光滙石油
BRIGHTOIL

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

Annual Report 2009

(Incorporated in Bermuda with limited liability) (Stock Code: 933.HK)

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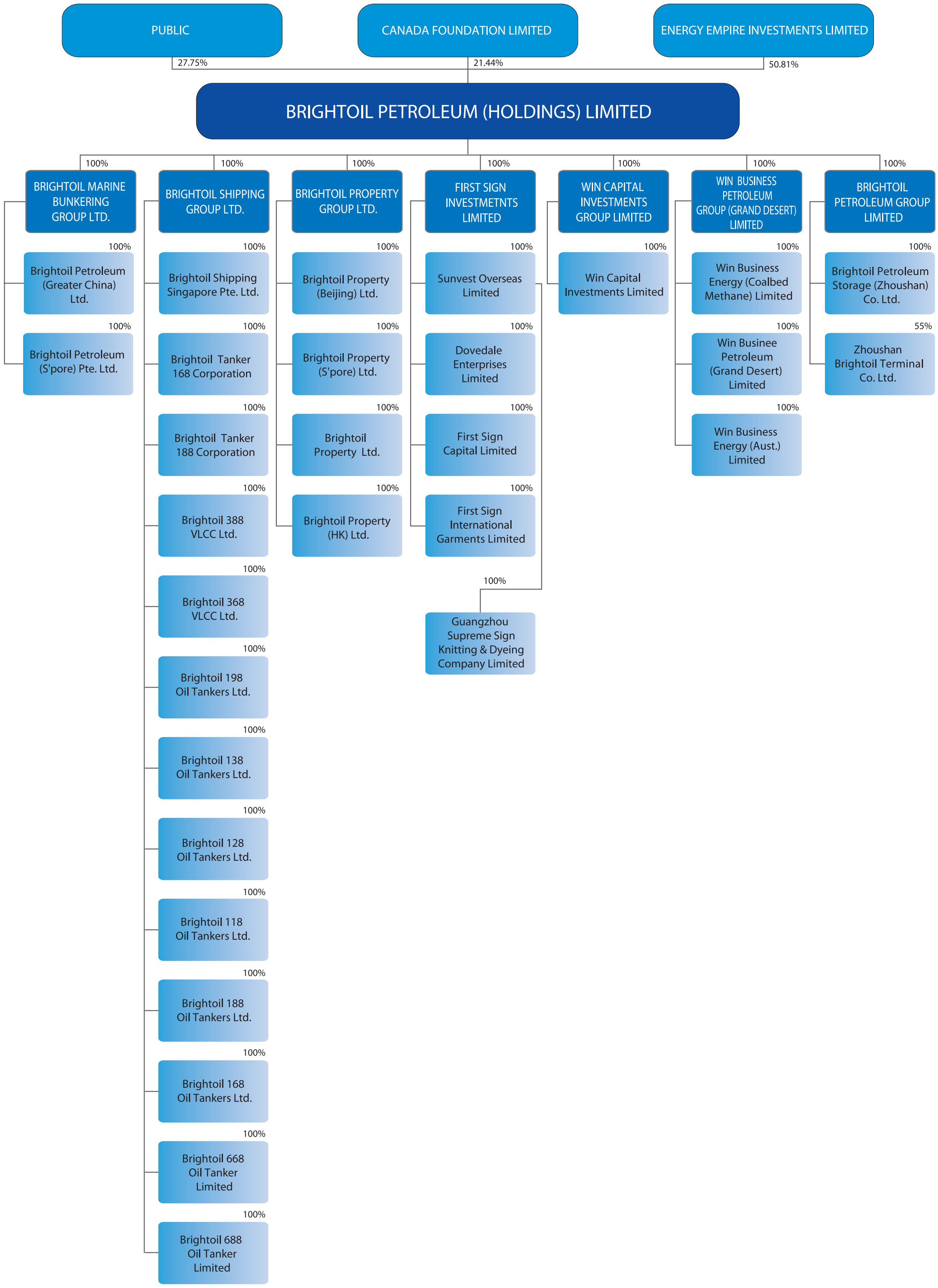
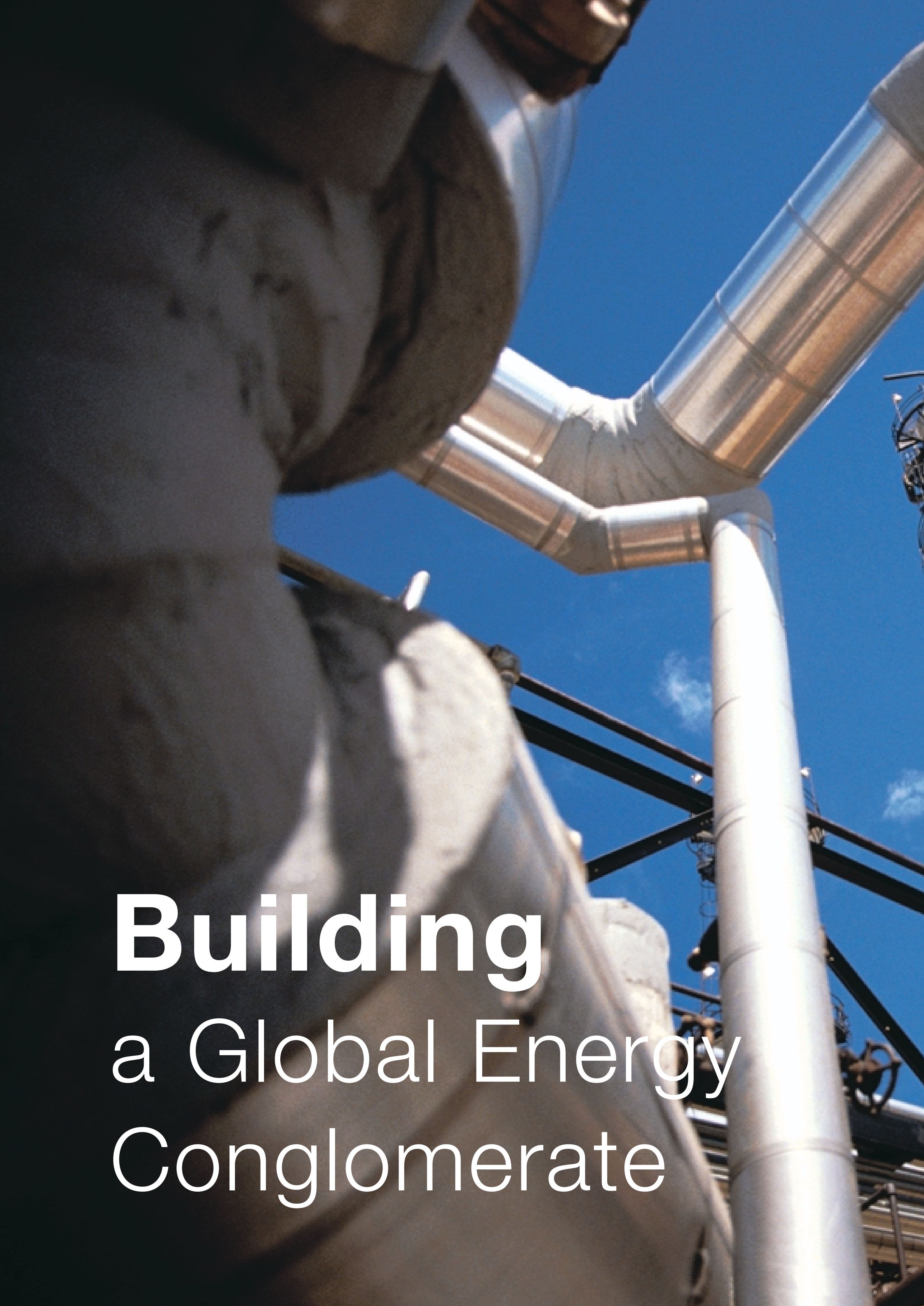
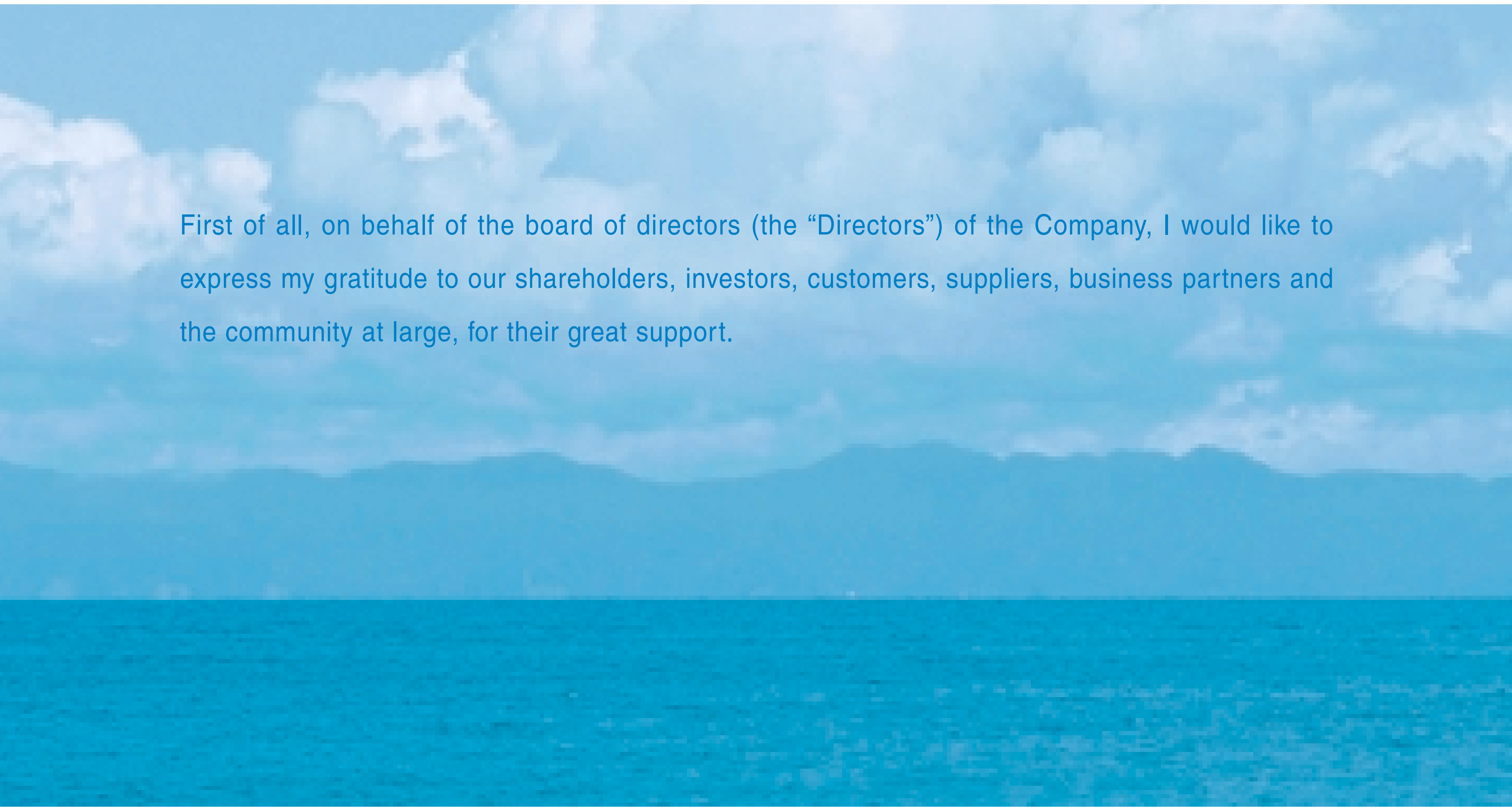
Brightoil Petroleum (Holdings) Limited ("Brightoil Petroleum" or the "Company", together with its subsidiaries, the "Group") is mainly engaged in the marine bunkering service and oil trading business in the Greater China region and is one of the largest chain service providers of marine bunkering in the People's Republic of China (the "PRC"). Brightoil Petroleum has been actively expanding its chain network of marine bunkering business worldwide. While building the first phase of 2.2-million-m^3 oil storage facility and a wharf with fifteen 1,000 to 300,000-DWT class berths on Waidiao Island, Zhoushan City in the Yangtze Delta, the Group plans to construct a 8-million-m^3 oil storage facility and a wharf that could accommodate vessels with capacity of 1,000 to 300,000 DWT, on Changxing Island, Dalian, Bohai Bay. Meanwhile, the Group intends to establish a large-scale oil tanker fleet for supporting its marine bunkering service and oil trading business. In addition, the Group entered into the Tuzi Production Sharing Contract ("PSC") with China National Petroleum Company ("CNPC") for the Group's first natural gas development project, which is located in Tarim Basin, 400 km west of Urumqi in Xinjiang Province. In the long run, the Group will strive to develop the upstream business by stretching its tentacles in the exploitation and production of oil gas with a view to becoming a highly integrated global energy conglomerate.

BRIGHTOIL PETROLEUM (HOLDINGS) LTD.
ORGANISATIONAL STRUCTURE





Building
a Global Energy Conglomerate



First of all, on behalf of the board of directors (the "Directors") of the Company, I would like to express my gratitude to our shareholders, investors, customers, suppliers, business partners and the community at large, for their great support.

Following the change of the controlling shareholder last year, Brightoil Petroleum quickly evolved into the largest marine bunkering service provider in Shenzhen and its surrounding area. The Group achieved outstanding results for the financial year of 2008/09, generating satisfactory returns for our shareholders. Over the last financial year, the Group successfully transformed its core businesses to focus on establishing a complete value chain network, comprising of marine bunkering, oil storage and wharfs, marine transportation as well as oil and gas exploitation and production.

Marine bunkering, being our first core business, has tremendous potential for growth. In the last financial year, we have expanded our services to Shanghai, Ningbo and Hong Kong ports. We shall further extend our network to Singapore, Xiamen and Qingdao within the next few months. In the near future, our marine bunkering service will expand to other major ports in the PRC and globally, aiming towards being a leading worldwide marine bunkering service provider and generating potentially high returns for our shareholders.

Upon completion of the Zhoushan and Dalian storage and wharf facilities, the Group will strengthen its logistics supply network. This will cover the entire coastal region of the PRC from the Pearl River Delta through the Yangtze River Delta to the Bohai Rim. This network not only provides strong support to the Group's marine bunkering operations, it also generates substantial rental income to the Group.

