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光滙石油
BRIGHTOIL

BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED

光滙石油(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 933)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ENTERING INTO OF AN INVESTMENT AGREEMENT AND RESUMPTION OF TRADING

Financial adviser to Brightoil Petroleum (Holdings) Limited

Piper Jaffray

THE INVESTMENT AGREEMENT

The Board is pleased to announce that, on 10 August 2009, Brightoil Petroleum entered into the legally binding Investment Agreement with the Industrial Zone Management Committee, pursuant to which, (i) Brightoil Dalian Investment will be established by Brightoil Petroleum; (ii) Brightoil Dalian Storage will be established by Brightoil Petroleum through Brightoil Dalian Investment or by Brightoil Petroleum itself; and (iii) Brightoil Dalian Port will be jointly established by Brightoil Petroleum and a company invested by the Industrial Zone Management Committee, for the construction and operation of the Projects on the Land on the Changxing Island, Dalian City, Liaoning Province, the PRC.

Pursuant to the terms of the Investment Agreement, the Brightoil Dalian Subsidiaries or any other project company to be established by Brightoil Petroleum shall construct the Oil Pipelines connecting the facilities to be built by the Group on the Land pursuant to the Oil Storage Project with the national oil pipelines. It is estimated that the length of the Oil Pipelines will be 192.6 km. covering land area of approximately 4.8 million sq.m. as stipulated in the Investment Agreement.

* *For identification purposes only*

The total investment for the Projects and the construction of the Oil Pipelines is estimated to be approximately US\$1,047 million (equivalent to approximately HK\$8.2 billion) and approximately US\$355 million (equivalent to approximately HK\$2.8 billion) respectively, subject to the development of the Projects, feasibility reports and governmental approvals for each phase of the Projects to be obtained. The Group intends to fund the total investment required for the Projects and the construction of the Oil Pipelines by internal resources of the Group, including part of the fund of HK\$450 million to be raised from the issue of convertible notes as disclosed in the circular of the Company dated 17 July 2009, and external financing. Further details of the Projects are set out in the section headed “Information on the Projects” below.

The Directors, including the independent non-executive Directors, consider that the terms of the Investment Agreement are entered into on normal commercial terms after arm’s length negotiations among the parties thereto and that the terms of the Investment Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

PRINCIPAL TERMS OF THE JV AGREEMENT

Brightoil Petroleum and a company invested by the Industrial Zone Management Committee shall jointly establish Brightoil Dalian Port, a joint venture company, pursuant to the Investment Agreement. The JV Agreement shall be separately entered into between the relevant parties.

Pursuant to the JV Agreement, Brightoil Dalian Port shall be owned as to 60% and 40% respectively by Brightoil Petroleum and a company invested by the Industrial Zone Management Committee for the construction and operation of the Wharf Project. Final terms of the JV Agreement, including the amount of the registered capital of Brightoil Dalian Port, shall be agreed between Brightoil Petroleum and Changxing Island Investment Company subject to further negotiations. Further details of the principal terms of the JV Agreement are set out in the section headed “Principal terms of the JV Agreement” below.

GENERAL

The entering into of the Investment Agreement constitutes a very substantial acquisition for the Company under the Listing Rules. The Investment Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders by way of poll at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Investment Agreement and the transactions contemplated thereunder and no Shareholder is required to abstain from voting to approve the Investment Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, information on the Investment Agreement and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 10 August 2009 at the request of the Company pending the publication of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 August 2009.

The Board is pleased to announce that, on 10 August 2009, Brightoil Petroleum entered into the legally binding Investment Agreement with the Industrial Zone Management Committee, pursuant to which, (i) Brightoil Dalian Investment will be established by Brightoil Petroleum; (ii) Brightoil Dalian Storage will be established by Brightoil Petroleum through Brightoil Dalian Investment or by Brightoil Petroleum itself; and (iii) Brightoil Dalian Port will be jointly established by Brightoil Petroleum and a company invested by the Industrial Zone Management Committee, for the construction and operation of the Projects on the Land on the Changxing Island, Dalian City, Liaoning Province, the PRC. Details of the Investment Agreement are set out below.

