Interim Report 2008/09

光滙石油
BRIGHTOIL

光滙石油(控股)有限公司
Brightoil Petroleum (Holdings) Limited

（於百慕達註冊成立之有限公司）（股份代碼：933. HK）
(Incorporated in Bermuda with limited liability) (Stock Code: 933. HK)

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED
(FORMERLY KNOWN AS FIRST SIGN INTERNATIONAL HOLDINGS LIMITED)
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 17, which comprises the condensed consolidated balance sheet of Brightoil Petroleum (Holdings) Limited as of 31st December, 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27th February, 2009

The Board of Directors is pleased to present to the shareholders of Brightoil Petroleum (Holdings) Limited (the "Company") the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 31st December, 2008 together with comparative figures on pages 3 to 17. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2008

		Six months ended 31st December,	
	NOTES	**2008**	2007
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Revenue	*3*	**2,942,195**	12,376
Cost of sales		**(2,746,751)**	(372)
Gross profit		**195,444**	12,004
Other income	*5*	**6,205**	8,808
(Decrease) increase in fair value of investment properties		**(10,890)**	1,330
Fair value change of derivative financial instruments		**15,804**	–
Fair value change of financial assets held for trading		**(730)**	(3,107)
Gain on disposal of available-for-sale investments		**–**	43,671
Selling and administrative expenses		**(18,852)**	(12,018)
Profit before taxation	*6*	**186,981**	50,688
Taxation	*7*	**(18,899)**	–
Profit for the period attributable to the equity holders of the Company		**168,082**	50,688
Dividend paid	*8*	**–**	12,159
Earnings per share – basic	*9*	**HK13.82 cents**	HK4.17 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st December, 2008

	NOTES	At 31st December, 2008 HK$'000 (unaudited)	At 30th June, 2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**115,736**	8,345
Prepaid lease payments	10	**82,421**	40,410
Investment properties	10	**56,670**	73,530
Deposits paid for acquisition of property, plant and equipment		**5,350**	–
		260,177	122,285
Current assets			
Inventories		**5,252**	2,456
Trade debtors	11	**259,529**	–
Other debtors, prepayments and deposits		**2,535**	887
Rental receivable from a related company	16	**1,394**	–
Prepaid lease payments	10	**863**	815
Financial assets held for trading		**1,325**	–
Bank balances and cash		**611,121**	599,460
		882,019	603,618
Current liabilities			
Trade creditors	12	**99**	68
Other creditors and accrued charges		**5,858**	5,520
Amount due to a related company	16	**219,465**	–
Derivative financial instruments	13	**16,357**	–
Tax payables		**18,899**	–
		260,678	5,588
Net current assets		**621,341**	598,030
Total assets less current liabilities		**881,518**	720,315
Capital and reserves			
Share capital	14	**121,587**	121,587
Reserves		**759,931**	598,728
		881,518	720,315

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2008

	Share capital HK$'000 (unaudited)	Share premium HK$'000 (unaudited)	Capital redemption reserves HK$'000 (unaudited)	Special reserve HK$'000 (unaudited)	Shareholder's contribution HK$'000 (unaudited)	Translation reserve HK$'000 (unaudited)	Investment revaluation reserve HK$'000 (unaudited)	Accumulated profits HK$'000 (unaudited)	Total HK$'000 (unaudited)
At 1st July, 2008	121,587	239,520	3,489	1,000	33,679	2,370	–	318,670	720,315
Exchange differences arising on translation of foreign operations and total expense recognised directly in equity	–	–	–	–	–	(6,879)	–	–	(6,879)
Profit for the period	–	–	–	–	–	–	–	168,082	168,082
Total recognised income (expense) for the period	–	–	–	–	–	(6,879)	–	168,082	161,203
At 31st December, 2008	121,587	239,520	3,489	1,000	33,679	(4,509)	–	486,752	881,518