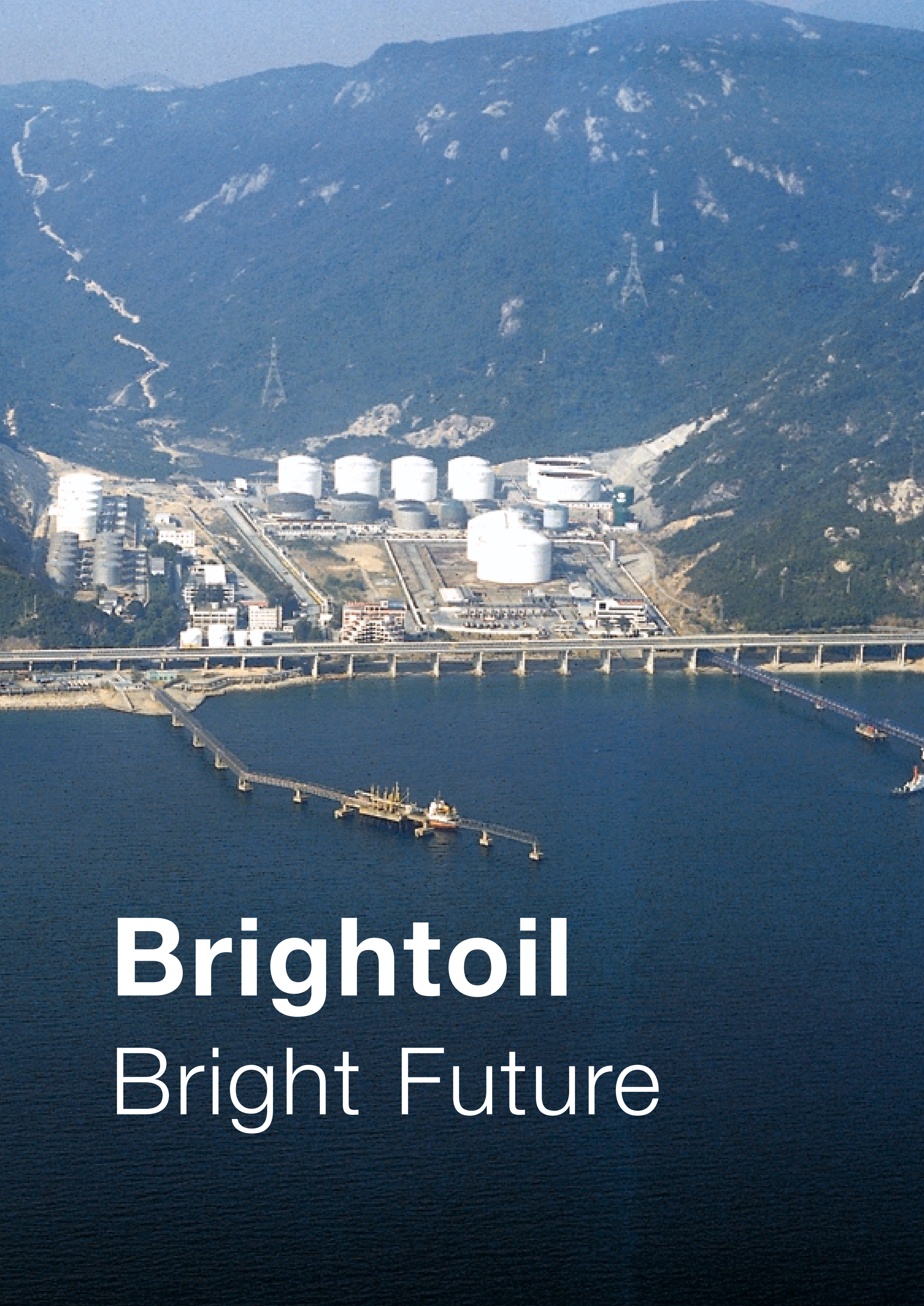
Our marine transportation operation is another core business that the Group is establishing to further improve our logistics supply chain and freight income. We contemplate developing an oil tanker fleet to support our marine bunkering and oil trading business. Our competitive strength and market position will be further enhanced with a

complete supply chain network. The marine transportation business will generate stable cash flow and diversify our source of income. Discovering opportunities in critical conditions is one of our strengths. With the international shipping industry being severely affected by the recent economic downturn, the cost of vessels has reduced tremendously. This provides us with a great opportunity to build our oil tanker fleet. Upon recovery of the economy, the value of these vessels will have enormous potential to appreciate.

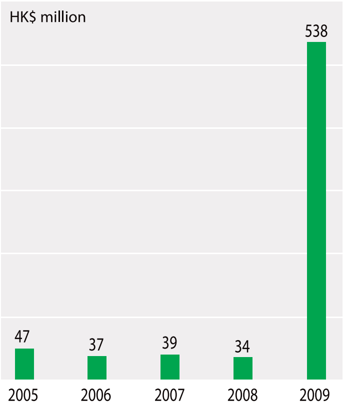
In August this year, we entered into the PSC for the joint development and production of natural gas in Tuzi Block, the Tarim Basin, Xinjiang. This marks our first entry into the upstream sector, another of our core businesses. With increasing natural gas consumption in the PRC, gas prices have the potential to rise and as such the value of our gas field would appreciate accordingly. In the long run, we will actively look for opportunities in oil and gas projects in the PRC and globally that offer long term, steady returns and create a solid foundation for the Group.

The PRC has gradually developed into a country of influence in the world, with its energy consumption expected to increase for a long period of time. The Group will relentlessly develop its upstream and downstream oil related businesses, including oil and gas exploration, oil storage and wharfs facilities and marine transportation. We will continue to strengthen our supply chain and develop our global marine bunkering network to become a fully integrated upstream and downstream global energy conglomerate.

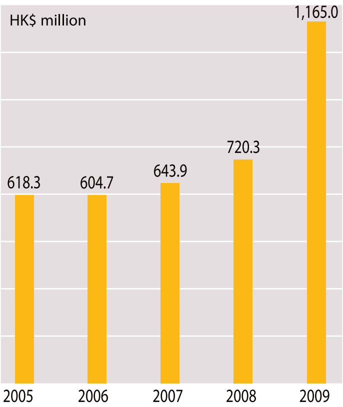
Last but not least, I would like to express my sincere appreciation to the board, management and all the employees of the Group for their dedication and contribution. We shall continue what we have begun, diligently working to create greater value and returns to our shareholders and investors.


Brightoil
Bright Future

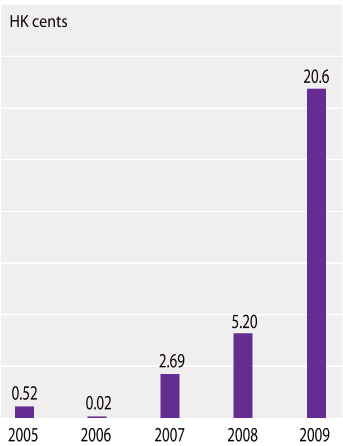
Gross Profit



Net Assets Attributable to Shareholders of the Company



Earnings per Share



PROFIT AND LOSS HIGHLIGHTS

	For the year ended 30 Jun		
HK$'000	**2009**	2008	*Change (times)*
Revenue	**5,454,979**	41,161	+131.5
Cost of sales	**(4,916,859)**	(7,103)	+691.2
Gross profit	**538,120**	34,058	+14.8
Operating expenses	**(34,911)**	(11,604)	+2.0
Operating profit	**503,209**	45,662	+10.0
Fair value change in embedded derivative of CN	**(204,586)**	—	N/A
Profit before taxation	**298,623**	45,662	+5.5
Profit for the year	**263,352**	63,276	+3.1
Earnings per share – basic (HK cents)	**20.6**	5.2	+3.0

BALANCE SHEETS HIGHLIGHTS

	As at 30 Jun		
HK$'000	**2009**	2008	*Change (times)*
Current Assets	**1,741,427**	603,618	+1.9
Current Liabilities	**842,598**	5,588	+149.8
Net Current Assets	**898,829**	598,030	+0.5
Total Assets	**2,035,917**	725,903	+1.8
Total Liabilities	**870,900**	5,588	+154.9
Net Asset Value Per share	**HK$0.81**	HK$0.59	+0.4
Bank Balances and Cash (including pledged deposit)	**1,019,621**	599,460	+0.7
Shareholders' Equity	**1,165,017**	720,315	+0.6

KEY FINANCIAL INDICATORS

	As at 30 Jun	
	2009	2008
Gross Profit Margin	**9.9%**	82.7%
Net Profit Margin	**4.8%**	153.7%
Current Ratio	**2.1 times**	108.0 times
Creditors Turnover Days	**46.0 days**	3.6 days
Debtors Turnover Days	**26.8 days**	—
ROE	**22.6%**	8.8%
ROA	**12.9%**	8.7%
Dividend Payout Ratio	**15.1%**	19.2%

BUSINESS REVIEW AND PROSPECTS

The Group focuses on the development of four core businesses, namely: marine bunkering, oil storage and terminal facilities, marine transportation, and oil and gas exploration and production. It aims to become a leading global energy conglomerate. Over the last year, the Group achieved remarkable results in its marine bunkering business.

This is the first annual report published by the Group following its successful transformation. During the financial year, its shareholders and the community provided tremendous support to the Group. Under the outstanding leadership of the Group's management, the entire workforce worked closely together to lay a solid foundation for the Group's business transformation. Management would like to take this opportunity to express its heartfelt gratitude to all shareholders, staff members and those who contributed to the support and effort to the Group.

INDUSTRY REVIEW

The global economy slowed considerably during the financial year in the midst of the global financial tsunami. Nevertheless, sea freight shipping activity to ports in the PRC remained relatively resilient, propelling rapid growth of the marine bunkering industry in the PRC. According to statistics from the Ports in the PRC Association Container Branch and the Hong Kong Port Development Council, total cargo throughput of the top 10 ports in the PRC reached 105 million TEUs in 2008. Total container throughput of port in the PRC accounted for 23.6% of the world's total throughput. Six out of the top ten busiest container ports in the world were located in the PRC, including Shanghai port, Shenzhen port, Ningbo-Zhoushan port, Guangzhou port, Qingdao port as well as Hong Kong. Despite slowing exports from the PRC in the first half of 2009, ports in the PRC remained the busiest globally in terms of cargo throughput volume.

Relative to other developed ports in the world, PRC's marine bunkering sector is underdeveloped. However, it has significant long-term growth potential. According to statistics of the Maritime and Port Authority of Singapore and the Ports in China Association Container Branch, PRC's cargo throughput was 3.5 times that of Singapore in 2008, while its annual bunker sales volume was a mere 4.8 million tonnes, equivalent to 16% of that of Singapore. With continual improvements in marine bunkering services and infrastructure at PRC's ports, the Group believes that the marine bunkering sector in the PRC has tremendous high growth potential.

Over the past year, the price of bunker fuel oil fluctuated sharply. The price of 380-centistokegrade bunker oil surged to approximately US$764.5 per tonne in July 2008. Subsequently, it dropped significantly by 212.7% to about US$244.5 per tonne in January 2009 as a result of the global economic slowdown. Lastly, in the second quarter of 2009, it staged a rebound and climbed to over US$400 per tonne.

BUSINESS REVIEW

For the year ended 30 June 2009, the Group achieved revenue of approximately HK$5,455 million (2008: HK$41.2 million), representing a 131.4 times increase over the previous financial year. Gross profit amounted to HK$538.1 million (2008: HK$34.1 million), up 14.8 times year-on-year. During the period under review, profit attributable to equity holders of the Company was approximately HK$263.4 million (2008: HK$63.3 million), an increase of 3.16 times over the previous financial year. Basic and diluted earnings per share were HK20.6 cents (2008: HK5.2 cents), up 296% year-on-year.

1. **Marine bunkering business**

The Group commenced marine bunkering operations in July 2008. During the year, it sold a total of 1.8 million tonnes of bunker fuel oil and achieved revenue of approximately HK$5,445 million (2008: HK$Nil). Revenue from marine bunkering operations accounted for 99.8% of the Group's total revenue and was a key revenue contributor.

While the global shipping industry ebbed and international bunker fuel oil prices fluctuated dramatically during the year, demand for the Group's marine bunkering services remained stable. The shipping industry in China was relatively buoyant as the Group's clientele was comprised primarily of international liners that continued to operate scheduled freight transportation to and from Chinese ports.

Currently, the Group is the largest marine bunkering services provider in Shenzhen and its surrounding areas. Operations in Shenzhen maintained positive momentum during the period under review. At the same time, the Group actively strengthened and expanded marine bunkering operations in the Greater China region and overseas in order to enlarge its market share. In July 2008, the Group announced the acquisition of a 7,100 DWT bunker barge for a consideration of US$11.6 million. This bunker barge, "Brightoil 668", is the largest barge for marine bunkering registered with Hong Kong Marine Department in the section of "local vessels certification and licensing". Subsequently, the Group commenced marine bunkering operation in Hong Kong in April 2009. Elsewhere, the Group rolled out marine bunkering services in Shanghai in June this year as well.

In addition to Hong Kong, Shanghai and Ningbo, the Group is actively exploring business development opportunities in China's other major ports, including Zhoushan, Dalian, Qingdao, Tianjin, Guangzhou, Xiamen and Fuzhou.

Following positive developments in marine bunkering operations in the Greater China region, the Group has been actively exploring the Singapore market. The Group received an approval-in-principle from the Maritime and Port Authority of Singapore relating to its application for the Singapore bunkering licences in May 2009. It is now carrying out preparatory work and expects to start marine bunkering services in Singapore in the first half of year 2010.

2. **Expansion of oil storage and terminal facilities**

The second core business of the Group is the provision of oil storage and terminal facilities. It will generate steady income to the Group and will facilitate the development of its marine bunkering and oil trading operations. Strategically located in the Yangtze River Delta and the Bohai Rim, the Group's oil storage and terminal projects at the ports of Zhoushan and Dalian enable it to extend coverage to the entire eastern and northern coastal areas of China.

During the year, the Group formed a joint venture with Zhoushan Port Group Limited for the development of wharfs and as well as the provision of related logistic services in Zhoushan Port, Zhejiang Province. The Group and Zhoushan Port Group Limited hold 55% and 45% equity interests in the joint venture respectively. After the establishment of the joint venture, the Group entered into a framework agreement to acquire the land use rights of the land which covers approximately 611,622 sqm. on Waidiao Island, Cengang Town, Dinghai District,

Zhoushan City, Zhejiang Province, the PRC from Zhoushan Land and Resources Bureau in May 2009. The joint venture plans to build storage, wharfs and ancillary facilities on the island. The storage facilities have an aggregate capacity of about 2,200,000 m^3 for petroleum products, while the wharfs and related facilities will provide 15 berths of various sizes that can accommodate vessels up to 300,000 DWT as well as other smaller DWT vessels.

The Group also entered into an agreement with the Dalian Changxing Island Harbour Industrial Zone Management Committee in August 2009. Pursuant to the agreement, the Group will develop oil storage facilities in Changxing Island, Dalian. Moreover, both parties will form a joint venture for the construction and management of a wharf project in the Dalian Changxing Island Harbour Industrial Zone.

According to the agreement with Dalian's authority, the Group will complete construction on whole oil storage project in two phases. The storage capacity of the first phase facilities is about 3,000,000 to 4,000,000 m^3 while that of the second phase facilities is about 4,000,000 to 5,000,000 m^3. The wharf project is expected to cover 13 to 15 berths, including a berth to accommodate vessels of 300,000 DWT, two berths to accommodate vessels of 100,000 DWT, two berths to accommodate vessels of 30,000 to 50,000 DWT as well as other berths that can accommodate smaller DWT vessels. The above projects shall be completed within 18 to 36 months from the date of commencement of the respective projects. In addition, the Group will construct oil pipelines with a length of 192.6 km to connect the oil storage project and the wharf project with the national oil pipelines.

Dalian is one of the four designated locations for Strategic Oil Reserve Bases in PRC. With its strategic location at the entrance of the Bohai Bay, Dalian has evolved into one of the major ports in the Bohai Rim. Changxing Island is one of the five coastal industrial zones in Liaoning Province and Dalian and has a natural deepwater harbour suitable for the navigation of large oil tankers. Benefiting from these favorable factors, the island is expected to be developed as an integral part of the international oil product transshipment hub in northeastern China.

Along with its investments in the oil storage and wharf projects in Zhoushan and Dalian, the Group is in discussion with independent third parties regarding a possible acquisition of equity stake in a medium-sized oil storage company in Ningbo, Zhejiang Province.

3. Marine transportation

In order to support its business expansion and to provide oil transportation services to customers, the Group is contemplating the formation of a fleet that will consist of eight vessels including oil tankers and marine bunkers with sizes ranging from approximately 5,000 DWT to 300,000 DWT through leasing or hire-purchase arrangements. The marine transportation operations will not only generate steady freight income to the Group, but will also help it reduce operating costs and create a complete supply chain for its marine bunkering business.

4. Natural gas development and production

For the long term development of its businesses, the Group has been exploring opportunities to expand upstream operations, including the exploitation development of oil and / or natural gas. A wholly-owned subsidiary of the Group, Win Business Petroleum (Grand Desert) Limited, entered into an agreement with CNPC in August 2009 for the joint development and production of natural gas in the Tuzi Block, Tarim Basin, Xinjiang Province. This block covers an area of 157.972 km^2 and the field with a geological reserve of natural gas in

place of approximately 22.1 billion m^3. Pursuant to another agreement signed between Win Business Petroleum (Grand Desert) Limited and PetroChina Company Limited ("PetroChina"), a non wholly-owned subsidiary of CNPC, all of the natural gas produced from this block will be sold to PetroChina.

The board of Directors believes that this is an appropriate time to invest in the natural gas exploitation project given the upside potential of natural gas prices in PRC in the near future. The joint venture allows the Group to make an important advance in diversifying into upstream business.

5. Garment operations

During the year, the contribution from garment operations to the Group's total revenue was reduced to less than 1% as the Group shifted its focus to marine bunkering business. The garment operations generated revenue of approximately HK$5.2 million (2008: HK$20.3 million).

