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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, professional company secretary or other professional adviser.

If you have sold or transferred all your shares in Brightoil Petroleum (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Grand Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from Grand Vinco Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 31 of this circular.

A notice convening the SGM to be held at 33/F., 118 Connaught Road West, Sheung Wan, Hong Kong at 11:00 a.m. on Monday, 24 June 2013, is set out on pages 37 to 38 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2010 Circular”	the circular of the Company dated 9 June 2010
“2010 Oil Purchase Agreement”	the agreement entered into on 25 May 2010 between the Company and Shenzhen Brightoil in relation to the purchase of fuel oil, gas oil and the related petroleum products from the Shenzhen Brightoil Group by the Group, details of which are disclosed in the announcement of the Company dated 25 May 2010
“2012 Cargo-Carrying Agreement”	the agreement entered into on 21 February 2012 between Brightoil Shipping and Shenzhen Brightoil in relation to the leasing of cargo-carrying space of any vessels owned, controlled, chartered, managed or operated by Brightoil Shipping to the Shenzhen Brightoil Group by Brightoil Shipping, details of which are disclosed in the announcement of the Company dated 21 February 2012
“2013 Cargo-Carrying Agreement”	the agreement entered into on 8 May 2013 between the Company and Shenzhen Brightoil in relation to the sub-chartering and/or subletting of any of the Vessels to the Shenzhen Brightoil Group and/or the carrying of the cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels
“2013 Oil Purchase Agreement”	the agreement entered into on 8 May 2013 between the Company and Shenzhen Brightoil in relation to the purchase of Oil from the Shenzhen Brightoil Group by the Group
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Brightoil Shipping”	Brightoil Shipping Group Ltd., a direct wholly-owned subsidiary of the Company
“Brightoil Shipping Group”	Brightoil Shipping and its subsidiaries
“Company”	Brightoil Petroleum (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules and as extended by Rule 14A.11 of the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Dr. Sit”	Dr. Sit Kwong Lam, an executive Director and the chairman of the Company
“DWT”	deadweight tonnage
“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 Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement including their respective proposed annual caps
“Independent Shareholders”	Shareholders other than Dr. Sit and his associates
“Independent Third Party (Parties)”	third party(ies) independent of the Group or its connected persons
“International Trading and Bunkering Business”	the international trading and bunkering business (including the trading of petroleum products) carried out by the Group from time to time
“Latest Practicable Date”	30 May 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MT”	metric tonne(s)
“Oil”	fuel oil, diesel fuel, crude oil and gas oil, as well as petrochemical and the related petroleum products
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be held for the purpose of considering, and if thought fit, approving, among others, the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps relating thereto
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Brightoil”	深圳光滙石油集團股份有限公司 (Shenzhen Brightoil Group Co., Ltd.*), a company established in the PRC with limited liability, which is ultimately and beneficially controlled by Dr. Sit
“Shenzhen Brightoil Group”	Shenzhen Brightoil and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vessels”	any vessels owned, controlled, chartered, managed or operated by the Group
“Vincor Capital”	Grand Vincor Capital Limited, a wholly-owned subsidiary of Vincor Financial Group Limited (stock code: 8340), a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, as defined under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement including their respective proposed annual caps
“VLCC”	very large crude carriers
“WS”	Worldscale
“%”	per cent.

* for identification purpose only

In this circular, unless otherwise specified, amounts denominated in US\$ have been translated for the purpose of illustration only, into HK\$ at the exchange rate of US\$1 to HK\$7.77.

No representation is made that any amounts in US\$ or HK\$ can be or could have been at the relevant dates converted at the rates disclosed in this circular or any other rates or at all.

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Sit Kwong Lam

Mr. Tang Bo

Mr. Tan Yih Lin

Mr. Per Wistoft Kristiansen

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Non-executive Director:

Mr. Dai Zhujiang

*Head office and principal place of
business in Hong Kong:*

33/F, 118 Connaught Road West

Sheung Wan

Hong Kong

Independent non-executive Directors:

Mr. Lau Hon Chuen

Professor Chang Hsin Kang

Mr. Kwong Chan Lam

4 June 2013

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 25 May 2010 and the 2010 Circular in relation to the 2010 Oil Purchase Agreement which sets out the basis on which the Group purchases fuel oil, gas oil and the related petroleum products from the Shenzhen Brightoil Group. The transactions contemplated under the 2010 Oil Purchase Agreement constituted continuing connected transactions of the Company under the Listing Rules and were approved by the Independent Shareholders on 29 June 2010. The term of the 2010 Oil Purchase Agreement will expire on 30 June 2013.

In order to facilitate the worldwide expansion of the International Trading and Bunkering Business, the Group expects that its purchase of Oil from the Shenzhen Brightoil Group will continue in the future. In this regard, on 8 May 2013, the Company entered into the 2013 Oil Purchase Agreement

* For identification purpose only

LETTER FROM THE BOARD

with Shenzhen Brightoil, pursuant to which the Group agreed to purchase Oil from the Shenzhen Brightoil Group for a term of three years commencing on 1 July 2013 and ending on 30 June 2016 with an option to renew.

Reference is made to the announcement of the Company dated 21 February 2012 in relation to the 2012 Cargo-Carrying Agreement, pursuant to which, Brightoil Shipping (a direct wholly-owned subsidiary of the Company) agreed to carry cargoes of the Shenzhen Brightoil Group in any vessels owned, controlled, chartered, managed or operated by Brightoil Shipping, using all or part of the cargo-carrying space of such vessels for the period from 21 February 2012 to 30 June 2014. The transactions contemplated under the 2012 Cargo-Carrying Agreement constituted continuing connected transactions of the Company under the Listing Rules but were exempt from the Independent Shareholders' approval requirement under the Listing Rules.

On 8 May 2013, the Company entered into the 2013 Cargo-Carrying Agreement with Shenzhen Brightoil, pursuant to which the Group agreed to sub-charter and/or sublet any of the Vessels to the Shenzhen Brightoil Group and/or carry cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels for a term of three years commencing on 1 July 2013 and ending on 30 June 2016. The 2012 Cargo Carrying Agreement will be terminated on 30 June 2013.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the proposed annual caps in relation to each of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are more than 5%, each of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you with, among other matters, (i) further information on the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective annual caps; (ii) the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective annual caps; (iii) the letter from Vinco Capital setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective annual caps; and (iv) the notice of the SGM.

A. CONTINUING CONNECTED TRANSACTIONS

i. 2013 Oil Purchase Agreement

Principal terms of the 2013 Oil Purchase Agreement

Date

8 May 2013

Parties

1. The Company
2. Shenzhen Brightoil

LETTER FROM THE BOARD

Condition precedent

The 2013 Oil Purchase Agreement is conditional on being approved by the Independent Shareholders at the SGM.

Terms

Subject to the fulfilment of the condition precedent set out above, the 2013 Oil Purchase Agreement shall be for a term of three years commencing on 1 July 2013 and ending on 30 June 2016, and is renewable at the Company's option for another term of three years by giving at least 60 days' notice prior to the expiry of the initial term, subject to compliance with the Listing Rules.

Fee charges

Under the 2013 Oil Purchase Agreement, the Shenzhen Brightoil Group shall provide quotations to the Group in accordance with price fluctuation of the international market from time to time or at the request of the Group. Such quotations shall include the fees to be charged for the Oil as well as delivery services, which will be determined based on the Shenzhen Brightoil Group's cost for the operation (including, but not limited to, storage, duties, vessel operating costs and insurance etc.) plus a premium to be determined by the Shenzhen Brightoil Group, provided in any event, such fees shall not be higher than 97% of the prices quoted by other service providers in the market for similar services in nearby ports. The Company has existing internal control procedures to monitor the fees charged by the Shenzhen Brightoil Group and ensure such fees shall not be higher than 97% of the prices quoted by such other service providers. Upon the 2013 Oil Purchase Agreement becoming effective, the Company's purchasing department will check the fee quoted by the Shenzhen Brightoil Group to ensure the quotes comply with the pricing arrangement under the 2013 Oil Purchase Agreement by comparing it against the market price. The Group can purchase Oil from the Shenzhen Brightoil Group, which will be responsible for the delivery of Oil to the Group or the Group's customers worldwide at the direction of the Group.

