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BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED

光滙石油（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 933)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 16 June 2013, Brightoil Zhoushan Storage, a wholly-owned subsidiary of the Company, entered into the Construction Contract with China Petroleum Pipeline Bureau in relation to the construction works for oil storage facilities with storage capacity of 1.94 million cubic metres on the Southern Island, Waidiao Island, Cengang Town, Zhoushan City, Zhejiang Province, the PRC.

Pursuant to the Construction Contract, China Petroleum Pipeline Bureau agreed to carry out the Construction Work at the contract price of RMB1.32 billion (equivalent to approximately HK\$1.68 billion) for Brightoil Zhoushan Storage.

As the relevant applicable percentage ratios for the transactions contemplated under the Construction Contract exceed 5% but are less than 25%, it constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 16 June 2013, Brightoil Zhoushan Storage, a wholly-owned subsidiary of the Company, entered into the Construction Contract with China Petroleum Pipeline Bureau in relation to the construction works for oil storage facilities with storage capacity of 1.94 million cubic metres on Southern Island, Waidiao Island, Cengang Town, Zhoushan City, Zhejiang Province, the PRC.

PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACT

Date

16 June 2013

Parties

- (a) Contract issuing party: Brightoil Zhoushan Storage, a wholly-owned subsidiary of the Company
- (b) Contractor: China Petroleum Pipeline Bureau, an enterprise established in the PRC, with special grade qualification for petrochemical and petroleum project general contracting works (化工石油工程施工總承包特級資質)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, China Petroleum Pipeline Bureau and its ultimate beneficial owners are Independent Third Parties.

Site

On a parcel of land on Southern Island, Waidiao Island, Cengang Town, Zhoushan City, Zhejiang Province, the PRC.

Scope of work

Brightoil Zhoushan Storage engaged China Petroleum Pipeline Bureau to carry out the construction works for oil storage facilities with storage capacity of approximately 1.94 million cubic metres for fuel oil, petroleum, diesel fuel, jet fuel and chemical products, on Southern Island, Waidiao Island, Cengang Town, Zhoushan City, Zhejiang Province, the PRC. The construction works also include construction works for electricity supplies, utility supplies, sewage treatment system, heat insulation system, road and other ancillary works, auxiliary production and administration management facilities etc. (**"Construction Work"**).

Construction period

The Construction Work shall commence within 15 days upon the signing of the Construction Contract and be completed by the last day of the sixteenth calendar month following the month in which the Construction Work commenced (**"Construction Period"**).

Consideration

The contract price is RMB1.32 billion (equivalent to approximately HK\$1.68 billion) (**"Contract Price"**), which includes but is not limited to wages, costs of raw materials, costs of machinery, management fees etc. If the Construction Period is delayed, China Petroleum Pipeline Bureau shall pay Brightoil Zhoushan Storage RMB1 million per day as penalty with a maximum penalty equivalent to 5% of the Contract Price. If the Construction Work is completed in advance, Brightoil Zhoushan Storage shall pay China Petroleum Pipeline Bureau RMB1 million per day as reward with a maximum reward equivalent to 5% of the Contract Price.

The Consideration was determined after arm's length negotiation between the Group and China Petroleum Pipeline Bureau, and after taking into account of various factors, including but not limited to, the design drawings of the Construction Work and related information, the field conditions, possible construction work involved, topography and geology, weather, cost of raw materials etc., and also the contract price provided by other contractors, the payment terms and the experience of China Petroleum Pipeline Bureau.

Performance Guarantee and Advance Payment Guarantee

Within 10 working days after the signing of the Construction Contract, China Petroleum Pipeline Bureau shall provide Brightoil Zhoushan Storage with (i) a performance guarantee ("**Performance Guarantee**"), and (ii) an advance payment guarantee ("**Advance Payment Guarantee**"), both of which shall be issued by one of the four state-owned banks in the PRC or such other bank ("**Guarantor**") as may be agreed by Brightoil Zhoushan Storage and each in the sum equivalent to 10% of the Contract Price ("**Guaranteed Amount**").

Under the Performance Guarantee, in the event China Petroleum Pipeline Bureau fails to implement or complete the Construction Work in accordance with the Construction Contract, Brightoil Zhoushan Storage is entitled to claim from the Guarantor for damages up to the Guaranteed Amount.

The Advance Payment Guarantee is provided in consideration of the Advance Payment (as defined below) to be made by Brightoil Zhoushan Storage to China Petroleum Pipeline Bureau. Under the Advance Payment Guarantee, in the event China Petroleum Pipeline Bureau fails to perform its obligations under the Construction Contract, Brightoil Zhoushan Storage is entitled to request the Guarantor for payment of any Advance Payment made and such other amount which shall be but has not been refunded by China Petroleum Pipeline Bureau to Brightoil Zhoushan Storage up to the Guaranteed Amount.

Both the Performance Guarantee and the Advance Payment Guarantee shall expire on 31 March 2015.