The Group continued to develop its original equipment manufacturer ("OEM") / original design manufacturer ("ODM") business. Since all sales orders for garment operations were for 2009 spring / summer seasons, they were delivered in the second half of this financial year. In the light of changes in operating environment, the Group has taken various measures to improve its cost management and to search for new customers so as to enhance its operating efficiency.

Market and Business Outlook

The global economy is expected to recover in the second half of 2009, resulting in a revival of growth momentum in international trade and shipping. Management believes that the marine bunkering division will sustain to grow on the improvement in the global macro environment. The performance of the marine bunkering industry in the Asian markets like the PRC and Singapore is set to stand out, providing a solid platform for the growth of the Group's marine bunkering operations.

Meanwhile, after volatile movement in the first half of 2009, bunker oil prices, are expected to stabilize amid improved global economic conditions. The Group's profitability should continue to improve owing to higher bunker oil prices and the increasing demand for marine bunkering services in the PRC.

The marine bunkering business not only forges the Group's strong capital base and generates sufficient cash inflows, but also extends its customer base. Most of its major customers are internationally renowned container operators and petrochemical enterprises. In addition, management possesses extensive experience in bunkering and energy exploration and production businesses. Together with the close ties to its major business partner, Shenzhen Brightoil Group that is the third largest bunker oil importer in the PRC in 2008 and the only private enterprise approved by the Chinese government to provide duty-free marine bunkering services at all ports in the PRC, the Group is expected to benefit from the latter's strong support.

It is envisaged that the commencement of natural gas production and sale will bring enormous benefits to the Group. In the long run, it enables the Group to establish a solid foundation for transformation into a leading energy conglomerate integrating both upstream and downstream operations. Leveraging these competitive advantages and actively pursuing appropriate mergers and acquisitions opportunities, the Group's management strives to create higher value to its shareholders.

FINANCIAL REVIEW

During the year ended 30 June 2009, the Group's total turnover increased by over 131 times to approximately HK$5,455.0 million (2008: HK$41.2 million). Profit attributable to the shareholders increased significantly to approximately HK$263.4 million (2008: HK$63.3 million).

As at 30 June 2009, the Group reported a net fair value gain on financial assets held for trading and a net fair value gain of derivative financial instruments of approximately HK$0.5 million (2008: net fair value loss of HK$10.5 million) and HK$56.8 million (2008: HK$ Nil) respectively.

The Group has also reported a decrease in fair value change in convertible notes through profit or loss of approximately HK$204.6 million (2008: HK$ Nil).

The Group also recognised a loss from changes in fair value on investment properties and an impairment loss on property, plant and equipment and prepaid lease payments of approximately HK$6.2 million (2008: HK$1.4 million) and HK$17.8 million (2008: HK$ Nil) which has been charged to the consolidated income statement.

As the Group commenced marine bunkering and oil trading business in July 2008, basic earnings per share jumped significantly to HK20.6 cents for the year from HK5.2 cents for the previous financial year. During the year, the net asset value per share also recorded a significant increment of 37.3% to HK$0.81 from HK$0.59 for the previous financial year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal source of funds for the year ended 30 June 2009 was investment income, including bank interest income of approximately HK$4.2 million.

As of 30 June 2009, the Group had bank and cash balances and pledged bank deposits of approximately HK$710.3 million and HK$309.3 million respectively.

The Group's exposure to fluctuation in exchange rates was limited and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

As of 30 June 2009, the Company had 1,435,870,400 shares (the "Shares") in issue with total Shareholders' funds of approximately HK$1,165,017,000.

BORROWINGS AND CHARGES ON GROUP ASSETS

As at 30 June 2009, the Group had borrowings and charges on its assets of approximately HK$28.3 million and HK$309.3 million respectively.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group did not have any significant contingent liabilities.

SEGMENTAL INFORMATION

Details of the segmental information are set out in the section headed "Chairman Statement" of this annual report and note 9 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2009, the Group employed approximately 160 full time employees in Hong Kong 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 year ended 30 June 2009, total employees' remuneration, including directors' remuneration, was approximately HK$27,513,000 (2008: HK$24,322,000).

GEARING RATIO

As at 30 June 2009, the Group had no net borrowings. The gearing ratio (defined as the ratio of net borrowings to the equity attributable to equity holders of the Company) of the Group was zero.

SIGNIFICANT INVESTMENTS HELD

As of 30 June 2009, the Group did not hold any significant investments. During the year, the Group recorded a net fair value gain on financial assets held for trading/derivative financial instruments of approximately HK$0.5 million.

MATERIAL ACQUISITIONS OR DISPOSALS OR SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 30 June 2009, the Group did not acquire or dispose of any significant subsidiaries or associated companies.

EXECUTIVE DIRECTORS

Dr. Sit Kwong Lam ("Dr. Sit") – aged 42, an executive Director, chairman and chief executive officer of the Company, Ph.D., He studied in the United States from 1998 to 2000. He obtained a doctorate degree in philosophy in 2005. He is a member of the Chinese People's Political Consultative Conference, Standing Committee Member of United National Chinese Youth Association, vice chairman of China's Chamber of Commerce for Petroleum Industry (全國工商聯石油業商會副會長) and chairman of the board of directors of Shenzhen Brightoil Group Co., Ltd. (深圳光滙石油集團股份有限公司) and its subsidiaries ("Shenzhen Brightoil Group").

Shenzhen Brightoil Group was established in 1993, which is wholly and beneficially controlled by Dr. Sit. He has been specialising in the oil energy production industry for over decades and is dedicated to developing energy businesses. The scope of business of Shenzhen Brightoil Group includes oil storage and international trading of petroleum products, marine transportation, gas stations and marine bunkering. Dr. Sit also engages in oil and gas exploration and exploitation. He also serves as director of all subsidiaries of the Group.

Mr. Gregory John Channon ("Mr. Channon") – aged 46, an executive Director, is also a director of Win Business Energy Group (Holdings) Ltd. and is responsible for the development of the upstream business. Mr. Channon holds an Honours Degree in Science from the University of Adelaide, South Australia, and is a Member of the Australian Institute of Company Directors. He joined the company in February 2009 and was appointed to be an executive director in May 2009. Mr. Channon has over 25 years of upstream experience and is skilled in global exploration and production to mergers and acquisition. Before joining in the company, he served as General Manager of Salinas Energy and founding CEO of Alto Energy Limited. He has worked in different oil and gas corporations and was mainly responsible for managing the production and exploration of oil and gas. He is also a non-executive director of Statesman Resources Limited (TSX:SRR).

Mr. Tang Bo ("Mr. Tang") – aged 41, an executive Director, is mainly responsible for investment and business development. He graduated from the business school of Nanjing University in 1992 with a master degree in economics.

Mr. Tang had in the past held the positions of human resources manager, corporate management manager, manager of the storage division, customer service manager, sales manager, assistant to the general manager, administration director, personal assistant to chairman and vice president of Shenzhen Brightoil Group etc.. He was responsible for external investment and business development and has over 10 years of experience in the oil industry, during the time when he was the vice president of Shenzhen Brightoil Group. He also serves as a director of 3 subsidiaries of the Group.

Mr. Tan Yih Lin ("Mr. Tan") – aged 37, an executive Director and chief financial officer of the Company, is mainly responsible for the financial management. Mr. Tan graduated from Singapore Polytechnic in 1993. In 1998, he passed the ICPAS/ACCA certified accountant examination with first runner-up honour in Singapore. He obtained a master degree in computing from De Monfort University, the United Kingdom in 2000.

Before joining the Group, Mr. Tan had been responsible for managing the financial matters of the Shenzhen Brightoil Group and its subsidiaries. In 2001, Mr. Tan was appointed by Stamford Tyres International Ltd as the Accountant and Department Manager of one of its American companies. Mr. Tan served as the chief financial officer and vice president of BCW Electric Motor (Dalian) Co. Ltd. during 2002 to 2007 and assisted the president for the management of sales, production and financial affairs, as well as human resources matters. Mr. Tan also serves as director of 27 subsidiaries of the Group.

Mr. Chia Teck Lim ("Mr. Chia") – aged 42, an executive Director, is mainly responsible for the management of shipping and marine bunkering business. Mr. Chia graduated from the Oklahoma State University (USA) in 1988.

Mr. Chia was the general manager of Shenzhen Brightway Petrochemicals Co., Ltd. (光滙石油化工股份有限公司), which is a subsidiary of Shenzhen Brightoil Group, and was responsible for the daily operation. He has over 15 years of experience in the field of shipping and international oil trading businesses. He also serves as director of 16 subsidiaries of the Group.

Mr. Fu Dewu ("Mr. Fu") – aged 46, an executive Director, is mainly responsible for the business management with respect to oil and gas exploration and commercial negotiation. Mr. Fu obtained his bachelor degree in geophysical prospecting from East China Petroleum Institute (華東石油學院) (now China University of Petroleum – Shandong 中國石油大學－山東) in 1983. He has enrolled in the master degree programme under the department of postgraduate studies of Changchun Geology Institute (長春地質學院) in 1996.

Mr. Fu is an expert in oilfield development (geophysical prospecting) and has over 13 years of experience in managing the globally-renowned Daqing oil field. He joined Shenzhen Brightoil Group in July 2004. He was the vice president of Win Business Energy Group (Holdings) Ltd. and was responsible for the business development of oil and gas exploration. During from March 2001 to May 2004, he served as the assistant to the chief project manager of Pan-China Resources Ltd., a wholly-owned subsidiary of Sunwing Energy Ltd. From 1993 onwards, he served as a senior engineer in Daqing Petroleum Administration (大慶石油管理局) and was responsible for the management of all seismic projects development and has applied advanced seismic technology in a project of developing low permeability oilfield (低滲透油田). Such an initiative helped manifest the economic efficiency of oilfield development. Mr. Fu also serves as a director of a subsidiary of the Group.

In 1996, he served as a senior development geologist for oilfield development in Sea Union Holdings Ltd. and was seconded to the international department of Husky Oil International Corporation in Canada for participation in the oilfield in Limau, Indonesia.

NON-EXECUTIVE DIRECTORS

Mr. He Zixin ("Mr. He") – aged 65, a non-executive Director, is a Professor-Senior Geologist and an exploration and development specialist in petroleum geology. Due to his significant contribution to China's engineering technology development, he was recognised by the State Council as an expert, entitling to the government's special subsidies.

Mr. He graduated from the department of geology of the Beijing Institute of Geology (北京地質學院) in 1970. He has since worked in Changqing oil field and served as deputy head of Changqing Oil Field Research Institute (長慶油田研究院). In 1997, he was promoted as the chief geologist of the Changqing Petroleum Exploration Bureau. Having had outstanding achievements in oil and gas exploration in the Ordos Basin, he was awarded the 8th Li Siguang Award for Geosciences (第八屆李四光地質科學獎) as well as the 2003 National May First Labour Medal (2003年全國「五一勞動獎章」). In 2003, Mr. He was awarded the First Honour Award for State Scientific Technology Advancement (國家科學技術進步一等獎) by the State Council with the achievement of "Sulige large-scale gas field locating and comprehensive exploration techniques" (蘇里格大型氣田發現及綜合勘探技術).

He has led various major scientific research and technical projects and contributed significantly to the oil gas exploration and exploitation theory building and oilfield exploration technology. He has been awarded by national and provincial (ministry) institutions and authorities.

Mr. Ran Longhui ("Mr. Ran") – aged 67, a non-executive Director, is a Professor-Senior Engineer and petroleum exploration and development specialist. Due to his significant contribution to China's engineering technology development, he was recognised by the State Council as an expert, entitling with obtaining the government's special subsidies. Mr. Ran obtained a postgraduate degree in oilfield geology from Petroleum Institute of Beijing (北京石油學院) (currently known as the China University of Petroluem (中國石油大學)) in 1968.

From 2000 to 2002, he served as the deputy general manager in the Southwest Oil and Gas Field Branch Company (西南油氣田分公司) of China Natural Gas Petroleum Corporation (中國石油天然氣集團公司). He served as the chief geologist of Institute of Sichuan Petroleum Administration (四川石油管理局) promoted from the deputy chief geologist during from 1991 to 1997. From 1983 to 1990, he served as deputy head and head of the Geological Exploration and Development Research Institute (地質勘探開發研究院) of Institute of Sichuan Petroleum Administration.

He has received the First Honour Award for Technological Advancement (科技進步一等獎) from the Ministry of Oil Industry (石油工業部) for Sichuan Basin Oil and Gas Resource Evaluation (四川盆地油氣資源評價), First Honour Award of Technology Innovation (技術創新一等獎) from China Natural Petroleum Corporation (中國石油天然氣集團公司) for achieving the evaluation of gas reserves and exploration for Changxing section – Feixianguan section of northwestern part of Sichuan Basin and the research and application of Sichuan gas reserve under balance well-drilling technology (四川盆地東北部長興組－飛仙關組氣藏成藏條件及勘探目標評價、四川氣藏欠平衡鑽井技術研究與應用), the Second Honour Award of Scientific Technology (科學技術二等獎) from the People's Government of Sichuan Province (四川省人民政府) for pattern of natural gas reserve and exploration target of Chuanxi Qianlu Basin (川西前陸盆地天然氣富集規律與勘探目標評選), the First Honour Award of Technology Innovation and Scientific Technology (科技創新和科學技術一等獎) from the southwestern branch of China Oil and Gas Corporation (中國石油西南油氣田分公司) and Institute of Sichuan Petroleum Administration for the feasibility of the construction of facilities and surface system for eastward transportation of natural gas from Chuanyu （川渝天然氣東輸產能建設部署及地面系統可行性論證）and the evaluation of the potential for natural gas of the eastern region of Sichuan Basin (試評四川盆地東部地區石炭系天然氣資源潛力). He has published numerous academic essays regarding the energy exploration technology.

Mr. Sun Zhenchun ("Mr. Sun") – aged 74, a non-executive Director, is a Professor-Senior Engineer and a renowned PRC expert in oil drilling engineering and rescue and fire fighting operations relating to oil disasters. He is the member of the 4th China Petroleum Committee and the member of Society of Petroleum Engineers. He is a part-time professor of the Petroleum University and the Southwest Petroleum University and an executive of the China Classification Society (中國船級社). He is also a specialist of the national 863-820 expert team (1999-2000) and the standing executive of the 2nd Standing Committee of the China Mining Association (中國礦業協會).

Mr. Sun has extensive experience in oil drilling engineering technology and oil well fire fighting engineering. Mr. Sun was appointed by the PRC government as the chief director of the fire fighting team to Kuwait and chief leader of the PRC Fire Fighting Taskforce in 1991. He possesses solid theoretical foundation and extensive experience relating to the field of drilling operations and has made contributions to China's petroleum industry. He pioneered the application of underbalanced drilling technology and made significant contributions to the development of drilling technology. In 2001, Mr. Sun was awarded the First Honour Award for State Scientific Technology Advancement (國家科學技術進步一等獎) by the State Council for the "Dagang oil field land mature exploration area kilometer bridge buried hill large scale geochronology of condensate accumulation system and exploitation techniques" (大港油田陸上高成熟探區千米橋潛山大型凝析氣藏成藏系統與勘探技術).

Mr. Sun studied at the oil drilling department of Beijing Petroleum Institute from 1953 to 1957, majoring in oil drilling and obtained a bachelor degree. He has been engaging in oil drilling engineering technology and oil well fire fighting engineering. He was the chief engineer of Oil Drilling Bureau of China National Petroleum Corporation since 1996. He was awarded as an excellent science and technology worker (全國優秀科技工作者) and a medal for May First Labor (五一勞動獎) by All China Federation of Trade Unions (中華全國總工會) in 1992. In 2001, he was awarded an Advanced Individual Award (先進個人稱號) by the PRC Ministry of Science and Technology. In 2004, he was awarded an honored title for Advanced Individual in the national work of Gas-Transporting From West to East (國家西氣東輸工程建設先進個人). Mr. Sun was awarded the Come Out of Your Shell Award (新思維成就獎) on the Drilling and Completing in Hostile Formations (複雜地層的鑽井與挖井) of the 2000 Forum Series in Asia Pacific held by the Society of Petroleum Engineers (石油工程師學會).