Payment terms

Pursuant to the 2013 Oil Purchase Agreement, payment shall be made in cash by the Group within 45 days after the date of the signing of the Oil purchase confirmation or within such period as the parties agree. The credit terms for the purchase of Oil and delivery services by the Group shall be no less favourable than those available to the Group from Independent Third Parties for providing similar services.

LETTER FROM THE BOARD

Historical volume of Oil sourced

The table below sets out the fees paid or payable by the Group to the Shenzhen Brightoil Group in relation to its International Trading and Bunkering Business pursuant to the 2010 Oil Purchase Agreement (i) for the years ended 30 June 2011 and 30 June 2012; and (ii) for the six months ended 31 December 2012, as well as the relevant annual caps for the years ended 30 June 2011 and 30 June 2012 and the year ending 30 June 2013:

	For the year ended 30 June 2011 (Approximate)	For the year ended 30 June 2012 (Approximate)	For the six months ended 31 December 2012 (Approximate)
Total fees paid or payable under the 2010 Oil Purchase Agreement	HK\$10,310 million	HK\$12,556 million	HK\$1,154 million
	For the year ended 30 June 2011	For the year ended 30 June 2012	For the year ending 30 June 2013
Existing annual caps	US\$3,150 million (equivalent to approximately HK\$24,475.5 million)	US\$4,200 million (equivalent to approximately HK\$32,634 million)	US\$4,970 million (equivalent to approximately HK\$38,616.9 million)

For the year ending 30 June 2013, the Company expects the monetary cap of US\$4,970 million (equivalent to approximately HK\$38,616.9 million) will not be exceeded.

Proposed annual caps

The Directors propose that the maximum aggregate amount payable by the Group to the Shenzhen Brightoil Group for each of the three years ending 30 June 2014, 30 June 2015 and 30 June 2016 under the 2013 Oil Purchase Agreement be not higher than the proposed annual caps as set out below:

	Proposed annual caps for the year ending 30 June		
	2014	2015	2016
Fees payable by the Group under the 2013 Oil Purchase Agreement	US\$4,800 million (equivalent to approximately HK\$37,296 million)	US\$6,500 million (equivalent to approximately HK\$50,505 million)	US\$9,700 million (equivalent to approximately HK\$75,369 million)

LETTER FROM THE BOARD

In arriving at each of the annual caps for the three years ending 30 June 2016, the Directors have taken into account: (a) the volume of the International Trading and Bunkering Business of the Group achieved in the past; (b) the potential market size based on the expected level of international trading activities and the throughput at the various ports; and (c) the plan of the Group to extend its coverage to other ports globally. Different from the 2010 Oil Purchase Agreement, the proposed annual caps under the 2013 Oil Purchase Agreement have taken into account both the market price and trading volume of fuel oil and crude oil, while the proposed annual caps under the 2010 Oil Purchase Agreement have only taken into account the market price and trading volume of fuel oil. The annual cap amounts under the 2013 Oil Purchase Agreement are estimated by the Group at approximately US\$665.5 per MT for fuel oil and approximately US\$97.9 per barrel for crude oil to be purchased and delivered (with reference to the high end of the range of bunker and crude oil market prices recorded by the Group for the period from January 2013 to March 2013). In terms of trading volume, the Group expects the trading volume of Oil will increase and plan to purchase approximately 1.4 million MT, 1.9 million MT and 2.8 million MT of crude oil and approximately 5.6 million MT, 7.6 million MT and 11.4 million MT of fuel oil from the Shenzhen Brightoil Group, respectively, for the three years ending 30 June 2016.

The Board considers that the entering into of the 2013 Oil Purchase Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms (or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties), fair and reasonable and in the interests of the Company and the Shareholders as a whole. It also considers that the proposed annual caps set for each of the three years ending 30 June 2014, 30 June 2015 and 30 June 2016 for the 2013 Oil Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Non-compete undertaking

Before July 2006, the PRC marine bunker market was monopolised by a state-owned enterprise, which is currently the largest bunker oil supplier in the PRC. In July 2006, the PRC government opened up the marine bunker market in the PRC and granted licences to four new operators, including the Shenzhen Brightoil Group.

Dr. Sit (the chairman of the Company and a controlling Shareholder) has made substantial investments in the oil and gas businesses through the Shenzhen Brightoil Group, which engages in, among others, the supply of duty-free marine bunkering services in the PRC. To protect the Group's interest in the bunker oil business in the PRC, the Shenzhen Brightoil Group has undertaken to the Group that it will not engage in any direct competition with the Group in respect of the Group's International Trading and Bunkering Business in the PRC during the term of the 2013 Oil Purchase Agreement and it shall provide Oil and the related delivery services to the Group on an exclusive basis.

LETTER FROM THE BOARD

This non-compete undertaking is conditional upon the passing of the ordinary resolution by the Independent Shareholders to approve the transactions contemplated under the 2013 Oil Purchase Agreement and the proposed annual caps for the three years ending 30 June 2016.

Reasons for entering into the 2013 Oil Purchase Agreement

The Group is principally engaged in (i) the International Trading and Bunkering Business with plans to expand globally; (ii) construction of oil storage and terminal facilities; (iii) marine transportation; (iv) natural gas development and production; (v) proprietary trading in securities and derivatives; and (vi) property holding and investment holding.

The Shenzhen Brightoil Group has been engaged in the provision of oil storage services, investment in gas stations and the wholesale of petroleum products in the PRC. After the grant of approvals in 2006 and 2009 by the relevant authorities in the PRC, it has also engaged in the supply of duty-free oil for marine bunkers in the PRC. It is one of the five approved marine bunkering operators in the PRC.

The continuing connected transactions in relation to the purchase and delivery of Oil between the Group and the Shenzhen Brightoil Group have been taking place since 2008. Having considered the global expansion plan of the International Trading and Bunkering Business of the Group, the Directors are of the view that these continuing connected transactions with the Shenzhen Brightoil Group will provide strong support to the Group, and thereby strengthen its foothold in the industry, especially within the PRC. The Group is set to become a major global marine bunkering supplier in the near future.

ii. 2013 Cargo-Carrying Agreement

Principal terms of the 2013 Cargo-Carrying Agreement

Date

8 May 2013

Parties

1. The Company
2. Shenzhen Brightoil

LETTER FROM THE BOARD

Condition precedent

The 2013 Cargo-Carrying Agreement is conditional on being approved by the Independent Shareholders at the SGM.

Terms

Subject to the fulfilment of the condition precedent set out above, the 2013 Cargo-Carrying Agreement shall be for a term of three years commencing on 1 July 2013 and ending on 30 June 2016.

Freight charges

The Shenzhen Brightoil Group shall pay to the Group the freight charges which shall be determined based on the volume of the cargoes, the distance of voyages, the size of the Vessels and the then prevailing market price of the freight. The market price of freight charges is mainly influenced by fuel prices and the availability of cargo carrying spaces in the region. The freight charges payable under the 2013 Cargo-Carrying Agreement will be determined based on normal commercial terms to be agreed between the Group and the Shenzhen Brightoil Group with reference to the factors mentioned above on a case-by-case basis, which in any event will be similar to and no more favourable than the terms offered by the Group to other Independent Third Parties. The Company has existing internal control procedures to ensure the pricing mechanism under the 2013 Cargo-Carrying Agreement has been followed. The shipping department of the Company will benchmark and compare the freight charges under the 2013 Cargo-Carrying Agreement against the market price of freight charges considering the similar size of the cargoes and the similar distance of the voyages.

Payment terms

The Shenzhen Brightoil Group shall pay the freight charges in arrears upon completion of the discharge of the cargoes in cash, which is similar to and no more favourable than the terms offered by the Group to Independent Third Parties.

LETTER FROM THE BOARD

Historical freight charges

The table below sets out the freight charges received or receivable by the Brightoil Shipping Group from the Shenzhen Brightoil Group in relation to the provision of cargo-carrying services pursuant to the 2012 Cargo-Carrying Agreement (i) for the period from 21 February 2012 to 30 June 2012 and (ii) for the six months ended 31 December 2012, as well as the annual caps (i) for the period from 21 February 2012 to 30 June 2012 and (ii) for the year ending 30 June 2013:

	For the period from 21 February 2012 to 30 June 2012 (Approximate)	For the six months ended 31 December 2012 (Approximate)
Total freight charges received or receivable under the 2012 Cargo-Carrying Agreement	HK\$39.5 million	HK\$9.4 million
	For the period from 21 February 2012 to 30 June 2012	For the year ending 30 June 2013
Existing annual caps	HK\$140 million	HK\$200 million

For the year ending 30 June 2013, the Company expects the monetary cap of HK\$200 million will not be exceeded.

