current daily oil production is 21,500 barrels.

As of 30 June 2020, the total daily natural gas output of the onshore Dina 1 and Tuzi gas field was 3.407 million cubic mater. The construction of the booster station in the Tuzi gas field was officially started on 19 March 2020 and various work on the construction of Dina 1-4 new wells in the Dina 1 gas field has also been carried out. It is expected that the booster station will be completed in October 2020, achieving further production increase targets.

(2) Marine Transportation

Since the last update, the net proceeds from the sale of our 3 series vessels by the High Court of Singapore, namely BRIGHTOIL 319, BRIGHTOIL 326 AND BRIGHTOIL 329, as well as the second tranche of the net proceeds from the sale of BRIGHTOIL GEM by the Haikou Maritime Court of PRC, have been received and applied by the Company to settling the debts of the Company and its subsidiaries.

Due to the recent outbreak of Coronavirus, the governments of Singapore and Hong Kong have adopted comprehensive emergency prevention and control measures to suppress the spread of coronavirus. The courts of both places are currently in a status of limited service, therefore the sale proceeds (which are in the custody of the respect Courts) of the twelve vessels have not yet been distributed and the surplus (after the respective Courts have applied the proceeds for repayment of the liabilities attached directly to the relevant vessels) is expected to be received by the Company gradually in May through to July this year.

(3) 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. On 7 January 2020, the Company signed a non-binding "Zhoushan Project Cooperation Framework Agreement" with one of the potential buyers. After the completion of Zhoushan Project, the Company would have held 100% equity of the storage company and 55% equity of the terminal company in which the fair market value would have been around RMB6 billion. The sale price for the proposed sale of its 90% interest. The Company will remain responsible to complete all the remaining construction and the buyer will pay the sale price by instalments according to the progress of the construction.

The Company is currently working closely with the buyer and targets to sign a binding agreement in the near future and will make further announcement as and when appropriate.

ADDITIONAL FINANCING

With reference to the announcement of the Company dated 4 February 2020, as a major cooperative partner, China Huarong Overseas Investment Holding Co., Ltd. through its subsidiary (the “**Lender**”) had provided a total amount of approximately USD362,000,000 in re-financing for various facilities of the Company’s wholly owned subsidiaries for a period of five to twelve years for acquiring and restructuring certain of the Company’s debts. In addition to the above financing, as of 30 June 2020, the Lender had provided an additional financing of approximately USD35 million to the Company which had been used to increase liquidity and repay existing debts.

UPDATE ON WINDING-UP PETITIONS

Reference is made to the announcement of the Company dated 4 February 2020, the update of winding-up petitions of the Company are as following:

Singapore

At the hearing before the High Court of Singapore on 6 July 2020, the claims moratoria in favour of the Company and its subsidiary, Brightoil Petroleum (S’pore) Pte. Ltd. had been further extended.

The Company has made good progress in reaching legally binding settlements with major trade creditors. We believe that the continuing moratoria would provide the Group with the necessary protection against any effort to frustrate its ongoing debt restructuring efforts. With the High Court of Singapore also taking into consideration of the impact of the outbreak of Coronavirus on the Company, the moratoria had been extended to 31 October 2020 in the meantime.

Hong Kong

As stated in the announcement of the Company dated 27 July 2020, the High Court of Hong Kong granted the dismissal of the winding-up petition (HCCW 147/2019) filed by Petco against the Company on 17 May 2019.

The Company have entered settlement agreements with several creditors and started the installment payment according to the settlement agreements reached. In particular, the debts of major creditors including Petco Trading Labuan Company Ltd, Petrolimex Singapore Pte Limited, Qatar National Bank, Haitong Global Investment SPC III under the respective settlement agreements have been fully paid off. The Company and Brightoil Petroleum (S’pore) Pte. Ltd., which is a subsidiary of the Company, have also entered into a loan restructuring agreement with TransAsia Private Capital Limited on 15 July 2020 in order to defer the loan for 18 months.

EXTENSION APPLICATION

The Company is required by the Stock Exchange to fulfil all the Resumption Conditions to the Stock Exchange’s satisfaction and resume trading of its Shares by 31 January 2020 (the “**Resumption Deadline**”), the Listing Department will recommend the Listing Committee to proceed with the cancellation of the Company’s listing if it fails to do so.