Mr. Dai Zhujiang ("Mr. Dai") – aged 57, a non-executive Director, Mr. Dai studied in Beijing Language Institute (北京語言學院) in 1971 to 1975 and graduated with a bachelor degree. In 1990, he served as a senior management of China Resources Textile Materials Co. Ltd. (華潤紡織原料有限公司). He has been the financial adviser and business manager of a large insurance company (AIA) in Hong Kong since 2001. Mr. Dai registered as a professional planner in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Hon Chuen ("Mr. Lau") – aged 62, an independent non-executive Director and member of the Remuneration and Audit Committee of the Company, is a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lau is the senior partner of Messrs. Chu & Lau Solicitors & Notaries. He was awarded the Gold Bauhinia Star and Justice of the Peace. Mr. Lau is a solicitor of the High Court of Hong Kong, a solicitor of the Supreme Court of England and Wales, a China-appointed attesting officer and a notary public. Mr. Lau is currently the independent non-executive director of various listed companies, including Franshion Properties (China) Limited, Glorious Sun Enterprises Limited, Guangzhou Investment Company Limited, GZI Transport Limited, Qin Jia Yuan Media Services Company Limited, The Hong Kong Parkview Group Limited and Wing Hang Bank Ltd. He is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank Limited, Chu & Lau Nominees Limited, Sun Hon Investment and Finance Limited, Wydoff Limited and Wytex Limited. Mr. Lau was also the president of the Law Society of Hong Kong, a board member of the Urban Renewal Authority, a board member of the Hong Kong Mortgage Corporation Limited and a member of the Commission on Strategic Development of the Hong Kong Government, and served as member of the Hong Kong Legislative Council from 1995 to 2004 (being the member of the Provisional Legislative Council from 1997 to 1998). Mr. Lau joined the Group in June 2008.

Professor Chang Hsin Kang ("Professor Chang") – aged 69, an independent non-executive Director, member of Audit Committee and chairman of the remuneration committee of the Company, is an internationally renowned scholar in biomedical engineering. He is a Member of the National Committee of the Chinese People's Political Consultative Conference. He is former President of the City University of Hong Kong and Foreign Member of the Royal Academy of Engineering of the United Kingdom. He is a Justice of the Peace and a recipient of the Gold Bauhinia Star. He obtained a bachelor degree in civil engineering from National Taiwan University in 1962, a master's degree in structural engineering from Stanford University in 1964, United States and a Ph.D. in biomedical engineering from Northwestern University in 1969. He taught at State University of New York in Buffalo, McGill University, Canada and University of Southern California from 1969 to 1990. He served as the Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology 1990-1994, the Dean of the School of Engineering of the University of Pittsburg 1994-1996. He was President and University Professor of City University of Hong Kong from 1996 to 2007.

Professor Chang was the chairman of the Hong Kong Cultural and Heritage Commission from 2000 to 2003, and was a member of the Council of Advisors on Innovation and Technology from 2000 to 2004. Professor was awarded a Chevalier de la Légion d'Honnneur of France in 2000 for his contribution to the promotion of cultural exchange between the PRC and France. Professor Chang joined the Group in June 2008. He is also an independent non-executive director of Hon Kwok Land Investment Company, Limited, PCCW Limited and Nanyang Commercial Bank, Ltd.

Mr. Kwong Chan Lam ("Mr. Kwong") – aged 61, an independent non-executive Director, member of Remuneration Committee and chairman of the Audit Committee of the Company, is a fellow certified public accountant in Hong Kong and a former partner of Deloitte Touche Tohmatsu. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Kwong has 35 years of experience in auditing, financial accounting and taxation in relation to various companies (for 22 years of which, he held the position of partner). He obtained a bachelor degree in business and administration from the Chinese University of Hong Kong in 1972. Mr. Kwong joined the Group in June 2008.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for ensuring that high standards of corporate governance are maintained and the Board is accountable to the Shareholders. The Company had 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 year ended 30 June 2009, 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 20 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 former independent non-executive Directors, who resigned on 11 July 2008 and one former non-executive Director, who resigned on 11 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.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. All 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 year ended 30 June 2009. The Model Code also applies to other specified senior management of the Group.

BOARD OF DIRECTORS

Please refer to the section headed "Directors" in the Directors' Report on pages 33 to 43 of this annual report for the Board composition during the year.

The Board complied with Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors and one of the independent non-executive Directors has appropriate professional qualifications on accounting or related finance management expertise. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

There is a clear division of responsibilities between the Board and the management. The Board is responsible for providing high-level guidance and effective oversight of the management while day-to-day management of the Group is delegated to the management team of each respective subsidiary. Generally speaking, the Board is responsible for:

- Formulating the Group's long term strategy and monitoring the implementation thereof
- Recommending interim and year-end dividend
- Reviewing and approving the interim and annual reports
- Ensuring good corporate governance and compliance
- Monitoring the performance of the management
- Reviewing and approving any material acquisition and assets disposal

The Board authorises the management to carry out the strategies that have been approved.

SUMMARY OF WORK DONE

The Board meets regularly at least four times a year and additional meetings or telephone conferences are convened as and when the Board considers necessary. During the year ended 30 June 2009, 7 board meetings were held. Details of the Directors' attendance in the year are as follows:

		Attendance/ Number of meetings held
Executive Directors		
Dr. Sit Kwong Lam	(Chairman and Chief Executive Officer)	7/7
Mr. Gregory John Channon	(appointed on 18 May 2009)	1/7
Mr. Tang Bo		7/7
Mr. Chia Teck Lim		7/7
Mr. Tan Yih Lin		7/7
Mr. Fu Dewu		7/7
Mr. Lau Tung Hoi	(resigned on 11 July 2008)	0/7
Ms. Yan Miu King	(resigned on 11 July 2008)	0/7
Non-executive Directors		
Mr. He Zixin		6/7
Mr. Ran Longhui		5/7
Mr. Sun Zhenchun		5/7
Mr. Dai Zhujiang		7/7
Mr. Wu Wing Kit	(resigned on 11 July 2008)	0/7
Independent non-executive Directors		
Mr. Lau Hon Chuen		5/7
Mr. Kwong Chan Lam		7/7
Professor Chang Hsin Kang		6/7
Mr. Hung Kwok Keung, Keith	(resigned on 11 July 2008)	0/7
Mr. Ho Yau Ming	(resigned on 11 July 2008)	0/7
Mr. Man Mo Leung	(resigned on 11 July 2008)	0/7

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of chairman and CEO should be separate and should not be performed by the same individual.

The positions of both chairman and CEO have been held by Dr. Sit Kwong Lam since 20 June 2008 upon his appointment as an executive Director. Given the Group's current stage of development, the Board believes 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. In addition, through the supervision of the Board which comprised of three independent non-executive Directors and four non-executive Directors, representing more than half of the Board, the interests of the Shareholders are adequately and fairly represented.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. However, three of the former independent non-executive Directors, who resigned on 11 July 2008 and one former non-executive Director, who resigned on 11 July 2008, were not appointed for a specific term. This constitutes a deviation from the Code. As at 30 June 2009, all non-executive Directors and independent non-executive Directors have been appointed for a specific term and thus complied with the Code.

In accordance with the provisions of the bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the next following annual general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office. The Directors to be retired by rotation shall be those who have been longest in office since their last re-election or appointment.

Code provision A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment, and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company complied with this Code provision during the year.

REMUNERATION COMMITTEE

The Company has established the remuneration committee of the Company (the "Remuneration Committee") in January 2006 with terms of reference substantially the same as those contained in Code provision B.1.3.

A majority of the members of the Remuneration Committee are independent non-executive Directors. The current members are Professor Chang Hsin Kang (Chairman), Mr. Kwong Chan Lam, Mr. Lau Hon Chuen, Mr. Tan Yih Lin and Dr. Sit Kwong Lam.

On behalf of the Board, the Remuneration Committee pays close attention to remuneration policies applied within the Company, including the remuneration of non-executive and executive Directors and of senior management. The objective is to ensure that the Company applies properly structured and fair remuneration which align the interests of Directors and senior management with those of the Company and its Shareholders.

POLICIES

The main elements of the Company's remuneration policy are

- No individual should determine his own remuneration; and
- Remuneration should reflect performance and responsibility with a view to attracting, motivating and retaining high performing individuals and promoting the enhancement of the values to the Shareholders.

RESPONSIBILITIES

The Remuneration Committee is primarily responsible for the following duties:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration;
2. to have the delegated responsibilities to determine the specific remuneration packages of all executive Directors and senior management;
3. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
4. to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

6. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration. The overriding objective of the remuneration policy is to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company.

The terms of reference of the Remuneration Committee was available on request and information of the Remuneration Committee was available on the website of the Company (www.brightoil.com.hk).

SUMMARY OF WORK DONE

The Remuneration Committee will meet at least once each year. During the relevant year under review, one meeting was held. During the meeting, the Remuneration Committee reviewed and considered the existing policy and structure for all remuneration of Directors and senior management of the Group. Details of the Remuneration Committee members and their attendance record are as follows:

Directors		Attendance/ Number of meetings held
Dr. Sit Kwong Lam		1/1
Mr. Tan Yih Lin		1/1
Mr. Lau Hon Chuen		1/1
Mr. Kwong Chan Lam		1/1
Professor Chang Hsin Kang	(Chairman of Remuneration Committee)	1/1
Mr. Hung Kwok Keung, Keith	(resigned on 11 July 2008)	0/1
Mr. Ho Yau Ming	(resigned on 11 July 2008)	0/1
Mr. Man Mo Leung	(resigned on 11 July 2008)	0/1
Mr. Wu Wing Kit	(resigned on 11 July 2008)	0/1

NOMINATION COMMITTEE

The Company has not established any nomination committee. The Board will identify individuals who are suitably qualified to become Board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship after taking into account his experience, qualification and other relevant factors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises all independent non-executive Directors who are not involved in the day-to-day management of the Company. The Audit Committee has adopted the same terms of reference, which describes the authority and duties of the Audit Committee, as set out in Code provision C.3.3. The chairman of the Audit Committee, Mr. Kwong Chan Lam, has appropriate professional qualifications and experience in financial matters and wide experience in business. The primary responsibilities of the Audit Committee are

- to consider the financial reporting matters,
- to assess changes in accounting policies and practices,
- to discuss major judgmental area and compliance with applicable legal and accounting requirements and standards, and
- to discuss with the auditor of the Company on internal control and annual results.

The terms of reference of the Audit Committee was available on request and information of the Audit Committee was available on the website of the Company (www.brightoil.com.hk).

SUMMARY OF WORK DONE

During the year, the Audit Committee has discharged its responsibilities in its review of the half-yearly and annual results and system of internal control at its two meetings held during the year. Details of the Audit Committee members and their attendance are listed below:

Directors		**Attendance/ Number of meetings held**
Mr. Lau Hon Chuen		2/2
Mr. Kwong Chan Lam	(Chairman of Audit Committee)	2/2
Professor Chang Hsin Kang		2/2
Mr. Hung Kwok Keung, Keith	(resigned on 11 July 2008)	0/2
Mr. Ho Yau Ming	(resigned on 11 July 2008)	0/2
Mr. Man Mo Leung	(resigned on 11 July 2008)	0/2
Mr. Wu Wing Kit	(resigned on 11 July 2008)	0/2

AUDITOR'S REMUNERATION

For the year ended 30 June 2009, the auditor of the Group, Messrs. Deloitte Touche Tohmatsu, received approximately HK$1,000,000 for audit services and HK$342,000 for non-audit services as follows:

Non-audit services	**HK$**
Tax consultancy	90,000
Review services	252,000
	342,000

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENT

The Directors acknowledge their responsibility for (i) overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements are in accordance with statutory requirements and applicable accounting standards and (ii) selecting suitable accounting policies and applying them consistently with the support of reasonable and prudent judgments and estimates. The report of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out on pages 44 to 45 of this annual report.

INTERNAL CONTROL

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

On behalf of the Board

SIT KWONG LAM
Chairman

Hong Kong, 8 September 2009

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2009.

CHANGE OF COMPANY'S NAME

Pursuant to the special resolution of the Company to change its name on 18 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 19 August 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in marine bunkering, manufacturing and trading of garments, proprietary trading in securities, property holding and investment holding.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2009 are set out in the consolidated income statement on page 46.

An interim dividend of HK3 cents per share amounting to approximately HK$39,776,000 was paid to the Shareholders during the year.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2009 (For the year ended 30 June 2008: HK$Nil).

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in note 27 to the consolidated financial statements.

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

During the year ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity of this annual report. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the Directors, as at 30 June 2009, the Company's reserves available for distribution to Shareholders consisted of contributed surplus of approximately HK$15,012,000 (2008: HK$15,012,000) and accumulated loss of approximately HK$223,392,000 (2008: retained profits of approximately HK$35,531,000).

The contributed surplus of the Company represents the excess of separable net assets acquired from the acquisition of shares in First Sign Investments Limited by the Company pursuant to the group reorganisation in 1995 over the nominal amount of the Shares issued as the consideration for such acquisition, less dividends distributed from pre-reorganisation reserves of this subsidiary.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year ended 30 June 2009, total addition of property, plant and equipment amounted to approximately HK$126,168,000, which mainly include leasehold land and building and a vessel of approximately HK$17,008,000 and HK$91,484,000 respectively. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

The Group's investment properties were revalued at 30 June 2009. The net decrease in fair value of investment properties that has been charged to the consolidated income statement amounted to HK$6,160,000. Details of these and other movements in the investment properties of the Group during the year are set out in note 20 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 61% of the Group's revenue for the year ended 30 June 2009, with the largest customer accounted for approximately 19%. The five largest suppliers of the Group together being accounted for approximately 100% of the Group's total purchases for the year ended 30 June 2009, with the largest supplier accounted for approximately 90%.

On 12 July 2008 , the Group entered into the fuel oil purchase and delivery agreements (the "Oil Agreement") with 深圳光滙石油集團股份有限公司 (Shenzhen Brightoil Group Co., Ltd.) ("Shenzhen Brightoil") and its subsidiaries ("Shenzhen Brightoil Group"), of which Dr. Sit, an executive Director, has controlling interest. Pursuant to the Oil Agreement, Shenzhen Brightoil Group will provide marine bunkering operating services to the Group in the PRC and has became the Group's principal supplier. Save as disclosed above, none of the Directors or any of the associate of a Director or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of the any of the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Dr. Sit Kwong Lam	
(Chairman and Chief Executive Officer)	
Mr. Gregory John Channon	(appointed on 18 May 2009)
Mr. Tang Bo	
Mr. Chia Teck Lim	
Mr. Tan Yih Lin	
Mr. Fu Dewu	
Mr. Lau Tung Hoi	(resigned on 11 July 2008)
Ms. Yan Miu King	(resigned on 11 July 2008)

Non-executive Directors:

Mr. He Zixin	
Mr. Ran Longhui	
Mr. Sun Zhenchun	
Mr. Dai Zhujiang	
Mr. Wu Wing Kit	(resigned on 11 July 2008)

Independent non-executive Directors:

Mr. Lau Hon Chuen	
Professor Chang Hsin Kang	
Mr. Kwong Chan Lam	
Mr. Man Mo Leung	(resigned on 11 July 2008)
Mr. Ho Yau Ming	(resigned on 11 July 2008)
Mr. Hung Kwok Keung, Keith	(resigned on 11 July 2008)

In accordance with the provisions of the Company's bye-laws, Dr. Sit, Mr. Gregory John Channon, Mr. Tang Bo, Mr. Chia Teck Lim, Mr. Tan Yih Lin will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at the date of this annual report, each of Dr. Sit, Mr. Tang Bo, Mr. Chia Teck Lim, Mr. Tan Yih Lin and Mr. Fu Dewu (all being executive Directors) has entered into service contracts with the Company with a term of three years commencing from 20 June 2008. Mr. Gregory John Channon (an executive Director) has also entered into a service contract with the Company with a term of three years commencing from 18 May 2009. Each of Dr. Sit, Mr. Tang Bo, Mr. Chia Teck Lim, Mr. Tan Yih Lin, Mr. Fu Dewu and Mr. Gregory John Channon is entitled to (i) an annual remuneration of HK$2,080,000, HK$1,040,000, HK$1,950,000, HK$1,300,000, HK$1,040,000 and AUD350,000 respectively; and (ii) a discretionary management bonus of an amount to be determined by the Board upon completion of 12 months of service. The remuneration of the above Directors is determined by reference to their duties and responsibilities as well as the prevailing market conditions. The Company has not entered into any service contracts with the non-executive Directors and independent non-executive Directors. Each of the non-executive Directors and independent non-executive Directors is appointed for a fixed term of three years subject to retirement by rotation in accordance with the bye-laws of the Company and is entitled to an annual remuneration of HK$325,000.