Proposed annual caps

The Directors propose that the maximum aggregate amount receivable by the Group from the Shenzhen Brightoil Group for each of the three years ending 30 June 2014, 30 June 2015 and 30 June 2016 under the 2013 Cargo-Carrying Agreement be not higher than the proposed annual caps as set out below:

	Proposed annual caps for the year ending 30 June		
	2014	2015	2016
Freight charges receivable by the Group under the 2013 Cargo-Carrying Agreement	US\$50 million (equivalent to approximately HK\$388.5 million)	US\$70 million (equivalent to approximately HK\$543.9 million)	US\$106 million (equivalent to approximately HK\$823.6 million)

LETTER FROM THE BOARD

The annual caps were determined after taking into account (i) the anticipated volume of the cargo carrying capacity demanded by the Shenzhen Brightoil Group, which is estimated to be in the range of 80,000 MT to 300,000 MT per voyage; (ii) the anticipated growth of such voyages demanded by the Shenzhen Brightoil Group; and (iii) the then prevailing market price of the freight, which is estimated with reference to the current market rate for such voyages on similar vessels. The basis for determining the freight payable by the Shenzhen Brightoil Group to the Group under the 2013 Cargo-Carrying Agreement was determined following an arm's length negotiation between the parties.

As the Shenzhen Brightoil Group requires marine transportation to deliver the Group's Oil orders, the Shenzhen Brightoil Group will use the Group's marine transportation services as it does not have its own tanker fleet. The anticipated volume of the cargo carrying capacity and the anticipated growth of such voyages demanded by the Shenzhen Brightoil Group are estimated based on the expected increased volume of Oil to be purchased by the Group from the Shenzhen Brightoil Group in the three years ending 30 June 2016 times the relevant percentage in which the transportation of the purchased fuel oil and crude oil is to be provided by the Group other than by third parties. The percentage varies from 30% to 100%.

The prevailing market freight rate of each voyage with different loading and discharging ports adopted by the Group for calculation of the annual caps are calculated by multiplying: (i) the number of MT to be loaded into each tanker; (ii) the prevailing WS flat rate per different voyage; and (iii) the prevailing WS spot rate. The Worldscale Association issues updated tanker rates, which are referred to as 'flat rates' at the end of each year. These values are given in a US\$/MT format and are a fundamental component used in the negotiation of WS spot rates. The WS spot rates, which are barometer for the strength of the spot tanker market, are a percentage of the flat rate, with the latter being equal to the nominal or 100% freight rate¹. The Group has made an assumption that the WS flat rate per freight will increase by 3.5% per year, which is equivalent to the inflation rate of Singapore in March 2013.

The Board considers that the entering into of the 2013 Cargo-Carrying Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms (or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties), fair and reasonable and in the interests of the Company and the Shareholders as a whole. It also considers that the proposed annual caps set for each of the three years ending 30 June 2014, 30 June 2015 and 30 June 2016 for the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

¹ No. 21-2013 Worldscale Flat Rate Forecast by McQuilling Services, LLC on 25 October 2012.

LETTER FROM THE BOARD

Reasons for entering into the 2013 Cargo-Carrying Agreement

The entering into of the 2013 Cargo-Carrying Agreement will increase the utilisation of the Vessels' cargo-carrying capacity and enhance the Group's operational efficiency through an expected increase in cargo-carrying capacity utilisation, whilst it also provides an additional source of income to the Group. Since the Group took delivery of five VLCCs during the period from July 2012 to March 2013, the Group's total capacity has increased to over 2 million DWT with five VLCCs, four aframax oil tankers and one bunker barge in full operation. Taking into account the above, the Company entered into the 2013 Cargo-Carrying Agreement. The Group expects that the entering into of the 2013 Cargo-Carrying Agreement is beneficial to long-term co-operation between the Group and the Shenzhen Brightoil Group and is within the business scope of the Group.

The Company entered into the 2013 Cargo-Carrying Agreement due to the changes of major terms of the 2012 Cargo-Carrying Agreement. The differences between the major terms of these agreements are: (i) the Company and its subsidiaries (not just the Brightoil Shipping Group) will be entitled to provide cargo-carrying services to the Shenzhen Brightoil Group under the 2013 Cargo-Carrying Agreement; and (ii) the cargo-carrying services provided by the Group under the 2013 Cargo-Carrying Agreement has extended to sub-charter and/or sublet any of the Vessels to the Shenzhen Brightoil Group and/or carry cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels, whereas under the 2012 Cargo-Carrying Agreement, Brightoil Shipping Group has only agreed, subject to the Vessels' capacity and availability from time to time, to carry cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels.

B. LISTING RULES IMPLICATIONS

Shenzhen Brightoil is ultimately and beneficially controlled by Dr. Sit, an executive Director, the chairman of the Company and a controlling Shareholder indirectly interested in approximately 74.9% of the issued share capital of the Company as at the Latest Practical Date. Accordingly, Shenzhen Brightoil is a connected person of the Company and the transactions contemplated under the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the proposed annual caps in relation to each of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are more than 5%, each of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement will be subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. Since Dr. Sit is materially interested in the transactions contemplated under the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement, Dr. Sit has abstained from voting at the Board meeting approving such agreements. Dr. Sit and his associates were interested in an aggregate of 6,564,605,666 Shares as at the Latest Practicable Date, and were in control of or were entitled to exercise control over the voting rights of the Shares held by them. They are required to abstain from voting on the resolutions approving the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps at the SGM.

LETTER FROM THE BOARD

C. SGM

The SGM will be held at 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong at 11:00 a.m. on Monday, 24 June 2013 at which ordinary resolutions will be proposed to approve the 2013 Oil Purchase Agreement and 2013 Cargo-Carrying Agreement and their respective annual caps.

A notice convening the SGM is set out on pages 37 to 38 of this circular. A form of proxy for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM in person, you are advised to read the notice and complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

D. RECOMMENDATION

The Board (other than the independent non-executive Directors) considers that the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are entered into on normal commercial terms (or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties), in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole and the proposed annual caps for the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board (other than the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps.

Vinco Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps. Vinco Capital considers that the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are entered into in the ordinary and usual course of business of the Group and with terms no less favourable than those available to the Group from Independent Third Parties or no more favourable than the terms offered by the Group to Independent Third Parties (as appropriate), are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the proposed annual caps for the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, Vinco Capital advises the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps.

LETTER FROM THE BOARD

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps. The Independent Board Committee, having taken into account the opinion of Vinco Capital, considers that the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are entered into in the ordinary and usual course of business of the Group and with terms no less favourable than those available to the Group from Independent Third Parties or no more favourable than the terms offered by the Group to Independent Third Parties (as appropriate), are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the proposed annual caps for the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps.

Your attention is drawn to the letter of Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders as set out on pages 18 to 31 of this circular and the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders as set out on pages 16 and 17 of this circular.

The Independent Shareholders are advised to read these letters before deciding how to vote on the resolutions in the SGM.

Yours faithfully,
For and on behalf of the Board
Brightoil Petroleum (Holdings) Limited
Sit Kwong Lam
Chairman



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)

4 June 2013

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise you in connection with the continuing connected transactions contemplated under the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps, details of which are set out in the “Letter from the Board” in the circular dated 4 June 2013 (the “**Circular**”) of which this letter forms part. Defined terms used in this letter shall have the same meanings as given to them in the Circular unless otherwise requires.

We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to you to set out our recommendations in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps. The Independent Board Committee was set up to recommend you as to whether in its view the terms of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are entered into on normal commercial terms (or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties), in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole and the proposed annual caps for the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to recommend you on how to vote, taking into account the recommendations of the independent financial adviser appointed for such purpose.

Vinco Capital has been appointed to make recommendations to us and you as to whether the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are entered into on normal commercial terms (or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

appropriate) Independent Third Parties), in the ordinary and usual course of business of the Group, fair and reasonable, in the interests of the Company and the Shareholders as a whole and the proposed annual caps for the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise you on how to vote. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 18 to 31 of the Circular.

Your attention is also drawn to the “Letter from the Board” set out on pages 4 to 15 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps and taken into account the recommendations of Vinco Capital, we consider that the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are entered into in the ordinary and usual course of business of the Group and with terms no less favourable than those available to the Group from Independent Third Parties or no more favourable than the terms offered by the Group to Independent Third Parties (as appropriate), are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the proposed annual caps for the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps.