	Share capital HK$'000 (audited)	Share premium HK$'000 (audited)	Capital redemption reserves HK$'000 (audited)	Special reserve HK$'000 (audited)	Shareholder's contribution HK$'000 (audited)	Translation reserve HK$'000 (audited)	Investment revaluation reserve HK$'000 (audited)	Accumulated profits HK$'000 (audited)	Total HK$'000 (audited)
At 1st July, 2007	121,587	239,520	3,489	1,000	–	1,185	9,570	267,553	643,904
Exchange differences arising on translation of foreign operations	–	–	–	–	–	768	–	–	768
Fair value change on available-for-sale investments	–	–	–	–	–	–	34,794	–	34,794
Total income recognised directly in equity	–	–	–	–	–	768	34,794	–	35,562
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	–	–	–	(43,671)	–	(43,671)
Profit for the period	–	–	–	–	–	–	–	50,688	50,688
Total recognised income (expense) for the period	–	–	–	–	–	768	(8,877)	50,688	42,579
Dividend paid	–	–	–	–	–	–	–	(12,159)	(12,159)
At 31st December, 2007	121,587	239,520	3,489	1,000	–	1,953	693	306,082	674,324

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December, 2008

	Six months ended 31st December, 2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Net cash from (used in) operating activities	**159,003**	(9,321)
Net cash (used in) from investing activities:		
Purchase of property, plant and equipment	**(107,741)**	(1,668)
Prepaid lease payments paid	**(42,467)**	–
Other investing cash flows	**3,746**	50,902
	(146,462)	49,234
Cash used in financing activity	**–**	(12,159)
Net increase in cash and cash equivalents	**12,541**	27,754
Cash and cash equivalents at 1st July	**599,460**	376,400
Effect of foreign exchange rate changes	**(880)**	1,573
Cash and cash equivalents at 31st December, represented by bank balances and cash	**611,121**	405,727

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER, 2008

1. General and basis of preparation

Brightoil Petroleum (Holdings) Limited (the "Company") is an investment holding company. Its subsidiaries are principally engaged in the design, manufacturing and trading of garments, property holding, proprietary trading in securities and investment holding. In the current period, the Company and its subsidiaries (collectively referred to as the "Group") has also commenced the provision of marine bunkering services.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Group's principal activities include manufacturing and sale of summer garments. The Group normally starts the garment trading activities from January to June. Due to this seasonal fluctuation factor, the revenue of the garment operation falls on the period between January to June.

In July, 2008, the Company changed its functional currency from Renminbi to United States dollars ("US$") as it commenced and expanded rapidly the marine bunkering operations, which are transacted in US$. At the same time, the Group substantially reduced its design, manufacturing and trading of garments in the People's Republic of China (the "PRC"). For the convenience of readers of the financial statements, the results and financial position of the Group are presented in Hong Kong dollars as the Company's shares are listed on the Stock Exchange.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30th June, 2008 except as explained below.

Change in functional currency

Functional currency of a group entity is changed only if there is a change to the underlying transactions, events and conditions relevant to the entity. The entity applied the translation procedures applicable to the new functional currency prospectively. At the date of change, the entity translates all items into the new functional currency using the prevailing exchange rate at that date and the resulting translated amounts for non-monetary items are treated as the historical cost. Exchange differences arising from the translation of foreign operations recognised in translation reserve are not recognised in profit or loss until the disposal of the operation.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss ("FVTPL") of the Group include the financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. Principal accounting policies – continued

Financial liabilities at fair value through profit or loss – continued

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

In the current interim period, the Group has applied, for the first time, a number of amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1st July, 2008. The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 and HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of investment in a subsidiary, jointly controlled entities or associates [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combination [3]
HKFRS 8	Operating segments [2]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [2]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [4]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners [3]
HK(IFRIC) – INT 18	Transfer of assets from customers [5]

1 Effective for accounting periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for accounting periods beginning on or after 1st July, 2009.

2 Effective for accounting periods beginning on or after 1st January, 2009.

3 Effective for accounting periods beginning on or after 1st July, 2009.

4 Effective for accounting periods beginning on or after 1st October, 2008.

5 Effective for transfers on or after 1st July, 2009.

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue

	Six months ended 31st December, 2008 HK$'000 (unaudited)	2007 HK$'000 (audited)
Sales of fuel oil used by international ships	**2,942,195**	–
Sales of garments	**–**	1,229
Dividends from listed equity securities	**–**	19
Interest income from bonds	**–**	1,899
Interest income from structured loan notes	**–**	9,229
	2,942,195	12,376

4. Segment information

Business segments

For management purposes, the Group is currently divided into four operating divisions namely, marine bunkering operation, garment operation, direct investments and properties investments. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Marine bunkering operation	–	provision of duty-free marine bunkering services to international ships
Garment operation	–	sourcing, manufacturing, processing, wholesale, marketing and sale of garments
Direct investments	–	investments in listed and unlisted equity, debt securities and derivative instruments
Property investments	–	investments in properties

During the six months ended 31st December, 2008, the Group commenced marine bunkering operation. As the revenue, segment results and assets of the marine bunkering operation are more than 10% of the Group's revenue, segment results and assets respectively, an additional segment on marine bunkering operation has been presented.