Save as disclosed, none of the Directors being proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 30 June 2009, 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 maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Long positions

Name of Director	Name of company	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital
Dr. Sit	The Company	Beneficial owner	1,737,358,000 Shares (Note)	121%
Dr. Sit	Energy Empire Investments Limited	Beneficial owner	1 share	100%

Note: These 1,737,358,000 Shares refer to (a) 729,522,240 Shares held by Energy Empire Investments Limited, which is wholly and beneficially owned by Dr. Sit; (b) 307,835,760 Shares held by Canada Foundation; (c) 80,000,000 Shares to be allotted and issued to Canada Foundation upon exercise in full of the conversion rights attached to the convertible notes issued by the Company on 22 January 2009 pursuant to the subscription agreement dated 28 November 2008 (the "2008 Subscription Agreement") (without taking into account the adjustment); and (d) 620,000,000 Shares to be allotted and issued to Canada Foundation upon exercise in full of the conversion rights attaching to the convertible notes to be issued by the Company pursuant to the subscription agreement dated 25 June 2009 (the "2009 Subscription Agreement"). Subsequently, the Company and Canada Foundation entered into the supplemental deed on 2 September 2009 (the "Supplemental Deed") pursuant to which the terms of the convertible notes set out in (d) had been amended whereby 619,994,833 Shares would be allotted and issued to Canada Foundation upon the exercise in full of the relevant conversion rights.

Save as disclosed above, as at 30 June 2009, none of the Directors nor chief executive of the Company had any interests or short positions in any 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 pursuant to section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

Particulars of the Company's share option scheme (the "Option Scheme") are set out in note 33 to the consolidated financial statements.

No option under the Option Scheme has been granted or exercised since the adoption of the Option Scheme and no option was outstanding as at 30 June 2009.

As at 30 June 2009, the total number of Shares available for grant of option under the Option Scheme was 121,609,040.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save for any entitlements under the Option Scheme, the convertible notes issued by the Company to Canada Foundation (a company wholly-owned by Dr. Sit, an executive Director, chairman and chief executive officer of the Company) on 22 January 2009 and the proposed issue of convertible notes to Canada Foundation pursuant to the 2009 Subscription Agreement and the Supplemented Deed, at no time during the year was the Company, any of its holding companies or their respective subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors nor chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, Dr. Sit, the ultimate controlling Shareholder, through his controlled companies (other than the Group), held 100% interest in Shenzhen Brightoil Group which is principally engaged in, among others, the supply of duty-free marine bunkers and trading of petroleum products in the PRC, operation of wharf and storage facilities in Shenzhen City, the PRC. Shenzhen Brightoil Group has entered into the Oil Agreement with the Group on 12 July 2008 for the provision of marine bunkering operating services to the Group in the PRC.

Shenzhen Brightoil, for itself and on behalf of its subsidiaries, has undertaken not to engage in any direct competition with the Group in respect of the marine bunkering business of the Group during the term of the Oil Agreement.

Save as disclosed above, none of the Directors or any of their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business during the year.

CONTROLLING SHAREHOLDERS'/DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the Oil Agreement, the Fuel Oil Storage Service Agreement, the 2008 Subscription Agreement, the 2009 Subscription Agreement, the Supplemental Deed and the Leaseback Agreement (as defined in paragraph headed "Connected transactions" below), in which a Director has controlling interest, as disclosed in note 35 to the consolidated financial statements, no other contracts of significance to which the Company, any of its holding companies or subsidiaries was a party and in which a Director or controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken during the year under review are disclosed in note 35 to the consolidated financial statements. Save as disclosed in "Connected Transactions" below, these related party transactions fall under the definition of connected transactions, but are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 35 to the consolidated financial statements also constituted connected transactions or as the case may be, continuing connected transactions under the Listing Rules and are subject to the reporting requirements in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) and the Group have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

Details of those transactions which also constituted connected transactions and were required to be disclosed under Chapter 14A of the Listing Rules are as follows:

(1) Continuing connected transactions for the rental income from Brightway Petrochemical Group Singapore Pte Limited ("Brightway Singapore").

On 19 June 2008, the Group entered into a leaseback agreement ("Leaseback Agreement") with Brightway Singapore, a company indirectly wholly-owned by Dr. Sit (being an executive Director, chairman and chief executive officer of the Company), whereby the Group agreed to lease to Brightway Singapore a premises situated on 8 Temasek Boulevard #35-02/02A/02B, Suntec Tower Three, Singapore 038988 for a term of 12 months commencing on 19 June 2008. The monthly rent (inclusive of goods and services tax) paid by Brightway Singapore under the Leaseback Agreement was S$67,000.

The aggregate rental income from the Leaseback Agreement during the year ended 30 June 2009 was approximately HK$4,362,000.

(2) Continuing connected transactions for the fuel oil purchase and delivery

On 12 July 2008, the Group entered into Oil Agreement with the Shenzhen Brightoil Group, which is wholly and beneficially controlled by Dr. Sit (being an executive Director, chairman and chief executive officer at the Company). The annual cap has been revised and approved by the shareholders of the Company such that (i) the total volume of fuel oil that can be sourced by the Group from the Shenzhen Brightoil Group and the related total transaction amount in respect of the Group's marine bunkering business as a percentage of the total purchases of petroleum products made by the Group for its petroleum product-related business be not higher than 92% for the financial year ended 30 June 2009; and (ii) the total volume of fuel oil that can be sourced by the Group from the Shenzhen Brightoil Group and the related total transaction amount in respect of the Group's marine bunkering business as a percentage of the total purchases of petroleum products made by the Group for its petroleum product-related business be not higher than 65% for the financial year ending 30 June 2010.

Under the Oil Agreement, the amount of the aggregate fuel oil purchase and delivery paid and payable during the year ended 30 June 2009 was approximately HK$4,720,891,000.

(3) Continuing connected transactions for the fuel oil storage

On 12 July 2008, the Group entered into fuel oil storage service agreement (the "Fuel Oil Storage Service Agreement") with the Shenzhen Brightoil Group, which is wholly and beneficially controlled by Dr. Sit (being an executive Director, chairman and chief executive officer at the Company). The annual aggregate storage service fee payable by the Group under the Fuel Oil Storage Service Agreement has been revised and approved by the shareholders of the Company such that for each of the two financial years ending 30 June 2010, it shall not exceed RMB18 million and RMB60.8 million respectively.

Under the Fuel Oil Storage Service Agreement, the amount of the aggregate fuel oil storage paid and payable during the year ended 30 June 2009 was approximately HK$5,717,000.

(4) Subscription of new Shares and convertible notes in November 2008

Pursuant to the 2008 Subscription Agreement dated 28 November 2008 entered into between the Company and Canada Foundation, the Company allotted and issued: (i) a total of 110,000,000 new Shares to Canada Foundation at the aggregate subscription price of HK$67,100,000 (equivalent to HK$0.61 per Share); (ii) and convertible notes (the "2008 Convertible Notes") in an aggregate principal amount of HK$115,900,000 with conversion price of HK$0.61 per Share to Canada Foundation on 22 January 2009 (the "Issue Date").

The 2008 Convertible Notes are denominated in Hong Kong dollars and non-interest bearing. The holder of the 2008 Convertible Notes are entitled to convert the 2008 Convertible Notes into 190,000,000 ordinary Shares ("Conversion Shares") at initial conversion price of HK$0.61 per Share at any time from the Issue Date to the maturity date falling on the third anniversary from the Issue Date (i.e. 22 January 2012 (the "Maturity Date")), subject to the adjustment due to change in capital structure of the Company (including share consolidation, share subdivision and capitalisation issue and other events which have dilutive effects on the issued share capital of the Company as set out in the terms and conditions of the 2008 Convertible Notes). The Conversion Shares shall rank pari passu in all respects with all other existing Shares outstanding at the date of conversion.

On 18 May 2009 (the "Conversion Date"), an aggregate principal amount of HK$67,100,000 of the 2008 Convertible Notes has been converted into 110,000,000 Conversion Shares at the conversion price of HK$0.61 per Share. As at 30 June 2009, the outstanding principal amount of the 2008 Convertible Notes was HK$48,800,000. The outstanding amount of the 2008 Convertible Notes is repayable on the Maturity Date.

(5) Subscription of convertible notes in June 2009

Pursuant to the 2009 Subscription Agreement dated 25 June 2009 entered into between the Company and Canada Foundation, Canada Foundation has conditionally agreed to subscribe from the Company the convertible notes (the "2009 Convertible Notes") in an aggregate principal amount of HK$930,000,000 with conversion price of HK$1.50 per Share.

Subsequently, the Company and Canada Foundation entered into the Supplemental Deed on 2 September 2009 pursuant to which the terms of the 2009 Convertible Notes had been amended whereby (i) the aggregate principal amount amended from HK$930,000,000 to US$120,000,000; (ii) the conversion price amended from HK$1.50 to US$0.19355 per Share. Upon the exercise in full of the conversion rights attaching to the 2009 Convertible Notes, 619,994,833 Shares would be allotted and issued to Canada Foundation.

The 2009 Convertible Notes will be denominated in US dollars and non-interest bearing. The holder of the 2009 Convertible Notes will be entitled to convert the 2009 Convertible Notes into 619,994,833 ordinary Shares at initial conversion price of US$0.19355 per Share at any time from the date of issue to the maturity date falling on the third anniversary from the date of issue, subject to the adjustment due to change in capital structure of the Company (including share consolidation, share subdivision and capitalisation issue and other events which have dilutive effects on the issued share capital of the Company as set out in the terms and conditions of the 2009 Convertible Notes). The conversion Shares shall rank pari passu in all respects with all other existing Shares outstanding at the date of conversion.

As at 30 June 2009, the 2009 Subscription Agreement has not yet been completed and the 2009 Convertible Notes have not been issued.

The independent non-executive Directors have reviewed and confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board, that the continuing connected transactions stated in items (1), (2) and (3) above: (a) have received the approval of the Board; (b) are based on specified percentages of the related shipment/purchase value or specified fixed monthly rental, as appropriate; (c) have been entered into in accordance with the provisions of the relevant agreements governing the transactions; and (d) have not exceeded the caps disclosed in the previous announcements of the Company.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the transactions stated in items (1), (2), (3) , (4) and (5) above.

SUBSTANTIAL SHAREHOLDERS AND PERSONS HAVING 5% OR MORE INTERESTS

As at 30 June 2009, 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 substantial shareholder	Number of ordinary shares	Approximate Percentage of shareholdings
Energy Empire Investments Limited	729,522,240 (Note 1)	50.81%
Canada Foundation	1,007,835,760 (Notes 1 and 2)	70.19%

Notes:

1. As Dr. Sit is the sole shareholder of both Energy Empire Investments Limited and Canada Foundation, Dr. Sit was deemed to be interested in the Shares held by or deemed to be interested by these two companies under the SFO.

2. These 1,007,835,760 Shares refer to (a) 307,835,760 Shares held by Canada Foundation; (b) the 80,000,000 Shares to be allotted and issued to Canada Foundation upon exercise in full of the conversion rights attached to the 2008 Convertible Notes; and (c) 620,000,000 Shares to be allotted and issued to Canada Foundation upon exercise in full of the conversion rights attaching to the 2009 Convertible Notes to be issued by the Company. Subsequently, the Company and Canada Foundation entered into the Supplemental Deed pursuant to which the terms of the 2009 Convertible Notes had been amended whereby 619,994,833 Shares would be allotted and issued to Canada Foundation upon the exercise in full of the relevant conversion rights.

Save as disclosed above, as at 30 June 2009, 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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam an annual confirmation of his independence pursuant to the Rule 3.13 of the Listing Rules and the Company considers all independent non-executive Directors are independent.

CORPORATE GOVERNANCE

Save as disclosed in the Corporate Governance Report on pages 25 to 32 of this Annual Report, the Company has complied throughout the year with most of the Code provisions and most of the recommended best practices in the Code as set out in the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, the Company has maintained a sufficient public float as required under the Listing Rules throughout the year ended 30 June 2009.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

SIT KWONG LAM
CHAIRMAN

Hong Kong, 8 September 2009

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

We have audited the consolidated financial statements of Brightoil Petroleum (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 102, which comprise the consolidated balance sheet as at 30 June 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 September 2009

Consolidated Income Statement

For the year ended 30 June 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	8	**5,454,979**	41,161
Cost of sales		**(4,916,859)**	(7,103)
Gross profit		**538,120**	34,058
Other income	10	**4,435**	18,893
Decrease in fair value of investment properties, net		**(6,160)**	(1,369)
Fair value change of derivative financial instruments	11	**56,779**	—
Gain on disposal of available-for-sale investments		**—**	44,251
Fair value change of financial assets held for trading		**460**	(10,471)
Fair value change in embedded derivative of convertible notes	29	**(204,586)**	—
Selling expenses		**(17,887)**	(5,217)
Administrative expenses		**(46,010)**	(34,483)
Finance cost - imputed interest expense on convertible notes		**(6,880)**	—
Loss on initial recognition of convertible notes		**(1,816)**	—
Impairment loss on property, plant and equipment and prepaid lease payments		**(17,830)**	—
Share of loss of a jointly controlled entity		**(2)**	—
Profit before taxation	12	**298,623**	45,662
Taxation (charge) credit	15	**(35,271)**	17,614
Profit for the year attributable to the equity holders of the Company		**263,352**	63,276
Dividend paid	16	**39,776**	12,159
Earnings per share	17		
– Basic and diluted		**HK20.6 cents**	HK5.2 cents

At 30 June 2009

	NOTES	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**128,704**	8,345
Prepaid lease payments	19	**42,415**	40,410
Investment properties	20	**86,200**	73,530
Deposits paid for property, plant and equipment		**1,369**	—
Interest in a jointly controlled entity	21	**35,802**	—
		294,490	122,285
CURRENT ASSETS			
Inventories	22	**314,642**	2,456
Trade debtors	23	**400,151**	—
Other debtors, prepayments and deposits		**2,360**	887
Rental receivable from a related company	35	**2,090**	—
Prepaid lease payments	19	**48**	815
Financial assets held for trading	24	**2,515**	—
Pledged bank deposits	25	**309,322**	—
Bank balances and cash	25	**710,299**	599,460
		1,741,427	603,618
CURRENT LIABILITIES			
Trade creditors	26	**224,013**	68
Derivative financial instruments	29	**137,553**	—
Trade payable to a related company	35	**435,091**	—
Other creditors and accrued charges		**10,670**	5,520
Tax liabilities		**35,271**	—
		842,598	5,588
NET CURRENT ASSETS		**898,829**	598,030
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,193,319**	720,315

At 30 June 2009

	NOTES	2009 HK$'000	2008 HK$'000
NON-CURRENT LIABILITIES			
Convertible notes	29	**28,302**	—
		1,165,017	720,315
CAPITAL AND RESERVES			
Share capital	27	**143,587**	121,587
Reserves		**1,021,430**	598,728
		1,165,017	720,315

The consolidated financial statements on pages 46 to 102 were approved and authorised for issue by the Board of Directors on 8 September 2009 and are signed on its behalf by:

Sit Kwong Lam
Director

Tan Yih Lin
Director

For the year ended 30 June 2009

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Special reserve HK$'000 (Note a)	Shareholder's contribution HK$'000 (Note b)	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 July 2007	121,587	239,520	3,489	1,000	–	1,185	9,570	267,553	643,904
Fair value change on available-for-sale investments	–	–	–	–	–	–	34,681	–	34,681
Exchange differences arising on translation of foreign operations	–	–	–	–	–	1,185	–	–	1,185
Shareholder's contribution arising from disposal of subsidiaries (note 32)	–	–	–	–	33,679	–	–	–	33,679
Income recognised directly in equity	–	–	–	–	33,679	1,185	34,681	–	69,545
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	–	–	–	(44,251)	–	(44,251)
Profit for the year	–	–	–	–	–	–	–	63,276	63,276
Total recognised income (expense) for the year	–	–	–	–	33,679	1,185	(9,570)	63,276	88,570
Dividend paid	–	–	–	–	–	–	–	(12,159)	(12,159)
At 30 June 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 expense recognised directly in equity	–	–	–	–	–	(9,301)	–	–	(9,301)
Profit for the year	–	–	–	–	–	–	–	263,352	263,352
Total recognised (expense) income for the year	–	–	–	–	–	(9,301)	–	263,352	254,051
Issue of new shares	11,000	56,100	–	–	–	–	–	–	67,100
Issue of new shares upon conversion of convertible notes	11,000	152,327	–	–	–	–	–	–	163,327
Dividend paid	–	–	–	–	–	–	–	(39,776)	(39,776)
At 30 June 2009	143,587	447,947	3,489	1,000	33,679	(6,931)	–	542,246	1,165,017

Notes:

a. The special reserve of the Group represents the difference between the nominal amount of the share capital issued by First Sign Investments Limited in exchange for the nominal amount of the share capital of its subsidiaries pursuant to the group reorganisation in 1995.

b. During the year ended 30 June 2008, the Group disposed of two subsidiaries, Pearl River Pacific Limited and Everview Limited to Linwood Services Ltd., the former major controlling shareholder of the Company, with total consideration of approximately HK$263,374,000. The gain on disposal of the subsidiaries of approximately HK$33,679,000 was deemed as a shareholder's contribution to the Group and was credited to the equity as a reserve.