THE INVESTMENT AGREEMENT

Date

10 August 2009

Parties

- (A) Brightoil Petroleum
- (B) the Industrial Zone Management Committee

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Industrial Zone Management Committee, being a PRC local governmental agency, is an Independent Third Party.

Principal terms

Establishment of Brightoil Dalian Subsidiaries

The parties to the Investment Agreement agreed that (i) Brightoil Dalian Investment will be established by Brightoil Petroleum; (ii) Brightoil Dalian Storage will be established by Brightoil Petroleum through Brightoil Dalian Investment or by Brightoil Petroleum itself for the construction and operation of the Oil Storage Project; and (iii) Brightoil Dalian Port will be jointly established and owned as to 60% and 40% respectively by Brightoil Petroleum and a company invested by the Industrial Zone Management Committee for the construction and operation of the Wharf Project. The JV Agreement will be entered into between Brightoil Petroleum and a company invested by the Industrial Zone Management Committee in respect of the establishment of Brightoil Dalian Port. Principal terms of the JV Agreement are set out in the section headed "Principal terms of the JV Agreement" below.

The Land

Pursuant to the terms of the Investment Agreement, the Brightoil Dalian Subsidiaries shall acquire the land use rights of the Land to carry out the Projects. The Land is expected to cover an area of approximately 2 million sq.m. in the northern port area of the Changxing Island Harbour Industrial Zone (長興島臨港工業區) located on Changxing Island, Dalian City, Liaoning Province, the PRC. The land use rights of the Land shall cover a period of 50 years and shall be obtained by the Brightoil Dalian Subsidiaries through tender process pursuant to the rules and regulations of the PRC. The Definitive Land Transfer Agreements will be entered into between the Brightoil Dalian Subsidiaries and the relevant PRC governmental body for transfer of the land use rights of the Land.

As stipulated in the Investment Agreement, the consideration for the land use rights of the Land shall be RMB220 per sq.m. (equivalent to approximately HK\$251 per sq.m.). The actual area of the Land to be transferred shall be subject to the area stipulated in the related Definitive Land Transfer Agreements. The Brightoil Dalian Subsidiaries will pay for the land use rights of the Land within five Business Days upon execution of the related Definitive Land Transfer Agreements.

Subsidies

Pursuant to the terms of the Investment Agreement, the Industrial Zone Management Committee shall provide subsidies (the “**Infrastructure Subsidies**”) to the Brightoil Dalian Subsidiaries at RMB100 per sq.m. of the Land (equivalent to HK\$114 per sq.m.) for the construction of infrastructure of the Projects. The Infrastructure Subsidies shall be payable to the Brightoil Dalian Subsidiaries within five Business Days upon payment of the consideration for the land use rights of the Land by the Brightoil Dalian Subsidiaries.

The Industrial Zone Management Committee shall also provide further tax subsidies to the Brightoil Dalian Subsidiaries (the “**Tax Subsidies**”) equivalent to the amount of deed tax and stamp duty to be incurred in respect of the transfer of land use rights of the Land based on the consideration of RMB100 per sq.m. (equivalent to HK\$114 per sq.m.). The Tax Subsidies shall be payable to the Brightoil Dalian Subsidiaries within five Business Days upon the Brightoil Dalian Subsidiaries’ full payment of deed tax and stamp duty in accordance with the relevant PRC rules and regulations.

Oil Pipelines

Pursuant to the terms of the Investment Agreement, the Brightoil Dalian Subsidiaries or any other project company to be established by Brightoil Petroleum shall construct oil pipelines (the “**Oil Pipelines**”) connecting the facilities to be built by the Group on the Land pursuant to the Oil Storage Project with the national oil pipelines. It is estimated that the length of the Oil Pipelines will be 192.6 km. covering land area of approximately 4.8 million sq.m. as stipulated in the Investment Agreement. A fee shall be payable by the Group to the Industrial Zone Management Committee in respect of the use of land for constructing the Oil Pipelines. A formal agreement (the “**Pipelines Land Agreement**”) in respect thereof will be entered separately by the Group and the relevant party.