Segment information about marine bunkering operation, garment operation, direct investments and properties investments is presented below:

Six months ended 31st December, 2008

	Marine bunkering operation HK$'000 (unaudited)	Garment operation HK$'000 (unaudited)	Direct investments HK$'000 (unaudited)	Property investments HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE					
External sales	**2,942,195**	**–**	**–**	**–**	**2,942,195**
RESULTS	**189,785**	**(2,676)**	**15,074**	**(8,431)**	**193,752**
Other income					**3,746**
Unallocated corporate expenses					**(10,517)**
Profit before taxation					**186,981**
Taxation					**(18,899)**
Profit for the period					**168,082**

4. Segment information – continued

Business segments – continued

Six months ended 31st December, 2007

	Marine bunkering operation *HK$'000* (audited)	Garment operation *HK$'000* (audited)	Direct investments *HK$'000* (audited)	Property investments *HK$'000* (audited)	Consolidated *HK$'000* (audited)
REVENUE					
External sales	–	1,229	11,147	–	12,376
RESULTS	–	(4,254)	53,456	1,393	50,595
Other income					8,745
Unallocated corporate expenses					(8,652)
Profit before taxation					50,688
Taxation					–
Profit for the period					50,688

During the six months ended 31st December, 2008, the Group acquired a vessel at approximately HK$90,608,000 for the marine bunkering operation. As at 31st December, 2008, total segment assets of the marine bunkering segment amounted to approximately HK$350,137,000, including the vessels of approximately HK$90,608,000 and trade debtors of approximately HK$259,529,000.

Geographical segments

The Group's revenue is analysed by location of delivery of duty-free marine bunkering services since the customers are international fleet without principal place of operation. The Group's other revenue is analysed by location of customers on trading of garments and the location where unlisted securities are issued or where listed securities are traded. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	Six months ended 31st December,	
	2008 ***HK$'000*** **(unaudited)**	2007 *HK$'000* (audited)
Chinese mainland	**2,942,195**	1,229
Hong Kong	**–**	19
Singapore	**–**	203
Europe – United Kingdom	**–**	5,761
Europe – France	**–**	988
The United States of America	**–**	2,706
Others	**–**	1,470
	2,942,195	12,376

5. Other income

	Six months ended 31st December, 2008 HK$'000 (unaudited)	2007 HK$'000 (audited)
Interest income on bank deposits	**3,746**	8,745
Rental income from investment properties	**2,459**	63
	6,205	8,808

6. Profit before taxation

Profit before taxation has been arrived at after charging:

	Six months ended 31st December, 2008 HK$'000 (unaudited)	2007 HK$'000 (audited)
Amortisation of prepaid lease payments	**407**	–
Depreciation of property, plant and equipment	**373**	444

7. Taxation

	Six months ended 31st December, 2008 HK$'000 (unaudited)	2007 HK$'000 (audited)
Current tax charge for the period:		
Hong Kong Profits Tax	**12,734**	–
Singapore Income Tax	**6,165**	–
	18,899	–
Deferred taxation	**–**	–
	18,899	–

Hong Kong Profits Tax and taxation arising in other jurisdictions are recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in the corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008–2009. With the Global Trader Programme incentive awarded by the Inland Revenue Authority of Singapore, certain qualified income generated during the period from trading fuel and oil under the marine bunkering segment of the Group has been charged at a tax concessionary rate of 5%. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 31st December, 2008. The estimated average annual tax rate used in respect of Hong Kong Profits Tax and taxation in other jurisdictions is 16.5% and 5.0% (six months ended 31st December, 2007 : 17.5% and 30.5%) respectively.

No provision for taxation in other jurisdictions has been made in the consolidated financial statements as those subsidiaries have no assessable profits for both periods.

A deferred tax asset has not been recognised in the consolidated financial statements in respect of estimated tax losses due to the uncertainty of future profit streams.

8. Dividend

Subsequent to the end of the current interim period, the directors of the Company have determined to declare an interim dividend of HK3 cents per share (six months end 31st December, 2007: nil) to be paid to the shareholders of the Company whose names appear on the register of members of the Company on 13th March, 2009.