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**298,623**	45,662
Adjustments for:		
Dividends from listed equity securities	**—**	(22)
Interest income from bonds	**—**	(2,577)
Interest income from structured loan notes	**—**	(17,840)
Interest income on bank deposits	**(4,238)**	(13,324)
Share of loss of a jointly controlled entity	**2**	—
Amortisation of prepaid lease payments	**819**	68
Depreciation of property, plant and equipment	**3,603**	924
Fair value change in embedded derivative of convertible notes	**204,586**	—
Loss on initial recognition of convertible notes	**1,816**	—
Imputed interest expense on convertible notes	**6,880**	—
Fair value change of financial assets held for trading	**(460)**	10,471
Decrease in fair value of investment properties, net	**6,160**	1,369
Gain on disposal of available-for-sale investments	**—**	(44,251)
Write down of inventories	**519**	768
Loss on disposal of property, plant and equipment	**—**	507
Impairment loss on property, plant and equipment and prepaid lease payments	**17,830**	—
Operating cash flows before movements in working capital	**536,140**	(18,245)
Increase in inventories	**(312,705)**	(376)
(Increase) decrease in trade debtors	**(400,151)**	406
Increase in other debtors, prepayments and deposits	**(1,473)**	(2,596)
Increase in rental receivable from a related party	**(2,090)**	—
(Increase) decrease in financial assets held for trading	**(2,055)**	28,794
Increase (decrease) in trade creditors	**223,945**	(191)
Increase in trade payable to a related company	**435,091**	—
Increase (decrease) in other creditors and accrued charges	**2,458**	(3,785)
CASH FROM OPERATING ACTIVITIES	**479,160**	4,007
Dividends received from listed equity securities	**—**	22
Interest received from bonds	**—**	3,252
Interest received from structured loan notes	**—**	19,831
NET CASH FROM OPERATING ACTIVITIES	**479,160**	27,112

For the year ended 30 June 2009

	NOTE	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Interest received from bank deposits		**4,238**	13,345
Proceeds on disposal of available-for sale investments		**—**	51,397
Proceeds on disposal of property, plant and equipment		**—**	208
Acquisition of investment properties		**—**	(69,229)
Prepaid lease payments paid		**(42,467)**	(41,293)
Purchases of property, plant and equipment		**(123,476)**	(4,277)
Purchases of available-for-sale investments		**—**	(6,361)
Disposal of subsidiaries	32	**—**	263,365
Deposits paid for acquisition of property, plant and equipment		**(1,369)**	—
Increase in pledged bank deposits		**(309,322)**	—
Payment on set up of a jointly controlled entity		**(35,804)**	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(508,200)**	207,155
FINANCING ACTIVITIES			
Proceeds from issue of shares		**67,100**	—
Proceeds from issue of convertible notes		**115,900**	—
Dividend paid		**(39,776)**	(12,159)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**143,224**	(12,159)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**114,184**	222,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**599,460**	376,400
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(3,345)**	952
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Represented by bank balances and cash		**710,299**	599,460

1. GENERAL

The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company's immediate and ultimate holding company is Energy Empire Investments Limited, a limited liability company incorporated in the British Virgin Islands, which is controlled by Dr. Sit Kwong Lam who is also the ultimate controlling shareholder of the Company.

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and trading of garments, property holding, proprietary trading in securities and derivatives, investment holding and marine bunkering business.

In July 2008, the directors of the Company determined that the functional currency of the Company has changed from Renminbi to United States dollars ("US$") as its subsidiaries have commenced and expanded rapidly in the marine bunkering operations, which are transacted in US$. At the same time, its subsidiaries have substantially reduced their design, manufacture and trading of garments business in the People's Republic of China (the "PRC").

2. PRESENTATION OF FINANCIAL STATEMENTS

The presentation currency of the consolidated financial statements is Hong Kong dollars ("HK$"). For the convenience of the financial statements users, the results and financial position of the Group are presented in HK$ as the Company's shares are listed on the Stock Exchange.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 13	Customer loyalty programmes
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 1 (Revised)	Presentation of financial statements [3]
HKAS 23 (Revised)	Borrowing costs [3]
HKAS 27 (Revised)	Consolidated and separate financial statements [4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [3]
HKAS 39 (Amendment)	Eligible hedged items [4]
HKFRS 1	First-time adoption of financial reporting standards [4]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters [5]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions [5]
HKFRS 3 (Revised)	Business combinations [4]
HKFRS 7 (Amendment)	Improving disclosure about financial instruments [3]
HKFRS 8	Operating segments [3]
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded Derivatives [6]
HK(IFRIC) - INT 15	Agreements for the construction of real estate [3]
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation [7]
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners [4]
HK(IFRIC) - INT 18	Transfer of assets from customers [8]

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

2 Effective for accounting periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

3 Effective for accounting periods beginning on or after 1 January 2009.

4 Effective for accounting periods beginning on or after 1 July 2009.

5 Effective for accounting periods beginning on or after 1 January 2010.

6 Effective for accounting periods ending on or after 30 June 2009.

7 Effective for accounting periods beginning on or after 1 October 2008.

8 Effective for transfer on or after 1 July 2009.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidation and Separate Financial Statements. 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 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

4. SIGNIFICANT ACCOUNTING POLICIES

The 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, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with the accounting policies below which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the amount received or receivable and represents amounts receivable for goods sold in the normal course of business, net of returns, allowances and discounts and interest income and dividends income.

Revenue from provision of marine bunkering services to vessels are recognised when fuel oil is delivered to international vessels.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the Group's rights to receive payment has been established.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost or deemed cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in the property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any direct attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Prepaid lease payments represent leasehold interests in land under operating lease arrangements and are amortised over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for those that are classified and accounted for as investment properties under the fair value model.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (translation reserve). Such exchange differences are recognised in profit or losses the year in which a foreign operation is disposed of.

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 exchange rate prevailing 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 foreign operation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and a jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit scheme are charged as expenses when employees have rendered service entitling them to the contribution.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provision of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the asset on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL of the Group are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- 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.

At each balance sheet date subsequent to initial recognition, financial assets 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 dividend or interest earned in the financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade debtors, other debtors and deposits, rental receivable from a related company, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than financial assets held for trading, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of trade and other debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other debtors are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the liability on initial recognition.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Financial liabilities at FVTPL

Financial liabilities at 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.

Convertible notes contains liability component and conversion option derivative

Convertible notes issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Other financial liabilities

Other financial liabilities including trade creditors, other creditors and accrued charges, and trade payable to a related company are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of an impairment loss is recognised as income immediately.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the convertible notes disclosed in note 29 and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt and convertible notes.

6. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of derivatives financial instruments

The management of the Group uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For convertible notes with embedded derivatives, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2009	2008
	HK$'000	HK$'000
Financial assets		
Financial assets held for trading	**2,515**	—
Loans and receivables (including cash and cash equivalents)	**1,423,887**	600,141
Financial liabilities		
Derivative financial liabilities	**137,553**	—
Amortised cost	**696,660**	5,022

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies

The Group's major financial instruments include financial assets held for trading, trade debtors, other debtors and deposits, rental receivable from a related company, pledged bank deposits, bank balances, trade creditors, other creditors and accrued charges, trade payable to a related company and convertible notes. Details of these financial instruments are disclosed in the respective notes. The risk associated with these financial instruments and the polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain bank balances, other debtors, other creditors and the convertible notes of the Group are denominated in foreign currencies other than the functional currency of the relevant group companies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**4,013**	249,878	**—**	—
HK$	**20,260**	332,209	**170,336**	4,347

Sensitivity analysis

For certain group entities whose functional currency is either denominated in HK$ or US$, the change in exchange rate of its functional currency against US$ or HK$ respectively has not been considered in the following sensitivity analysis as HK$ is pegged to US$. In the opinion of the directors, the Group does not expect any significant movements between the exchange rate of HK$ against US$.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of each group entities against the relevant foreign currencies and all other variables were held constant, translating to the presentation currency, HK$, at the closing rate at the balance sheet date. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in relevant foreign currencies and adjusts its translation at the year end for a 5% change in the relevant foreign currencies exchange rates. A positive number below indicates an increase in profit for the year where the relevant foreign currencies strengthens 5% against the functional currency of each group entities. For a 5% weakening of the relevant foreign currencies against the relevant foreign currencies there would be an equal and opposite impact on the profit for the year.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Currency risk *(continued)*

Sensitivity analysis (continued)

	2009 HK$'000	2008 HK$'000
Increase in profit for the year		
US$ impact	201	12,494
HK$ impact	—	16,393

Interest rate risk

The Group is not exposed to cash flow interest rate risk in relation to fixed-rate bank deposits and the fair value interest rate risk is insignificant.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at each of the balance sheet dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the subsequent settlement of the customers and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's bank balances are deposited with banks of high credit rating and the Group has limited exposure to any single financial institution.

As at 30 June 2009, the Group has concentration of credit risk as the top five largest customers and the largest customer of the Group accounted for 74% and 29% of the total trade receivables as at 30 June 2009, respectively. In the opinion of the directors, the Group has maintained good relationships with those customers who have a strong financial position with continuous subsequent settlements and there have been no historical default of payments by the respective customers. Other than that, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Price risk

Price risk on equity securities

The Group is exposed to equity securities price risk through its financial assets held for trading. The management would manage this exposure by closely monitoring the performance of the investments and market conditions. The management would consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting dates.

If the quoted prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, the potential effect on profit for the year is as follows:

	2009	2008
	HK$'000	HK$'000
Increase/decrease in profit for the year as a result of the changes in fair value of financial assets held-for-trading	**126**	—

Price risk on embedded conversion option

The Group is required to estimate the fair value of the conversion option embedded in the convertible notes at each balance sheet date with changes in fair value to be recognised in the consolidated income statement as long as the convertible notes are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in market interest rate, the Company's share market price and share price volatility.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to the Company's share price risk at the reporting date only. If the Company's share price had been 10% higher/lower and all other variables were held constant, the Group's post-tax loss for the year (as a result of changes in fair value of conversion option component of convertible bonds) would increase/decrease by approximately HK$18,293,000.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The bank balances have maturity less than three months. The Group has sufficient funds to finance its ongoing working capital requirements.

The following table details the Company's remaining contractual maturity for its non-derivative and derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of those financial liabilities including interest:

	Weighted average effective interest rate %	Less than 3 months HK$'000	3 months to 1 year HK$'000	1 year to 3 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2009						
Trade creditors	—	224,013	—	—	224,013	224,013
Trade payable to a related company	—	435,091	—	—	435,091	435,091
Other creditors and accrued changes	—	9,254	—	—	9,254	9,254
Convertible notes	23.67	—	—	48,800	48,800	165,855
		668,358	—	48,800	717,158	834,213
2008						
Trade creditors	—	68	—	—	68	68
Other creditors	—	4,954	—	—	4,954	4,954
		5,022	—	—	5,022	5,022

7. FINANCIAL INSTRUMENTS *(continued)*

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. REVENUE

	2009	2008
	HK$'000	HK$'000
Provision of duty-free marine bunkering services to international vessels	**5,445,076**	—
Sales of garments	**5,162**	20,320
Dividends from listed equity securities	**—**	22
Interest income from bonds	**—**	2,577
Interest income from structured loan notes	**—**	17,840
Rental income from investment properties	**4,741**	402
	5,454,979	41,161

9. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

Principal activities are as follows:

Marine bunkering	—	provision of duty-free marine bunkering services, including sales of fuel oil, to operation international vessels
Garment operation	—	sourcing, manufacturing, processing, wholesaling, marketing and sales of garments
Direct investments	—	investments in listed and unlisted equity, debt securities and derivative instruments
Properties investments	—	investments in properties

During the year ended 30 June 2009, 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.

9. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Consolidated income statement

For the year ended 30 June 2009

	Marine bunkering operation HK$'000	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
REVENUE					
External sales	5,445,076	5,162	—	4,741	5,454,979
RESULT					
Segment results	482,887	(1,528)	57,240	(1,419)	537,180
Other income					4,435
Fair value change in embedded derivative of convertible notes					(204,586)
Loss on initial recognition of convertible notes					(1,816)
Unallocated corporate expenses					(29,710)
Finance cost - imputed interest expense on convertible notes					(6,880)
Profit before taxation					298,623
Taxation					(35,271)
Profit for the year					263,352

9. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Other information

For the year ended 30 June 2009

	Marine bunkering operation HK$'000	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions to property, plant and equipment	122,583	135	—	—	3,450	126,168
Impairment loss on property, plant and equipment and prepaid lease payments	16,047	—	—	—	1,783	17,830
Amortisation of prepaid lease payments	737	—	—	—	82	819
Depreciation of property, plant and equipment	2,610	290	—	—	703	3,603
Write down of inventories	—	519	—	—	—	519
Decrease in fair value of investment properties, net	—	—	—	6,160	—	6,160
Fair value change of derivative financial instruments	147,807	—	—	—	—	147,807

9. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Consolidated balance sheet

At 30 June 2009

	Marine bunkering operation HK$'000	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	871,576	3,491	2,515	88,290	965,872
Interest in a jointly controlled entity	35,802	—	—	—	35,802
Unallocated corporate assets					1,034,243
Consolidated total assets					2,035,917
LIABILITIES					
Segment liabilities	659,021	441	—	864	660,326
Unallocated corporate liabilities					210,574
Consolidated total liabilities					870,900

9. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Consolidated income statement

For the year ended 30 June 2008

	Marine bunkering operation HK$'000	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
REVENUE					
External sales	—	20,320	20,439	402	41,161
RESULT					
Segment results	—	907	54,218	(967)	54,158
Other income					18,893
Unallocated corporate expenses					(27,389)
Profit before taxation					45,662
Taxation credit					17,614
Profit for the year					63,276

9. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Other information

For the year ended 30 June 2008

	Marine bunkering operation HK$'000	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions to property, plant and equipment	—	1,498	—	—	2,779	4,277
Additions to investment properties	—	—	—	69,229	—	69,229
Amortisation of prepaid lease payments	—	—	—	—	68	68
Depreciation of property, plant and equipment	—	346	—	—	578	924
Loss (gain) on disposal of property, plant and equipment	—	541	—	—	(34)	507
Write down of inventories	—	768	—	—	—	768

9. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Consolidated balance sheet

At 30 June 2008

	Marine bunkering operation HK$'000	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	—	3,518	—	73,530	77,048
Unallocated corporate assets					648,855
Consolidated total assets					725,903
LIABILITIES					
Segment liabilities	—	483	—	758	1,241
Unallocated corporate liabilities					4,347
Consolidated total liabilities					5,588

9. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Geographic 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 for trading of garment and location at where unlisted securities are issued or listed securities are traded for direct investment. The following table provides an analysis of the Group's revenue by the aforesaid geographical market, irrespective of the origin of the goods/services:

	Revenue by geographical market	
	2009	2008
	HK$'000	HK$'000
Chinese Mainland	**5,326,182**	20,320
Hong Kong	**52,872**	424
Taiwan	**71,563**	—
Europe		
- France	**—**	1,916
- United Kingdom	**—**	10,731
United States of America	**—**	5,246
Singapore	**4,362**	870
Others	**—**	1,654
	5,454,979	41,161

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located except for unlisted and listed securities which are analysed by geographical area in which the securities are issued and traded respectively:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**195,223**	7,240	**122,588**	—
Chinese Mainland	**3,485**	3,518	**130**	1,498
Singapore	**767,164**	66,290	**—**	—
	965,872	77,048	**122,718**	1,498

10. OTHER INCOME

	2009 HK$'000	2008 HK$'000
Interest income on bank deposits	**4,238**	13,324
Net gain on foreign exchange	**193**	5,569
Sundry income	**4**	—
	4,435	18,893

11. FAIR VALUE CHANGE OF DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments of the Group comprised of long and short positions in fuel oil futures contracts.