Obligations of the parties

Pursuant to the terms of the Investment Agreement, the Industrial Zone Management Committee shall, among others:

- (a) liaise and coordinate with the relevant governmental departments for setting up the Brightoil Dalian Subsidiaries;
- (b) liaise and coordinate with the relevant governmental departments to ensure the obtaining of the land use rights of the Land, the rights to use the relevant coastlines and necessary territorial water permits for a period of 50 years by the Brightoil Dalian Subsidiaries for the Projects;
- (c) liaise and coordinate with the relevant governmental departments to procure transfer of the Land with use and planning to be in line with the requirements of the Projects;
- (d) liaise and coordinate with the relevant governmental departments for the demolition of facilities and properties situated on the Land and in the waters which will affect the construction of the Projects and to carry out the related reclamation work for the Oil Storage Project at its own costs;
- (e) responsible for the construction of the breakwater and cofferdam required for the Projects commencing within 30 days from the date of the Investment Agreement and ensure such are in line with the construction and operational needs of the Projects;
- (f) liaise and coordinate with the relevant governmental departments to provide basic complementary utilities and infrastructure such as water, electricity and roads, etc. for the Projects;
- (g) responsible for the dredging works of public waterways around the Changxing Island Harbour Industrial Zone at its own costs;
- (h) to share the cost for the dredging works of the connecting waterways and roundabout waterways (the “**Berth Dredging Work**”) between Brightoil Dalian Port and the potential investor of the neighbouring port accommodating 300,000 DWT crude oil vessels in future (the “**Potential Berth Investor**”). However, prior to identifying any of such Potential Berth Investor, the Potential Berth Investor’s share of the cost of the Berth Dredging Work shall be borne by the Industrial Zone Management Committee;
- (i) undertake to liaise and coordinate with the relevant governmental departments to obtain their support to (i) waive the relevant enterprise administrative charges and the urban infrastructure auxiliary fees payable by the Brightoil Dalian Subsidiaries for the three years commencing from 2009 to the extent that they are allowed under the prevailing PRC rules and regulations and (ii) collect local regulatory fees at the minimum requirements as stipulated in the relevant PRC regulations;
- (j) liaise and coordinate with the relevant governmental departments not to arrange any other third parties to build, among others, any wharfs and berths and other related facilities, which will interrupt the construction and operation of the Projects in the territorial waters and along the coastlines used for the Projects;

- (k) liaise and coordinate with the relevant governmental departments for, among others, the requisition of land, demolition, compensation and obtaining the relevant approvals in respect of the construction of the Oil Pipelines;
- (l) provide the Infrastructure Subsidies to the Brightoil Dalian Subsidiaries at RMB100 per sq.m. of the Land (equivalent to HK\$114 per sq.m.) for the construction of infrastructure of the Projects;
- (m) provide the Tax Subsidies to the Brightoil Dalian Subsidiaries equivalent to the amount of deed tax and stamp duty to be incurred in respect of the transfer of land use rights of the Land based on RMB100 per sq.m.; and
- (n) provide relevant information and documents within five Business Days from the date of the Investment Agreement to Brightoil Petroleum for its preparation of the relevant feasibility reports for the Projects for approval.

Pursuant to the terms of the Investment Agreement, Brightoil Petroleum or the Brightoil Dalian Subsidiaries shall, among others:

- (a) complete the relevant planning and feasibility reports for the Projects within 45 Business Days upon receipt of all the necessary information and documents from the Industrial Zone Management Committee for the preparation of such reports;
- (b) contribute in aggregate not less than US\$100 million (equivalent to approximately HK\$780 million) in the registered capital of the Brightoil Dalian Subsidiaries before 1 December 2009;
- (c) strive for commencement of construction of the Projects on or before 15 October 2009 but no later than 1 December 2009, which shall be carried out in phases;
- (d) complete the construction of the Phase 1 Oil Storage Project (as defined below) within one and a half years from the date of commencement of the construction of the Projects;
- (e) complete the construction of the Wharf Project within two and a half years from the date of commencement of the construction of the Projects;
- (f) complete the construction of the Phase 2 Oil Storage Project (as defined below) within three years from the date of commencement of the construction of the Projects;
- (g) complete the relevant inspection of the Projects within three and a half years from the date of commencement of the construction of the Projects;
- (h) coordinate with all relevant construction units to make related payments to taxation department of the Industrial Zone Management Committee during the construction period of the Projects;