Yours faithfully,
the Independent Board Committee of
Brightoil Petroleum (Holdings) Limited

Mr. Lau Hon Chuen
Independent
non-executive Director

Professor Chang Hsin Kang
Independent
non-executive Director

Mr. Kwong Chan Lam
Independent
non-executive Director

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the continuing connected transactions under the 2013 Oil Purchase Agreement and 2013 Cargo-Carrying Agreement and their respective proposed annual caps which has been prepared for the purpose of incorporation in this circular:



Grand Vinco Capital Limited

Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

4 June 2013

*To the Independent Board Committee and the Independent Shareholders of
Brightoil Petroleum (Holdings) Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2013 Oil Purchase Agreement, the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps), details of which are set out in the Letter from the Board contained in the circular of the Company dated 4 June 2013 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 25 May 2010 and the 2010 Circular in relation to the 2010 Oil Purchase Agreement which sets out the basis on which the Group purchases fuel oil, gas oil and the related petroleum products from the Shenzhen Brightoil Group. The transactions contemplated under the 2010 Oil Purchase Agreement constituted continuing connected transactions of the Company under the Listing Rules and were approved by the Independent Shareholders on 29 June 2010. The term of the 2010 Oil Purchase Agreement will expire on 30 June 2013.

In order to facilitate the worldwide expansion of the International Trading and Bunkering Business, the Group expects that its purchase of Oil from the Shenzhen Brightoil Group will continue in the future. Therefore, on 8 May 2013, the Company entered into the 2013 Oil Purchase Agreement with Shenzhen Brightoil pursuant to which the Group agreed to purchase Oil from the Shenzhen Brightoil Group for a term of three years commencing on 1 July 2013 and ending on 30 June 2016 with an option to renew.

LETTER FROM VINCO CAPITAL

Reference is made to the announcement of the Company dated 21 February 2012 in relation to the 2012 Cargo-Carrying Agreement, pursuant to which, Brightoil Shipping (a direct wholly-owned subsidiary of the Company) agreed to carry cargoes of the Shenzhen Brightoil Group in any vessels owned, controlled, chartered, managed or operated by Brightoil Shipping using all or part of the cargo-carrying space of such vessels for the period from 21 February 2012 to 30 June 2014. The transactions contemplated under the 2012 Cargo-Carrying Agreement constituted continuing connected transactions of the Company under the Listing Rules but were exempt from the Independent Shareholders' approval requirement under the Listing Rules.

Since the Group took delivery of five VLCCs during the period from July 2012 to March 2013, the Group's total capacity has increased to over 2 million DWT with five VLCCs, four aframax oil tankers and one bunker barge in full operation. Taking into account of the above, on 8 May 2013, the Company entered into the 2013 Cargo-Carrying Agreement with Shenzhen Brightoil pursuant to which the Group agreed to sub-charter and/or sublet any of the Vessels to the Shenzhen Brightoil Group and/or carry cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels for a term of three years commencing on 1 July 2013 and ending on 30 June 2016. The 2012 Cargo-Carrying Agreement will be terminated on 30 June 2013.

Shenzhen Brightoil is ultimately and beneficially controlled by Dr. Sit, an executive Director, the chairman of the Company and a controlling Shareholder indirectly interested in approximately 74.9% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Shenzhen Brightoil is a connected person of the Company and the transactions contemplated under the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the proposed annual caps in relation to each of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are more than 5%, each of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement will be subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. Since Dr. Sit is materially interested in the transactions contemplated under the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement, Dr. Sit has abstained from voting at the Board meeting approving such agreements. Dr. Sit and his associates were interested in an aggregate of 6,564,605,666 Shares as at the Latest Practicable Date, and were in control of or were entitled to exercise control over the voting rights of the Shares held by them. They are required to abstain from voting on the resolutions approving the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps at the SGM.

The Independent Board Committee comprising Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps).

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps). In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an

LETTER FROM VINCO CAPITAL

independent opinion as to whether the terms of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps) are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps to arrive at our opinion and recommendation, which are applicable to the terms of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps), as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps) and, except for its inclusion in the Circular and for the purpose of the SGM, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps), we have considered the following principal factors and reasons:

1. Background and reasons for the entering into of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement

(i) Information of the Group

The Group is principally engaged in (i) the International Trading and Bunkering Business with plans to expand globally; (ii) construction of oil storage and terminal facilities; (iii) marine transportation; (iv) natural gas development and production; (v) proprietary trading in securities and derivatives; and (vi) property holding and investment holding.

(ii) Information of the Shenzhen Brightoil Group

The Shenzhen Brightoil Group is engaged in the provision of oil storage services, investment in gas stations and wholesale of petroleum products in the PRC. After the grant of approvals in 2006 and 2009 by the relevant authorities in the PRC, it has also engaged in the supply of duty-free oil for marine bunkers in the PRC. It is one of the five approved marine bunkering operators in the PRC.

(iii) Reasons for entering into the 2013 Oil Purchase Agreement

The continuing connected transactions in relation to the purchase and delivery of Oil between the Group and the Shenzhen Brightoil Group have been taking place since 2008. Having considered the on-going global expansion of the International Trading and Bunkering Business of the Group, the Directors are of the view that the entering of the 2013 Oil Purchase Agreement with the Shenzhen Brightoil Group will continue to provide a strong support to the Group, and thereby further strengthen its foothold in the industry, especially within the PRC. According to the interim report of the Company for the six months ended 31 December 2012 (the “**Interim Report 2013**”), the International Trading and Bunkering Business was the largest business segment of the Group. The total segment revenue of approximately HK\$23.3 billion constituted over 97% of the total revenue of the Group for that period. It is also noted from the annual report of the Company for the year ended 30 June 2012 (the “**Annual Report 2012**”) that the International Trading and Bunkering Business had an increase of 46% in the sales volume compared to previous financial year, reaching 13 million MT.

As advised by the management of the Group, notwithstanding that the Group is able to source similar Oil from other service providers or suppliers (as the case may be), the Group intends to continue the Oil purchase transactions with the Shenzhen Brightoil Group having considered that (i) the Shenzhen Brightoil Group represents a stable and reliable

LETTER FROM VINCO CAPITAL

source of Oil for the International Trading and Bunkering Business; (ii) the geographical coverage of the relevant business of the Shenzhen Brightoil Group is close to certain current and targeted markets of the Group; (iii) the well-established business relationship since 2008 and the Shenzhen Brightoil Group is familiar with the requirement of the Group as to the quality of service and delivery of Oil; and (iv) the pricing terms are determined based on market references at terms more favourable than Independent Third Parties. The Group may source Oil from Independent Third Parties if it considers that it is in the interests of the Group to do so. As advised by the Company, the Group will check prices for comparable services from other service provider(s) or supplier(s) (as the case may be) in respect of its geographical coverage of the International Trading and Bunkering Business and select the best available service provider(s) or supplier(s) (as the case may be) after taking into account, among others, the quality and standard of the services and the Oil, delivery schedule, location, price of the materials and credit terms granted to the Group.

As per our discussion with the management of the Group, it is one of the stated business objectives of the Group to become a global marine bunkering supplier, and therefore, the Group is currently formulating a series of expansion plan in relation to its International Trading and Bunkering Business, which includes, (i) apart from the existing bunkering business in Shenzhen, Shanghai, Hong Kong, Ningbo and Zhoushan, the expansion of the International Trading and Bunkering Business into other major ports in the PRC including Rizhao, Tianjin, Dalian, Guangzhou, Xiamen and Qingdao by leveraging on its existing experiences, connections and resources of the International Trading and Bunkering Business; (ii) the expansion of the International Trading and Bunkering Business into the European, American and Middle Eastern ports; and (iii) in order to catch up with the market opportunities arisen from the continuing geographical expansion of its International Trading and Bunkering Business, the Group intends to strengthen its sales and marketing teams and expand the market coverage to other major ports globally.

In view of (i) the benefits of the 2013 Oil Purchase Agreement; and (ii) the expansion plans of the Group as mentioned above, we are of the view that the entering of the 2013 Oil Purchase Agreement is essential to the Group's success in the International Trading and Bunkering Business and to ensure the smooth business operation of the Group in the marine bunkering industry. Therefore, the entering into of the 2013 Oil Purchase Agreement is conducted in the ordinary and usual course of the Group's business and is in the interests of the Company and the Shareholders as a whole.