Upon suspension on 3 October 2017, the Board started preparation of the resumption without delay. However, due to certain unexpected events including (i) extensive time required to determine the scope and complete of forensic investigation which was just concluded; (ii) postponement of audit work pending for the result of the forensic investigation; (iii) the resignation of PricewaterhouseCoopers as auditors of the Company; (iv) substantial time spent in negotiation with creditors in debt restructuring; (v) longer than expected lead time in going through the High Court of Singapore auction process for disposal of the Group's vessels and purchaser seeking approval for acquisition of the Zhoushan Oil Storage and Terminal Facilities, the resumption was expected to take longer time than originally contemplated, as such, the Company submitted a resumption plan on 31 January 2020, which included an application to seek an extension of the Resumption Deadline to 29 May 2020 (the "**Extension Application**").

LISTING DEPARTMENT RECOMMENDATION

On 24 February 2020, the Listing Department informed the Company that they are of the view that the Company has failed to fulfil all the resumption conditions/guidance by the Resumption Deadline of 31 January 2020 and has not demonstrated that it falls within the "exceptional circumstances" in which an extension of time may be given as described in paragraph 19 of the Guidance Letter (GL95-18), and as a matter of courtesy, informed the Company that they would recommend the Listing Committee to cancel the listing of the Company on 27 February 2020 under Rule 6.01A of the Listing Rules (the "**Listing Department Recommendation**").

The Company finds the position taken by the Listing Department has deprived the right of the Company to be physically present in a meeting of the Listing Committee which is to consider whether a delisting decision should be made.

On 25 February 2020, in view of the dismissive behaviour of the Listing Department, the Company wrote to the Stock Exchange and demanded to read the reasons of the Listing Department's Recommendation, to be present in the Listing Committee and make written or oral submission to the Listing Committee. The Company also demanded the Listing Department not to present the case to the Listing Committee unless these requests are met (the "**Company's Demands**").

LISTING COMMITTEE'S DECISION

Despite the opposition of the Company, on 28 February 2020, the Stock Exchange notified the Company that after considering the Company's Demands, the Listing Committee had decided to reject the Company's Demands ("**Decision 1**") and cancel the Company's listing ("**Decision 2**").

Reason for Decision 1

The Listing Committee considers that the process for a cancellation decision under Rule 6.01(A) of the Listing Rules is not adversarial and the Listing Committee will not convene an oral hearing. The Listing Rules also do not provide the Company with the right to receive the written reasons for the Listing Department Recommendation, nor the right to require an oral hearing before the Listing Committee, nor the right to attend the Listing Committee meeting.

Further, the Listing Committee considers that if the Company is not satisfied with the Listing Committee's decision, it is entitled to a review by the Listing Review Committee, which is a *de novo* review on the merits. The review process is adversarial and the Listing Review Committee will convene an oral hearing. The Company will then be entitled to attend the hearing and make written and oral submissions to the Listing Review Committee.

Reason for Decision 2

The Company has failed to fulfill the resumption conditions/guidance and resume trading in its securities by 31 January 2020. In these circumstances, the Listing Committee considered that it is appropriate for the Stock Exchange, as it is entitled, to delist the Company under Rule 6.01A of the Listing Rules.

As regards the Company's Extension Application, the Listing Committee considered that the Company has not demonstrated that it falls within the "exceptional circumstances" under paragraph 19 of the Guidance Letter (GL95-18).

Unless the Company applies for review of the Listing Committee's decision to cancel the Company's listing, the last day of listing of the Company's shares will be 13 March 2020 and the listing of its shares will be cancelled with effect from 9:00 a.m. on 16 March 2020. However, no decision to cancel the Company's listing will take effect until the Company has exhausted its right of review under the Listing Rules. The Company has submitted a review application to the Listing Review Committee on 3 March 2020.

