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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: 0933)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

**Financial adviser to Brightoil Petroleum (Holdings) Limited**

**Piper Jaffray**

#### **BACKGROUND**

Reference is made to the Circular in relation to, among others, the entering into of the Investment Agreement for the investments in the Projects and oil pipelines.

According to the terms of the Investment Agreement, Brightoil Petroleum and a company invested by the Industrial Zone Management Committee shall jointly establish Brightoil Dalian Terminal for the construction and operation of the Wharf Project.

#### **THE JV AGREEMENT**

The Directors are pleased to announce that on 12 November 2009, Brightoil Petroleum entered into the JV Agreement with Changxing Island Investment Company regarding Brightoil Dalian Terminal, which will be owned as to 60% by Brightoil Petroleum and as to 40% by Changxing Island Investment Company for the purpose of the construction and operation of the Wharf Project.

Pursuant to the JV Agreement, the registered capital and the total investment of Brightoil Dalian Terminal shall be US\$68 million (equivalent to approximately HK\$530.4 million) and US\$98 million (equivalent to approximately HK\$764.4 million) respectively.

\* *For identification purpose only*

As the applicable percentage ratios for the JV Agreement exceed 5% but are less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

## **BACKGROUND**

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## **THE JV AGREEMENT**

### **Date**

12 November 2009

### **Parties involved**

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

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Changxing Island Investment Company and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

### **Business scope**

Pursuant to the JV Agreement, subject to the approval by the relevant PRC authorities, Brightoil Dalian Terminal shall be engaged in the development and operation of wharf and related ancillary facilities in respect of petrochemical products and the provision of related logistics services in the PRC.

## Registered capital and capital contribution

Pursuant to the JV Agreement, the registered capital of Brightoil Dalian Terminal shall be US\$68.0 million (equivalent to approximately HK\$530.4 million). Each of the JV Parties shall pay up their respective contributions to the registered capital of Brightoil Dalian Terminal as follows:

<b>Party</b>	<b>Form of contribution</b>	<b>Amount</b>	<b>Equity interest in Brightoil Dalian Terminal</b>
Brightoil Petroleum	Cash	US\$40.8 million (equivalent to approximately HK\$318.2 million)	60%
Changxing Island Investment Company	Cash	US\$27.2 million (equivalent to approximately HK\$212.2 million)	40%

The initial investment amount of Brightoil Dalian Terminal shall be US\$98 million (equivalent to approximately HK\$764.4 million) and the balance of the total investment in excess of the registered capital, namely a sum of US\$30 million (equivalent to approximately HK\$234.0 million) is expected to be financed by external borrowings. Upon any increase of the registered capital of Brightoil Dalian Terminal, the JV Parties shall contribute in the proportion of 60% (by Brightoil Petroleum) and 40% (by Changxing Island Investment Company) of the increased amount of the registered capital to Brightoil Dalian Terminal.

Pursuant to the JV Agreement, the registered capital of Brightoil Dalian Terminal shall be payable by cash in installments in the following manner by the JV Parties in proportion to their respective equity interests in Brightoil Dalian Terminal:

<b>Date of payment</b>	<b>Total amount to be paid by the JV Parties</b>
Within three months from the date of issue of Brightoil Dalian Terminal's business licence	20% of the registered capital, being US\$13.6 million (equivalent to approximately HK\$106.1 million)
Within six months from the date of issue of Brightoil Dalian Terminal's business licence	Remaining balance of the registered capital, being US\$54.4 million (equivalent to approximately HK\$424.3 million)

In the event any of the JV Parties does not contribute to the registered capital of Brightoil Dalian Terminal in proportion to their respective equity interests pursuant to the JV Agreement, such party will be regarded as relinquishing its respective right under the JV Agreement and having withdrawn from Brightoil Dalian Terminal. In such case, the remaining JV 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.

The capital contribution of US\$40.8 million (equivalent to approximately HK\$318.2 million) by Brightoil Petroleum will be financed by internal resources of the Group.