- (i) transfer any storage and wharf facilities that is not required by the Brightoil Dalian Subsidiaries to third parties for their development of refinery and ethylene projects should such parties request, at a valuation agreed by the parties in the event that no similar projects are undertaken by Brightoil Petroleum;
- (j) responsible for the dredging works at its own berths area and the reserved turnaround zone at its own costs;
- (k) equally share with the Potential Berth Investor the costs in respect of the Berth Dredging Work;
- (l) construct the Oil Pipelines and pay a fee to the Industrial Zone Management Committee in respect of the use of land for constructing the Oil Pipelines;
- (m) responsible for the construction by Brightoil Dalian Port of the supporting structure for any of its pipelines which shall be in line with the related planning requirements of the Industrial Zone Management Committee and to lease or transfer the unutilised portion of such supporting structure to third parties provided that such supporting structure will not interrupt the construction and operation of the Wharf Project; and
- (n) ensure the regular usage of the storage tanks being constructed by the Brightoil Dalian Subsidiaries and in the event that the oil storage facilities constructed by Brightoil Petroleum or Brightoil Dalian Storage have been laid idle for more than 10 months, the Industrial Zone Management Committee shall have the right to acquire from Brightoil Petroleum or Brightoil Dalian Storage such facilities at the prevailing market price, save in the event such idleness has been caused by force majeure events or such idleness has not been caused due to the fault of Brightoil Petroleum.

In the event that the Projects cannot be carried out in accordance with the time set out above and such delay was due to reasons on the part of the Industrial Zone Management Committee or the relevant governmental departments, the construction schedule of the Projects can be extended as agreed by the parties to the Investment Agreement. The Industrial Zone Management Committee shall not be entitled to confiscate the Land.

In the event any economic loss has been incurred by a party to the Investment Agreement due to breach of terms of the Investment Agreement by the other party, the party in default shall compensate the direct economic loss to the other party. For the avoidance of doubt, the Infrastructure Subsidies and the Tax Subsidies will not be considered as a direct economic loss.

Termination of the Investment Agreement

The Investment Agreement shall be terminated in the event, among others, (i) the parties to the Investment Agreement agreed to terminate the Investment Agreement; (ii) the Projects or any phases of the Projects are not being approved by the relevant governmental bodies whereupon the parties to the Investment Agreement fail to reach an agreement on the continuation of their respective obligations under the Investment Agreement; or (iii) the parties do not agree on the terms of the Pipelines Land Agreement; or (iv) such other circumstances as might be allowed under the rules and regulations of the PRC for termination of contracts.

In the event Brightoil Petroleum fails to (i) commence construction of the Projects within the time stipulated; (ii) complete the construction of the Projects within the time scheduled; (iii) contribute to the registered capital of the Brightoil Dalian Subsidiaries within the prescribed time limit; or (iv) terminate the Investment Agreement without any grounds, the Industrial Zone Management Committee shall have the right to (a) request the Brightoil Dalian Subsidiaries to pay land idle fee to the relevant land and resources department in accordance with PRC rules and regulations for the Land acquired; (b) confiscate the Land, rights to the coastlines and territorial water permits granted to Brightoil Dalian Subsidiaries; or (c) acquire or auction off any immovable properties and wharf facilities built on the Land, based on a valuation arrived at by an intermediary, whereby proceeds from such auction shall be paid to the Brightoil Dalian Subsidiaries, in which case, the Industrial Zone Management Committee shall and shall liaise with the relevant governmental department to refund all expenses paid by Brightoil Dalian Subsidiaries (including consideration for land use rights of the Land) calculated at RMB120 per sq.m. (equivalent to approximately HK\$137 per sq.m.).

