BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED

光滙石油(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 933)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2013

The board of directors (the "**Board**" or the "**Directors**") of Brightoil Petroleum (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2013 together with the comparative figures in previous year, which have been reviewed by the audit committee of the Company:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000
Revenue	3	**55,448,813**	69,949,215
Cost of sales and services		**(54,243,441)**	(69,063,050)
Gross profit		**1,205,372**	886,165
Other income	5	**34,502**	42,553
Other gains and losses, net	5	**47,268**	(44,284)
Fair value change of derivative financial instruments	13	**(709,042)**	1,082,074
Loss on redemption of the liability component of convertible notes		**(1,690)**	-
Other expenses		**(152,020)**	(207,924)
Distribution and selling expenses		**(542,938)**	(762,164)
Administrative expenses		**(379,560)**	(384,084)
Finance costs	6	**(188,288)**	(297,458)
Share of losses of jointly controlled entities		**(9,998)**	(5,234)
Share of (loss) profit of an associate		**(870)**	33
(Loss) profit before taxation	7	**(697,264)**	309,677
Taxation charge	8	**(24,386)**	(3,961)
(Loss) profit for the year attributable to the owners of the Company		**(721,650)**	305,716
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**2,241**	(3,646)
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**3,145**	23,891
Other comprehensive income for the year		**5,386**	20,245
Total comprehensive (expense) income for the year attributable to the owners of the Company		**(716,264)**	325,961
Basic and diluted (loss) earnings per share	10	**HK(8.2)cents**	HK4.1cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	NOTES	**2013** HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,989,353**	6,021,753
Prepaid lease payments for land		**530,121**	376,875
Prepaid lease payments for coast		**12,092**	11,933
Investment property		**42,000**	41,000
Exploration and evaluation assets		**-**	40,546
Interest in an associate		**10,525**	11,018
Interests in jointly controlled entities		**482,957**	448,943
Deposits paid for acquisition of property, plant and equipment		**11,091**	359,467
Deposits paid for prepaid lease payments for land		**-**	64,577
Prepayments, rental and other deposits		**48,345**	10,101
		9,126,484	7,386,213
CURRENT ASSETS			
Inventories		**2,367,019**	3,257,510
Trade debtors	11	**4,368,362**	6,737,385
Accrued revenue		**30,873**	-
Prepaid lease payments for land		**11,253**	6,892
Prepaid lease payments for coast		**265**	256
Derivative financial instruments	13	**516,081**	1,266,024
Other debtors, prepayments and deposits		**103,804**	55,343
Loan to jointly controlled entities		**63,504**	303
Securities held for trading		**558,321**	126,118
Receivables from brokers		**521,900**	3,305,211
Pledged bank deposits		**282,678**	413,556
Bank balances and cash		**1,351,985**	1,635,013
		10,176,045	16,803,611
CURRENT LIABILITIES			
Trade creditors	12	**3,686,139**	4,761,343
Trade payable to a related company	12	**63,191**	501,676
Loan from a related company		**930,792**	-
Other creditors and accrued charges		**684,884**	1,216,092
Bank borrowings		**4,275,997**	7,006,194
Convertible notes		**-**	283,078
Derivative financial instruments	13	**416,900**	1,645,188
Profits tax liabilities		**15,370**	26,640
		10,073,273	15,440,211
NET CURRENT ASSETS		**102,772**	1,363,400
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,229,256**	8,749,613
NON-CURRENT LIABILITIES			
Convertible notes		**228,182**	-
Bank borrowings		**1,547,720**	1,208,642
Loan from a related company		**509,260**	-
Deferred tax liabilities		**47,069**	42,167
		2,332,231	1,250,809
		6,897,025	7,498,804
CAPITAL AND RESERVES			
Share capital	14	**219,163**	219,163
Reserves		**6,677,862**	7,279,641
Equity attributable to owners of the Company		**6,897,025**	7,498,804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Share capital	Share premium	Capital redemption reserve	Special reserve	Shareholder's contribution	Translation reserve	Convertible notes reserve	Other reserve	Share options reserve	Accumulated profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (Note a)	HK$'000 (Note b)	HK$'000	HK$'000	HK$'000 (Note c)	HK$'000	HK$'000	HK$'000
As at 1 July 2011	169,090	2,936,020	3,489	1,000	33,679	68,246	321,373	-	36,378	2,721,738	6,291,013
Profit for the year	-	-	-	-	-	-	-	-	-	305,716	305,716
Other comprehensive income:											
Exchange differences arising on translation to presentation currency	-	-	-	-	-	(3,646)	-	-	-	-	(3,646)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	23,891	-	-	-	-	23,891
Other comprehensive income for the year	-	-	-	-	-	20,245	-	-	-	-	20,245
Total comprehensive income for the year	-	-	-	-	-	20,245	-	-	-	305,716	325,961
Dividends paid (note 9)	-	-	-	-	-	-	-	-	-	(236,725)	(236,725)
Issue of new shares	8,073	524,739	-	-	-	-	-	-	-	-	532,812
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	10,722	-	10,722
Deferred tax liability reversed upon partial conversion of convertible note	-	-	-	-	-	-	10,865	-	-	-	10,865
Issue of new shares upon partial conversion of convertible notes	42,000	750,728	-	-	-	-	(228,572)	-	-	-	564,156
Forfeiture of share options	-	-	-	-	-	-	-	-	(12,168)	12,168	-
As at 30 June 2012	219,163	4,211,487	3,489	1,000	33,679	88,491	103,666	-	34,932	2,802,897	7,498,804
Loss for the year	-	-	-	-	-	-	-	-	-	(721,650)	(721,650)
Other comprehensive income:											
Exchange differences arising on translation to presentation currency	-	-	-	-	-	2,241	-	-	-	-	2,241
Exchange differences arising on translation of foreign operations	-	-	-	-	-	3,145	-	-	-	-	3,145
Other comprehensive income for the year	-	-	-	-	-	5,386	-	-	-	-	5,386
Total comprehensive expense for the year	-	-	-	-	-	5,386	-	-	-	(721,650)	(716,264)
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	4,812	-	4,812
Redemption of equity component of convertible notes	-	-	-	-	-	-	(103,666)	(861,202)	-	-	(964,868)
Recognition of equity component of convertible notes	-	-	-	-	-	-	1,055,851	-	-	-	1,055,851
Deferred tax liability on recognition of equity component of convertible notes	-	-	-	-	-	-	(15,012)	-	-	-	(15,012)
Deemed capital contribution from ultimate controlling shareholder	-	-	-	-	33,702	-	-	-	-	-	33,702
Forfeiture of share options	-	-	-	-	-	-	-	-	(7,157)	7,157	-
As at 30 June 2013	219,163	4,211,487	3,489	1,000	67,381	93,877	1,040,839	(861,202)	32,587	2,088,404	6,897,025

Notes:

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

(b) During the year ended 30 June 2008, the Group disposed of two subsidiaries to the former major controlling shareholder of the Company, with total consideration of approximately HK$263,374,000. The gain on disposal of the subsidiaries of approximately HK$33,679,000 was deemed as a shareholder's contribution to the Group and was credited to the equity as a reserve. During the year ended 30 June 2013, deemed contribution arising from a loan from a related company controlled by the ultimate controlling shareholder of the Company of approximately HK$33,702,000 was recognised.

(c) Other reserve represents the difference between the redemption consideration and the carrying amount of the outstanding options as at the date of redemption.

1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets
Amendments to HKFRS 7	Financial instruments: Disclosures - Transfers of financial assets

Except as described below, the application of the amendments to HKFRSs in the current year has no material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income
The amendments to HKAS 1 Presentation of items of other comprehensive income introduce new terminology for the statement of comprehensive income and income statement. Upon application of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. In addition, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 12 Deferred tax: Recovery of underlying assets
Under the amendments to HKAS 12, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. If the presumption is rebutted, the deferred taxes shall reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the investment properties. As a result, the Group's investment property that is located in Hong Kong and measured using the fair value model have been presumed through sale for purpose of measuring deferred tax. The application of amendments to HKAS 12 has no material impact to the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 cycle[1]
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[2]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC) - INT 21	Levies[2]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") - CONTINUED

[1] Effective for annual periods beginning on or after 1 January 2013.

[2] Effective for annual periods beginning on or after 1 January 2014.

[3] Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the accounting period beginning 1 July 2015. Based on the Group's financial assets and liabilities as at 30 June 2013, the application of this new Standard is not expected to affect classification and measurement of the Group's assets and liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) - INT 12 "Consolidation - Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures" and HK(SIC) - INT 13 "Jointly controlled entities - Non-monetary contributions by venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") - CONTINUED

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards together with the amendments relating to the transitional guide will be adopted in the Group's consolidated financial statements for the accounting period beginning 1 July 2013. The application of HKFRS 11 will result in the classification of the jointly controlled entities and jointly controlled operations currently held by the Group as joint ventures and joint operations under HKFRS 11 respectively but is not expected to affect their measurement. The application of the other four standards will have no material impact on the consolidated financial statements based on the existing group structure.

<u>HKFRS 13 Fair value measurement</u>

HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRS. The scope of HKFRS 13 is broad and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the accounting period beginning 1 July 2013 and that the application of the new standard may affect the fair value of derivatives financial instruments and fuel oil inventories reported in the consolidated financial statements, and result in more extensive disclosures about fair value measurements in the consolidated financial statements.

<u>Amendments to HKAS 32 Offsetting financial assets and financial liabilities and amendments to HKFRS 7</u>

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

The directors of the Company consider the amendments to HKAS 32 as described above will not affect the presentation of the Group's financial position. The application of amendments to HKFRS 7 will expand the disclosures in relation to derivative financial instruments which are under master netting arrangements in the Group's annual consolidated financial statements and interim periods within the annual period retrospectively.

Other than as described above, the directors anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

	2013 HK$'000	2012 HK$'000
Provision of marine bunkering services	**22,807,551**	47,788,106
Sales of petroleum products	**31,621,020**	21,834,916
Marine transportation income	**621,272**	252,806
Sales of natural gas and condensate	**362,538**	69,057
Dividend income	**34,751**	2,783
Rental income from investment property	**1,681**	1,547
	55,448,813	69,949,215

4. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM") who makes the decision of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided contributing to the Group's loss (2012: profit) for the year:

The Group's reportable and operating segments under HKFRS 8 are therefore as follows:

International trading and bunkering operation	-	international supply of petroleum products and provision of marine bunkering services to international vessels
Marine transportation operation	-	provision of marine transportation services of fuel oil or crude oil internationally
Upstream gas business	-	gas development and production
Direct investments	-	investments in listed and unlisted equity and debt securities

During the year ended 30 June 2012, the Group acquired Win Business Petroleum Group (Dina) Limited which is engaged in development and production of natural gas. Since then, the CODM reviews the financial performance of gas development and production operation. Accordingly, results from upstream gas business are presented as an operating segment.

No segment assets or liabilities is presented other than entity-wide disclosures as the CODM does not review segment assets and liabilities.

4. SEGMENT INFORMATION - CONTINUED

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 30 June 2013

	International trading and bunkering operation	Marine transportation operation	Upstream gas business	Direct investments	Segment total	Unallocated revenue	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
						(Note)	
SEGMENT REVENUE							
External	54,428,571	621,272	362,538	34,751	55,447,132	1,681	55,448,813
Inter-segment sales	461,636	684,056	-	-	1,145,692	-	1,145,692
	54,890,207	1,305,328	362,538	34,751	56,592,824	1,681	56,594,505
SEGMENT RESULTS	(478,190)	(134,905)	193,575	(12,990)	(432,510)		(432,510)
Other income, other gains and losses, net							99,117
Loss on redemption of the liability component of convertible notes							(1,690)
Unallocated corporate expenses							(163,025)
Finance costs							(188,288)
Share of losses of jointly controlled entities							(9,998)
Share of loss of an associate							(870)
Loss before taxation							(697,264)

4. SEGMENT INFORMATION - CONTINUED

For the year ended 30 June 2012

	International trading and bunkering operation	Marine transportation operation	Upstream gas business	Direct investments	Segment total	Unallocated revenue	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Note)	HK$'000
SEGMENT REVENUE							
External	69,623,022	252,806	69,057	2,783	69,947,668	1,547	69,949,215
SEGMENT RESULTS	733,918	40,730	13,630	(32,647)	755,631		755,631
Other income, other gains and losses, net							(2,092)
Unallocated corporate expenses							(141,203)
Finance costs							(297,458)
Share of losses of jointly controlled entities							(5,234)
Share of profit of an associate							33
Profit before taxation							309,677

Note: Unallocated revenue represents rental income from an investment property which was not reviewed by the CODM during both years ended 30 June 2013 and 2012.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of other income, other gains and losses, net (excluding fair value change of securities held for trading, subleasing income, heating and deviation income and others), loss on redemption of the liability component of convertible notes, central administration costs, directors' emoluments, share of losses of jointly controlled entities, share of loss / profit of an associate, finance costs and income tax. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at cost.

Other segment information

For the year ended 30 June 2013

	International trading and bunkering operation	Marine transportation operation	Upstream gas business	Direct investments	Segment total	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss							
Depreciation of property, plant and equipment	(40,660)	(132,498)	(77,304)	-	(250,462)	(26,867)	(277,329)
Fair value change of derivative financial instruments	(709,042)	-	-	-	(709,042)	-	(709,042)
Fair value change of financial assets held for trading	-	-	-	(47,741)	(47,741)	-	(47,741)
Fair value changes on inventories	(21,969)	-	-	-	(21,969)	-	(21,969)

4. SEGMENT INFORMATION – CONTINUED

For the year ended 30 June 2012

	International trading and bunkering operation HK$'000	Marine transportation operation HK$'000	Upstream gas business HK$'000	Direct investments HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss							
Depreciation of property, plant and equipment	(32,240)	(35,513)	(13,317)	-	(81,070)	(26,942)	(108,012)
Fair value change of derivative financial instruments	1,082,074	-	-	-	1,082,074	-	1,082,074
Fair value change of financial assets held for trading	-	-	-	(35,430)	(35,430)	-	(35,430)
Fair value changes on inventories	(318,351)	-	-	-	(318,351)	-	(318,351)

Geographical information

The Group's operations are mainly located in China Mainland (country of domicile), Hong Kong, Singapore, South Korea, the United States, Holland, Malaysia, Taiwan, Europe (other than Holland), Japan, Angola, Egypt, Oman, Russia and United Arab Emirates.

Information about the Group's revenue is analysed by location of delivery of marine bunkering services and international trading of petroleum products since the customers are international fleet without principal place of operation. The Group's other revenue is analysed by location of customers for sales of natural gas and condensate and provision of marine transportation services and location at where listed securities are traded for direct investments.

The Group's revenue from external customers and information about its non-current assets which is presented based on geographical location of the assets (except for vessels which are presented based on location of the business operations of companies holding the vessels) are detailed below:

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
China Mainland (the "PRC")	**8,844,665**	10,204,171	**2,647,660**	2,134,220
Hong Kong	**373,953**	421,720	**110,221**	113,099
Singapore	**25,991,509**	51,274,653	**5,865,109**	4,663,362
Holland	**-**	184,854	**1,259**	1,829
United States	**219,646**	7,296,264	**8,238**	13,193
Malaysia	**1,163,083**	409,330	**-**	-
Taiwan	**1,020,491**	104,464	**-**	-
South Korea	**89,373**	21,415	**4**	-
Europe (other than Holland)	**10,087**	26,929	**473**	483
Japan	**4,653**	973	**38**	66
Angola	**2,353,856**	-	**-**	-
Egypt	**414,015**	-	**-**	-
Oman	**12,975,704**	-	**-**	-
Russia	**1,225,668**	-	**-**	-
United Arab Emirates	**436,470**	-	**-**	-
Others	**325,640**	4,442	**-**	-
	55,448,813	69,949,215	**8,633,002**	6,926,252

Note: Non-current assets excluded interests in jointly controlled entities and an associate.

4. SEGMENT INFORMATION – CONTINUED

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2013	2012
	HK$'000	HK$'000
Customer A[1]	**N/A[2]**	13,731,565
Customer B[1]	**5,551,676**	N/A[2]

[1]Revenue from international trading and bunkering operation.
[2]The corresponding revenue did not contribute over 10% of the total sales of the Group during the relevant year.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2013	2012
	HK$'000	HK$'000
Other income		
Interest income on bank deposits	**4,108**	6,762
Subleasing income	**23,033**	25,154
Heating and deviation income	**4,337**	10,637
Others	**3,024**	-
	34,502	42,553

	2013	2012
	HK$'000	HK$'000
Other gains and losses, net		
Net foreign exchange gain (loss)	**91,028**	(17,041)
Fair value change of securities held for trading	**(47,741)**	(35,430)
(Loss) gain on disposal of property, plant and equipment	**(1,731)**	1,550
Fair value change of an investment property	**1,000**	1,286
Others	**4,712**	5,351
	47,268	(44,284)

6. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000
Imputed interest expense on convertible notes	**34,397**	112,816
Interest expense on bank borrowings		
- wholly repayable within five years	**155,844**	213,860
- wholly repayable over five years	**36,025**	27,778
Total	**226,266**	354,454
Less: Amounts capitalised	**(37,978)**	(56,996)
	188,288	297,458

Borrowing cost capitalised during the year of approximately HK$36,347,000 (2012: HK$51,151,000) arose on the general borrowing pool calculated by applying a capitalisation rate of 2.82% (2012: 3.25%) per annum to expenditure or qualifying assets.

7. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging (crediting):

	2013	2012
	HK$'000	HK$'000
Auditor's remuneration	**4,239**	3,227
Release of prepaid lease payments for land and coast	**10,982**	7,581
Depreciation of property, plant and equipment		
Vessels (Note a)	**169,574**	67,494
Oil and gas properties	**77,183**	13,269
Others	**30,572**	27,249
	277,329	108,012
Operating lease rentals paid in respect of rented premises and oil storage facilities (Note b)	**426,509**	641,866
Amount of inventories recognised as expense	**54,253,847**	69,375,819
Unrealised loss on fuel oil inventories (included in cost of sales and services)	**(21,969)**	(318,351)
Allowance for bad and doubtful debts	**-**	2,309
Staff costs (including directors' remuneration)		
Wages, salaries and other benefits	**264,076**	220,031
Share based payments	**4,812**	10,722
Retirement benefits scheme contributions	**19,692**	16,492
	288,580	247,245
Less: Staff costs capitalised to construction in progress	**(3,577)**	(2,576)
	285,003	244,669

Notes:

(a) The amount of approximately HK$169,574,000 (2012: HK$67,494,000), together with the attributable operating costs of the vessels, was included in cost of sales and services.

(b) Rentals amounting to HK$619,000 (2012: HK$802,000) in respect of accommodation provided to the directors are included under staff costs.

8. TAXATION CHARGE

	2013 HK$'000	2012 HK$'000
Current tax charge for the year:		
Hong Kong Profits Tax	**-**	-
PRC Enterprise Income Tax	**57,314**	3,214
Singapore Income Tax	**980**	20,038
	58,294	23,252
Overprovision in prior years:		
Singapore Income Tax	**(23,798)**	-
Deferred taxation		
Current year	**(10,110)**	(19,291)
	24,386	3,961

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for the Hong Kong Profits Tax was provided for the Group's Hong Kong subsidiaries as those subsidiaries have no assessable profit or suffered from tax losses for both years.

The Singapore Income Tax is determined by applying the Singapore tax rate of 17%.

With the Global Trader Program incentive awarded by the Inland Revenue Authority of Singapore to the Group for the five years ended 30 June 2013, certain qualified income (e.g. income from marine bunkering operation and sales of petroleum products) generated during the year from trading fuel and oil under the international trading and bunkering segment of the Group has been charged at a concessionary tax rate of 5%. In August 2013, the Group has been awarded extension on the Global Trader Program incentive for further five years ending 30 June 2018.

The Group has awarded the Approved International Shipping Enterprise Incentive ("AIS") status with effect from 1 April 2011 for an initial period for 10 years. With the AIS status, the Group's profit from qualifying activities (e.g. qualifying shipping operations under Section 13F of the Singapore Income Tax Act) are exempt from tax.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

A deferred tax asset has not been recognised in the consolidated financial statements in respect of estimated tax losses due to the uncertainty of future profit streams.

9. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution during the year:		
Final dividend paid – nil for financial year 2012 (2012: HK3.5 cents per share for the financial year 2011)	**-**	236,725

The directors of the Company do not recommend the payment of a final dividend for the year ended 30 June 2013.

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

(Loss) earnings

	2013 HK$'000	2012 HK$'000
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share		
(Loss) profit for the period attributable to owners of the Company	**(721,650)**	305,716

Number of shares

	2013	2012
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**8,766,498,266**	7,392,607,101

During the year ended 30 June 2013, the computation of diluted loss per share does not assume the conversion of the outstanding convertible notes and exercise of the share options granted since they would result in a decrease in loss per share.

For year ended 30 June 2012, the computation of diluted earnings per share does not assume (i) the exercise of the share options granted since the exercise price of the share options outstanding was higher than average market price for shares during the year and (ii) the conversion of the outstanding convertible notes since it would result in an increase in earnings per share.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 30 June 2012 has been adjusted for the issue of shares and shares issued upon the partial conversion of convertible notes in prior year.

11. TRADE DEBTORS

	2013 HK$'000	2012 HK$'000
Trade debtors	**4,370,671**	6,739,694
Less: Allowance for bad and doubtful debts	**(2,309)**	(2,309)
	4,368,362	6,737,385

The Group allows an average credit period of 30 to 45 days to its customers from international trading and bunkering operation, 60 days to a subsidiary of China National Petroleum Corporation on sale of natural gas and condensate and 30 to 90 days to its marine transportation customers.

The following is an aged analysis of trade debtors (net of allowance for bad and doubtful debts) presented based on the invoice date at the reporting date:

	2013 HK$'000	2012 HK$'000
0 - 30 days	**4,280,583**	5,662,701
31 - 60 days	**68,155**	1,035,380
61 - 90 days	**13,550**	38,840
Over 90 days	**6,074**	464
	4,368,362	6,737,385

11. TRADE DEBTORS - CONTINUED

Before accepting any new customer, the Group performs a credit review to assess the potential customer's credit quality and defines credit limits by customer. Limits and credit rating to customers are reviewed on a regular basis. Over 99% (2012: 84%) of the trade debtors are neither past due nor impaired. These customers have no default of payment in the past and have good credit rating under the credit review procedures adopted by the Group.

Included in the Group’s trade debtors balance are debtors with aggregate carrying amount of approximately HK$24,939,000 (2012: HK$1,074,684,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 73 days (2012: 60 days). The balances have been substantially settled subsequently.

Aging of trade debtors which are past due but not impaired

	2013	2012
	HK$’000	HK$’000
31 - 60 days	**9,879**	1,035,380
61 - 90 days	**8,986**	38,840
91 - 120 days	**1,601**	-
Over 120 days	**4,473**	464
	24,939	1,074,684

In the opinion of the directors, the Group has maintained long term relationships with existing customers who have a strong financial position with continuous subsequent settlements and there have been no historical default of payments by the respective customers. The Group has assessed the recoverability of these customers and consider that there has not been a significant change in their credit quality. The directors believe that the amounts are still recoverable.

Movement in the allowance for bad and doubtful debts

	2013	2012
	HK$’000	HK$’000
Balance at beginning of the year	**2,309**	-
Impairment losses recognised on trade debtors	**-**	2,309
Balance at end of the year	**2,309**	2,309

Allowance for bad and doubtful debts included individually impaired trade receivables with an aggregate balance of approximately HK$2,309,000 (2012: HK$2,309,000) which had been in disputes on final settlement and may not be recoverable. The Group does not hold any collateral over these balances.

As at 30 June 2013, the carrying amount of trade debtors, which has been pledged as security for short-term credit facilities granted to the Group, is approximately HK$4,313,393,000 (2012: HK$6,603,523,000).

12. TRADE CREDITORS

The following is an aged analysis of trade creditors presented based on the invoice date at the end of the reporting period:

	2013	2012
	HK$'000	HK$'000
0 - 30 days	**3,677,013**	4,686,601
31 - 60 days	**7,112**	64,084
61 - 90 days	**-**	4,901
Over 90 days	**2,014**	5,757
	3,686,139	4,761,343

The average credit period for purchase of fuel oil is 30 days. The average credit period for direct costs incurred in the upstream gas business is 60 days. The Group has financial risk management policies in place to ensure all payables within the credit timeframe.

Apart from the balance disclosed above, the balance of approximately HK$63,191,000 (2012: HK$501,676,000) classified as trade payable to a related company is trade in nature. The amount is aged within 45 days at 30 June 2013 and 2012 with credit terms of 45 days granted to the Group.

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments of the Group comprised of long and short positions in mainly oil and gasoline futures, swaps and forwards contracts, including ICE futures (mainly Brent, Gasoil and WTI), Nymex Futures (mainly Gasoline, Heating Oil, WTI), ICE swaps (mainly Fuel Oil, Gasoil and Crude Oil), Nymex swaps (mainly Fuel Oil and Crude Oil) and all the future and swaps contracts are listed contracts. Forwards contracts in relation to physical delivery of fuel oil and crude oil are directly dealt with some counterparties.

During the year ended 30 June 2013, the loss on fair value change of derivative financial instruments of approximately HK$709,042,000 was charged to profit or loss (2012: gain on fair value change of derivative financial instruments of approximately HK$1,082,074,000 was credited to profit or loss).

14. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.025 each (2012: HK$0.025 each)		
Authorised		
As at 1 July 2011, 30 June 2012 and 2013 at HK$0.025 each	40,000,000,000	1,000,000
Issued and fully paid		
As at 1 July 2011, at HK$0.025 each	6,763,581,600	169,090
Shares issued upon acquisition of a subsidiary (Note a)	322,916,666	8,073
Shares issued upon conversion of convertible notes (Note b)	1,680,000,000	42,000
As at 30 June 2012 and 2013, at HK$0.025 each	8,766,498,266	219,163

Notes:

(a) On 31 January 2012, the Group completed its acquisition of the entire issued share capital of a private company operated in the PRC which is wholly-owned by Dr. Sit Kwong Lam ("Dr. Sit"). In accordance with the terms of the acquisition, the Company has issued 322,916,666 new ordinary shares to Canada Foundation Limited, a company wholly owned by Dr. Sit.

(b) During the year ended 30 June 2012, 1,680,000,000 new ordinary shares of the Company of HK$0.025 each were issued upon the partial conversion of the 2009 Convertible notes issued pursuant to the Subscription Agreement. Convertible notes with aggregate principal amount of US$81,291,000 (approximately HK$630,005,000) were converted into 1,680,000,000 ordinary shares of the Company at a conversion price of US$0.04839 per share.

All the shares issued during the year ended 30 June 2012 rank pari passu with the then existing shares of the Company in all respect.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the year ended 30 June 2013 ("**FY 2013**" or "**the period under review**"), the total revenue of the Group decreased by approximately 20.7% to HK$55,448.8 million from HK$69,949.2 million in last year. Among the group business divisions, International Trading and Bunkering ("**ITB**") and Marine Transportation ("**MT**") businesses were still the major contributors to the Group's financial performance although they faced an extremely challenging market environment due to low market demand and weaker net margin. However, through the continuous enhancement on trading flexibility and improving operating efficiency, the MT business managed to record a year on year increase in revenue by 145.8% to HK$621.3 million under the tough market conditions. During the period under review, the Group experienced a gross profit of HK$1,205.4 million and adjusted gross profit (i.e. gross profit plus fair value change of derivative financial instruments) of HK$496.3 million as a result.

After accounting for the overall operating cost of HK$1,262.8 million (2012: HK$1,651.6 million), the Group recorded a loss attributable to the owners of the Company amounting to HK$721.7 million (2012: profit of HK$305.7 million).

The balance of Group's trade debtors as of 30 June 2013 decreased to HK$4,368.4 million year on year with the average receivable days of 73 days. The balances have been substantially settled after the end of FY 2013 as the Group continuously performed regular review on customers' trading limits and credit ratings to facilitate the debt collection.

During the period under review, the Group recorded basic and diluted loss per share of HK8.2 cents (2012: basic and diluted earnings per share of HK4.1 cents).

Business Review and Outlook

During the period under review, a robust global economic recovery remained out of reach. Amidst a challenging operational environment, the Group achieved overall steady development for its four core businesses through the optimization of its business model, better control of operating costs, expansion of trading products and improvement in credit and trading risk management. The Group made significant progress in its Upstream business, with the Tuzi gas field commencing production in the second half of 2013. For its ITB business, the Group maintained a relatively good market share despite challenges brought by the unfavorable market environment. For its MT business, the Group has successfully received 5 Very Large Crude Carriers ("**VLCCs**") and entered into a 10-year Contract of Affreightment ("**COA**") with China International United Petroleum & Chemicals Co., Ltd., ("**UNIPEC**"). Construction of the Group's Oil Storage & Terminal Facilities in Zhoushan progressed smoothly, such that Phase 1 of the project, with a capacity of 1.94 million cubic meters, is set to commence operation in the first half of 2015.

Upstream Business - Oil/Gas Field Exploration, Exploitation and Production

The Group's upstream business delivered favorable results during the year. Production of the Dina 1 Gas Field in the Tarim Basin in Xinjiang ("**Dina 1 Gas Field**") remained stable and safe while daily production reached the level of approximately 1.2 million cubic meters of natural gas and 65 metric tonnes of condensate oil.

The production of the Tuzi Luoke Gas Field ("**Tuzi Gas Field**") will commence in the second half of 2013, ahead of schedule. Upon full production, Dina 1 Gas Field and Tuzi Gas Field are expected to produce 1.3-1.5 billion cubic meters of natural gas, and 30,000 to 40,000 metric tonnes of condensate oil annually.

Looking ahead, demand for oil and gas resources in China will remain strong. The National Development and Reform Commission ("**NDRC**") announced its plan to set up a dynamic pricing mechanism to reflect the demand and shortage of natural gas and other alternative energy. On 10 July 2013, average gas price at the city gas gate stations was raised from RMB1.69 to RMB1.95 per cubic meter. Upward adjustment of the natural gas price is expected to continue in the future.

The Group will continue to grow its oil and gas field exploration, exploitation and production business as its primary focus, and as an important profit contributor in the coming fiscal year and in the long run, to realize its full potential.

Information on Natural Gas and Condensate Oil Reserve

The following tables set forth the Company's estimated reserve as at 30 June 2013. They are prepared by the SRK Consulting (Australasia) Pty Ltd. ("**SRK**"), an independent firm of professional valuer, which possesses the relevant professional qualifications and experience.

Gross and Net Entitlement Proved and Probable (2P) Reserves of the Dina 1 Gas Field (as at 30 June 2013)

Reserve Category	Gross Reserves (100%), Dina 1 Gas Field			Net Reserves entitled to Win Business Petroleum Group Limited (a wholly-owned subsidiary of the Company)		
	Natural Gas (Bscf)	Condensate Oil (MMbbl)	BOE (MMbbl)	Natural Gas (Bscf)	Condensate Oil (MMbbl)	BOE (MMbbl)
Proved + Probable (2P)	132.46	1.29	23.36	66.23	0.65	11.69

In addition, the report prepared by SRK with effect in September 2013 had indicated that a net present value ("**NPV**") analysis had been conducted by them for the purpose of determining the fair value of the Dina 1 Gas Field as at 30 June 2013. The interest of NPV value of the Dina 1 Gas Field entitled to Win Business Petroleum Group Limited, a wholly-owned subsidiary of the Company is amounted US$141.90 million (equivalent to HK$1,101.14 million at an exchange rate of US$1=HK$7.76). As at 30 June 2013, the carrying amount of the oil and gas properties of the Group in Dina 1 Gas Field is over HK$600 million.

International Trading and Bunkering

The global oil demand for FY 2013 remained sluggish on the back of a weak global economy. The European economy continued to contract while the Chinese economy began to stall. Although there were some signs of recovery in the US economy, it was far from robust. The shipping industry continued to be oversupplied following weaker global trade flows. This has led ship owners to lay up vessels as well as step up their scrapping program. Many ship owners have also resorted to slow steaming to reduce bunker consumption and costs. With oil prices hovering at relatively high levels for most of the period under review, the overall global bunker demand stayed weak. The Singapore fuel oil trading market saw high inventory levels at both on-shore as well as floating storages. This has limited the scope of growth in both bunker margins as well as physical fuel oil trading margins in the Singapore trading hub.

In FY 2013, ITB added crude, middle distillate and petrochemical on top of its fuel oil trading desk. The business division focused more of its efforts on growing its marine fuel oil business in China, adding new bunkering activities in Zhoushan, Qingdao and Yangshan. In addition, the division added a new crude origination resource in the United States to allow the crude trading bench to source competitively valued supplies in South and Latin America for arbitrage sale into North Asia. However, expansion plans in Europe have been temporary held off until market conditions turn more favorable.

The Group’s ITB business had a challenging FY 2013 given the aforementioned market conditions. Intense competition in the Singapore and China bunker markets led to overall weaker net margins, and the supply overhang also impacted the Group’s fuel oil trading margins. The Group undertook efforts to diversify its product lines and reduce fixed costs in the second half of FY 2013. It achieved global sales volume of approximately 10 million metric tonnes for the ITB division, 6.9 million metric tonnes for fuel oil and gas oil, and 3.1 million metric tonnes for crude, maintaining a significant market share.

Going forward, the strategy for the Group’s ITB division remains unchanged with its fuel oil business focusing on growing bunker sales in markets where it enjoys a niche position, namely China and Singapore. The physical crude trading business will plan to increase the variety of physical crudes it trades, as well as grow its trading presence across Asia, after which it will look to expand to Europe and South America.

The ITB division will explore further optimizing its supply chain to achieve overall cost efficiencies. The business aims to create a nimble and flexible organization that can better respond to the changes and challenges that lie ahead. The division aims to recruit more experienced trading professionals for its ITB business, and continues to adopt a conservative credit risk management policy by being vigilant in managing all the Group’s trading exposure.

The ITB business is expected to remain the primary driver of the Group’s revenue and income growth in the next financial year.

Marine Transportation

For MT division, the period under review was notable for both the significant milestones achieved and the tough economic conditions in the global tanker markets it serves. The Group took delivery of five newly built VLCCs from July 2012 to March 2013. These carriers have been very well received by customers and are amongst the most fuel-efficient in the market, yielding a better economic return compared with the majority of its competitors. Additionally these carriers are fitted with heating coils and bunker flow metering systems, which enhance trading flexibility and improve operating efficiency. As at 30 June 2013, its fleet comprised five owned VLCCs, four owned Aframax Oil Tankers and one Bunker Barge. Its total capacity grew 3.5 times to two million tons. Our modern fleet has operated at a very high standard with minimal technical downtime. This, combined with its effective utilization, has enabled it to outperform the competition.

China's oil consumption in the past decade has grown more than any other nation, and the country now stands as the second largest consumer of oil in the world. More than 90% of China's crude imports come from the Middle East and West Africa, which are key VLCC trade routes. MT division has been vertically integrated with our ITB division, and has been actively soliciting business opportunities from third party charterers to transport oil to China. This energy transportation service is delivered either through our own fleet or by chartering additional capacity from the market. A key achievement this year was signing a 10-year COA with UNIPEC. UNIPEC has established itself as one of the world's largest charterers and the Group is proud to have won this business, which is MT's first long-term energy transportation contract in China. This is the culmination of a strong strategic relationship built with oil majors in China, as well as a demonstration of our long-term commitment to meet the growing energy demand in China.

An organizational restructuring initiative was launched during the period under review, with the aim of streamlining business processes, strengthening the management team and preparing the organization to meet our ambitious growth targets. The new management team is fully committed to building upon the strong foundations that have already been laid out. Our focus on operational excellence combined with our commercial acumen and strong customer service orientation, will be supported by a drive to seek out value through cost and operational efficiencies.

Oil Storage & Terminal Facilities

The Group continued to develop its oil storage and terminal facilities as a platform to serve a wider range of customers. These facilities provide storage and transhipment services that are safe, reliable and efficient to create value for customers. Leveraging on the synergies with its ITB and MT businesses, oil storage and terminal facilities remained an essential link to the development of integrated supply chain management for the Group.

The Group currently has two oil storage and terminal facility projects under development in Zhoushan and Dalian. The two oil storage facilities are connected to the main oil pipelines in the PRC and are also connected to refineries nearby. The terminals will provide berths for different tonnages with capability to load and unload cargoes.

The construction of the oil storage facility on Waidiao Island in Zhoushan, with a total capacity of 3.16 million cubic meters, will be completed in two phases. Phase 1 and 2 of the project will have a capacity of 1.94 million and 1.22 million cubic meters respectively. The facility will be equipped with 13 berths which can accommodate vessels from 1,000 to 300,000 DWT. The Group has commenced construction of Phase 1 and commercial operations are projected to commence around the end of 2014 or first half of 2015. Commercial operations of Phase 2 will take place around the end of 2015 or the first half of 2016.

The construction of the oil storage facility on Changxing Island in Dalian, with a total capacity of 7.19 million cubic meters, is expected to be completed in two phases. The estimated capacity of Phase 1 and 2 will reach up to 3.51 million cubic meters and 3.68 million cubic meters respectively. The facility will be equipped with 13 berths to accommodate vessels from 1,000 to 300,000 DWT. Completion of the project will be delayed as a result of the Chinese government's adjustment of its design and requirements for fire and general safety, which has extended the review of the project. The project has completed its land preparations. The Group expects to receive the approval for Phase 1 and the completion of construction by the end of 2015. Construction of Phase 2 is projected to complete in the second half of 2016.

In spite of the anticipated slight slowdown of the China's economy in 2013, the Group remains confident in the future growth of China's economy and the results of the Chinese government's oil market reform, growth in domestic demand and implementation of urbanization strategies. Zhoushan Islands is set to become the fourth State-level New Area, following Shanghai Pudong , Tianjin Binhai and Chongqing Liang Jiang . Zhoushan Islands is the country's pilot district for more extensive reforms and is the leader of regional development, as well as the centre for large-scale commodity handling, storage and trading. Leveraging its strategic geographic location and scope of scale, the Group believes that its new oil storage and terminal facilities in Zhoushan will grow into one of the most important oil trading centres in China within the next three to five years.

The addition of the storage facilities will generate stable rental income for the Group and will enable synergies with its ITB business and MT business for economies of scales. They will also contribute significantly to the Group's operational performance on the whole by enhancing the quality and efficiency of its bunkering and trading business.

The Group will continue to dedicate its efforts to developing its four main businesses and strengthening the operational foundation of each of its business units, to consolidate its market leadership. The Group's upstream gas field exploitation and production business is set to become the key driver of the Group's growth and profits. Looking ahead, with the gradual implementation of the 12th Five-Year Plan, China's growing demand for natural gas, oil storage and crude oil importation, along with the development of Zhoushan Islands New Area as the centre for large-scale commodity storage, processing, transiting and trading, the political and market environments are expected to support the future growth of the Group's four main businesses, enabling it to increase returns for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2013, the Group had receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$521.9 million, HK$282.7 million and HK$1,352.0 million respectively.

The Group considers its foreign currency exposure is mainly arising from the exposure of exchange between Hong Kong dollars, Singapore dollars, Renminbi and United States dollars. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any significant contingent liabilities.

CAPITAL STRUCTURE

As at 30 June 2013, the Company had 8,766,498,266 shares (the "**Shares**") in issue with total share capital of approximately HK$219.2 million.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2013, the Group employed approximately 330 full time employees. The Group remunerates its Directors and employees by reference to their performance, experience and prevailing industry practice. Employee benefits provided by the Group include provident fund scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the year ended 30 June 2013, total employees' remuneration, including directors' remuneration, was approximately HK$288.6 million (2012: HK$247.2 million).

ANNUAL GENERAL MEETING

It is proposed that the 2013 Annual General Meeting of the Company will be held on Monday, 25 November 2013 (the "**2013 AGM**"). Notice of the 2013 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkex.com.hk) and the Company (www.brightoil.com.hk), and despatched to the shareholders of the Company (the "**Shareholders**") in the manner as required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 30 June 2013 (for the year ended 30 June 2012: Nil).

CLOSURE OF REGISTER OF MEMBERS

<u>Entitlement to attend and vote at the 2013 AGM</u>

For determining the entitlement to attend and vote at the 2013 AGM is scheduled to be held on Monday, 25 November 2013, the register of members of the Company will be closed from Wednesday, 20 November 2013 to Monday, 25 November 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2013 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 19 November 2013.

CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2013, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision A.2.1

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The positions of both chairman and CEO have been held by Dr. Sit Kwong Lam since 20 June 2008 upon his appointment as an executive Director. Given the Group's current stage of development, the Board considers that vesting the roles of both chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximises effectiveness of its operation.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. The Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2013.

The Model Code also applies to other specified senior management of the Group. The Company adopted "Policy of handling price-sensitive and confidential information of the Company" (the "**Policy**") for senior management and the relevant employees of the Group. The Company adopts this Policy on terms no less exacting than those set out in the Model Code.

In addition, no incident of non-compliance of the Policy by senior management and the relevant employees of the Group was noted by the Company for the year ended 30 June 2013.

AUDIT COMMITTEE

As at 30 June 2013, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors namely Mr. Kwong Chan Lam ("**Mr. Kwong**"), Mr. Lau Hon Chuen and Professor Chang Hsin Kang. Mr. Kwong, being a certified public accountant, is the chairman of the Audit Committee.

For the year ended 30 June 2013, the Audit Committee met twice considering the financial reporting matters, assessing changes in accounting policies and practices, discussing major judgmental area and compliance with applicable legal and accounting requirements and standards, discussing with the auditors of the Company on internal control and annual results.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's financial statements for the year, but represents an extract from those financial statements. The accounting policies used are consistent with those set out in the Annual Report 2013 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations which are relevant to its operations and effective for accounting periods commencing on or after 1 July 2012. The financial statements for the year have been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the related notes thereto for the year ended 30 June 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.brightoil.com.hk). The annual report of the Company for the year ended 30 June 2013 containing all the information required by the Listing Rules will be despatched to the Company's Shareholders and published on the above websites in due course.

BOARD COMPOSITION

Mr. He Zixin, Mr. Ran Longhui and Mr. Sun Zhenchun resigned as the non-executive Directors of the Company on 30 December 2012. Mr. Per Wistoft Kristiansen resigned as an executive Director of the Company with effect from 3 September 2013. On 3 September 2013, Mr. Justin Sawdon Stewart Murphy was appointed as an executive Director of the Company.

As at the date of this announcement, the Board consists of a total of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors.

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and to all our staff for their dedicated efforts during this year, as well as to our customers, suppliers, business partners and shareholders for their continuous and full continuous and full support to our Group.

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

Hong Kong, 30 September 2013

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. Justin Sawdon Stewart Murphy; (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.

** For identification purpose only*

<u>Forward-looking statements</u>

This announcement contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the Company about the industry and markets in which the Company and its subsidiaries (the "**Group**") is operating or will operate in the future. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual results to differ materially from those expected or forecasted in the forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include general economic, political and business conditions, changes in cruise industry competition, weather, force majeure events and/or other factors. Reliance should not be placed on these forward-looking statements, which merely reflect the view of the Company as of the date of this announcement only. The Company is under no obligation to revise or update publicly these forward-looking statements or any part thereof to reflect events or circumstances resulting from any new information, future events or otherwise on which any such statement was based.