### **Board composition**

The JV Board 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 JV Board respectively.

### **Profit and loss sharing**

The JV Parties will be entitled to share the profits and bear the losses of Brightoil Dalian Terminal in the proportion of 60% (by Brightoil Petroleum) and 40% (by Changxing Island Investment Company).

### **Transfer of equity interests**

Each of the JV Parties may transfer its equity interests in Brightoil Dalian Terminal, in whole or in part, to any third party subject to the pre-emptive rights of the other JV Party and after obtaining all the necessary approvals from the other JV Party and the relevant PRC government authorities.

### **Effectiveness**

The JV Agreement shall become effective upon the approval by the Shareholders (if applicable) and all necessary regulatory approvals having been obtained.

### **Other terms**

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

## **INFORMATION ON THE JV PARTIES**

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, property holding and investment holding.

Brightoil Petroleum is an investment holding company and is a wholly-owned subsidiary of the Company.

Changxing Island Investment Company is a company invested by 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 on the Changxing Island, Dalian City, Liaoning Province, the PRC, on behalf of the Dalian City Municipal Government.

## REASONS FOR THE ESTABLISHMENT OF THE JV COMPANY

As stated in the Circular, apart from the development of its storage facilities and wharfs and related facilities in the Zhoushan City, Zhejiang Province, the PRC, the Group also planned to further expand the network of its petroleum product-related logistics business by building or acquiring oil storage and wharf and related facilities at strategic locations which might also complement the growth of its marine bunkering business in the PRC. Brightoil Dalian Terminal will construct and operate 13 to 15 berths including (i) a berth to accommodate vessels of 300,000 DWT; (ii) two berths to accommodate vessels of 100,000 DWT; (iii) two berths to accommodate vessels of 30,000 to 50,000 DWT; and (iv) other smaller berths to accommodate smaller DWT vessels on Changxing Island, Dalian City, Liaoning Province, the PRC. Such constructions shall be subject to the related feasibility studies, their ultimate designs and the relevant regulatory approval having been obtained. The Directors are of the view that such port operation represents a valuable opportunity for the Group to further expand its petroleum product-related logistics business to other provinces in the PRC, which can broaden its income base and enhance the overall business development of the Group.

The Directors consider that the terms and conditions of the JV Agreement are fair and reasonable as far as the Company and its Shareholders are concerned.

## GENERAL

As the applicable percentage ratios for the JV Agreement exceed 5% but are less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

## 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 Terminal”	大連長興島光滙石油碼頭有限公司 (Dalian Changxing Island Brightoil Terminal Co., Limited*), a company to be established in the PRC with limited liability pursuant to the JV Agreement
“Brightoil Petroleum”	Brightoil Petroleum Group Limited (光滙石油集團有限公司), a wholly-owned subsidiary of the Company
“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

“Circular”	the circular of the Company dated 14 September 2009 in relation to, among others, the entering into of the Investment Agreement for the investment of the Projects and oil pipelines
“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
“Director(s)”	the director(s) of the Company
“DWT”	deadweight tonne
“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
“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 with details disclosed in the Circular
“JV Agreement”	the joint venture agreement dated 12 November 2009 entered into between Brightoil Petroleum and Changxing Island Investment Company in respect of the establishment of Brightoil Dalian Terminal for the construction and operation of the Wharf Project

“JV Board”	board of directors of Brightoil Dalian Terminal
“JV Party(ies)”	Brightoil Petroleum and Changxing Island Investment Company
“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 as stipulated in the Investment Agreement
“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“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
“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
“Wharf Project”	a project in relation to the construction and operation of wharfs and related facilities on the Land as stipulated in the Investment Agreement
“%”	per cent.

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

Hong Kong, 12 November 2009

*For the purpose of this announcement, the exchange rate of US\$ to HK\$ is US\$1 to HK\$7.8.*

*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. Gregory John Channon and Mr. Cheung Sum, Sam; (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.*