Pursuant to the terms of the Investment Agreement, the Industrial Zone Management Committee or the relevant PRC governmental departments shall also, depending on the length of the then remaining terms of the relevant permits or licences and the stage of development of the Projects, return the expenses incurred by the Brightoil Dalian Subsidiaries in relation to obtaining the territorial water permits in respect of the Wharf Project upon termination of the Investment Agreement. All obligations of each of the parties to the Investment Agreement shall be released and discharged upon termination save for any antecedent breaches of the Investment Agreement.

Effectiveness of the Investment Agreement

The Investment Agreement shall become effective upon the approval by the Shareholders at the SGM and all necessary regulatory approvals having been obtained from the Stock Exchange and the SFC which shall not be later than 45 Business Days from the date of the Investment Agreement (or such other date to be agreed by the parties to the Investment Agreement in writing). In the event that the Investment Agreement does not become effective within the abovementioned period, the Investment Agreement shall lapse.

INFORMATION ON THE INDUSTRIAL ZONE MANAGEMENT COMMITTEE

The Industrial Zone Management Committee is a management committee established by the Dalian City Municipal Government (大連市人民政府) for the purpose of developing the economy of Changxing Island. It is responsible for carrying out economic and social affairs and other related administrative work in the Dalian Changxing Island Harbour Industrial Zone in the Changxing Island, Dalian City, Liaoning Province, the PRC, on behalf of the Dalian City Municipal Government.

INFORMATION ON THE PROJECTS

The Oil Storage Project is expected to consist of the construction and operation of oil storage facilities with an aggregate capacity of approximately 8,000,000 m³ for petroleum products on the Land. Such oil storage facilities will be used for the storage of fuel oil, diesel fuel, aviation fuel, chemical products and crude oil. The Oil Storage Project will be carried out in two phases, of which, the first phase comprises the construction of storage facilities of

about 3,000,000 to 4,000,000 m³ (the “**Phase 1 Oil Storage Project**”) while the second phase comprises the construction of storage facilities of about 4,000,000 to 5,000,000 m³ (the “**Phase 2 Oil Storage Project**”).

The Wharf Project is expected to consist of the construction and operation of wharfs and related facilities with about 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 smaller size berths that can accommodate smaller DWT vessels on the Land.

Scale of the Projects will be subject to development of the Projects, the feasibility reports and the relevant governmental approval for each phase of the Projects, of which, (i) the Phase 1 Oil Storage Project shall be completed within 18 months from the date of commencement of the construction of the Projects; (ii) the Wharf Project shall be completed within 30 months from the date of commencement of the construction of the Projects; and (iii) the Phase 2 Oil Storage Project shall be completed within three years from the date of commencement of the construction of the Projects.

The Oil Storage Project and the Wharf Project will be carried out on the Land in the northern port area of the Changxing Island Harbour Industrial Zone (長興島臨港工業區) located on the Changxing Island, Dalian City, Liaoning Province, the PRC. The Changxing Island Harbour Industrial Zone located on the Changxing Island, being the fifth largest island in the PRC, covers an area of about 350 sq.km. with a total length of coastline of about 190 km., of which, 40 km. of coastline is suitable for industrial development.

Investment amount

The total investment for (i) the Oil Storage Project is estimated to be approximately US\$887 million (equivalent to approximately HK\$6.9 billion), among which, approximately US\$498 million (equivalent to approximately HK\$3.9 billion) and approximately US\$389 million (equivalent to approximately HK\$3.0 billion) is expected to be allocated for Phase 1 Oil Storage Project and Phase 2 Oil Storage Project respectively; (ii) the Wharf Project is estimated to be approximately US\$160 million (equivalent to approximately HK\$1.3 billion); and (iii) the construction of the Oil Pipelines is approximately US\$355 million (equivalent to approximately HK\$2.8 billion) respectively, subject to development of the Projects, the feasibility reports and governmental approvals for each phase of the Projects to be obtained.