(iv) Reasons for entering into the 2013 Cargo-Carrying Agreement

One of the Group's operating segments is marine transportation, which is provision of marine transportation services of Oil internationally. During the financial year ending 30 June 2013, the Group has expanded its marine transportation fleet. As at the Latest Practicable Date, the Group has five VLCCs, four aframax oil tankers and one bunker barge in full operation. Therefore, the entering into of the 2013 Cargo-Carrying Agreement is within the business scope of the Group. It will enhance the Group's operational efficiency through an expected increase in the utilization of the Vessels' cargo-carrying capacity from the Shenzhen Brightoil Group. Furthermore, it also provides an additional source of income to the Group without additional capital expenditure requirement.

LETTER FROM VINCO CAPITAL

In light of the above, we are of the view that the entering into of the 2013 Cargo-Carrying Agreement is conducted in the ordinary and usual course of the Group's business and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the 2013 Oil Purchase Agreement

Date:	8 May 2013
Effective Period:	From 1 July 2013 and ending on 30 June 2016
Parties:	The Company Shenzhen Brightoil
Nature of transactions contemplated thereunder:	The Shenzhen Brightoil Group shall supply Oil to the Company and is responsible for the delivery of the Oil to the Group or the Group's customers worldwide at the direction of the Group. In return, the Shenzhen Brightoil Group will receive payments made in cash by the Group within 45 days after the date of the signing of the Oil purchase confirmation or within such period as the parties agreed.

Set out below are the Company's proposed annual caps under the 2013 Oil Purchase Agreement:

	Proposed annual caps for the year ending 30 June		
	2014	2015	2016
Fees payable by the Group under the 2013 Oil Purchase Agreement	US\$4,800 million (equivalent to approximately HK\$37,296 million)	US\$6,500 million (equivalent to approximately HK\$50,505 million)	US\$9,700 million (equivalent to approximately HK\$75,369 million)

Pursuant to the 2013 Oil Purchase Agreement, the Shenzhen Brightoil Group shall provide quotations to the Group in accordance with price fluctuation of the international market from time to time or at the request of the Group. Such quotations shall include the fees to be charged for the Oil as well as delivery services, which will be determined based on the Shenzhen Brightoil Group's cost for the operation (including but not limited to, storage, duties, vessel operating costs and insurance etc.) plus a premium to be determined by the Shenzhen Brightoil Group, provided in any event, such fees shall not be higher than 97% of the prices quoted by other service providers in the market for similar services in nearby ports. Furthermore, the credit terms for the 2013 Oil Purchase Agreement shall be no less favorable than those available to the Group from Independent Third Parties for providing similar services.

LETTER FROM VINCO CAPITAL

Non-compete undertaking

Before July 2006, the PRC marine bunker market was monopolised by a state-owned enterprise, which is currently the largest bunker oil supplier in the PRC. In July 2006, the PRC government opened up the marine bunker market in the PRC and granted licences to four new operators, including the Shenzhen Brightoil Group.

Dr. Sit (the chairman of the Company and a controlling Shareholder) has made substantial investments in the oil and gas businesses through the Shenzhen Brightoil Group, which engages in, among others, the supply of duty-free marine bunkering services in the PRC. To protect the Group's interest in the bunker oil business in the PRC, the Shenzhen Brightoil Group has undertaken to the Group that it will not engage in any direct competition with the Group in respect of the Group's International Trading and Bunkering Business in the PRC during the term of the 2013 Oil Purchase Agreement and it shall provide Oil and the related delivery services to the Group on an exclusive basis.

This non-compete undertaking is conditional upon the passing of the ordinary resolution by the Independent Shareholders to approve the transactions contemplated under the 2013 Oil Purchase Agreement and the proposed annual caps for the three years ending 30 June 2016.

We have reviewed other major terms of the 2013 Oil Purchase Agreement, and are not aware of any terms which are exceptional to normal market practice. In light of the foregoing, we are of the view that the terms of the 2013 Oil Purchase Agreement, including the payment term, are fair and reasonable, no less favourable than those available to the Group from Independent Third Parties, and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2013 Cargo-Carrying Agreement

Date:	8 May 2013
Effective Period:	From 1 July 2013 and ending on 30 June 2016
Parties:	The Company Shenzhen Brightoil
Nature of transactions contemplated thereunder:	The Group agreed to sub-charter and/or sublet any of the Vessels to the Shenzhen Brightoil Group and/or carry cargoes of the Shenzhen Brightoil Group in the Vessels using all or part of the cargo-carrying space of the Vessels. The Shenzhen Brightoil Group shall pay the freight charges in arrears upon completion of the discharge of the cargoes in cash.

LETTER FROM VINCO CAPITAL

Set out below are the Company's proposed annual caps under the 2013 Cargo-Carrying Agreement:

	Proposed annual caps for the year ending 30 June		
	2014	2015	2016
Freight charges receivable by the Group under the 2013 Cargo-Carrying Agreement	US\$50 million (equivalent to approximately HK\$388.5 million)	US\$70 million (equivalent to approximately HK\$543.9 million)	US\$106 million (equivalent to approximately HK\$823.6 million)
	<u> </u>	<u> </u>	<u> </u>

Pursuant to the 2013 Cargo-Carrying Agreement, the Shenzhen Brightoil Group shall pay to the Group the freight charges which shall be determined based on the volume of the cargoes, the distance of voyages, the size of the Vessels and the then prevailing market price of the freight. The market price of freight charges is mainly influenced by fuel prices and the availability of cargo carrying spaces in the region. The freight charges payable under the 2013 Cargo-Carrying Agreement will be determined based on normal commercial terms to be agreed between the Group and the Shenzhen Brightoil Group with reference to the factors mentioned above on a case-by-case basis, which in any event will be similar to and no more favourable than the terms offered by the Group to other Independent Third Parties.

We have reviewed other major terms of the 2013 Cargo-Carrying Agreement, and are not aware of any terms which are exceptional to normal market practice. In light of the foregoing, we are of the view that the terms of the 2013 Cargo-Carrying Agreement, including the payment term, are fair and reasonable, no more favourable than the terms offered by the Group to Independent Third Parties and in the interests of the Company and the Shareholders as a whole.

4. Utilisation of the existing annual caps

(i) Historical volume of Oil sourced

The table below sets out the fees paid or payable by the Group to the Shenzhen Brightoil Group in relation to its International Trading and Bunkering Business pursuant to the 2010 Oil Purchase Agreement for the two years ended 30 June 2012 and for the six

LETTER FROM VINCO CAPITAL

months ended 31 December 2012, as well as the relevant annual caps for the two years ended 30 June 2012 and the year ending 30 June 2013:

	For the year ended 30 June 2011 (Approximate)	For the year ended 30 June 2012 (Approximate)	For the six months ended 31 December 2012 (Approximate)
Total fees paid or payable under the 2010 Oil Purchase Agreement	HK\$10,310 million	HK\$12,556 million	HK\$1,154 million
	For the year ended 30 June 2011	For the year ended 30 June 2012	For the year ending 30 June 2013
Existing annual caps	US\$3,150 million (equivalent to approximately HK\$24,475.5 million)	US\$4,200 million (equivalent to approximately HK\$32,634 million)	US\$4,970 million (equivalent to approximately HK\$38,616.9 million)

(ii) *Historical freight charges incurred*

The table below sets out the freight charges received or receivable by the Brightoil Shipping Group from the Shenzhen Brightoil Group in relation to the provision of cargo-carrying services pursuant to the 2012 Cargo-Carrying Agreement (i) for the period from 21 February 2012 to 30 June 2012 and (ii) for the six months ended 31 December 2012, as well as the relevant annual caps (i) for the period from 21 February 2012 to 30 June 2012 and (ii) for the year ending 30 June 2013:

	For the period from 21 February 2012 to 30 June 2012 (Approximate)	For the six months ended 31 December 2012 (Approximate)
Total freight charges received or receivable under the 2012 Cargo-Carrying Agreement	HK\$39.5 million	HK\$9.4 million
	For the period from 21 February 2012 to 30 June 2012	For the year ending 30 June 2013
Existing annual caps	HK\$140 million	HK\$200 million

The utilisation rate of the annual caps for the 2010 Oil Purchase Agreement for the two years ended 30 June 2012 were approximately 42.1% and 38.5%. The utilisation rate of

LETTER FROM VINCO CAPITAL

annual caps for the 2012 Cargo-Carrying Agreement for the period from 21 February 2012 to 30 June 2012 was approximately 28.2%.