Payment terms

The Contract Price shall be paid by Brightoil Zhoushan Storage to China Petroleum Pipeline Bureau in the following manner:

- (a) Upon the receipt by Brightoil Zhoushan Storage of the Performance Guarantee and the Advance Payment Guarantee, and that the machinery and the workers of China Petroleum Pipeline Bureau being readily available at the site of the Construction Work in accordance with the Construction Contract, Brightoil Zhoushan Storage shall pay an amount equivalent to 10% of the Contract Price within 10 working days therefrom ("**Advance Payment**"), and the Progress Construction Payment (as defined below) can be deducted from the Advance Payment commencing from the first month of making the Progress Construction Payment until the whole Advance Payment has been fully deducted.

- (b) Advance raw materials payment (“**Advance Raw Materials Payment**”) should be made in relation to the relevant raw materials delivered, and payment should be made within 10 working days upon checking and acceptance of the relevant raw materials. The Advance Raw Materials Payment shall not exceed RMB100 million for each month, and such payment shall be deducted from the Progress Construction Payment (as defined below) for the month.
- (c) Progress Construction Payment (as defined below) shall be paid within 15 working days after the submission of the calculation for the contract sum of the construction work completed in a month (“**Completed Construction Contract Sum**”) with supporting documents which is confirmed to be no less than RMB60 million and confirmation in writing having been issued by Brightoil Zhoushan Storage and the Project Supervisor. If the Completed Construction Contract Sum for a month is less than RMB60 million, Brightoil Zhoushan Storage is entitled to defer payment for such month. The amount of progress construction payment for a month (“**Progress Construction Payment**”) shall be an amount equivalent to the Completed Construction Contract Sum less 5% of the Completed Construction Contract Sum which is retained by Brightoil Zhoushan Storage as security for quality maintenance for the Construction Work (“**Quality Maintenance Fund**”), and less 10% of the Advance Payment (if there is any remaining balance for the Advance Payment) referred to in item (a) above and the Advance Raw Materials Payment (if there is any remaining balance for the Advance Raw Materials Payment) in item (b) above.
- (d) Upon the completion and the final acceptance of the Construction Work, up to 95% of the Contract Price shall be paid within 15 working days after the final acceptance settlement report and the relevant information having been checked and confirmed in writing by Brightoil Zhoushan Storage and the Project Supervisor. The remaining 5% of the Contract Price, i.e. the Quality Maintenance Fund referred to item (c) above shall continue to be retained by Brightoil Zhoushan Storage. Such sum, after deducting any cost of repair incurred by Brightoil Zhoushan Storage (without interest), should be paid to China Petroleum Pipeline Bureau within 15 working days upon the expiry of a two year period after the final acceptance of the Construction Work.

SOURCE OF FUNDING

The Consideration shall be funded by the internal resources of the Group and/or bank facilities.

REASONS FOR ENTERING INTO THE CONSTRUCTION CONTRACT

As disclosed in the announcement of the Company dated 28 May 2009, Brightoil Zhoushan Storage acquired a land located at Waidiao Island, Cengang Town, Zhoushan, Zhejiang Province, the PRC for construction of storage facilities for petroleum products to enable the Group to expand into the storage and related logistics business in relation to petroleum products in the PRC. Further, as disclosed in the announcement of the Company dated 4 June 2010, Brightoil Zhoushan Storage entered into contracts for foundation works for the construction of oil storage and terminal facilities in Zhoushan City, the PRC, with the intention to commence the construction of oil storage and terminal facilities in Zhoushan City as soon as possible.

The entering into of the Construction Contract represents the commencement of the construction works for oil storage facilities in Zhoushan City, the PRC, so as to enable the Group to expand into the storage and related logistics business in relation to petroleum products in the PRC.

The terms of the Construction Contract have been reached after arm's length negotiations between Brightoil Zhoushan Storage and China Petroleum Pipeline Bureau, which are on normal commercial terms. The Directors are of the view that the terms of the Construction Contract are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) the international trading and bunkering business; (ii) construction and operation 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.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant applicable percentage ratios for the transactions contemplated under the Construction Contract exceed 5% but are less than 25%, it constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Brightoil Zhoushan Storage”	光滙石油儲運(舟山)有限公司 (Brightoil Petroleum Storage (Zhoushan) Co., Ltd.*), a wholly-owned subsidiary of the Company
“China Petroleum Pipeline Bureau”	中國石油天然氣管道局(China Petroleum Pipeline Bureau*), an enterprise established in the PRC and an Independent Third Party
“Company”	Brightoil Petroleum (Holdings) Limited, a company incorporated in Bermuda and the issued shares of which are listed on the main board of the Stock Exchange
“Consideration”	the consideration payable by Brightoil Zhoushan Storage to China Petroleum Pipeline Bureau for the Construction Work in accordance with the Construction Contract
“Construction Contract”	the contract dated 16 June 2013 entered into between Brightoil Zhoushan Storage and China Petroleum Pipeline Bureau in relation to the Construction Work
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Supervisor”	the supervisor (監理人) of the Construction Work appointed or designated by Brightoil Zhoushan Storage
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

** for identification purpose only*

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

Hong Kong, 16 June 2013

In this announcement, amounts denominated in RMB have been translated for the purpose of illustration only, into HK\$ at the exchange rate of RMB1 to HK\$1.27.

As at the date of this announcement, 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.