The estimated investment amount of approximately US\$1,047 million (equivalent to approximately HK\$8.2 billion) for the Projects is estimated by the Group with reference to (i) the preliminary estimated investment amount in respect of the related construction works and other complementary facilities fees for the Projects provided by the institutions which are Independent Third Parties engaged by the Group for carrying out the related feasibility studies for the Projects; (ii) the feasibility reports prepared for the oil storage and wharf projects of the Group in the Zhoushan City, Zhejiang Province, the PRC; (iii) the current price levels of the relevant inputs; and (iv) the estimated scale of the Projects in different phases. The estimated investment amount of approximately US\$355 million (equivalent to approximately HK\$2.8 billion) for the construction of the Oil Pipelines is estimated by the Group with reference to (i) the preliminary estimated investment amount in respect of the

related construction works, land acquisition cost and other complementary facilities fees for the Oil Pipelines provided by an institution which is an Independent Third Party engaged by the Group for carrying out the related feasibility study for the construction of Oil Pipelines; (ii) the current price levels of the relevant inputs; and (iii) the estimated scale of Oil Pipelines to be constructed.

The Group intends to fund the total investment required for the Projects and the construction of the Oil Pipelines by internal resources of the Group, including part of the fund of HK\$450 million to be raised from the issue of convertible notes as disclosed in the circular of the Company dated 17 July 2009, and external financing. The allocation on how the investment will be funded will be subject to the then financing alternatives available to the Group, market conditions and the Group's financial position.

REASON FOR AND BENEFITS OF THE INVESTMENT AGREEMENT

The Group is principally engaged in the marketing and sale of marine bunkering services in the Greater China region, design, manufacturing and trading of garments, proprietary trading in securities and investment holding.

The Group has been actively looking for opportunities to invest in oil-and-gas related businesses including, among others, development and operation of petroleum product-related logistics businesses such as storage, wharfs and related facilities. The Group is currently undertaking similar projects to construct storage facilities with an aggregate capacity of approximately 2,200,000 m³ for petroleum products and wharfs and related facilities with about 15 berths of various sizes that can accommodate vessels of 300,000 DWT and 100,000 DWT as well as other smaller DWT vessels in the Zhoushan City, Zhejiang Province, the PRC, as part of the Group's petroleum product-related logistics business line in the PRC. As stated in the circular of the Company dated 17 July 2009, an initial investment of approximately US\$32.1 million (equivalent to approximately HK\$250.4 million) has already been contributed by the Group as registered capital for the project companies for such storage and wharf projects in the Zhoushan City.

It is the plan of the Group to further expand the network of its petroleum product-related logistics businesses by building or acquiring oil storage and wharf and related facilities at strategic locations which may also complement the growth of its marine bunkering business in the PRC. Dalian City, being one of the four designated locations for strategic oil reserve bases in the PRC, is strategically situated at the southern end of Liaoning Province where its strategic location at the entrance of the Bohai Bay enabled it to be prospered as a port city and developed as one of the major ports in the Bohai-rim region in the PRC. Changxing Island, being located in the Dalian City, benefits from its natural deep water which is favourable for port development. The Changxing Island Harbour Industrial Zone, which is located in the Changxing Island, is one of the five coastal industrial zones in Liaoning Province, the PRC, to be strategically revitalised by the PRC government, and is expected to be developed as an integral part of the international navigation center in northeastern PRC under the government's plan.

Further to the development of storage and wharf and related facilities in the Zhoushan City, the Directors believe that, the construction of a larger scale of similar facilities in the Changxing Island Harbour Industrial Zone can enable the Group to benefit from the strategic location of Dalian City which can offer it access to both importers and end users of petroleum products. Besides, the Directors also expect that, with the initiative of the PRC government to revitalise the Changxing Island Harbour Industrial Zone, it has the potential of being developed into an important hub to other ports along the coast of Bohai, serving the sea-to-sea transshipment of containers and petroleum products in the area. As such, the Directors expect that the Projects could enable the Group to benefit from the potential economic growth in the region which may in turn bring in economic benefits to the Group. In light of the above, the Directors consider that the entering into of the Investment Agreement for the development of the Projects represents a valuable opportunity for the Group to further expand its petroleum product-related logistics businesses to other provinces in the PRC, which can broaden its income base and enhance the overall business development of the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Investment Agreement are entered into on normal commercial terms after arm's length negotiations among the parties thereto and that the terms of the Investment Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