As per our discussion with the management of the Group, the relatively low utilisation rate of the annual caps for the 2010 Oil Purchase Agreement and the 2012 Cargo-Carrying Agreement were due to (i) the delay of construction plans of the Group's storage facilities in Dalian and Zhoushan; (ii) the Group's strategic plan to purchase its own fuel oil stock for part of its bunker supply in order to reduce reliance on the Shenzhen Brightoil Group; (iii) the ports in the PRC in which the Group has operation at have not yet fully developed and opened; and (iv) the adverse effect of downturn of the world's shipping industry in which freight rates have been dropping throughout the past year.

We have reviewed the Group's future development plan and the overall performance of the oil shipping industry in the past few years, we are of the view that (i) the reasons for the Group of not fully utilised the existing annual caps are justifiable and (ii) it is fair and reasonable for the Group to obtain sufficient amount of annual caps for the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement in order to support the future development plan of the Group, i.e. to expand and diversify its International Trading and Bunkering Business as described below, especially for the addition of crude oil products, facilitate its oil storage and terminal facilities business, ensure a stable source of income for the Group's marine transportation segment and enhance utilisation rate of the Group's existing tanker fleet.

5. Basis of the Proposed Annual Caps for the 2013 Oil Purchase Agreement

The proposed annual caps for the 2013 Oil Purchase Agreement were determined by the Company after taking into consideration of the following factors: (i) the volume of International Trading and Bunkering Business of the Group achieved in the past; (ii) the business development plan of the Group to extend its coverage to other ports globally; (iii) the potential market size based on the expected level of international trading activities and the throughput at the various ports; (iv) the expected amount of fuel oil and crude oil to be purchased from the Shenzhen Brightoil Group as a percentage of the total overall purchase volume of the Group; (v) the benchmark market rate of the crude oil and fuel oil; and (vi) the purchase term that such fees paid by the Group shall not be higher than 97% of the prices quoted by the other service providers in the market for similar services in nearby ports. In determining the annual caps, assumptions are made with the following bases:

(i) Historical sales volume in the International Trading and Bunkering Business

According to the Annual Report 2012, quantity of fuel oil and gas oil supplied by the Group in key international and Chinese ports were approximately 13 million MT, an increase of 46% over last year. Revenue of the Group from the provision of International Trading and Bunkering Business services has also grown approximately 76% from the year ended 30 June 2011 to the year ended 30 June 2012. As per our discussion with the management of the Group, the Group ranked the third largest supplier in both PRC and Singapore.

LETTER FROM VINCO CAPITAL

(ii) Potential business growth due to Company's expansion plans

The Group expects to see an increase of Oil demand from its International Trading and Bunkering Business and marine transportation segment due to the followings: (i) according to the Interim Report 2013, the Group is diversifying its tradable range of products to four key lines of fuel oil, crude oil, gas oil as well as petrochemical; (ii) the Group is expanding its bunkering presence globally, the planned new supply locations include: United States (New York, Los Angeles), Panama, Spain (Gibraltar), Unit Arab Emirates (Fujairah), and ports in China such as Dalian, Tianjin, Qingdao, Rizhao, Guangzhou, Xiamen; (iii) the continuous developments in the Group's oil storage and terminal facilities business segment in Zhoushan and Dalian, which would be fully completed by 2015 and 2016 respectively and would have a total oil storage capacity of 10.82 million MT; and (iv) the addition of five VLCCs to the Group's marine transportation fleet during the financial year ending 30 June 2013, which would strengthen the trading business of the Group while further develop the Group's integrated supply chain model.

(iii) International Trading and Bunkering Business growth in the future

For the outlook of the Group's International Trading and Bunkering Business prospects in the PRC, it is favorable towards the business growth of the Group because: (i) according to a report published by the Journal of Commerce in 2012, the total container throughput of the top ten ports in the PRC reached 150 million twenty-foot equivalent units (the "TEU") in 2011, which represents a total approximately 17.7% growth from 2008; (ii) The total container throughput of ports in the PRC accounted for approximately 24.42% of the world's total container throughput in 2011, where 7 container ports in the PRC are the world's top ten. These ports are Shanghai, Hong Kong, Shenzhen, Ningbo-Zhoushan, Guangzhou, Qingdao and Tianjin, all of which the Group is currently conducting or intends to commence its International Trading and Bunkering Business; (iii) container ports in Dalian, Tianjin, Qingdao, Rizhao, Guangzhou and Xiamen, where the Group planned to expand, their container throughput in terms of TEUs have collectively achieved an average compound annualized growth rate of approximately 12.72% from 2008 to 2012. In particular, Rizhou and Dalian have achieved compounded annualized growth rate of 25.3% and 15.5% respectively; (iv) World DataBank's data sets has also shown the container throughput in terms of TEU in the PRC was approximately 4.5 times of that of Singapore in 2011, a 21.2% increase when compared to 2008, while its bunker sales volume was approximately 11 million MT in 2012, equivalent to only approximately 25.77% of Singapore's sales in 2012; and (v) based on analysis conducted by Platts, a global provider of energy, petrochemicals, metals and agriculture information, and a source of benchmark price assessments for those commodity markets, the PRC's bunker sales volume was expected to increase by approximately 130% in 2012 from 2008 when its sales was only 4.8 million MT, according to the annual report of the Company for the year ended 30 June 2009.

For the outlook of the Group's International Trading and Bunkering Business prospects in Singapore and other overseas countries, the marine bunkering is also positive as: (i) in recent years, Singapore has been either first or second in terms of container throughput among all the container ports in the world; (ii) Singapore experienced a total overall growth of 15.78% for their container throughput from 2009 to 2011, according to a

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report published by the Journal of Commerce 2012; (iii) other overseas locations (such as United States, United Arab Emirates, Panama, Netherlands, Spain and Malaysia), where the Company has presences or planned to expand to, also experienced a significant growth in container throughput. This is particular evident in Panama, Malaysia and Netherland, where, from 2009 to 2011, growth in container throughput in TEUs were 44.85%, 25.06% and 20.31% respectively according to World DataBank's statistics.

(iv) The expected amount of fuel oil and crude oil to be purchased from the Shenzhen Brightoil Group

According to the annual budget and future development plans of the Group, the management aims to maintain approximately 30% of the total purchased volumes of the Group's Oil to be purchased from the Shenzhen Brightoil Group, which is similar to the historic percentage of fuel oil purchased from the Shenzhen Brightoil Group to total fuel oil purchased volume of the Group. The Group expects to purchase approximately 1.4 million MT, 1.9 million MT and 2.8 million MT of crude oil and approximately 5.6 million MT, 7.6 million MT and 11.4 million MT of fuel oil from the Shenzhen Brightoil Group respectively for the three years ending 30 June 2016.

(v) The benchmark market rate of fuel oil and crude oil

In order to determine the annual caps for the 2013 Oil Purchase Agreement, the Group used the maximum spot prices of fuel oil and crude oil of the first quarter of 2013, which are US\$665.5 per MT and US\$97.9 per barrel respectively, as a benchmark rate to calculate the annual caps. As the market price of the fuel oil and crude oil sourced by the Group ranged from US\$560.4 to US\$691.1 per MT and US\$77.7 to US\$99 per barrel respectively in the latest preceding year up to the Announcement date, the benchmark rates of US\$665.5 per MT and US\$97.9 per barrel adopted by the Group for estimation of the annual caps are within the range of the lowest and highest quote for fuel oil and crude oil in the latest preceding year, we are of the view that it is justifiable to use such benchmark rates to estimate the annual caps of the 2013 Oil Purchase Agreement because (i) the three month average is an objective benchmark to reflect the most recent market situation; (ii) the trading conditions in the oil markets will remain very competitive throughout the future years as the factors affecting the oil markets such as production quota set by Organization of the Petroleum Exporting Countries, oil reserves and oil demands are still remained to be uncertain; and (iii) the benchmark rates allow the Company to obtain certain buffer in case of raising oil price in the future.