During the six months ended 31st December, 2007, the Company had paid the final dividend for the year ended 30th June, 2007 of approximately HK$12,159,000 (HK1 cent per share).

9. Earnings per share

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings

	Six months ended 31st December,	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Earnings for the purposes of basic earnings per share	**168,082**	50,688

Number of shares

	Six months ended 31st December,	
	2008	2007
Number of ordinary shares for the purpose of basic earnings per share	**1,215,870,400**	1,215,870,400

No diluted earnings per share have been presented as there were no potential ordinary shares outstanding during the period.

10. Movements in property, plant and equipment, prepaid lease payments and investment properties

During the period, total additions to property, plant and equipment were approximately HK$107,741,000 (six months ended 31st December, 2007: HK$1,668,000), which mainly include additions to leasehold land and building and a vessel of approximately HK$17,007,000 (six months ended 31st December, 2007: nil) and HK$90,608,000 (six months ended 31st December, 2007: nil) respectively.

During the period, total additions to prepaid lease payments was approximately HK$42,467,000 (six months ended 31st December, 2007: nil), which comprises leasehold land situated in Hong Kong with long lease.

The Group's investment properties were fair valued by Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties in the same location and condition. The resulting decrease in fair value of investment properties of approximately HK$10,890,000 has been recognised directly in the condensed consolidated income statement.

11. Trade debtors

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade debtors at the reporting date:

	At 31st December, 2008	At 30th June, 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**259,529**	–

12. Trade creditors

The following is an aged analysis of trade creditors at the reporting date:

	At 31st December, 2008	At 30th June, 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 45 days	**–**	5
46 – 90 days	**–**	13
Over 90 days	**99**	50
	99	68

Apart from the balance disclosed above, balance of approximately HK$219,465,000 (30th June, 2008: nil) classified as amount due to a related company is trading in nature. Amount aged within 45 days at 31st December, 2008 with credit terms of 45 days granted to the Group.

13. Derivative financial instruments

The Group is exposed to price risk of fuel oil through its investment in the oil futures contracts. The Group has established the direct investment team which together with the senior management monitor the price risk. All transactions in the oil futures contracts have to be approved by the senior management. They will consider hedging the risk exposure should the need arise.

Derivative financial instruments of the Group at 31st December, 2008 comprised of long position in fuel oil futures contracts with future prices ranging from US$218 to US$262 per tonne and aggregate notional amount based on future prices of approximately US$42,220,000 with expiry date on 31st January, 2009 and short position in fuel oil futures contracts with future prices ranging from US$204 to US$250 per tonne and aggregate notional amount based on future prices of approximately US$39,748,000 with expiry date on 31st January, 2009.

The oil futures contracts are measured at fair value which are the quoted market values as at 31st December, 2008. All the fuel oil futures contracts outstanding as at 31st December, 2008 were settled net in early January 2009. Upon settlement, gain would be recognised and credited to the income statement subsequently.

14. Share capital

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised		
At 1st July, 2008 and 31st December, 2008	2,000,000,000	200,000
Issued and fully paid		
At 1st July, 2008 and 31st December, 2008	1,215,870,400	121,587

15. Capital commitments

As at 31st December, 2008, the Group was committed to capital expenditure in respect of the acquisition of property, plant and equipments contracted for but not provided in the condensed consolidated financial statements of approximately HK$3,441,000.

There was no capital commitment as at 30th June, 2008.

16. Related party transactions

During the period, the Group entered into the following transactions with related parties which are also connected transactions under Listing Rules:

	Six months ended 31st December,	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Purchase of goods from a related company	**2,743,354**	–
Rental income received or receivable from a related company	**2,271**	–

Note: Dr. Sit Kwong Lam ("Dr. Sit"), an executive director of the Company, controlled the above related companies.

During the six months ended 31st December, 2007, the Group paid rental for a director's accommodation to a landlord in which Mr. Lau Tung Hoi, the then executive director of the Company who resigned on 11th July, 2008, had a beneficial interest, amounted to HK$480,000.

Rental receivable from a related company is unsecured, non-interest bearing and is repayable within 12 months.

Amount due to a related company is trading in nature. It is unsecured and non-interest bearing. The credit term granted to the Group is 45 days and the whole balance aged within 45 days as at 31st December, 2008.