PRINCIPAL TERMS OF THE JV AGREEMENT

Pursuant to the terms of the Investment Agreement, Brightoil Dalian Port, a joint venture company, will be jointly established and owned as to 60% and 40% respectively by Brightoil Petroleum and a company invested by the Industrial Zone Management Committee for the construction and operation of the Wharf Project. The JV Agreement shall be separately entered into between the parties. Principal terms of the JV Agreement are set out below:

(i) Parties involved

1. Brightoil Petroleum
2. Changxing Island Investment Company, a company invested by the Industrial Zone Management Committee

(ii) Business scope

Pursuant to the JV Agreement, it is expected that Brightoil Dalian Port shall be engaged in the Wharf Project subject to the approval by the relevant PRC authorities.

(iii) Registered capital and capital contribution

Pursuant to the JV Agreement, each of Brightoil Petroleum and Changxing Island Investment Company shall contribute as to 60% and 40% to the registered capital of Brightoil Dalian Port respectively. The registered capital of Brightoil Dalian Port shall be payable by Brightoil Petroleum and Changxing Island Investment Company in proportion to their respective equity interests in Brightoil Dalian Port by cash installments as to (i) 15% of the registered capital of Brightoil Dalian Port within three

months from the date of issuance of the business licence of Brightoil Dalian Port; and (ii) the remaining balance of the registered capital of Brightoil Dalian Port within two years from the date of issuance of the business licence of Brightoil Dalian Port.

In the event any of Brightoil Petroleum and Changxing Island Investment Company does not contribute to the registered capital of the Brightoil Dalian Port in proportion to their respective equity interests in Brightoil Dalian Port pursuant to the JV Agreement, such party will be regarded as relinquishing their respective rights under the JV Agreement and having withdrawn from Brightoil Dalian Port. In such case, the other party will be entitled either to assume the rights and obligations of such party in whole or in part or to bring in new investor(s) for such purpose.

(iv) Board Composition

The board of Brightoil Dalian Port will comprise five directors. Each of Brightoil Petroleum and Changxing Island Investment Company shall have the right to nominate three members and two members to the board of Brightoil Dalian Port respectively.

(v) Profit and loss sharing

Each of Brightoil Petroleum and Changxing Island Investment Company will be entitled to share the profits and bear the losses of Brightoil Dalian Port in proportion to their respective contribution in the registered capital of Brightoil Dalian Port.

(vi) Transfer of equity interests

Each of Brightoil Petroleum and Changxing Island Investment Company may transfer its equity interests in Brightoil Dalian Port, in whole or in part, subject to the pre-emptive rights of the other party and after obtaining all the necessary approvals from the other party and the relevant PRC government authorities.

(vii) Effectiveness

The JV Agreement shall become effective upon the approval by the Shareholders and the Stock Exchange (if applicable) having been obtained.

(viii) Other terms

Brightoil Dalian Port shall have a term of 50 years from the date of issuance of its business licence.

Final terms of the JV Agreement, including the amount of the registered capital of Brightoil Dalian Port, shall be agreed between Brightoil Petroleum and Changxing Island Investment Company subject to further negotiation.

GENERAL

The entering into of the Investment Agreement constitutes a very substantial acquisition for the Company under the Listing Rules. The Investment Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders by way of poll at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Investment Agreement and the transactions contemplated thereunder and no Shareholder is required to abstain from voting to approve the Investment Agreement and the transactions contemplated thereunder at the SGM. A circular containing, among other things, information on the Investment Agreement and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