THE COMPANY'S VIEW ON THE LISTING COMMITTEE'S DECISION

View on Decision 1

The Company is of the view that the conduct of the Listing Department and the Listing Committee constituted a disregard to a fair process and was grossly unfair to the Company. As such, on 6 May 2020, the Company filed a notice of application for leave to apply for judicial review (the "**JR Application**") to the High Court of Hong Kong against the delisting decision made by the Listing Committee on the ground of procedural unfairness.

Since the Company has also applied for a review by the Listing Review Committee, the Company made an application on 23 June 2020 for a stay of the JR Leave Application pending the outcome of review by the Listing Review Committee. On 6 July 2020, the stay application was heard by the Court and was refused. On 9 July 2020, the Company filed a summons to discontinue the JR Leave Application (the "**Discontinuance Summons**") and on 14 July 2020, the Discontinuance Summons was heard before the Court and was dismissed. On the same date, the Court also dismissed the JR Leave Application.

View on Decision 2

It is stated in paragraph 19 of the Guidance Letter (GL95-18) that to ensure the effectiveness and credibility of the delisting framework and prevent undue delay of the delisting process, the Listing Committee may only extend the remedial period in exceptional circumstances. It may do so where:

- (i) an issuer has substantially implemented the steps that, it has shown sufficient certainty, will lead to resumption of trading; but
- (ii) due to factors outside its control, it becomes unable to meet its planned timeframe and requires a short extension of time to finalize the matters. The factors outside the issuer's control are generally expected to be procedural in nature only.

The Company has taken various remedial actions to address the Resumption Conditions. Upon completion of the remedial actions, the Company should be entitled to have its Shares resume trading on the Stock Exchange:–

- (i) Forensic Investigation - RSM Corporate Advisory (Hong Kong) Limited has issued the investigation report, detailing the findings of their investigation on the events which have led to suspension in trading. Details of the investigation report, impacts of operation and financial position and remedial actions had been announced by the Company to the Shareholders on 31 January 2020;
- (ii) Outstanding Financials Results - The Company has published the management account for the financial years ended 30 June 2017, 2018 and 2019, and for the six months ended 31 December 2017 and 2018 on 31 January 2020. The Company expects all the outstanding audited annual results and unaudited interim results to be published in due course; and
- (iii) Debt Restructuring and Discharge of Winding-up Petitions - Upon completion of the debt restructuring, the total debt amount would be substantially reduced with various loans extended from 1 to 12 years and the winding-up petitions are expected to be discharged.

However, due to certain unexpected events as stated in the section headed “Extension Application” above, the Resumption is expected to take longer time than originally contemplated. Nonetheless, the Board is of the view that all the Resumption Conditions imposed by the Stock Exchange can be fully addressed with a high certainty in due course.

IMPACT OF COVID-19

Owing to the COVID-19 pandemic, staff of HLB cannot enter the PRC and Singapore to conduct on-site audit procedures, the auditing of the Company's outstanding financial results has been significantly delayed.

Given the travel restrictions caused by the COVID-19 outbreak, HLB has considered the following alternate procedures including but not limited to (i) send Hong Kong staffs to the PRC and commence audit procedures after the staffs completed the mandatory 14 days quarantine period; and (ii) request Singapore staffs to provide scan copies of selected samples as Singapore's travel ban is still in place. The Company has been providing the requested documents for HLB's review on a on-going basis.

Audited financial statements for of the Company are subject to completion of the abovementioned outstanding on-site audit procedures and the Company expects the audited financial statements to be available on or before September 2020.

REVIEW OF LISTING COMMITTEE DECISION

Without prejudice to the Company's right to file a complaint against and/or to review the procedural unfairness in handling its case, on 3 March 2020, the Company has made a formal request to the Stock Exchange for a review of the Listing Committee's decision by the Listing Review Committee. The hearing of the Listing Review Committee is scheduled to be held on 31 August 2020.

The Company shall publish further announcement(s) regarding the Resumption in compliance with the Listing Rules, or any update on the development of the Company as and when appropriate.

SHAREHOLDERS ENQUIRIES

The Company received many enquiries from Shareholders on the progress of the resumption. The Company encourages Shareholders to contact the Stock Exchange directly for any further enquires, responsible team and contact person details can be found on the Stock Exchange website.

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, 31 July 2020

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 Liguu; 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*