16. Related party transactions – continued

Compensation of key management personnel

The remuneration of members of key management of the Group during the period is as follows:

	Six months ended 31st December, 2008 HK$'000 (unaudited)	2007 HK$'000 (audited)
Salaries and other short-term employee benefits	**3,420**	11,066
Retirement benefits costs	**30**	12
	3,450	11,078

The remuneration of directors and key executives of the Group is determined by the remuneration committee of the Company having regard to the performance of individuals and market trend.

17. Subsequent events

(a) Establishment of a joint venture company

On 8th January, 2009, the Group entered into a joint venture agreement ("JV Agreement") with 舟山港務集團有限公司 ("Zhoushan Port ") and 舟山中奧能源集團有限公司 ("Zhoushan Zhongao"), to form a joint venture company ("JV Company"), which is owned as to 60% by the Group, as to 35% by Zhoushan Port and as to 5% by Zhoushan Zhongao for the purpose of engaging in the development of wharfs and related ancillary facilities in respect of petroleum products and the provision of related logistic services in the PRC.

Pursuant to the JV Agreement, the Group has to inject capital of approximately US$16,800,000 (equivalent to approximately HK$131,000,000) within two years from the establishment date of the JV Company.

(b) Issue of new shares and convertible notes

Pursuant to the subscription agreement dated on 28th November, 2008 entered into between the Company and Canada Foundation Limited (a company wholly and beneficially owned by Dr. Sit), the Company had allotted a total of 110,000,000 new shares at the aggregate price of HK$67,100,000 (equivalent to HK$0.61 per share) and issued convertible notes in an aggregate principal amount of HK$115,900,000 to Canada Foundation Limited on 22nd January, 2009. The convertible notes are convertible into shares of the Company at a conversion price of HK$0.61 per share.

(c) Acquisition of the land use right

Pursuant to the acquisition agreement dated 19th February, 2009 entered into between a subsidiary of the Company and Zhejiang Dafang Shipping Manufacturing Limited, an independent third party to the Group, the Group had acquired land use rights located in the PRC at a consideration of approximately RMB100,000,000 (equivalent to approximately HK$113,000,000).

18. Particulars of principal subsidiaries

For business expansion purpose, the Group incorporated certain subsidiaries which are engaged in property holding, investment holding and marine bunkering business during the six months ended 31st December, 2008. Details of the Company's principal subsidiaries as at 31st December, 2008 and 30th June, 2008 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid ordinary/ registered share capital	Proportion of nominal value of issued share capital/registered capital held by the Company 31st December, 2008	30th June, 2008	Principal activities
First Sign Capital Limited* *(Note 1)*	Hong Kong	HK$10,000,000	–	100%	Proprietary trading in securities
First Sign International Garments Limited*	Hong Kong	HK$2	100%	100%	Property holding and trading of garments
First Sign Investments Limited#	British Virgin Islands	US$48	100%	100%	Investment holding
Brightoil Property (HK) Ltd.* (Formerly known as Glory Win Property (HK) Ltd.)	British Virgin Islands	US$1	100%	–	Property holding
Brightoil Property (S'pore) Ltd.* (Formerly known as Glory Win Property (S'pore) Ltd.)	British Virgin Islands	US$1	100%	–	Property holding
Guangzhou Supreme Sign Knitting & Dyeing Company Limited*	PRC	US$8,000,000 *(Note 2)*	100%	100%	Garments manufacturing and trading
Sunvest Overseas Limited*	British Virgin Islands	US$1	100%	100%	Investment holding
Brightoil Marine Bunkering Group Ltd.# *(Note 3)*	British Virgin Islands	US$1	100%	–	Investment holding
Brightoil Petroleum (Greater China) Ltd.* *(Note 3)*	British Virgin Islands	US$1	100%	–	Trading of fuel and oil and provision of marine bunkering services
Brightoil Petroleum (S'pore) Pte. Ltd.* *(Note 3)*	Singapore	US$5,000,000	100%	–	Trading of fuel and oil and provision of marine bunkering services
Brightoil Petroleum Group Limited# *(Note 3)*	Hong Kong	HK$2	100%	–	Investment holding