The entering into of the Definitive Land Transfer Agreements and the JV Agreement will fall under the definitions of “transactions” to the Company under Rule 14.04(1)(a) and Rule 14.04(1)(f) respectively of the Listing Rules. In the event that the entering into of any contracts or agreements including, but not limited to, the Definitive Land Transfer Agreements and the JV Agreement that constitute a notifiable transaction to the Company, the Company will ensure its due compliance with the requisite disclosure and/or Shareholders’ approval requirements as prescribed under the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 10 August 2009 at the request of the Company pending the publication of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 August 2009.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Brightoil Dalian Investment”	光滙石油（大連）投資有限公司 (Brightoil Petroleum (Dalian) Investment Company Limited*), a wholly foreign owned enterprise to be established by Brightoil Petroleum in the PRC with limited liability pursuant to the Investment Agreement
“Brightoil Dalian Port”	大連長興島光滙石油碼頭有限公司 (Dalian Changxing Island Brightoil Petroleum Port Company Limited*), a joint venture company to be established and owned as to 60% and 40% by Brightoil Petroleum and a company invested by the Industrial Zone Management Committee respectively for the construction and operation of the Wharf Project

* For identification purposes only

“Brightoil Dalian Storage”	光滙石油（大連）儲運有限公司 (Brightoil Petroleum (Dalian) Storage Company Limited*), a wholly-owned subsidiary to be established by Brightoil Petroleum (either through Brightoil Dalian Investment or by itself) in the PRC pursuant to the Investment Agreement for the construction and operation of the Oil Storage Project
“Brightoil Dalian Subsidiaries”	Brightoil Dalian Investment, Brightoil Dalian Storage and Brightoil Dalian Port
“Brightoil Petroleum”	Brightoil Petroleum Group Limited (光滙石油集團有限公司), a wholly-owned subsidiary of the Company
“Business Days”	a day, other than a public holiday and a national statutory holiday in accordance with the PRC laws
“Changxing Island Investment Company”	大連長興島開發建設投資有限公司 (Dalian Changxing Island Development and Construction Investment Company Limited*), a company invested by the Industrial Zone Management Committee
“Company”	Brightoil Petroleum (Holdings) Limited, a company incorporated in Bermuda and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in Rule 1.01 of the Listing Rules and as expanded by Rule 14A.11 of the Listing Rules
“Definitive Land Transfer Agreements”	the formal land use rights transfer agreements to be entered into between the Brightoil Dalian Subsidiaries and the relevant PRC governmental body in respect of the transfer of land use rights of the Land for the construction and operation of the Projects for a period of 50 years
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the Listing Rules

* For identification purposes only

“Industrial Zone Management Committee”	大連長興島臨港工業區管理委員會(Dalian Changxing Island Harbour Industrial Zone Management Committee*)
“Investment Agreement”	a legally binding framework investment agreement dated 10 August 2009 entered into between Brightoil Petroleum and the Industrial Zone Management Committee in relation to, among others, the establishment of the Brightoil Dalian Subsidiaries for the Projects
“JV Agreement”	a formal joint venture agreement to be entered into between Brightoil Petroleum and Changxing Island Investment Company in respect of the establishment of Brightoil Dalian Port for the Wharf Project
“Land”	a piece of land with an initial area of approximately 2 million sq.m. on Changxing Island, Dalian City, Liaoning Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Oil Storage Project”	a project in relation to the construction and operation of oil storage facilities for petroleum products (including crude oil) on the Land
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Projects”	the Oil Storage Project and the Wharf Project
“SFC”	Securities and Futures Commission
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, the Investment Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of United States of America

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“Wharf Project”	a project in relation to the construction and operation of wharfs and related facilities on the Land
“km”	kilometer
“m”	metre
“m ³ ”	cubic metre
“sq.km.”	square kilometre
“sq.m.”	square metre
“%”	per cent.

By order of the Board
Brightoil Petroleum (Holdings) Limited
Sit Kwong Lam
Chairman

Hong Kong, 11 August 2009

For the purpose of this announcement, the exchange rates of (i) US\$ to HK\$ is US\$1 to HK\$7.8; (ii) US\$ to RMB is US\$1 to RMB6.83; and (iii) RMB to HK\$ is RMB1 to HK\$1.14.

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Dr. Sit Kwong Lam, Mr. Tang Bo, Mr. Chia Teck Lim, Mr. Tan Yih Lin, Mr. Fu Dewu and Mr. Gregory John Channon; (ii) four non-executive Directors, namely Mr. He Zixin, Mr. Ran Longhui, Mr. Sun Zhenchun and Mr. Dai Zhujiang; and (iii) three independent non-executive Directors, namely Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang.

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