During the year ended 30 June 2009, the Group entered into the oil future contracts. The oil futures contracts are measured at fair value which are the quoted market values. All the fuel oil futures contracts were settled net during the year. Upon settlement, gain of approximately HK$56,779,000 was recognised and credited to the consolidated income statement.

12. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2009 HK$'000	2008 HK$'000
Auditor's remuneration	**1,000**	880
Amortisation of prepaid lease payments	**819**	68
Depreciation of property, plant and equipment	**3,603**	924
Loss on disposal of property, plant and equipment	**—**	507
Operating lease rentals paid in respect of rented premises	**6,912**	1,164
Cost of inventories recognised as an expense	**4,916,859**	7,103
Write down of inventories (included in cost of sales)	**519**	768
Staff costs (including directors' remuneration, note 13)		
Wages, salaries and other benefits	**27,513**	24,322
Retirement benefits scheme contributions	**705**	547
	28,218	24,869

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of the nineteen (2008: eighteen) directors were as follows:

		Other emoluments		
	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 30 June 2009				
Executive Directors				
SIT Kwong Lam	—	2,005	12	2,017
TANG Bo	—	1,003	12	1,015
CHIA Teck Lim	—	1,880	12	1,892
TAN Yih Lin	—	1,253	12	1,265
FU Dewu	—	1,003	12	1,015
Gregory John CHANNON	—	313	—	313
LAU Tung Hoi	—	137	1	138
YAN Miu King	—	28	1	29
Non-Executive Directors				
HE Zixin	313	—	—	313
RAN Longhui	313	—	—	313
SUN Zhenchun	313	—	—	313
DAI Zhujiang	313	—	—	313
WU Wing Kit	4	—	—	4
Independent Non-Executive Directors				
LAU Hon Chuen	313	—	—	313
CHANG Hsin Kang	313	—	—	313
KWONG Chan Lam	313	—	—	313
HO Yau Ming	4	—	—	4
MAN Mo Leung	4	—	—	4
HUNG Kwok Keung, Keith	4	—	—	4
Total	2,207	7,622	62	9,891

13. DIRECTORS' REMUNERATION *(continued)*

		Other emoluments		
	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 30 June 2008				
Executive Directors				
SIT Kwong Lam	—	59	—	59
TANG Bo	—	29	—	29
CHIA Teck Lim	—	55	—	55
TAN Yih Lin	—	37	—	37
FU Dewu	—	29	—	29
LAU Tung Hoi	—	13,118	12	13,130
YAN Miu King	—	1,882	12	1,894
Non-Executive Directors				
HE Zixin	9	—	—	9
RAN Longhui	9	—	—	9
SUN Zhenchun	9	—	—	9
DAI Zhujiang	9	—	—	9
WU Wing Kit	120	—	—	120
Independent Non-Executive Directors				
LAU Hon Chuen	9	—	—	9
CHANG Hsin Kang	9	—	—	9
KWONG Chan Lam	9	—	—	9
HO Yau Ming	120	—	—	120
MAN Mo Leung	120	—	—	120
HUNG Kwok Keung, Keith	120	—	—	120
Total	543	15,209	24	15,776

During both years, no emolument was paid by the Group to the directors as discretionary bonus or an inducement to join, or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive any remuneration.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2008: two) were directors of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining one and three highest paid individuals for the year ended 30 June 2009 and 2008 respectively are as follows:

	2009	2008
	HK$'000	HK$'000
Salaries and other benefits	**1,573**	4,539
Retirement benefits scheme contributions	**—**	24
	1,573	4,563

Their emoluments were within the following bands:

	2009	2008
	No. of individuals	No. of individuals
Nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,000,001 to HK$2,500,000	**—**	1

There was no emolument paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in the both years.

15. TAXATION CHARGE (CREDIT)

	2009	2008
	HK$'000	HK$'000
Current tax charge for the year:		
Hong Kong Profits Tax	11,951	—
Singapore Income Tax	23,320	—
	35,271	—
Overprovision in prior years (Note)	—	(17,614)
	35,271	(17,614)

Note: The taxation credit represented reversal of tax provision previously recognised by the Group in respect of its liquidated subsidiaries.

With the Global Trader Program incentive awarded by the Inland Revenue Authority of Singapore to the Group for the five years ending 30 June 2013, certain qualified income (e.g. income from marine bunkering operation) generated during the year from trading fuel and oil under the marine bunkering segment of the Group has been charged at a tax concessionary rate of 5%.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2009	2008
	HK$'000	HK$'000
Profit before taxation	298,623	45,662
Taxation at income tax rate of 16.5%	49,273	7,534
Tax effect of expenses not deductible for tax purpose	42,328	2,480
Tax effect of income not taxable for tax purpose	(3,071)	(12,550)
Tax effect of tax losses not recognised	363	2,893
Utilisation of tax losses previously not recognised as deferred tax asset	—	(326)
Overprovision in prior years	—	(17,614)
Effect of concessionary tax rate granted to a Singapore subsidiary	(53,636)	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	14	(31)
Taxation charge (credit) for the year	35,271	(17,614)

Details of deferred taxation not recognised in the consolidated financial statements are set out in note 28.

16. DIVIDENDS

	2009	2008
	HK$'000	HK$'000
Final dividend in respect of immediately preceding financial year, paid - HK1 cent per share	—	12,159
Interim dividend in respect of current financial year, paid - HK3 cents per share	39,776	—
	39,776	12,159

The directors of the Company do not recommend the payment of a final dividend for the year ended 30 June 2009 and 2008.

17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year is based on the following data:

	2009	2008
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to equity holders of the Company)	HK$263,352,000	HK$63,276,000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,277,349,852	1,215,870,400

No diluted earnings per share is presented as the exercise of the conversion right of the Company's outstanding convertible notes would result in an increase in earnings per share.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
COST									
At 1 July 2007	4,450	6,503	15,125	1,599	1,572	2,794	2,504	—	34,547
Exchange realignment	—	341	1,503	12	1	53	58	—	1,968
Additions	2,282	743	230	20	—	57	945	—	4,277
Disposals	—	(3,213)	(144)	(1,427)	(1,530)	(2,212)	(947)	—	(9,473)
At 30 June 2008	6,732	4,374	16,714	204	43	692	2,560	—	31,319
Exchange realignment	—	110	519	4	—	12	24	—	669
Additions	17,008	5,970	41	838	8,384	2,443	—	91,484	126,168
Transfer to investment properties	(2,283)	—	—	—	—	—	—	—	(2,283)
At 30 June 2009	**21,457**	**10,454**	**17,274**	**1,046**	**8,427**	**3,147**	**2,584**	**91,484**	**155,873**
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At 1 July 2007	28	6,118	15,049	1,566	1,551	2,699	1,861	—	28,872
Exchange realignment	—	341	1,495	10	—	48	42	—	1,936
Provided for the year	115	263	56	17	9	55	409	—	924
Eliminated on disposals	—	(2,762)	(59)	(1,421)	(1,529)	(2,203)	(784)	—	(8,758)
At 30 June 2008	143	3,960	16,541	172	31	599	1,528	—	22,974
Exchange realignment	—	106	514	4	—	10	20	—	654
Provided for the year	203	220	20	54	456	142	475	2,033	3,603
Impairment loss recognised	321	—	—	—	—	—	—	—	321
Eliminated on transfer	(383)	—	—	—	—	—	—	—	(383)
At 30 June 2009	**284**	**4,286**	**17,075**	**230**	**487**	**751**	**2,023**	**2,033**	**27,169**
CARRYING VALUES									
At 30 June 2009	**21,173**	**6,168**	**199**	**816**	**7,940**	**2,396**	**561**	**89,451**	**128,704**
At 30 June 2008	6,589	414	173	32	12	93	1,032	—	8,345

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	$2^1/_2$%
Leasehold improvements	20% to $33^1/_3$%
Plant and machinery	20%
Office equipment	20%
Furniture and fixtures	20%
Computer equipment	30%
Motor vehicles	$33^1/_3$%
Vessels	$6^2/_3$%

The leasehold land and building of the Group is located in Hong Kong under medium-term lease.

19. PREPAID LEASE PAYMENTS

	2009	2008
	HK$'000	HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong with long lease	**42,463**	41,225
Analysed for reporting purpose as:		
Current	**48**	815
Non-current	**42,415**	40,410
	42,463	41,225

On 1 June 2009, a property of the Group (classified as prepaid lease payments and leasehold building) has become an investment property as evidenced by the end of owner occupation. An impairment loss, represented by the difference between the carrying value and the fair value of the leasehold land at the date of transfer, of HK$17,509,000 was recognised in consolidated income statement for the year due to the significant decline in the fair value of the leasehold land. The written down value of the prepaid lease payment on the leasehold land, where the property is situated, was transferred to investment properties. The fair value at the transfer date of the leasehold land has been arrived at on the basis of a valuation carried out on that date by Greater China Appraisal Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

20. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 July 2007	5,670
Additions	69,229
Decrease in fair value recognised in the consolidated income statement, net	(1,369)
At 30 June 2008	73,530
Exchange realignment	(5,970)
Transfer from property, plant and equipment and prepaid lease payments	24,800
Decrease in fair value recognised in the consolidated income statement, net	(6,160)
At 30 June 2009	**86,200**

The fair values of the Group's investment properties at 30 June 2009 have been arrived at on the basis of a valuation carried out on that date by Greater China Appraisal Limited (2008: Savills Valuation and Professional Services Limited), independent qualified professional valuers not connected with the Group. Greater China Appraisal Limited and Savills Valuation and Professional Services Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations were arrived at by reference to market evidence of transaction prices for similar properties and capitalisation of net rental income generated from the investment properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises properties situated on:

	2009	2008
	HK$'000	HK$'000
Land in Hong Kong:		
- Long lease	**24,800**	—
- Medium-term lease	**8,600**	7,240
Land outside Hong Kong with long lease	**52,800**	66,290
	86,200	73,530

21. INTEREST IN A JOINTLY CONTROLLED ENTITY

As at 30 June 2009, the Group had interests in the following jointly controlled entity:

Name of entity	Form of business structure	Place of establishment	Principal place of operation	Class of share held	Proportion of nominal value of registered capital held by the Group 2009	2008	Principal activity
Zhoushan Brightoil Terminal Co., Ltd. ("Zhoushan Brightoil")	Foreign owned enterprise	PRC	PRC	Registered capital	55% (note)	—	Provision of fuel oil storage service (not yet commence operation)

Note: The Group has the power to appoint four out of seven directors in the board of Zhoushan Brightoil. However, as per the joint venture agreement signed with another shareholder of Zhoushan Brightoil, all board resolutions require approval from 75% of the board members, as a result Zhoushan Brightoil is classified as a jointly control entity of the Group.

	2009 HK$'000	2008 HK$'000
Cost of unlisted investments in a jointly controlled entity	35,804	—
Share of post-acquisition loss	(2)	—
	35,802	—

The summarised financial information in respect of the Group's share of interests in the jointly controlled entity which are accounted for using the equity method is set out below:

	2009 HK$'000	2008 HK$'000
Non-current assets	516	—
Current assets	35,541	—
Current liabilities	(255)	—
Income	5	—
Expenses	(7)	—

22. INVENTORIES

	2009 HK$'000	2008 HK$'000
Fuel oil	**312,043**	—
Raw materials - garment materials	**2,599**	2,456
	314,642	2,456

23. TRADE DEBTORS

	2009 HK$'000	2008 HK$'000
Trade debtors	**400,151**	—

The Group allows an average credit period of 30 to 45 days to its marine bunkering customers and 90 days to its garment trade customers.

Before accepting any new customer, the Group performs a credit review to assess the potential customer's credit quality and defines credit limits by customer. Limits and credit rating to customers are reviewed on a regular basis.

The following is an aged analysis of trade debtors at the balance sheet dates:

	2009 HK$'000	2008 HK$'000
0 - 30 days	**317,361**	—
31 - 60 days	**82,790**	—
	400,151	—

All the trade debtors were neither past due nor impaired. These customers have no default of payment in the past and have good credit rating attributable under the credit review procedures used by the Group.

24. FINANCIAL ASSETS HELD FOR TRADING

	2009 HK$'000	2008 HK$'000
Equity securities listed in Hong Kong	2,515	—

25. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

As at 30 June 2009, pledged bank deposits represent the Group's deposits pledged to a bank to secure short-term credit facilities granted to the Group and bears fixed interest with rates ranging from 0.13% to 0.18% per annum.

As at 30 June 2009, the Group's bank balances carried at market interest rates from 0.01% to 3.75% (2008: 0.81% to 8.94%) per annum with an original maturity of three months or less.

The bank balances and cash that are denominated in currencies other than functional currency of the relevant group entities as set out below:

	2009 HK$'000	2008 HK$'000
US$	4,013	249,878
HK$	19,868	331,863

26. TRADE CREDITORS

The following is an aged analysis of trade creditors at the balance sheet dates:

	2009 HK$'000	2008 HK$'000
0 - 30 days	223,930	5
31 - 60 days	4	13
61 - 90 days	79	50
	224,013	68

The average credit period for purchase of fuel oil and garment materials are 30 days and 90 days respectively. The Group has financial risk management policies in place to ensure all payables within the credit timeframe.

Apart from the balance disclosed above, the balance of approximately HK$435,091,000 (2008: nil) classified as amount due to a related party is trade payable in nature. The amount is aged within 45 days at 30 June 2009 with credit terms of 45 days granted to the Group.

27. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised		
At 1 July 2007, 30 June 2008 and 2009	**2,000,000,000**	200,000
Issued and fully paid		
At 1 July 2007 and 30 June 2008	**1,215,870,400**	121,587
Issue of subscription shares (Note 1)	**110,000,000**	11,000
Shares issued upon conversion of convertible notes (Note 2)	**110,000,000**	11,000
At 30 June 2009	**1,435,870,400**	143,587

Notes:

(1) On 22 January 2009, 110,000,000 new ordinary shares of the Company of HK$0.10 each were issued by subscription pursuant to the subscription agreement dated 28 November 2008 entered into between the Company and Canada Foundation Limited ("Canada Foundation"), a substantial shareholder of the Company and a company wholly and beneficially owned by Dr. Sit, an executive director of the Company (the "Subscription Agreement"), at a price of HK$0.61 per share.

(2) On 18 May 2009, 110,000,000 new ordinary shares of the Company of HK$0.10 each were issued upon the partial conversion of the 2008 Convertible Notes (as defined in note 29) issued pursuant to the Subscription Agreement. Convertible notes with aggregate amount of HK$67,100,000 were converted into 110,000,000 ordinary shares of the Company at a conversion price of HK$0.61 per share.

All the shares issued during the year ended 30 June 2009 rank pari passu with the existing shares of the Company in all respect.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2008 and 2009.

28. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the year:

	Revaluation of properties and accelerated tax depreciation	Tax losses	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2007	(1,243)	1,243	—
Effect of change in tax rate	12	(12)	—
Movement for the year	202	(202)	—
At 30 June 2008	(1,029)	1,029	—
Movement for the year	(186)	186	—
At 30 June 2009	(1,215)	1,215	—

At 30 June 2009, the Group has estimated unused tax losses of HK$164,671,000 (2008: HK$161,343,000), available for offset against future profits. A deferred tax asset has been recognised in the consolidated financial statements in respect of HK$7,364,000 of the estimated tax losses at 30 June 2009 (2008: HK$6,236,000). No deferred tax asset has been recognised of the remaining estimated tax losses of HK$157,307,000 at 30 June 2009 (2008: HK$155,107,000) due to the unpredictability of future profit streams. At 30 June 2009, included in unrecognised estimated tax losses are losses of HK$901,000 (2008: HK$6,358,000) that will expire within 5 years from 31 December 2008 (2008: 31 December 2007). Other estimated tax losses may be carried forward indefinitely.

Under the Law of the PRC on Enterprise Income Tax promulgated on 16 March 2007, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries, associate and jointly controlled entity from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to share of accumulated profits of the PRC jointly controlled entity as the deferred taxation is insignificant. As the PRC subsidiaries and jointly controlled entity incurred losses since 1 January 2008, no deferred taxation has been provided accordingly.

29. CONVERTIBLE NOTES

Pursuant to the Subscription Agreement, convertible notes (namely "2008 Convertible Notes") with aggregate principal amount of HK$115,900,000 were issued at par with conversion price of HK$0.61 per share to Canada Foundation on 22 January 2009 (the "Issue Date").

The 2008 Convertible Notes are denominated in Hong Kong dollars and non-interest bearing. The holder of the 2008 Convertible Notes are entitled to convert the notes into 190,000,000 ordinary shares of the Company ("Conversion Shares") at initial conversion price of HK$0.61 at any time from the date of issue to the maturity date falling on the third anniversary from the Issue Date, subject to the adjustment due to change in capital structure of the Company (including share consolidation, share subdivision and capitalisation issue and other events which have dilutive effects on the issued share capital of the Company as set out in the Subscription Agreement). The Consideration Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

On 18 May 2009 (the "Conversion Date"), aggregate principal amount of HK$67,100,000 of the 2008 Convertible Notes, was converted into 110,000,000 shares of the Company at the conversion price of HK$0.61 per share. As at 30 June 2009, the outstanding principal amount of the 2008 Convertible Notes was HK$48,800,000. The amount is repayable on 22 January 2012 (the "Maturity Date").

If the remaining outstanding portion of the 2008 Convertible Notes have not been converted up to the maturity date, the holder can request the Company to redeem the outstanding convertible notes at principal amount.

All the detailed terms and conditions, including the above, are set out, inter alia, in the circular dated 28 November 2008 issued by the Company.

The net proceeds received from the issue of 2008 Convertible Notes contain the following components that are required to be separately accounted for in accordance with HKAS 39 "Financial instruments: Recognition and Measurement":

(a) Liability component of the 2008 Convertible Notes represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion and redemption option. The effective interest rate of the liability component is 23.67% per annum.

(b) Embedded derivatives comprise of embedded conversion option of the 2008 Convertible Notes represents the option to convert the liability into equity of the Company but the conversion will be settled other than by the exchange of a fixed number of the Company's own equity.

29. CONVERTIBLE NOTES *(continued)*

The movement of different components of the 2008 Convertible Notes for the year is set out below:

	Liability HK$'000	Embedded conversion option HK$'000	Total HK$'000
At 1 July 2008	—	—	—
Issued during the year, net of issued cost	61,276	56,440	117,716
Conversion during the year	(39,854)	(123,473)	(163,327)
Interest charged	6,880	—	6,880
Loss arising on change in fair value	—	204,586	204,586
At 30 June 2009	28,302	137,553	165,855

The fair value of the embedded conversion option is calculated using the Binominal Option Pricing Model. The inputs into the model were as follows:

	Issue date	Conversion date	30 June 2009
Conversion price (note 29)	HK$0.61	HK$0.61	HK$0.61
Expected volatility (note a)	35.88%	38.13%	39.82%
Expected life (note b)	3 years	2.68 years	2.56 years
Risk free rate (note c)	0.89% per annum	0.675% per annum	0.98% per annum

Notes:

(a) Expected volatility for embedded conversion option was determined by calculating the historical weekly share price volatility of comparable companies engaged in similar businesses as the Group's various business segments.

(b) Expected life was the expected remaining life of the embedded conversion option.

(c) The risk free rate is determined by reference to the Hong Kong Exchange Fund Note.

30. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet dates, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2009	2008
	HK$'000	HK$'000
Within one year	**881**	602
In the second to fifth year inclusive	**348**	—
	1,229	602

Leases are negotiated for lease term of two years (2008: one year) and rentals are fixed over the leased period.

The Group as lessor

Leases are negotiated and rentals are fixed for two years (2008: one year).

At the balance sheet dates, the Group had contracted with tenants for the following future minimum lease payments, which fall due as follows:

	2009	2008
	HK$'000	HK$'000
Within one year	**1,520**	4,896
In the second year to fifth year inclusive	**1,003**	—
	2,523	4,896

31. CAPITAL COMMITMENTS

	2009	2008
	HK$'000	HK$'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
- prepaid lease payments on leasehold land in the PRC	**238,457**	—
- capital injection into a jointly controlled entity	**83,545**	—
- acquisition of property, plant and equipment	**672**	—
- Evaluation contracts for construction projects in the PRC	**19,208**	—
	341,882	—

32. DISPOSAL OF SUBSIDIARIES

Pursuant to the agreements for the sales and purchase of shares and assignment of loans dated 13 May 2008, First Sign Investments Limited, a wholly owned subsidiary of the Company, agreed to dispose of the entire issued shares of Pearl River Pacific Limited and Everview Limited (the "Disposal Group") and assigned the debts due from the Disposal Group of approximately HK$189,977,000, to Linwood Services Ltd. ("Linwood"), the major controlling shareholder of the Company before 19 June 2008, at a total cash consideration of approximately HK$263,374,000 (the "Disposal"). The two associates of the Disposal Group, Wealthy Creative Health Food Holdings Limited and Wealthy Creative Health Food Limited, were deemed to be disposed of on the same date. The disposal of the Disposal Group and the two associates was considered as a connected transaction.

The Group assigned the debts due from Everview Limited and Pearl River Pacific Limited to the Group at their carrying amounts of approximately HK$27,241,000 and HK$162,736,000 respectively to Linwood.

Details of the disposal and assignment of debts are as follows:

	At 19 June 2008 HK$'000
Net assets disposed of:	
Interests in associates (Note)	—
Advance to an associate	27,207
Less: allowance for advance to an associate	(27,207)
Held for trading investments	226,962
Interest receivables	2,724
Bank balances	9
Amounts due to the Group	(189,977)
	39,718
Gain on disposal recognised as shareholder's contribution	33,679
Assignment of debts to Linwood	189,977
Total consideration	263,374
Net cash inflow arising on disposal:	
Cash consideration	263,374
Bank balances and cash disposed of	(9)
	263,365

Note: The cost of investments in associates and share of post-acquisition losses were HK$50 respectively. The Group had discontinued recognition of its share of losses of the associates.

32. DISPOSAL OF SUBSIDIARIES *(continued)*

During the period from 1 July 2007 to 19 June 2008, the Disposal Group paid approximately HK$348,652,000 to the Group's net operating cash flows and contributed approximately HK$15,324,000 in respect of investing activities and paid approximately HK$5,705,000 in respect of financing activities.

The gain on disposal of the Disposal Group to Linwood of approximately HK$33,679,000 was deemed as a shareholder's contribution to the Group and was credited to the equity as a reserve during the year ended 30 June 2008.

33. 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 20 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 19 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 of directors (the "Board"), has contributed to the Group or any member thereof are eligible to participate in the Scheme.

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 of the Company in issue as at the date of adoption of the Scheme, without prior approval from the Company's 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 of the Company in issue at any point in time, without prior approval from the Company's 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 Company's shareholders.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK$1.00 per grant. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board of the Company to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board of the Company at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

No option was granted under the Scheme since its adoption and no option was outstanding as at 30 June 2008 and 2009.

34. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees, including the directors, in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Except for voluntary contribution, no forfeited contribution under this scheme is available to reduce the contribution payable in future years.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participate in social insurance schemes operated by the relevant local government authorities. The insurance premium is borne by the Group on a specified proportion of the employees' salaries laid down under the relevant PRC laws.

The employees of the Group's subsidiaries in Singapore are participated in the national pension scheme. The relevant subsidiaries are required to contribute certain percentages of the monthly salaries of their current employees to the Central Provident Fund.

During the year ended 30 June 2009, the total costs charged to the consolidated income statement in the sum of approximately HK$705,000 (2008: HK$547,000) represents contributions payable to these schemes by the Group.

35. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties which are also defined as continuing connected transactions under the Listing Rules:

	Year ended 30 June	
	2009	2008
	HK$'000	HK$'000
Purchase of fuel oil from a related company	**4,720,891**	—
Rental income received or receivable from a related company	**4,362**	—
Fuel oil storage fee paid to a related company	**5,717**	—

Note: Dr. Sit, an executive director of the Company, controlled the above related companies.

Rental receivable from a related company is unsecured, non-interest bearing and is repayable within 12 months from the date the rental income is recognised.

35. RELATED PARTY TRANSACTIONS *(continued)*

Trade payable to a related company is unsecured and non-interest bearing. The credit term granted to the Group is 45 days and the whole balance aged within 45 days at 30 June 2009.

During the year ended 30 June 2008, 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 11 July 2008, had a beneficial interest, amounted to HK$880,000.

On 19 June 2008, the Group acquired a property in Hong Kong and a property in Singapore from Sun Hung Kwong Group (Holdings) Limited and Brightway Petrochemical Group Singapore Pte Limited ("Brightway Singapore") respectively, companies in which Dr. Sit has controlling interests. The considerations of approximately HK$42,000,000 and HK$62,800,000 respectively, were determined based on independent valuation carried out by Savills Valuation and Professional Services Limited, independent qualified professional valuer. The acquisition of these properties was considered as a connected transaction. There was a leaseback arrangement with Brightway Singapore which constitutes as the continuing connected transactions.

On 19 June 2008, the Company disposed of the Disposal Group and assigned debts to Linwood, the former major controlling shareholder of the Company (see note 32 for details).

On 22 January 2009, the Group issued 2008 Convertible Notes to Canada Foundation with aggregate principal amount of HK$115,900,000. Dr. Sit is the ultimate and beneficial owner of Canada Foundation. (see note 29 for details)

Compensation of key management personnel

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

	2009	2008
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**7,144**	17,416
Retirement benefits costs	**60**	24
	7,204	17,440

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

36. MAJOR NON-CASH TRANSACTION

During the year ended 30 June 2009, part of the issued convertible notes amounted to HK$67,100,000 has been converted into 110,000,000 ordinary shares of the Company.

37. SUBSEQUENT EVENTS

(a) Increase in authorised share capital of the Company

Pursuant to the special general meeting held on 7 August 2009, it was resolved that the authorised share capital of the Company was increased from HK$200,000,000 comprising of 2,000,000,000 ordinary shares of par value of HK$0.10 each to HK$1,000,000,000 comprising 10,000,000,000 ordinary shares of par value of HK$0.10 each in order to have sufficient authorised shares to cover the allotment and issue of shares for the potential conversion of convertible notes issued by the Company.

(b) Issue of convertible notes

Pursuant to the subscription agreements dated on 25 June 2009 signed between the Company and Canada Foundation, the resolution passed in the special general meeting held on 7 August 2009 and the supplemented deed signed on 2 September 2009, the Company had issued convertible notes in an aggregate principal amount of US$120,000,000 to Canada Foundation in August 2009. The convertible notes are convertible into shares of the Company at a conversion price of US$0.19 per share. The convertible notes contain the financial liability and conversion option. On initial recognition, the financial liability would recognise in balance sheet at amortised cost and the conversion option would be included in equity at fair value.

(c) Very substantial acquisition in relation to the entering into of an investment agreement

Pursuant to a legally binding framework investment agreement dated 10 August 2009 entered into between Brightoil Petroleum Group Limited, a wholly-owned subsidiary of the Company, and 大連長興島臨港工業區管理委員會, Brightoil Petroleum Group Limited will establish two wholly-owned subsidiaries and establish one subsidiary which is 60% owned by the Group and 40% owned by 大連長興島臨港工業區管理委員會 for the construction and operation of oil storage facilities and wharfs on the Changxing Island, Dalian City, Liaoning Province, the PRC. Brightoil Petroleum Group Limited shall contribute in aggregate not less than US$100,000,000 (approximately HK$778,000,000) as the registered capital of the three subsidiaries to be established before 1 December 2009. The entering into of such agreement constitutes a very substantial acquisition for the Company under the Listing Rules. Details of such arrangement are set out in the Company's announcement dated 11 August 2009.

(d) Entering into a natural gas development and production contract

On 11 August 2009, 中國石油天然氣集團公司 and Win Business Petroleum (Grand Desert) Limited, a wholly-owned subsidiary of the Company, entered into a contract for joint development and production of natural gas of the gas field identified within certain area in Tarim Basin in Xinjiang Uygur Autonomous Region, the PRC. The contract consists of a term of 30 years from the commencement date. The maximum monetary obligation of the Group under the contract during the 21 months after the commencement date can be ascertained is US$5,300,000 (approximately HK$41,234,000). Details of such arrangements are set out in the Company's announcement dated 11 August 2009.

At the date of this report, the directors of the Company are in the midst of considering the financial impact of the above transactions from (b) to (d).

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

All the following subsidiaries are operating principally in Hong Kong except otherwise indicated. Details of the Company's principal subsidiaries at 30 June 2009 and 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		Principal activities
			2009	2008	
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 (Note 4)	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

38. 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		Principal activities
			2009	2008	
Brightoil Petroleum (S'pore) Pte. Ltd.* (Note 3)	Singapore (Note 5)	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
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
Brightoil Petroleum Storage (Zhoushan) Co. Ltd.* (Note 3)	PRC (Note 4)	US$27,469,990	**100%**	—	Provision of fuel oil storage services

Subsidiaries directly held by the Company

* Subsidiaries indirectly held by the Company

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Notes:

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

(2) During the year ended 30 June 2009, 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 year ended 30 June 2009.

(4) These subsidiaries were established in the PRC as wholly foreign owned enterprises. The english names of these subsidiaries were for identification purpose only.

(5) The subsidiary is operating in Singapore.

Other than the Disposal Group which the Company disposed of on 19 June 2008, 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 during the year or at 30 June 2009 and 2008.

RESULTS

	Year ended 30 June				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	55,479	47,388	48,088	41,161	**5,454,979**
Profit before taxation and allowance for advance to an associate	23,942	252	35,228	45,662	**298,623**
Allowance for advance to an associate	(17,656)	—	(2,501)	—	**—**
Profit before taxation	6,286	252	32,727	45,662	**298,623**
Taxation credit/(charge)	—	—	—	17,614	**(35,271)**
Profit for the year	6,286	252	32,727	63,276	**263,352**

ASSETS AND LIABILITIES

	At 30 June				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	637,739	626,568	671,036	725,903	**2,035,917**
Total liabilities	(19,397)	(21,837)	(27,132)	(5,588)	**(870,900)**
Equity attributable to equity holders	618,342	604,731	643,904	720,315	**1,165,017**

BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED

BOARD OF DIRECTORS

Executive Directors

Sit Kwong Lam (Chairman and CEO)
Gregory John Channon
Tang Bo
Chia Teck Lim
Tan Yih Lin
Fu Dewu

Non-Executive Directors

He Zixin
Ran Longhui
Sun Zhenchun
Dai Zhujiang

Independent Non-Executive Directors

Lau Hon Chuen
Chang Hsin Kang
Kwong Chan Lam

AUDIT COMMITTEE

Lau Hon Chuen
Chang Hsin Kang
Kwong Chan Lam

COMPANY SECRETARY

Sit Lai Fung

AUDITOR

Deloitte Touche Tohmatsu

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K&L Gates

LEGAL ADVISERS ON BERMUDA LAW

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Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

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