Based on the aforesaid, we are of the view that the assumptions for determining the annual caps are justifiable and the proposed annual caps of the 2013 Oil Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Basis of the Proposed Annual Caps for the 2013 Cargo-Carrying Agreement

The proposed annual caps for the 2013 Cargo-Carrying Agreement were determined after taking into account: (i) the anticipated volume of the cargo carrying capacity demanded by the Shenzhen Brightoil Group, which is estimated to be in the range of 80,000 MT to 300,000 MT per voyage; (ii) the anticipated growth of such voyages demanded by the Shenzhen Brightoil Group; and (iii) the then prevailing market price of the freight which is estimated with reference to the current market rate for such voyages on similar vessels.

As stated in the Letter from the Board, the Shenzhen Brightoil Group requires marine transportation to deliver the Group's Oil orders, the Shenzhen Brightoil Group will use the Group's marine transportation services as it does not has its own tanker fleet. The anticipated volume of the cargo carrying capacity and the anticipated growth of such voyages demanded by the Shenzhen Brightoil Group is estimated based on the expected increased volume of Oil to be purchased by the Group from the Shenzhen Brightoil Group in the three years ending 30 June 2016 times the relevant percentage in which the transportation of the purchased fuel oil and crude oil is to be provided by the Group other than by third parties. The percentage varies from 30% to 100%.

The prevailing market freight rate of each voyage with different loading and discharging ports adopted by the Group for calculation of the annual caps are calculated by multiplying: (i) the number of MT to be loaded into each tanker; (ii) the prevailing WS flat rate per different voyage; and (iii) the prevailing WS spot rate. The Worldscale Association issues updated tanker rates, which are referred to as 'flat rates' at the end of each year. These values are given in a US\$/MT format and are a fundamental component used in the negotiation of WS spot rates. The WS spot rates, which are barometer for the strength of the spot tanker market, are a percentage of the flat rate, with the latter being equal to the nominal or 100% freight rate.¹

The Group has made an assumption that the WS flat rate per freight will be increased by 3.5% per year, which is equal to the inflation rate of Singapore on March 2013. We are of the view that the prevailing WS flat rates, WS spot rates and the assumption for growth of WS flat rate adopted by the Company are reasonable benchmarks to use for determination of the future freight rates given that: (i) as per our discussion with the management of the Group, due to ample tonnage supply and the general economic downturn, the freight rates have stayed low in the past two years and uncertain global economic environment has also caused a slowdown in global trade and overcapacity in the shipping industry; (ii) the management of the Group also expects that there will be gradual recovery of freight rate at 2015 as the market starts to eliminate the energy unfriendly and old-designed tankers. The decrease in number of tankers would have effect of driving up the freight rates; (iii) the recovery of freight rate still depends on factors such as bunker oil prices, supply and demand of cargo-carrying services, the overall world economic performance and oil demand, which are still remained to be uncertain given the recent global economic situation; and (iv) the growth assumption of 3.5% increase on WS flat rate is fair and reasonable as it gives room for upward freight rate adjustment for the Group once the global economy starts picking up or tanker supply starts decreasing.

¹ No. 21-2013 Worldscale Flat Rate Forecast by McQuilling Services, LLC on 25 October 2012.

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Based on the aforesaid, we are of the view that the assumptions for determining the annual caps are justifiable and the proposed annual caps of the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. CONCLUSION

Having considered the above reasons, and in particular:

- the entering into of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are in line with the Group's principal business activities and essential to the Group's business operations in the marine bunkering industry;
- the terms under the 2013 Oil Purchase Agreement are no less favourable than those available to the Group from Independent Third Parties and the terms under the 2013 Cargo Carrying Agreement are no more favourable than the terms offered by the Group to Independent Third Parties; and
- the annuals caps in relation to the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole,

therefore, we are of the view that the 2013 Oil Purchase Agreement, the 2013 Cargo-Carrying Agreement and the transactions contemplated thereunder (including the annual caps) are entered into in the ordinary and usual course of business of the Group and with terms no less favourable than those available to the Group from Independent Third Parties or no more favourable than the terms offered by the Group to Independent Third Parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the 2013 Oil Purchase Agreement and the 2013 Cargo-Carrying Agreement and their respective proposed annual caps.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executive of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under the provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) set out in Appendix 10 of the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Name of company in which interests were held	Nature of interests	Number of Shares	Approximate percentage of shareholding
Dr. Sit	The Company	Interest of a controlled corporation	7,364,584,999 (Note 1)	84.01%
Professor Chang Hsin Kang (“ Professor Chang ”)	The Company	Beneficial owner	2,190,000 (Note 2)	0.025%
Mr. Per Wistoft Kristiansen (“ Mr. Kristiansen ”)	The Company	Beneficial Owner	50,000 (Note 3)	0.0006%
Mr. Tang Bo	The Company	Beneficial Owner	4,000,000 (Note 4)	0.05%
Mr. Tan Yih Lin	The Company	Beneficial Owner	4,000,000 (Note 4)	0.05%
Mr. Dai Zhujiang	The Company	Beneficial Owner	2,000,000 (Note 4)	0.02%
Mr. Lau Hon Chuen	The Company	Beneficial Owner	2,000,000 (Note 4)	0.02%
Mr. Kwong Chan Lam	The Company	Beneficial Owner	2,000,000 (Note 4)	0.02%

Notes:

- (1) These 7,364,584,999 Shares refer to (a) 2,918,088,960 Shares held by Energy Empire Investments Limited, which is wholly and beneficially owned by Dr. Sit; (b) 3,446,516,706 Shares held by Canada Foundation Limited (“**Canada Foundation**”), which is wholly and beneficially owned by Dr. Sit; (c) 200,000,000 Shares held by Brightoil Welfare Ltd. which is wholly and beneficially owned by Dr. Sit; and (d) 799,979,333 Shares to be allotted and issued to Canada Foundation upon exercise in full of the conversion rights attaching to the convertible notes issued by the Company on 27 October 2009 pursuant to a subscription agreement dated 25 June 2009 (the “**Subscription Agreement**”), a supplemental deed dated 2 September 2009 (the “**Supplemental Deed**”) and a deed of extension dated 6 July 2012 (the “**Deed of Extension**”).
- (2) These 2,190,000 Shares refer to (a) 190,000 Shares jointly held by Professor Chang and his spouse and (b) 2,000,000 Shares to be allotted and issued to Professor Chang upon exercise in full of the share options issued by the Company on 22 April 2010.
- (3) These 50,000 Shares were purchased by Mr. Kristiansen from the market on 26 January 2012.
- (4) These Shares refer to the Shares which may be allotted and issued to the respective Directors upon exercise in full of the share options issued by the Company on 22 April 2010.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INTERESTS

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, there is no Director or proposed Director who is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group since 30 June 2012, being the date to which the latest audited consolidated accounts of the Group were made up.

INTEREST IN CONTRACTS

As at the Latest Practicable Date, save for the following documents entered into between the Company (or its subsidiaries) and Shenzhen Brightoil, of which Dr. Sit is the ultimate controlling shareholder, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting as at the Latest Practicable

Date and which was significant in relation to the business of the Group since 30 June 2012, being the date to which the latest audited consolidated accounts of the Group were made up:

- (i) the 2013 Oil Purchase Agreement, details of which are disclosed in this Circular;
- (ii) the 2013 Cargo-Carrying Agreement, details of which are disclosed in this Circular;
- (iii) the barge services agreement dated 8 May 2013 entered into between the Company and Shenzhen Brightoil in relation to the fuel delivery services provided by the Shenzhen Brightoil Group to the Group, details of which are disclosed in the announcement of the Company dated 8 May 2013 (the “**2013 Barge Services Agreement**”);
- (iv) the oil storage services agreement dated 8 May 2013 entered into between the Company and Shenzhen Brightoil in relation to the Oil storage services provided by the Shenzhen Brightoil Group to the Group, details of which are disclosed in the announcement of the Company dated 8 May 2013 (the “**2013 Oil Storage Services Agreement**”);
- (v) the barge services agreement dated 21 February 2012 entered into between the Company and Shenzhen Brightoil in relation to the fuel delivery services provided by Shenzhen Brightoil to the Group, details of which are disclosed in the announcement of the Company dated 21 February 2012 (the “**2012 Barge Services Agreement**”);
- (vi) the 2012 Cargo-Carrying Agreement as defined in this Circular, details of which are disclosed in the announcement of the Company dated 21 February 2012;
- (vii) the 2010 Oil Purchase Agreement as defined in this Circular, details of which are disclosed in the announcement of the Company dated 25 May 2010;
- (viii) the oil storage services agreement dated 21 June 2010 entered into between the Company and Shenzhen Brightoil in relation to the storage services of fuel oil, gas oil and the related petroleum products provided by the Shenzhen Brightoil Group to the Group (the “**2010 Oil Storage Services Agreement**”), details of which are disclosed in the announcement of the Company dated 21 June 2010; and
- (ix) the supplemental oil storage services agreement dated 21 February 2012 entered into between the Company and Shenzhen Brightoil (the “**Supplemental Oil Storage Services Agreement**”), details of which are disclosed in the announcement of the Company dated 21 February 2012.