18. Particulars of principal subsidiaries – continued

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid ordinary/ registered share capital	Proportion of nominal value of issued share capital/registered capital held by the Company 31st December, 2008	30th June, 2008	Principal activities
Brightoil Shipping Group Ltd.# *(Note 3)*	British Virgin Islands	US$1	100%	–	Investment holding
Brightoil 668 Oil Tanker Limited* *(Note 3)*	British Virgin Islands	US$10	100%	–	Provision of marine bunkering and transportation services
Brightoil Property Group Ltd.# *(Note 3)*	British Virgin Islands	US$1	100%	–	Investment holding
Brightoil Property Ltd.* *(Note 3)*	British Virgin Islands	US$1	100%	–	Property holding
Win Capital Investments Group Limited# *(Note 3)*	British Virgin Islands	US$1	100%	–	Investment holding
Win Capital Investments Limited* *(Note 3)*	British Virgin Islands	US$1	100%	–	Proprietary trading in securities
Win Business Petroleum Group (Grand Desert) Limited *(Note 3)*	British Virgin Islands	US$1	100%	–	Investment holding

Subsidiaries directly held by the Company

* *Subsidiaries indirectly held by the Company*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the period or formed a substantial portion of the assets and liabilities of the Group.

To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities outstanding as at 31st December, 2008 or at any time during the period.

Notes:

(1) First Sign Capital Limited was wound up voluntarily on 25th November, 2008.

(2) The subsidiary was established in the PRC as a wholly foreign owned enterprise. During the 6 months ended 31st December, 2008, the registered share capital of the subsidiary increased from US$7,500,000 to US$8,000,000.

(3) These subsidiaries were set up during the six months ended 31st December, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 31st December, 2008 (the "Period"), the total revenue of the Group increased by approximately 23,673% to HK$2,942,195,000 when compared with the same period in last year. Profit attributable to the shareholders of the Company (the "Shareholders") went up significantly to approximately HK$168,082,000.

As at 31st December, 2008, the Group reported a net fair value loss of financial assets held for trading and a net fair value gain of derivative financial instruments of approximately HK$730,000 and HK$15,804,000, respectively. The Group has also recognised a loss from changes in fair value on investment properties of approximately HK$10,890,000 which has been charged to the income statement.

Attributable to the new marine bunkering business which was started by the Group in July 2008, basic earnings per share jumped up significantly from HK4.17 cents to HK13.82 cents when compared with the same period in last year. During the Period, the net asset value per share also recorded a significant increment of 22% from HK$0.59 to HK$0.73.

Marine Bunkering Business

During the Period, the Group began its marine bunkering services and has observed a strong start of its marine bunkering business, recording approximately 824,000 tonnes in total sales volume and HK$3 billion in total revenue.

To reflect the Group's determination in expanding the marine bunkering and related logistics businesses, the Group had signed an agreement on 8th January, 2009 with two independent third parties for the establishment of a joint venture company (the "JV Company"). The JV Company will be engaged in the development of wharfs (with six 3,000-DWT berths at the initial stage and will contemplate building one 300,000-DWT and one 100,000-DWT berths in the future) and related ancillary facilities in respect of petroleum products and the provision of related logistics services in the PRC. Moreover, on 19th February, 2009, the Group had also signed an agreement for the acquisition of the land use rights of three parcels of land located in Nan Ao Cun, Cezi Xiang, Dinghai District, Zhoushan City, Zhejiang Province, the PRC (the "Land") of approximately 112,000 square metres for the development of oil storage facilities of petroleum products.

With the development of oil storage facilities and wharfs for petroleum products, the marine bunkering and related logistics businesses are expected to contribute an increasingly significant portion of the revenue of the Group in the years to come. In the near future, the Group plans to expand the coverage of its marine bunkering business to other ports in the Yangtze River Delta region, to be followed by those in the northern part of the PRC as a strategic move to further develop the business. With its marine bunkering services gaining reputation among existing and potential customers, and a clear focus of the future developments, the Group is confident that the business will deliver promising returns to the Shareholders in future.

Garment Operation

During the Period, the Group has focused its effort in the original equipment manufacturer ("OEM")/ original design manufacturer ("ODM") market. Since all sales orders for the garment operation are for 2009 spring/summer seasons, with the delivery orders in the second half of this financial year, no revenue was recorded by the Group for the Period.

Affected by the recent financial turmoil, during the Period, the sales order received by the Group had recorded a drop of approximately 69% when compared with last year. Facing such difficulties, the Group is trying to minimise the operating costs and expenses and search for new customers as well as new business opportunities. The Group is of the view that the garment operation can still have positive contribution to the Group in the long run after passing through this financial tsunami.

INVESTMENTS

The performance of the financial market was very poor in the second half of 2008. With an aim of enhancing Shareholders' value, the Group will continue to exercise prudence when making investment decisions.

During the Period, the Group reported a net fair value gain of financial assets held for trading/derivative financial instruments of approximately HK$15,074,000.

The risk is associated with opportunities and the economic downturn is a signal of business chance. Under the current financial tsunami, the Group will continue to assess the available investment opportunities.

PROPERTIES INVESTMENTS

During the Period, the Group generated rental income of approximately HK$2,459,000 and is expected to receive a stable rental income in the coming financial year.

CHANGE OF COMPANY'S NAME

Pursuant to the special resolution approving the change of name of the Company by the Shareholders on 18th August, 2008, the name of the Company has been changed from First Sign International Holdings Limited to Brightoil Petroleum (Holdings) Limited and has adopted the Chinese name 光滙石油(控股)有限公司 for identification purpose, with effect from 19th August, 2008.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal source of funds for the Period was mainly from daily operations of approximately HK$159,003,000.

As at 31st December, 2008, the Group had bank and cash balances of approximately HK$611,121,000.

The Group's exposure to fluctuation in exchange rates was limited and no hedging activity was considered necessary for the Period.

INTERIM DIVIDENDS

Details of the interim dividends are set out in the note 8 to the financial statements.

CAPITAL STRUCTURE

As at 31st December, 2008, the Company had 1,215,870,400 shares (the "Shares") in issue with total Shareholders' funds of approximately HK$881,518,000.

SIGNIFICANT INVESTMENTS HELD

As at 31st December, 2008, the Group did not hold any significant investments. During the Period, the Group recorded a net fair value gain of financial assets held for trading/derivative financial instruments of approximately HK$15,074,000.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group is now expanding its marine bunkering and related logistics businesses and identifying other investment opportunities.

Subsequent to 31st December, 2008, the Group had signed an agreement on 8th January, 2009 with two independent third parties for the establishment of the JV Company and the JV Company will be engaged in the development of wharfs (with six 3,000-DWT berths at the initial stage and will contemplate building one 300,000-DWT and one 100,000-DWT berths in the future) and related ancillary facilities in respect of petroleum products and the provision of related logistics services in the PRC.

Moreover, on 19th February, 2009, the Group had also signed an agreement for the acquisition of the land use rights located in the PRC for the development of oil storage facilities of petroleum products.

The Group intends to finance the expansion by internal resources and banking facilities.

BORROWINGS AND CHARGES ON GROUP ASSETS

During the Period, the Group did not have any borrowings nor charges on its assets.

CONTINGENT LIABILITIES

As at 31st December, 2008, the Group did not have any significant contingent liabilities.

CONVERTIBLE NOTES AND SHARE SUBSCRIPTION

Pursuant to the subscription agreement entered between the Company and Canada Foundation Limited on 28th November, 2008, convertible notes with aggregate principal amount of HK$115,900,000, and 110,000,000 newly issued Shares were subscribed by Canada Foundation Limited. The convertible notes shall be fully repaid at their face values on the third anniversary of the date of issue of the convertible notes with no interest. The convertible notes are convertible into Shares at a conversion price of HK$0.61 per Share and the subscription price of the new Shares was HK$0.61 per Share. The convertible notes and the new Shares were issued in January 2009.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the Period, the Group did not have any significant acquisition or disposal of subsidiaries or associated companies.

SEGMENTAL INFORMATION

Details of the segmental information are set out in the note 4 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2008, the Group employed 171 full time employees in Hong Kong, Singapore and the PRC. The Group remunerates its directors and employees by reference to their performance, experience and prevailing industry practice. Employee benefits provided by the Group include provident fund scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the six months ended 31st December, 2008, total employees' remuneration, including directors' remuneration, was approximately HK$11,767,000 (2007: HK$11,201,000).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2008, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions

Name of Director	Name of the members of the Group	Capacity	Number of issued ordinary shares held	Percentage of the Shareholding
Sit Kwong Lam	The Company	Beneficial owner	1,145,358,000 *(Note 1)*	94.20%
Sit Kwong Lam	Energy Empire Investments Limited	Beneficial owner	1	100%

Note 1: These Shares represent: (i) 729,522,240 Shares held by Energy Empire Investments Limited; (ii) 225,835,760 Shares held by Canada Foundation Limited and (iii) the 190,000,000 Shares to be allotted and issued to Canada Foundation Limited upon the exercise in full of the conversion rights attached to the convertible notes of the Company issued to it. Dr. Sit Kwong Lam is the sole shareholder of both Energy Empire Investments Limited and Canada Foundation Limited. Thus, Dr. Sit Kwong Lam is deemed to be interested in these 1,145,358,000 Shares under the SFO.

Save as disclosed above, as at 31st December, 2008, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

In compliance with the amended Chapter 17 of the Listing Rules, a share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company on 20th October, 2004 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The expiry date of the Scheme is on 19th October, 2014.

Under the Scheme, all directors and employees of the Group and consultants, advisors, agents, customers, service providers, contractors, business partners of any members of the Group or any company or other entity in which the Group or any member thereof has a shareholding interest, in the sole discretion of the Board, has contributed to the Group or any member thereof are eligible to participate in the Scheme.

SHARE OPTION SCHEME – continued

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the Shares in issue as at the date of adoption of the Scheme, without prior approval from the Shareholders. The number of Shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or independent non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within 30 days of the date of offer, upon payment of HK$1.00 per option. Options may be exercised at any time from the date of offer of the share option to a period to be notified by the board of Directors (the "Board") to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of offer. The exercise price is determined by the Board at its absolute discretion and will not be less than the higher of (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of offer; and (c) the nominal value of a Share on the date of offer. No option was granted under the Scheme since its adoption and no option was outstanding as at 31st December, 2008.

As at 31st December, 2008, the total number of Shares available for grant of option under the above share option scheme was 121,609,040.

SUBSTANTIAL SHAREHOLDERS AND PERSONS HAVING 5% OR MORE INTERESTS

As at 31st December, 2008, the interests and short positions of every person, other than a Director or chief executive of the Company, in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions

Name of Shareholders	Number of Shares held	Approximate percentage of shareholding
Energy Empire Investments Limited	729,522,240 Shares	60.00%
Canada Foundation Limited	415,835,760 Shares	34.20%

Save as disclosed above, as at 31st December, 2008, no other person, other than a Director or chief executive of the Company had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. On 1st July, 2006, the Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the Period, except for the following deviations:

1. **Code Provision A.2.1**

   Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

   The positions of both chairman and CEO have been held by Dr. Sit Kwong Lam since 20th June, 2008 upon his appointment as an executive Director. Given the Group's current stage of development, the Board considers that vesting the roles of both chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximises effectiveness of its operation.

2. **Code Provision A.4.1**

   Under the code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term and subject to re-election. However, three of the independent non-executive Directors, who resigned on 11th July, 2008 and one non-executive Director, who resigned on 11th July, 2008, were not appointed for specific term but were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's bye-laws.

   The Company considers that sufficient measures had been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

3. **Code Provision B.1.4 and C.3.4.**

   Under note 1 to the code provisions B.1.4 and C.3.4 of the Code, the issuer should make available the terms of reference of its remuneration committee and audit committee on request and by including the information on the issuer's website.

   Since the website of the Company is still under construction, the above requirement regarding provision of such information on website could not be met accordingly. However, the terms of reference of the two committees were available on request.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. All the Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the Period. The Model Code also applies to other specified senior management of the Group.

REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in accordance with the Code on 25th January, 2006. The remuneration committee comprises three independent non-executive Directors, namely Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang and two executive Directors, namely Dr. Sit Kwong Lam and Mr. Tan Yih Lin. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management of the Group. The terms of reference of the remuneration committee are available to the public on request.

AUDIT COMMITTEE AND INDEPENDENT REVIEW BY EXTERNAL AUDITORS

The audit committee of Company as at 31st December, 2008 was comprising Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang, the three independent non-executive Directors.

The principal duties of the audit committee are to review with the management of the Company, the accounting principles and practices adopted by the Group and discuss internal controls and financial reporting matters including reviews of interim and annual financial statements.

The unaudited interim condensed consolidated financial statements for the six months ended 31st December, 2008 have been reviewed by the audit committee of the Company.

The Group's external auditor, Deloitte Touche Tohmatsu, has been appointed to review the interim financial report. On the basis of their review, they are not aware of any material modifications that should be made to the interim financial report for the Period.

INTERNAL CONTROL

A sound and effective internal control system is important to safeguard the Shareholders' investment and the Company's assets. During the Period, the Board reviewed and was satisfied with the effectiveness of the internal control system of the Group including financial, operation, compliance controls and risk management functions.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16th March, 2009 to Wednesday, 18th March, 2009 (both days inclusive). During this period, no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 13th March, 2009.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

On behalf of the Board
Brightoil Petroleum (Holdings) Limited
Sit Kwong Lam
Chairman

Hong Kong, 27th February, 2009