SERVICE CONTRACTS

As at the Latest Practicable Date, each of Dr. Sit, Mr. Tang Bo and Mr. Tan Yih Lin (all being executive Directors) had entered into service contracts with the Company for a term of three years commencing from 20 June 2011. Under such services agreements, each of Dr. Sit, Mr. Tang Bo and Mr. Tan Yih Lin is entitled to a basic salary, which is determined on the basis of his qualification, experience, involvement in and contribution to the Company and by reference to the market rate, and a discretionary management bonus of an amount to be determined by the Board upon completion of a 12 months of service. Mr. Kristiansen (an executive Director) had entered into a service contract with the Company for a term of three years commencing from 28 November 2011. Under such services agreement, Mr. Kristiansen is entitled to a basic salary, which is determined by the Board with reference to his duties and responsibilities, the market benchmark and contribution to the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with the Company or any member of the Group, excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation other than statutory compensation.

COMPETING INTEREST

As at the Latest Practicable Date, Dr. Sit, the ultimate controlling shareholder of the Company, through his controlling companies (other than the Group), held 100% interest in the Shenzhen Brightoil Group which is principally engaged in, among others, the supply of duty-free marine bunkers in the PRC. Shenzhen Brightoil entered into the 2013 Oil Purchase Agreement with the Company on 8 May 2013 for the provision of Oil to the Group.

Shenzhen Brightoil, for itself and on behalf of its subsidiaries, has undertaken to the Group that conditional upon the passing of the ordinary resolution by the Independent Shareholders at the SGM approving the transactions contemplated under 2013 Oil Purchase Agreement and the proposed annual caps for the three years ending 30 June 2016, they will not engage in any direct competition with the Group in respect of the International Trading and Bunkering Business of the Group in the PRC during the term of the 2013 Oil Purchase Agreement and it shall provide Oil and the related delivery services to the Group on an exclusive basis.

Save as disclosed above, as at the Latest Practicable Date, 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.

MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 30 June 2012, the date to which the last published audited accounts of the Group were made up.

QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinion or advice for the inclusion in this circular:

Name	Qualification
Vinco Capital	a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Vinco Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Vinco Capital did not have any direct or indirect interest in any assets of the Group which have, since 30 June 2012, being the date to which the latest published audited accounts of the Company were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong between 9:00 a.m. to 5:30 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong) up to and including 24 June 2013:

- (i) the letter from the Independent Board Committee dated 4 June 2013, the text of which is set out on pages 16 to 17 of this circular;
- (ii) the letter from Vinco Capital dated 4 June 2013, the text of which is set out on pages 18 to 31 of this circular;
- (iii) the written consent from Vinco Capital referred to under the paragraph “Qualification and Consent of Expert” in this appendix;
- (iv) the 2010 Oil Purchase Agreement;
- (v) the 2010 Oil Storage Services Agreement;
- (vi) the 2012 Barge Services Agreement;
- (vii) the 2012 Cargo-Carrying Agreement;
- (viii) the 2013 Barge Services Agreement;
- (ix) the 2013 Cargo-Carrying Agreement;
- (x) the 2013 Oil Purchase Agreement;
- (xi) the 2013 Oil Storage Services Agreement;
- (xii) the non-compete undertaking dated 8 May 2013 under which the Shenzhen Brightoil Group has undertaken to the Group that conditional upon the passing of the ordinary resolution by the Independent Shareholders to approve the transactions contemplated under the 2013 Oil Purchase Agreement and the relevant proposed caps for the three years ending 30 June 2016, it will not engage in any direct competition with the Group in respect of the International Trading and Bunkering business of the Group in the PRC during the term of the 2013 Oil Purchase Agreement and it shall provide Oil and the related delivery services to the Group on an exclusive basis;
- (xiii) the Supplemental Oil Storage Services Agreement;
- (xiv) the service contracts referred to under the paragraph “Service Contracts” in this appendix;
and
- (xv) this circular.



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)

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of Brightoil Petroleum (Holdings) Limited (the “**Company**”) will be held at 33/F, 118 Connaught Road West, Sheung Wan, Hong Kong at 11:00 a.m. on Monday, 24 June 2013 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT

1. (a) the oil purchase agreement dated 8 May 2013 (the “**2013 Oil Purchase Agreement**”) entered into between the Company (together with its subsidiaries, collectively the “**Group**”) and 深圳光滙石油集團股份有限公司 (Shenzhen Brightoil Group Co., Ltd.*) (“**Shenzhen Brightoil**”, together with its subsidiaries, collectively the “**Shenzhen Brightoil Group**”) in relation to the purchase and delivery of fuel oil, diesel oil, crude oil and gas oil as well as petrochemical and the related petroleum products from the Shenzhen Brightoil Group by the Group (a copy of which has been produced to the meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) be and is hereby confirmed, approved and ratified;

(b) the maximum aggregate amount payable by the Group to the Shenzhen Brightoil Group under the 2013 Oil Purchase Agreement for each of the three years ending 30 June 2014, 30 June 2015 and 30 June 2016 as set out below be and is hereby approved;

	For the year ending 30 June		
	2014	2015	2016
Fee payable by the Group	US\$4,800 million	US\$6,500 million	US\$9,700 million
under the 2013 Oil Purchase Agreement	(equivalent to approximately HK\$37,296 million)	(equivalent to approximately HK\$50,505 million)	(equivalent to approximately HK\$75,369 million)

(c) any one director of the Company be and is hereby authorised to do all such things and acts and sign all such documents for and on behalf of the Company as he may consider necessary, desirable or expedient to implement and/or give effect to any matters relating to or in connection with the 2013 Oil Purchase Agreement, the transactions contemplated thereunder and the maximum aggregate amount payable by the Group as set out in paragraphs 1(a) and (b) above;

* For identification purpose only

NOTICE OF SGM

2. (a) the cargo-carrying agreement dated 8 May 2013 (the “**2013 Cargo-Carrying Agreement**”) entered into between the Company and Shenzhen Brightoil in relation to the sub-chartering and/or subletting of vessels to the Shenzhen Brightoil Group and/or the carrying of the cargoes of the Shenzhen Brightoil Group in the vessels using all or part of the cargo-carrying space of the vessels by the Group (a copy of which has been produced to the meeting marked “**B**” and signed by the chairman of this meeting for the purpose of identification) be and is hereby confirmed, approved and ratified;

(b) the maximum aggregate amount receivable by the Group from the Shenzhen Brightoil Group under the 2013 Cargo-Carrying Agreement for each of the three years ending 30 June 2014, 30 June 2015 and 30 June 2016 as set out below be and is hereby approved;

	For the year ending 30 June		
	2014	2015	2016
Freight charges receivable by the Group	US\$50 million	US\$70 million	US\$106 million
under the 2013 Cargo-Carrying Agreement	(equivalent to approximately HK\$388.5 million)	(equivalent to approximately HK\$543.9 million)	(equivalent to approximately HK\$823.6 million)

(c) any one director of the Company be and is hereby authorised to do all such things and acts and sign all such documents for and on behalf of the Company as he may consider necessary, desirable or expedient to implement and/or give effect to any matters relating to or in connection with the 2013 Cargo-Carrying Agreement, the transactions contemplated thereunder and the maximum aggregate amount receivable by the Group as set out in paragraphs 2(a) and (b) above.”

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

Hong Kong, 4 June 2013

Registered office:
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

Head office and principal place of business in Hong Kong:
33/F, 118 Connaught Road West
Sheung Wan, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies, if holding two or more shares, to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

As at the date hereof, the Board comprises (i) four executive Directors, namely Dr. Sit Kwong Lam, Mr. Tang Bo, Mr. Tan Yih Lin and Mr. Per Wistoft Kristiansen; (ii) one non-executive Director, namely Mr. Dai Zhujiang; and (iii) three independent non-executive Directors, namely Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang.