光滙石油(控股)有限公司
Brightoil Petroleum (Holdings) Limited
(Incorporated in Bermuda with limited liability)

Annual Report 2013

www.brightoil.com.hk
Stock Code: 933.HK

CONTENTS

CORPORATE PROFILE

Brightoil Petroleum (Holdings) Limited (the "**Company**", together with its subsidiaries, the "**Group**") is listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 0933). The Group is principally engaged in exploration, exploitation and production of oil and gas fields, international trading and bunkering, marine transportation as well as oil storage and terminal facilities businesses.

The Group has invested in two natural gas field projects in Xinjiang Province, China – Tuzi Gas Field and Dina 1 Gas Field. Dina 1 Gas Field has gas reserves in place of 9.3 billion m^3 and condensate of 610,000 metric tonnes, while Tuzi Gas Field has a natural gas reserve in place of 22.1 billion m^3. The Group aims to actively expanding its upstream business globally by investing in more oil and gas fields, being the strategic pivot for future business development.

The Group's international trading business includes trading products such as crude oil, fuel oil, gas oil, middle distillates such as diesel oil, and petrochemicals. The Group has established extensive and stable supply and distribution channels in the international market with a leadership by trading volume. The Group also has bunkering business in a number of global ports, and has been the top three bunker fuel suppliers in China and Singapore by volume for several consecutive years.

The Group has a modern marine fleet of 5 Very Large Crude Carriers (VLCCs) and 4 Aframax oil tankers with aggregate capacity exceeding 2 million metric tonnes. The marine fleet can achieve stable growth in its marine transportation business. The Group has recently built up the strategic cooperation with China International United Petroleum & Chemicals Co., Ltd. (UNIPEC) and signed a Contract of Affreightment (COA) for the long-term transportation of crude oil in the coming decade.

Meanwhile, the Group is constructing a 3.16 million m^3 oil storage and terminal facility with thirteen 1,000 DWT to 300,000 DWT class berths on Waidiao Island, Zhoushan City in the Yangtze Delta, PRC. The Group is also constructing a 7.19 million m^3 oil storage facility and terminal that could accommodate vessels with capacities of 1,000 to 300,000 DWT on Changxing Island, Dalian, Bohai Bay. The Group's oil storage facilities in Zhoushan and Dalian will be gradually phased into operations in the next two to three years to provide oil storage and terminal service to various customers as well as for the Group's own use. Among those facilities, the first phase of the oil storage facilities in Zhoushan, with a storage capacity of approximately 1.94 million m^3, is anticipated to begin commercial operations in early 2015.

Leveraging four core businesses as above, the scalable and global development of the upstream business in particular, the Group will spare no effort in becoming a renowned international energy conglomerate.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Sit Kwong Lam (Chairman and Chief Executive Officer)
Mr. Tang Bo
Mr. Tan Yih Lin
Mr. Justin Sawdon Stewart Murphy

Non-executive Director

Mr. Dai Zhujiang

Independent Non-executive Directors

Mr. Lau Hon Chuen
Professor Chang Hsin Kang
Mr. Kwong Chan Lam

AUDIT COMMITTEE

Mr. Kwong Chan Lam (Chairman)
Mr. Lau Hon Chuen
Professor Chang Hsin Kang

REMUNERATION COMMITTEE

Professor Chang Hsin Kang (Chairman)
Mr. Kwong Chan Lam
Mr. Lau Hon Chuen
Dr. Sit Kwong Lam
Mr. Tan Yih Lin

NOMINATION COMMITTEE

Mr. Lau Hon Chuen (Chairman)
Mr. Kwong Chan Lam
Professor Chang Hsin Kang
Dr. Sit Kwong Lam
Mr. Tan Yih Lin

COMPANY SECRETARY

Ms. Cheung Wa Ying

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS ON BERMUDA LAW

Conyers Dill & Pearman

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

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

ABN AMRO Bank N.V.
Bank of China Limited
BNP Paribas
China Development Bank Corporation
China Minsheng Banking Corp., Ltd.
Citibank, N.A.
Credit Suisse AG
Deutsche Bank AG
ING Bank N.V.
Rabobank International
Raiffeisen Bank International AG
Societe Generale
United Overseas Bank Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
Ordinary Share (Stock Code: 0933)

WEBSITE

http://www.brightoil.com.hk

HIGHLIGHTS OF THE YEAR

INTERNATIONAL TRADING & BUNKERING

- Major contributor of the Group's revenue, with a focus on trading and bunker supply activities.
- Quantity of crude oil supplied up to approximately 3.1 million metric tonnes in the financial year 2013.

MARINE TRANSPORTATION

- Five owned Very Large Crude Carriers ("**VLCCs**"), four owned Aframax oil tankers and one bunker barge currently in full operation, with the total capacity grew 3.5 times to exceeding two million metric tonnes.
- The Group entered into a 10-year Contract of Affreightment ("**COA**") with China International United Petroleum & Chemicals Co., Ltd ("**UNIPEC**") in May 2013.

UPSTREAM BUSINESS

- Production of the 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.
- On 31 December 2012, National Development and Reform Commission ("**NDRC**") has officially approved the Overall Development Plan ("**ODP**") for the Tuzi Gas Field in Xinjiang Autonomous Region, the production will commence in the second half of 2013.

OIL STORAGE & TERMINAL FACILITIES

- On 16 June 2012, the Group signed a construction contract with China Petroleum Pipeline Bureau to build the first phase of oil storage facilities on Waidiao Island in Zhoushan, Zhejiang Province. Phase 1 of the project, with a capacity of 1.94 million cubic meters, is projected to commence operation in the first half of 2015.
- 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 Group expects to receive the approval for Phase 1 and the completion of construction by the end of 2015.

CHAIRMAN'S STATEMENT

Sit Kwong Lam
Chairman

In the past year, the global economic recovery remained subdued in the aftermath of global financial crisis. The world's economies faced different challenges and China's economy gradually slowed down after years of high growth. Brightoil continued to adhere to our firm belief despite such complex economic environment both domestically and internationally. Even though our financial performance was severely impacted in the first half of the 2013 financial year, we adjusted our business strategies and risk control measures according to different markets and business environments and managed to achieve significant improvement in operating results in the second half.

Our Dina 1 Gas Field in Xinjiang has been generating remarkable cash inflow to the Group, while our Tuzi Gas Field (also located in Xinjiang) Overall Development Plan (ODP) has been approved by National Development and Reform Commission (NDRC) and is expected to be officially commissioned shortly. The development of the two gas fields will create economies of scale and synergies and is expected to bring a considerable amount of revenue. We will continue to further develop oil and gas fields to deploy our strategy with a focus on upstream business.

Our international trading business has established intensive and stable supply and distribution channels in the international market. The Group has started to trade physical crude oil to contribute further revenue thus extended our trading product array to crude oil, fuel oil, gas oil, middle distillates such as diesel oil, as well as petrochemicals. In terms of trading volume,

our business has achieved market leading position. On bunkering business, we have been the top three suppliers measured by volume in China and Singapore for several consecutive years.

During the financial year of 2013, the Group has signed a contract of affreightment with China International United Petroleum & Chemicals Co., Ltd., (UNIPEC), a wholly owned subsidiary of China Petroleum & Chemical Corporation (Sinopec), to transport crude oil to China from regions including Middle East and West Africa in the coming decade. The contract is expected to bring stable income to the Group in the long run.

Meanwhile, the first phase of our oil storage facilities in Zhoushan, Zhejiang Province, with a storage capacity of approximately 1.94 million m^3, is under construction and is expected to be in commercial operations in early 2015. We anticipate our oil storage facilities in Zhoushan and Dalian to gradually come into operation in the next two to three years to provide oil storage and terminal services to a variety of customers and for the Group's own use, driving the growth of the Group's business and bringing stable returns.

Looking ahead, a new version of China economy will bring momentum to the global economy despite the uncertainties elsewhere. We look forward to the rebound of the world economy. We firmly believe that China will continue its market-oriented reform and maintain a long-term healthy development of its economy, while its urbanization development approach will provide significant potential for long-term growth of its domestic consumers and industrial demand, creating substantial possibility for higher energy demand thus brighter prospects for Brightoil's business development. We have every confidence that the scalable and global development of our core businesses, the upstream business in particular, will lay a solid foundation for Brightoil to become a renowned international energy conglomerate.

Finally, on behalf of the board of directors, I would like to express my gratitude to our shareholders and business partners for their trust and support over the past year. We will continue to create greater value and higher returns to our shareholders and investors.

Sit Kwong Lam
Chairman

30 September 2013

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, following with 5 Very Large Crude Carriers ("VLCCs") in operation during the year, 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 (2012: HK$6,737.4 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).

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.

As at 30 June 2013, the Group had bank borrowings and charges on its assets of approximately HK$5,823.7 million and HK$11,728.1 million respectively.

As at 30 June 2013, the Group's gearing ratio was approximately 56.5% (2012: 41.9%), calculated as the Group's net borrowing divided by shareholders' equity. Net borrowing of HK$3,895.3 million (2012: HK$3,144.1 million) was calculated as total borrowings (i.e. the aggregate of bank borrowings and convertible notes of HK$6,051.9 million (2012: HK$8,497.9 million) less receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$2,156.6 million (2012: HK$5,353.8 million).

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).

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 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.

The production of the Tuzi Luoke Gas Field ("**Tuzi Gas Field**") is expected to 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 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 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)

	Gross Reserves (100%) Dina 1 Gas Field			Net Reserves to which Win Business Petroleum Group Limited (a wholly-owned subsidiary of the Company) is entitled		
Reserve Category	**Natural Gas (Bscf)**	**Condensate (MMbbl)**	**BOE (MMbbl)**	**Natural Gas (Bscf)**	**Condensate (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.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

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 metric tonnes. 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.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Marine Transportation *(continued)*

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.

EXECUTIVE DIRECTORS

Dr. Sit Kwong Lam ("**Dr. Sit**"), Ph.D., aged 46, has been an executive Director, chairman and chief executive officer of the Company, since 20 June 2008. Dr. Sit is also a member of the Remuneration Committee and Nomination Committee of the Company. He obtained a doctorate degree in philosophy in 2005. He is a member of the Chinese People's Political Consultative Conference, vice chairman of China's Chamber of Commerce for Petroleum Industry (全國工商聯石油業商會副會長) and chairman of the board of directors of Shenzhen Brightoil Group Co., Ltd. (深圳光滙石油集團股份有限公司) and its subsidiaries ("Shenzhen Brightoil Group"). He also serves as director of all subsidiaries of the Group.

Dr. Sit is the founder of Brightoil Group. He has been specialising in the oil energy field and is dedicated to developing energy businesses. Shenzhen Brightoil Group was established in 1993, which is wholly and beneficially controlled by Dr. Sit. The scope of business of Shenzhen Brightoil Group includes oil storage and international trading of petroleum products, marine transportation, gas stations, marine bunkering and also engages in oil and gas exploration and exploitation.

Dr. Sit is also the director of Energy Empire Investments Limited and Canada Foundation Limited, the substantial shareholders of the Company. The interests of Energy Empire Investments Limited and Canada Foundation Limited held in the Company is disclosed in the Director's Report from page 14 to 27.

Mr. Tang Bo ("**Mr. Tang**"), aged 45, has been an executive Director in June 2008 and is mainly responsible for investment and business development. He graduated from the business school of Nanjing University in 1992 with a master degree in economics.

Mr. Tang had in the past held various positions in Shenzhen Brightoil Group. He was responsible for external investment and business development and has over 15 years of experience in the oil industry, during the time when he was the vice president of Shenzhen Brightoil Group. He also serves as a director of certain subsidiaries of the Group.

Mr. Tan Yih Lin ("**Mr. Tan**"), aged 41, has been an executive Director, chief financial officer of the Company since June 2008. Mr. Tan is also a member of Remuneration Committee and Nomination Committee of the Company. He is mainly responsible for the financial management. Mr. Tan graduated from Singapore Polytechnic in 1993. In 1998, he passed the ICPAS/ACCA certified accountant examination with first runner-up honour in Singapore. He obtained a master degree in computing from De Monfort University, the United Kingdom in 2000.

Before joining the Group, Mr. Tan had been responsible for managing the financial matters of the Shenzhen Brightoil Group and its subsidiaries. In 2001, Mr. Tan was appointed by Stamford Tyres International Ltd as the Accountant and Department Manager of one of its American companies. Mr. Tan served as the chief financial officer and vice president of BCW Electric Motor (Dalian) Co. Ltd. during 2002 to 2007 and assisted the president for the management of sales, production and financial affairs, as well as human resources matters. Mr. Tan also serves as a director of certain subsidiaries of the Group.

Mr. Justin Sawdon Stewart Murphy ("**Mr. Murphy**"), aged 53, has been appointed as an executive director of the Company on 3 September 2013. Mr. Murphy holds a Master of Business Administration degree from the University of Hull, United Kingdom. Mr. Murphy has over 20 years of experience in shipping. Prior to joining the Company, he held senior management positions in a number of shipping companies. He was Global Head, VLCC/Suezmax at AET UK Limited from 2006 to 2012. From 1990 to 2005, Mr. Murphy was employed by Teekay Shipping (Canada) Ltd, where his last position was Managing Director of Teekay UK. From 2005 to 2006, Mr. Murphy was employed by Macquarie Bank Limited (London Branch), where his last position was Senior Manager, Treasury & Commodities Group. Mr. Murphy is also the chief executive officer of Brightoil Shipping Singapore Pte. Ltd., a wholly owned subsidiary of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Dai Zhujiang ("**Mr. Dai**"), aged 61, a non-executive Director, Mr. Dai studied in Beijing Foreign Language Institute (北京外國語學院) (now known as Beijing Foreign Studies University (北京外國語大學) from 1971 to 1975 and graduated with a bachelor degree. In 1990, he served as a senior management of China Resources Textile Materials Co. Ltd. (華潤紡織原料有限公司). He has been the financial adviser and senior business manager of two large insurance companies (AIA and Prudential) in Hong Kong since 2000. Mr. Dai is a Registered Financial Planner of the Registered Financial Planners Institute since 2005. Mr. Dai joined the Group since June 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Hon Chuen ("**Mr. Lau**"), aged 66, an independent non-executive Director and member of the Remuneration Committee and Audit Committee and chairman of the Nomination Committee of the Company. Mr. Lau is a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. He is the senior partner of Messrs. Chu & Lau Solicitors & Notaries. He was awarded the Gold Bauhinia Star and Justice of the Peace. Mr. Lau is a solicitor of the High Court of Hong Kong, a solicitor of the Supreme Court of England and Wales, a China-appointed attesting officer and a notary public. Mr. Lau is currently the independent non-executive director of various listed companies, including Franshion Properties (China) Limited (Stock Code: 817), Glorious Sun Enterprises Limited (Stock Code: 393), Yuexiu Property Company Limited (Stock Code: 123), Yuexiu Transport Infrastructure Limited (Stock Code: 1052), The Hong Kong Parkview Group Limited (Stock Code: 207), Wing Hang Bank Ltd (Stock Code: 302) and The People's Insurance Company (Group) of China Limited (Stock Code: 1339). He is also an independent non-executive director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank Limited, Wing Hang Bank (China) Limited, a director of Chu & Lau Nominees Limited, Sun Hon Investment and Finance Limited, Wydoff Limited and Wytex Limited. Mr. Lau was also the president of the Law Society of Hong Kong, a board member of the Urban Renewal Authority, a board member of the Hong Kong Mortgage Corporation Limited and a member of the Commission on Strategic Development of the Hong Kong Government, and served as member of the Hong Kong Legislative Council from 1995 to 2004 (being the member of the Provisional Legislative Council from 1997 to 1998). Mr. Lau joined the Group in June 2008. With effect from 8 August 2012, he resigned as an independent non-executive director of Qin Jia Yuan Media Services Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 2366).

Professor Chang Hsin Kang ("**Professor Chang**"), aged 73, an independent non-executive Director and member of Audit Committee and Nomination Committee and chairman of Remuneration Committee of the Company. Professor Chang is an internationally renowned scholar. He is Foreign Member of the Royal Academy of Engineering of the United Kingdom and Member of International Eurasian Academy of Science. A member of the National Committee of the Chinese People's Political Consultative Conference, he is also a recipient of the Gold Bauhinia Star as well as a Justice of Peace in Hong Kong SAR.

Professor Chang obtained a bachelor degree in civil engineering from National Taiwan University in 1962, a master's degree in structural engineering from Stanford University in 1964, and a Ph.D. in biomedical engineering from Northwestern University in 1969 in the United States. He taught at State University of New York at Buffalo, McGill University in Canada and University of Southern California from 1969 to 1990. Having served as Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology, 1990-1994, and Dean of the School of Engineering of the University of Pittsburgh, 1994 to 1996, Professor Chang was President and University Professor of City University of Hong Kong from 1996 to 2007. He joined the Group in June 2008.

Professor Chang was Chairman of the Hong Kong Cultural and Heritage Commission from 2000 to 2003, a member of the Council of Advisors on Innovation and Technology from 2000 to 2004 and a member of Judicial Officers Recommendation Commission from 1999 to 2005. Professor Chang was decorated as Chevalier dans l'Ordre National de la Legion d'Honneur of France in 2000 and appointed Commandeur dans l'Ordre des Palmes Academiques of France in 2009. He is also an independent non-executive director of Hon Kwok Land Investment Company, Limited (Stock Code: 160) and HKT Trust and HKT Limited (Stock Code: 6823).

Mr. Kwong Chan Lam ("**Mr. Kwong**"), aged 65, an independent non-executive Director and member of Remuneration Committee and Nomination Committee and chairman of the Audit Committee of the Company. Mr. Kwong is a fellow certified public accountant in Hong Kong and a former partner of Deloitte Touche Tohmatsu. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwong has 35 years of experience in auditing, financial accounting and taxation in relation to various companies (for 22 years of which, he held the position of partner). He obtained a bachelor degree in business and administration from the Chinese University of Hong Kong in 1972. Mr. Kwong joined the Group in June 2008.

DIRECTOR'S REPORT

The board of directors (the "**Board**") present its annual report and the audited consolidated financial statements of Brightoil Petroleum (Holdings) Limited (the "**Company**") together with the subsidiaries of the Company (the "**Group**") for the year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in global international trading and bunkering business (including the trading of related petroleum products), oil storage and terminal, marine transportation as well as upstream business. The Company is actively expanding globally in the construction of oil storage and terminal facilities, marine transportation, natural gas development and production, proprietary trading in securities and derivatives, property holding and investment holding.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 39.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2013 AGM

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company is scheduled to be held on Monday, 25 November 2013 (the "**2013 AGM**"), 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.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the year ended 30 June 2013, total additions to property, plant and equipment were approximately HK$2,164,665,000, which mainly include additions to construction in progress of approximately HK$2,119,836,000. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

The Group's investment property were revalued at 30 June 2013. The net increase in fair value of investment property which has been credited to the consolidated statement of comprehensive income amounted to HK$1,000,000.

Details of these and other movements in the investment property of the Group during the year are set out in note 22 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years, is set out on page 110 of this report.

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in note 35 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors of the Company (the "**Directors**"), as at 30 June 2013, the Company's reserves available for distribution to shareholders consisted of contributed surplus of approximately HK$15,012,000 and accumulated profit of approximately HK$434,545,000.

The contributed surplus of the Company represents the excess of separable net assets acquired from the acquisition of shares in First Sign Investments Limited by the Company pursuant to the group reorganisation in 1995 over the nominal amount of the Company's shares issued as the consideration for such acquisition, less dividends distributed from pre-reorganisation reserves of these subsidiaries.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Dr. Sit Kwong Lam (Chairman and Chief Executive Officer)	
Mr. Tang Bo	
Mr. Tan Yih Lin	
Mr. Justin Sawdon Stewart Murphy	(appointed on 3 September 2013)
Mr. Per Wistoft Kristiansen	(resigned on 3 September 2013)

Non-Executive Directors:

Mr. He Zixin	(resigned on 30 December 2012)
Mr. Ran Longhui	(resigned on 30 December 2012)
Mr. Sun Zhenchun	(resigned on 30 December 2012)
Mr. Dai Zhujiang	

Independent Non-Executive Directors:

Mr. Lau Hon Chuen
Professor Chang Hsin Kang
Mr. Kwong Chan Lam

In accordance with the provisions of the Company's bye-laws ("**Bye-laws**"), Mr. Justin Sawdon Stewart Murphy, who was appointed on 3 September 2013, shall hold office until the next following annual general meeting ("**AGM**") and, being eligible, offer himself for re-election. Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam will retire from office as Directors by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. Separate ordinary resolutions will be proposed at the 2013 AGM to re-elect Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam as Independent Non-Executive Directors.

All of the remaining Directors, including the non-executive Director and independent non-executive Directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the aforementioned Bye-laws.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam an annual confirmation of his independence pursuant to the Rule 3.13 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company considers that the independent non-executive directors are independent.

DIRECTORS' SERVICE CONTRACTS

At the date of this annual report, each of Dr. Sit Kwong Lam, Mr. Tang Bo and Mr. Tan Yih Lin (all being executive Directors) have entered into service contracts with the Company with a term of three (3) years commencing from 20 June 2011. Each of the above Directors 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. Per Wistoft Kristiansen ("**Mr. Kristiansen**") has also entered into a service contract with the Company for a term of three (3) years commencing from 28 November 2011. 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. He resigned with effect from 3 September 2013.

Mr. Justin Sawdon Stewart Murphy ("**Mr. Murphy**") has also entered into a service contract with the Company for a term of three (3) years commencing from 3 September 2013. Mr. Murphy 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.

The Company has not entered into any service contracts with the non-executive Directors and independent non-executive Directors. Each of the non-executive Directors and independent non-executive Directors has been appointed for a fixed term of three (3) years from 20 June 2011 subject to retirement by rotation in accordance with the Bye-laws of the Company.

Save as disclosed above, none of the Directors being proposed for re-election at the 2013 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical Details of Directors and Senior Management of the Group are set out on pages 12 to 13 of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2013, the interests and short positions of the Directors, chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the model code for securities transactions by directors of listed issuers (the "**Model Code**") set out in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

Name of Director	Name of company	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Dr. Sit Kwong Lam ("**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. Kristiansen (Note 4)	The Company	Beneficial owner	50,000 (Note 3)	0.0006%

Notes:

(1) These 7,364,584,999 shares of the Company ("**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**") (a company incorporated in the British Virgin Islands), 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 ("**2009 Convertible Notes**") issued by the Company on 27 October 2009 pursuant to the subscription agreement dated 25 June 2009 (the "**Subscription Agreement**") and the Supplemental Deed dated 2 September 2009 (the "**Supplemental Deed**"). A deed of extension was entered on 6 July 2012 (the "**Deed of Extension**"), pursuant to which the maturity date of the convertible notes was extended to the sixth anniversary of the issue date (i.e. 27 October 2015).

(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) Mr. Kristiansen resigned as an executive director of the Company with effect from 3 September 2013.

Long position in the underlying shares of equity derivatives of the Company

Details are set out in the section headed "Share Options".

Save as the disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have 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 are taken or deemed to have under such provisions of the SFO) and which were required to be entered into the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

Particulars of the Company's share option scheme (the "**Option Scheme**") are set out in note 40 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year:

	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy) (Note)	Exercise price HK$	Number of options at 1.7.2012	Number of options forfeited during the year	Number of options at 30.6.2013	Percentage of the issued share capital of the Company
Executive Directors							
Mr. Tang Bo	22.4.2010	22.4.2011 – 21.4.2015	3.40	4,000,000	–	4,000,000	0.05%
Mr. Tan Yih Lin	22.4.2010	22.4.2011 – 21.4.2015	3.40	4,000,000	–	4,000,000	0.05%
Total of executive Directors				8,000,000	–	8,000,000	
Non-executive Directors							
Mr. He Zixin*	22.4.2010	22.4.2011 – 21.4.2015	3.40	2,000,000	(2,000,000)	–	0.02%
Mr. Ran Longhui*	22.4.2010	22.4.2011 – 21.4.2015	3.40	2,000,000	(2,000,000)	–	0.02%
Mr. Sun Zhenchun*	22.4.2010	22.4.2011 – 21.4.2015	3.40	2,000,000	(2,000,000)	–	0.02%
Mr. Dai Zhujiang	22.4.2010	22.4.2011 – 21.4.2015	3.40	2,000,000	–	2,000,000	0.02%
Total of non-executive Directors				8,000,000	(6,000,000)	2,000,000	
Independent non-executive Directors							
Mr. Lau Hon Chuen	22.4.2010	22.4.2011 – 21.4.2015	3.40	2,000,000	–	2,000,000	0.02%
Professor Chang Hsin Kang	22.4.2010	22.4.2011 – 21.4.2015	3.40	2,000,000	–	2,000,000	0.02%
Mr. Kwong Chan Lam	22.4.2010	22.4.2011 – 21.4.2015	3.40	2,000,000	–	2,000,000	0.02%
Total of independent non-executive Directors				6,000,000	–	6,000,000	
Others							
Employees	22.4.2010	22.4.2011 – 21.4.2015	3.40	5,520,000	(160,000)	5,360,000	0.06%
Total of employees				5,520,000	(160,000)	5,360,000	
Total of Share Options				**27,520,000**	**6,160,000**	**21,360,000**	

* Mr. He Zixin, Mr. Ran Longhui and Mr. Sun Zhenchun resigned as non-executive Directors on 30 December 2012.

As at 30 June 2013, the total number of shares available for grant of option under the above Option Scheme was 464,976,160.

Notes:

(1) These shares options represent personal interest held by the relevant participants as the beneficial owners.

(2) The eligible participants shall exercise the share options during the following periods:

(i) 25% of the share options from 22 April 2011;

(ii) another 25% of the share options from 22 April 2012;

(iii) additional 25% of the share options from 22 April 2013;

(iv) the remaining 25% of the share options from 22 April 2014; and in each case, not later than 21 April 2015.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, any of its holding companies or their respective subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors nor chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year save for: (a) any entitlements under the Option Scheme; and (b) the convertible notes issued by the Company on 27 October 2009 pursuant to the Subscription Agreement (as amended by the Supplemental Deed). The Deed of Extension, pursuant to which the maturity date of the convertible notes was extended to the sixth anniversary of the issue date (i.e. 27 October 2015), was approved by the independent shareholders on 14 August 2012.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" in this annual report.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, namely, Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam (Chairman of the Committee), has reviewed the audited financial statements of the Company for the year ended 30 June 2013 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and internal controls and financial reporting matters.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

The following information is disclosed pursuant to Rules 13.18 and 13.21 of Chapter 13 of the Listing Rules.

(1) On 26 April 2010, Brightoil Lion Tanker Ltd., an indirect wholly-owned subsidiary of the Company, as borrower (the "**Borrower I**"), Credit Suisse AG, as lender (the "**Lender I**"), and the Company, as guarantor, entered into an 8-year term loan facility agreement (the "**Facility Agreement I**"). Pursuant to the Facility Agreement I, the Lender I makes available to the Borrower I a loan (the "**Facility I**") in the lowest of (i) US$31,500,000; (ii) 60% of the market value of the ship MT "Brightoil Lion" owned by the Borrower I; or (iii) 60% of the price payable by the Borrower I under the memorandum of agreement in relation to the sale and purchase of the above vessel. The Facility I is interest bearing, and is repayable in instalments on repayment dates specified in the Facility Agreement I. Any outstanding amounts shall be repaid in full on the date falling eight (8) years after the date of making of the loan.

Pursuant to the Facility Agreement I, the Company represented and warranted, among other things, that Dr. Sit, an executive Director and the controlling shareholder of the Company, shall remain the majority shareholder of the Company (the "**Specific Performance Obligation I**").

A breach of the Specific Performance Obligation I would constitute a default under the Facility Agreement I. Such default would permit the Lender I to: (i) cancel the Facility I; and/or (ii) declare that all or part of the loan made under the Facility Agreement I, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable; and/or (iii) declare that all or part of the loan made under the Facility Agreement I be payable on demand.

(2) On 13 December 2011, Brightoil Glory Tanker Ltd., an indirect wholly-owned subsidiary of the Company, as borrower ("**Brightoil Glory**"), United Overseas Bank Limited and Bank of America, N.A., Singapore Branch, as lenders (the "**Lenders II**"), and the Company, as guarantor, entered into a loan agreement (the "**Brightoil Glory Loan Agreement**") pursuant to which the Lenders II have agreed to grant a loan of up to US$75,250,000 to Brightoil Glory to part finance the acquisition of one very large crude carrier (the "**Brightoil Glory Loan**"). The Brightoil Glory Loan shall be fully repaid in five (5) years.

Pursuant to the Brightoil Glory Loan Agreement, Dr. Sit and his descendants shall remain at all times in control (at least 51% of the issued shares) of the Company (the "**Specific Performance Obligation II**"). It will constitute an event of default if the Specific Performance Obligation II is breached whereupon Lenders II may, (i) cancel the Brightoil Glory Loan; and/or (ii) declare that all or part of the loan together with accrued interest and all other amounts accrued or owing under the Brightoil Glory Loan Agreement be immediately due and payable or due and payable on demand; and/or (iii) take any other action which they are entitled to take under Brightoil Glory Loan Agreement. Brightoil Glory Loan has been fully repaid in July 2013.

(3) On 13 January 2012, Brightoil Gravity Tanker Ltd. and Brightoil Galaxy Tanker Ltd., indirect wholly owned subsidiaries of the Company, as joint and several borrowers (the "**Joint Borrowers III**"), Credit Suisse AG and Deutsche Bank AG, Singapore Branch, as lenders (the "**Lenders III**"), and the Company, as guarantor, entered into a loan agreement (the "**Brightoil Gravity and Brightoil Galaxy Loan Agreement**") pursuant to which the Lenders III have agreed to grant a loan of up to US$133,540,372.68 to the Joint Borrowers III to part finance the acquisition of two very large crude carriers (the "**Brightoil Gravity and Galaxy Loan**"). The Brightoil Gravity and Galaxy Loan shall be fully repaid in twelve (12) years.

Pursuant to the Brightoil Gravity and Galaxy Loan, a change occurs in the shareholding of in the ultimate beneficial ownership of any of the shares in either the Joint Borrowers III or in the ultimate control of the voting rights attaching to any of those shares or in the control of the guarantor (the "**Specific Performance Obligation III**"), it will constitute an event of default if the Specific Performance Obligation III is breached whereupon Lenders III may, (i) cancel the Brightoil Gravity and Galaxy Loan; and/or (ii) declare that all or part of the loan together with accrued interest and all other amounts accrued or owing under the Brightoil Gravity and Brightoil Galaxy Loan Agreement be immediately due and payable or due and payable on demand; and/or (iii) take any other action which they are entitled to take under Brightoil Gravity and Brightoil Galaxy Loan Agreement.

(4) On 28 June 2012, the Company as borrower and China Development Bank Corporation, Hong Kong Branch ("**CDB**") as lender entered into a facility agreement (the "**Facility Agreement IV**") pursuant to which CDB has agreed to grant a loan of US$50,000,000 to the Company for a term of three (3) years after the first date of utilisation of the facility (the "**Facility IV**").

Pursuant to the Facility Agreement IV, Dr. Sit shall remain as a controlling shareholder (as defined under the Listing Rules) of the Company (the "**Specific Performance Obligation IV**"). It will constitute an event of default if the Specific performance Obligation IV is breached whereupon CDB may, (i) cancel the Facility IV; and/or (ii) declare that all or part of the loan made under the Facility Agreement IV, together with accrued interests, and all other amounts accrued or outstanding be immediately due and payable. The Company has fully repaid the loan in June 2013.

(5) On 14 January 2013, Brightoil Grace Tanker Ltd., an indirect wholly-owned subsidiary of the Company, as borrower ("**Brightoil Grace**"), Credit Suisse AG as lender (the "**Lender V**"), and the Company, as guarantor, entered into a loan agreement (the "**Brightoil Grace Loan Agreement**") pursuant to which the Lender V has agreed to grant a loan of up to US$65,000,000 to Brightoil Grace to part finance the acquisition of one very large crude carrier (the "**Brightoil Grace Loan**"). The Brightoil Grace Loan shall be fully repaid in eight (8) years. The Company has fully repaid the loan in June 2013.

Pursuant to the Brightoil Grace Loan Agreement, Dr. Sit and his descendants shall remain at all times in control (at least 51% of the issued shares of the Company) and management of the Company (the "**Specific Performance Obligation V**"). It will constitute an event of default if the Specific Performance Obligation V is breached whereupon the Lender V may, (i) cancel the Brightoil Grace Loan; and/or (ii) declare that all or part of the loan together with accrued interest and all other amounts accrued or owing under the Brightoil Grace Loan Agreement be immediately due and payable or due and payable on demand; and/or (iii) take any other action which it is entitled to take under Brightoil Grace Loan Agreement.

(6) On 19 April 2013, Win Business Petroleum Group Limited, a wholly-owned subsidiary of the Company, as borrower ("**Win Business Petroleum Group**"), China Development Bank Corporation Hong Kong Branch as lender (the "**Lender VI**"), and the Company together with the wholly-owned subsidiaries of the Company, Win Business Petroleum Group (Grand Desert) Limited and Win Business Petroleum Group (Dina) Ltd. as the guarantors, entered into a facility agreement (the "**Win Business Petroleum Group Facility Agreement**") pursuant to which the Lender VI has agreed to grant a facility of up to US$30,000,000 to Win Business Petroleum Group for a term of three (3) years (the "**Win Business Petroleum Group Loan**").

Pursuant to the Win Business Petroleum Group Facility Agreement, if Dr. Sit is not or ceases to be a controlling shareholder (as defined under the Listing Rules) of the Company, such cessation would constitute an event of default under the Win Business Petroleum Group Facility Agreement. The Lender VI would be permitted to: (i) cancel all or part of the Win Business Petroleum Group Loan; and/or (ii) declare all or part of the Win Business Petroleum Group Loan, together with accrued interest, and all other amounts accrued or outstanding under the Win Business Petroleum Group Facility Agreement be immediately due and payable; and/or (iii) declare that all or part of the Win Business Petroleum Group Loan become immediately payable on demand.

(7) On 2 July 2013, Brightoil Gem Tanker Ltd., an indirect wholly-owned subsidiary of the Company, as borrower ("**Brightoil Gem**"), China Development Bank Corporation Hong Kong Branch ("**CDB**"), and the Company, as guarantor, entered into a loan agreement (the "**Brightoil Gem Loan Agreement**") pursuant to which the CDB has agreed to grant a loan of up to US$50,000,000 to Brightoil Gem for repayment of loan to shareholder for the purchase of MT "Brightoil Gem" (the "**Brightoil Gem Loan**"). The Brightoil Gem Loan shall be fully repaid in ten (10) years.

Pursuant to the Brightoil Gem Loan Agreement, Dr. Sit and his descendants shall remain at all times in control (at least 51% of the issued shares of the Company) and management of the Company (the "**Specific Performance Obligation VI**"). It will constitute an event of default if the Specific Performance Obligation VI is breached whereupon the CDB may, (i) cancel the Brightoil Gem Loan; and/or (ii) declare that all or part of the loan together with accrued interest and all other amounts accrued or owing under the Brightoil Gem Loan Agreement be immediately due and payable and/or (iii) declare that all or part of the loan be payable on demand and immediately become payable on demand.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken during the year under review are disclosed in note 42 to the consolidated financial statements. Save as disclosed in "Connected Transactions" below, these related party transactions fall under the definition of connected transaction, but are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 42 to the consolidated financial statements also constituted connected transactions or as the case may be, continuing connected transactions under the Listing Rules and are subject to the reporting requirements in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) and the Group have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in compliance with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Details of those transactions which also constituted connected transactions and were required to be disclosed under Chapter 14A of the Listing Rules are as follows:

(1) Connected transaction for the extension of maturity date of convertible note held by a connected person

On 6 July 2012, the Company and Canada Foundation entered into the Deed of Extension, pursuant to which Canada Foundation agreed to extend the maturity date of the 2009 Convertible Note (currently 27 October 2012) to the sixth anniversary of the issue date (i.e. 27 October 2015), subject to the terms and conditions of the Deed of Extension. The ordinary resolution for approving extension of the maturity date of the convertible note issued by the Company to Canada Foundation contemplated under the Deed of Extension was duly passed by way of poll at the special general meeting of the Company held on 14 August 2012.

(2) Continuing connected transaction for the fuel oil purchase and delivery

On 12 July 2008, the Group entered into oil purchase agreement ("**Oil Purchase Agreement**") with 深圳光滙石油集團股份有限公司 (Shenzhen Brightoil Group Co., Ltd.) ("**Shenzhen Brightoil**"), a company established in the People's Republic of China ("**PRC**"), which is wholly and beneficially controlled by Dr. Sit (being an executive Director, Chairman and chief executive officer of the Company) in relation to fuel oil purchase and delivery. On 7 April 2009, the annual cap regarding the Oil Purchase Agreement had been revised and approved by the shareholders of the Company such that the total volume of fuel oil sourced by the Group from the Shenzhen Brightoil and its subsidiaries (collectively, called "**Shenzhen Brightoil Group**")) and related total transaction amount in respect of the Group's marine bunkering business as a percentage of the total purchases of petroleum products made by the Group for its petroleum product related business be not higher than 65% for the year ended 30 June 2011. On 25 May 2010, the oil purchase agreement was entered into between Shenzhen Brightoil and the Company for the term of three (3) years commencing from 1 July 2010 and expiring on 30 June 2013 (the "**2010 Oil Purchase Agreement**") in relation to the Group purchases fuel oil, gas oil and the related petroleum products from Shenzhen Brightoil Group. The transactions contemplated under the 2010 Oil Purchase Agreement and its annual caps were approved by the independent shareholders on 29 June 2010. The annual cap has been approved by the shareholders of the Company such that the maximum aggregate fee payable by the Group under the 2010 Oil Purchase Agreement for each of the financial years ending 30 June 2011, 30 June 2012 and 30 June 2013 are US$3,150 million, US$4,200 million and US$4,970 million respectively.

On 8 May 2013, the oil purchase agreement was entered into between Shenzhen Brightoil and the Company for a term of three (3) years commencing from 1 July 2013 to 30 June 2016 (the "**2013 Oil Purchase Agreement**") in relation to the Group purchases fuel oil, diesel fuel, crude oil and gas oil, as well as petrochemical and the related petroleum products ("**Oil**") from Shenzhen Brightoil Group. The transactions contemplated under the 2013 Oil Purchase Agreement and its annual caps were approved by the independent shareholders on 24 June 2013. The maximum aggregate fee payable by the Group under the 2013 Oil Purchase Agreement for each of the three (3) years ending 30 June 2014, 30 June 2015 and 30 June 2016 are US$4,800 million (equivalent to approximately HK$37,296 million), US$6,500 million (equivalent to approximately HK$50,505 million) and US$9,700 million (equivalent to approximately HK$75,369 million) respectively.

Under the 2010 Oil Purchase Agreement, the amount of aggregate fuel oil, gas oil and the related petroleum products purchase price and delivery fee paid and payable during the year ended 30 June 2013 was approximately HK$5,073,997,000.

(3) Continuing connected transaction for the fuel oil storage

On 21 June 2010, the Company and Shenzhen Brightoil entered into oil storage services agreement (the "**2010 Oil Storage Services Agreement**"), under which the Shenzhen Brightoil Group shall provide oil storage services to the Group for the oil purchased by the Group.

The 2010 Oil Storage Services Agreement commenced from 1 July 2010 and expiring on 30 June 2013 with an option to renew for a further term of three (3) years by giving at least sixty (60) days notice prior to the expiry of the initial term.

The Group expects the exempt continuing connected transaction under the 2010 Oil Storage Services Agreement to continue and the expected volume demand will increase in the future due to the anticipated increase in the Group's purchase of fuel oil from suppliers independent from the Group and such purchased fuel oil will need to be stored in storage facilities in the PRC. In this regard, the Company entered into a supplemental oil storage service agreement with Shenzhen Brightoil on 21 February 2012 (the "**Supplemental Oil Storage Service Agreement**"), pursuant to which the maximum aggregate storage capacity to be provided by Shenzhen Brightoil Group to the Group shall increase from 300,000 m^3 to 600,000 m^3. The maximum service fees payable by the Group to the Shenzhen Brightoil for the year ending 30 June 2012 and the year ending 30 June 2013 have be revised to RMB110 million (equivalent to approximately HK$135.3 million) and RMB120 million (equivalent to approximately HK$147.6 million), respectively.

On 8 May 2013, the oil storage services agreement was entered into between Shenzhen Brightoil and the Company commencing from 1 July 2013 and expiring on 30 June 2016 with an option to renew for a further term of three (3) years by giving at least sixty (60) days notice prior to the expiry of the initial term (the "**2013 Oil Storage Services Agreement**"). The maximum aggregate amount of storage service fees payable by the Group under the 2013 Oil Storage Services Agreement for each of the three (3) years ending 30 June 2014, 30 June 2015 and 30 June 2016 are US$22 million (equivalent to approximately HK$170.9 million), US$30 million (equivalent to approximately HK$233.1 million) and US$44 million (equivalent to approximately HK$341.9 million) respectively.

Under the 2010 Oil Storage Services Agreement and the Supplemental Oil Storage Service Agreement, the amount of aggregate fuel oil storage fee paid and payable during the year ended 30 June 2013 was approximately HK$23,210,000.

(4) Continuing connected transaction for the cargo-carrying income from Shenzhen Brightoil

On 21 February 2012, Brightoil Shipping Group Ltd. ("**Brightoil Shipping**"), a direct wholly-owned subsidiary of the Company, entered into a cargo carrying agreement with Shenzhen Brightoil (the "**2012 Cargo-Carrying Agreement**"), pursuant to which Brightoil Shipping has agreed to carry cargoes of Shenzhen Brightoil 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 annual caps for the continuing connected transaction under the 2012 Cargo-Carrying Agreement for (a) the period from 21 February 2012 to 30 June 2012 will be HK$140 million; (b) the year ending 30 June 2013 will be HK$200 million; and (c) the year ending 30 June 2014 will be HK$300 million.

On 8 May 2013, the cargo-carrying agreement was entered into between Shenzhen Brightoil and the Company for a term of three (3) years commencing from 1 July 2013 and expiring on 30 June 2016 (the "**2013 Cargo-Carrying Agreement**"). The 2012 Cargo-Carrying Agreement has been terminated on 30 June 2013. The transactions contemplated under the 2013 Cargo-carrying Agreement and its annual caps were approved by the independent shareholders on 24 June 2013. The maximum aggregate amount receivable by the Group from the Shenzhen Brightoil Group for each of the three (3) 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 are US$50 million (equivalent to approximately HK$388.5 million), US$70 million (equivalent to approximately HK$543.9 million) and US$106 million (equivalent to approximately HK$823.6 million) respectively.

Under the 2012 Cargo-Carrying Agreement, the amount of aggregate cargo-carrying income received and receivable from Shenzhen Brightoil during the year ended 30 June 2013 was approximately HK$9,481,000.

(5) Continuing connected transaction for the barge services

On 21 February 2012, the Company entered into a barge services agreement with Shenzhen Brightoil (the "**2012 Barge Services Agreement**"), pursuant to which Shenzhen Brightoil has agreed to provide fuel delivery services to the Group for the period from 21 February 2012 to 30 June 2014. The annual caps for the continuing connected transactions under the 2012 Barge Services Agreement for (a) the period from 21 February 2012 to 30 June 2012 will be RMB32.5 million (equivalent to approximately HK$40 million); (b) the year ending 30 June 2013 will be RMB66 million (equivalent to approximately HK$81.2 million); and (c) the year ending 30 June 2014 will be RMB108 million (equivalent to approximately HK$133 million).

On 8 May 2013, the barge services agreement was entered into between Shenzhen Brightoil and the Company for a term of three (3) years commencing from 1 July 2013 and expiring on 30 June 2016 (the "**2013 Barge Services Agreement**") pursuant to which the Shenzhen Brightoil Group agreed to provide fuel delivery services to the Group. The 2013 Barge Services Agreement has been terminated on 30 June 2013. The maximum aggregate amount payable by the Group to the Shenzhen Brightoil Group for each of the three (3) years ending 30 June 2014, 30 June 2015 and 30 June 2016 are US$10 million (equivalent to approximately HK$77.7 million), US$15 million (equivalent to approximately HK$116.6 million) and US$22 million (equivalent to approximately HK$170.9 million) respectively.

Under the 2012 Barge Services Agreement, the amount of barge services fee paid and payable during the year ended 30 June 2013 was approximately HK$23,376,000.

The independent non-executive Directors have reviewed and confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing his conclusion in respect of the continuing connected transactions disclosed by the Group above have no non-compliance with Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Board wishes to add that, the auditor of the Company confirmed that the continuing connected transactions (i) have received the approval of the Board; (ii) are in accordance with the Company's pricing policies; (iii) have been entered into in accordance with the relevant agreement governing the transactions; and (iv) have not exceeded the cap.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the transactions stated in items (1), (2), (3), (4) and (5) above.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Dr. Sit, the ultimate controlling shareholder, through his controlled companies (other than the Group), holds 100% interest in Shenzhen Brightoil Group which principally engages in, among others, the supply of duty-free marine bunkering services in the PRC. Shenzhen Brightoil entered into the Oil Purchase Agreement with the Group, the 2010 Oil Purchase Agreement and 2013 Oil Purchase Agreement for the provision of Oil and delivery services to the Group or the Group's customers globally at the direction of the Group.

Shenzhen Brightoil, for itself and on behalf of its subsidiaries, has undertaken not to engage in any direct competition with the Group in respect of the international trading and bunkering business (including trading of petroleum products) carried out by the Group from time to time in PRC during the term of the Oil Purchase Agreement, the 2010 Oil Purchase Agreement and the 2013 Oil Purchase Agreement.

Save as disclosed above, none of the Directors or any of their respective associates (as defined in the Listing Rules) had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business during the year.

SUBSTANTIAL SHAREHOLDERS AND PERSONS HAVING 5% OR MORE INTERESTS

As at 30 June 2013, the interests and short positions of every person, other than a Director or chief executive of the Company, in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions

Name of substantial shareholder	Number of ordinary shares	Approximate percentage of shareholdings
Energy Empire Investments Limited	2,918,088,960 (Note 1)	33.29%
Canada Foundation	4,246,496,039 (Notes 1 and 2)	48.44%

Notes:

1. As Dr. Sit is the sole shareholder of both Energy Empire Investments Limited and Canada Foundation, Dr. Sit was deemed to be interested in the Shares held by or deemed to be interested by these two companies under the SFO.

2. These 4,246,496,039 Shares refer to (a) 3,446,516,706 Shares held by Canada Foundation; and (b) 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 the Subscription Agreement (as amended by the Supplemental Deed) and the Deed of Extension.

Save as disclosed above, as at 30 June 2013, the Company has not been notified of any person (other than a Director or chief executive of the Company) or entity had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

CONTROLLING SHAREHOLDERS'/DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the Oil Purchase Agreement, 2010 Oil Purchase Agreement and the 2013 Oil Purchase Agreement, the 2012 Cargo-Carrying Agreement and the 2013 Cargo-Carrying Agreement, the 2010 Oil Storage Services Agreement, the Supplemental Oil Storage Service Agreement and the 2013 Oil Storage Services Agreement, the 2012 Barge Services Agreement and the 2013 Barge Services Agreement, the Subscription Agreement, the Supplemental Deed and Deed of Extension (as defined in paragraph headed "Connected Transactions" above), in which a director of the Company or controlling shareholder (or any of its subsidiaries) has a material interest, as disclosed in note 42 to the consolidated financial statements, no other contracts of significance to which the Company, any of its subsidiaries was a party and in which a director of the Company or controlling shareholder (or any of its subsidiaries) had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 31% of the Group's revenue for the year ended 30 June 2013, with the largest customer accounted for approximately 10%. The five largest suppliers of the Group together accounted for approximately 38% of the Group's total purchases for the year ended 30 June 2013, with the largest supplier accounted for approximately 12%.

On 12 July 2008, the Group entered into a fuel oil purchase and delivery agreement (the "**Oil Purchase Agreement**") with Shenzhen Brightoil Group, of which Dr. Sit Kwong Lam, an executive Director of the Company, has controlling interest. Shenzhen Brightoil Group has become the Group's principal supplier. Pursuant to the 2010 Oil Purchase Agreement, Shenzhen Brightoil Group will provide fuel oil, gas oil and the related petroleum products for the International Trading and Bunkering Business (including trading of related petroleum products) and delivery services to the Group or the Group's customers globally at the direction of the Group. Under 2013 Oil Purchase Agreement, the Group agreed to purchase Oil from the Shenzhen Brightoil Group for a term of three (3) years commencing on 1 July 2013 and expiring on 30 June 2016.

Save as disclosed above, none of the Directors or any of the associate of a Director or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) has an interest in the share capital of any of the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the directors and based on information publicly available to the Company, the Company has maintained a sufficient public float as required under the Listing Rules throughout the year ended 30 June 2013 and as at the latest practicable date prior to the issue of this annual report.

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.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in note 48 to the consolidated financial statements.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

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 continued enthusiastic support of our Group.

By Order of the Board of
Brightoil Petroleum (Holdings) Limited

Sit Kwong Lam
Chairman

Hong Kong, 30 September 2013

* *for identification purpose only*

CORPORATE GOVERNANCE PRACTICES

The board of the directors (the "**Board**") is committed to maintaining a high standard of corporate governance practices in order to ensure "Accountability, Responsibility and Transparency" towards its shareholders and stakeholders.

The Company has applied the principles and reviewed all the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the year ended 30 June 2013, the Company was in compliance with all applicable code provisions as set out in the CG Code, except for the deviation from code provision A.2.1 as described below:

Under the code provision A.2.1 of the CG 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 maximizes effectiveness of its operation.

DIRECTORS' 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. All the directors of the Company (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.

BOARD OF DIRECTORS

The Board is responsible for providing high level guideline and effective oversight of the overall management of the Company's business while day-to-day management of the Group is delegated to the Executive Directors and management team. The functions and work tasks delegated to the management are periodically reviewed by the Board. Generally speaking, the Board is responsible for the followings:

- Formulating the Group's long term strategy and monitoring the implementation thereof
- Recommending interim and year-end dividend
- Reviewing and approving the interim and annual reports
- Ensuring good corporate governance and compliance
- Monitoring internal control and risk management systems
- Monitoring the performance of the management
- Reviewing and approving any material acquisition and assets disposal

DELEGATION BY THE BOARD

There is a clear division of duties and responsibilities between the Board and the management as internal guidelines of the Company. The Board, led by the Chairman, is responsible for the Group's future development directions, overall strategies and policies and approval of matters that are of material or substantial nature. The management, including the Executive Directors, is responsible for reviewing and monitoring the business and operation performance of the Group.

SUMMARY OF WORK DONE

The Board meets regularly at least four times a year and additional meetings or telephone conferences are convened as and when the Board considers necessary. Draft agendas and board papers for regular Board meetings are provided to the Board for comments and the Directors are invited to include any matters which they thought appropriate in the agenda for regular Board meetings.

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

There was one meeting between the Chairman and Independent Non-executive Directors hold, without presence of the executive directors of the Company for the year ended 30 June 2013 pursuant to the provision A.2.7 of the Code. The provision requires that, without the presence of the executive directors of the Company, the Chairman needs to have at least one meeting with non-executive directors including independent non-executive directors each year.

BOARD COMPOSITION

The Board currently comprises the following directors as at 30 June 2013.

Executive Directors

Dr. Sit Kwong Lam	(Chairman and Chief Executive Officer and member of Remuneration Committee and Nomination Committee)
Mr. Tang Bo	
Mr. Tan Yih Lin	(Member of Remuneration Committee and Nomination Committee)
Mr. Per Wistoft Kristiansen	

Non-executive Director

Mr. Dai Zhujiang

Independent non-executive Directors

Mr. Kwong Chan Lam	(Chairman of Audit Committee and Member of Remuneration Committee and Nomination Committee)
Mr. Lau Hon Chuen	(Chairman of Nomination Committee and Member of Audit Committee and Remuneration Committee)
Professor Chang Hsin Kang	(Chairman of Remuneration Committee and Member of Audit Committee and Nomination Committee)

The Board is currently composed of four executive Directors, one non-executive Director and three independent non-executive Directors, whose biographical details are set out in "Biographical Details of Directors and Senior Management" of this annual report. The independent non-executive Directors are identified in all corporate communications.

The Board complies with Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors and one of the independent non-executive Directors has appropriate professional qualifications on accounting or related financial management expertise. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

The current representation of independent non-executive directors appointed makes up at least one-third of the Board.

The Board members does not have any financial, business, family or other material/relevant relationship with each other.

ATTENDANCE RECORDS

During the year ended 30 June 2013, the following Board and relevant committee meetings and General Meetings were held. Details of the Directors' attendance in the year are as follows:

	Board of Directors	General Meeting	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors					
Dr. Sit Kwong Lam	3/5	1/3	N/A	1/1	1/1
Mr. Tang Bo	5/5	3/3	N/A	N/A	N/A
Mr. Tan Yih Lin	5/5	3/3	N/A	1/1	1/1
Mr. Per Wistoft Kristiansen (note 2)	4/5	1/3	N/A	N/A	N/A
Non-executive Directors					
Mr. He Zixin (note 1)	1/5	0/3	N/A	N/A	N/A
Mr. Ran Longhui (note 1)	1/5	0/3	N/A	N/A	N/A
Mr. Sun Zhenchun (note 1)	1/5	0/3	N/A	N/A	N/A
Mr. Dai Zhujiang	4/5	2/3	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Lau Hon Chuen	5/5	3/3	2/2	1/1	1/1
Professor Chang Hsin Kang	4/5	2/3	2/2	1/1	1/1
Mr. Kwong Chan Lam	5/5	3/3	2/2	1/1	1/1

Note:

1. Mr. He Zixin, Mr. Ran Longhui and Mr. Sun Zhenchun resigned as an non-executive Directors on 30 December 2012.

2. Mr. Per Witsoft Kristiansen resigned as an executive Director with effect from 3 September 2013.

The Directors have access to the advice and services of the company secretary of the Company ("**Company Secretary**") who is responsible for ensuring the compliance of the Board procedures, and all applicable rules and regulations.

All minutes of the Board meetings (including minutes of all Board Committees meetings) and written resolutions passed by the Board are kept in the office of the Company Secretary and are accessible to all Directors.

Where the substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, a Board meeting was held instead of by way of circulation in accordance with applicable rules and regulations.

There is in place the Directors' and Officers' Liabilities Insurance coverage in respect of the legal actions against the Directors and senior management arising out of corporate activities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of chairman and CEO should be separate and should not be performed by the same individual.

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 believes that vesting the roles of both chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. In addition, through the supervision of the Board which comprised of three independent non-executive Directors and one non-executive Director, representing half of the Board, the interests of the shareholders of the Company (the "**Shareholders**") are adequately and fairly represented.

With the support of the management, the chairman seeks to ensure that all Directors have been properly briefed on issues arising at Board meetings and have received adequate and reliable information on a timely basis. Board papers including supporting analysis and related background information are normally sent to the Directors before Board meetings.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

A set of procedures has been in place for selecting directors of the Company. The Company has established a nomination committee on 18 January 2012 with details set out below to review the process of director nomination.

In accordance with the provisions of the bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the next following annual general meeting immediately following his/her appointment. Furthermore, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office. The Directors to be retired by rotation shall be those who have been longest in office since their last re-election or appointment.

Code provision A.4.2 of the CG Code stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three (3) years. The Company complied with this code provision during the year.

NON-EXECUTIVE DIRECTORS

All non-executive Directors and independent non-executive Directors have been appointed for a specific term of three (3) years. In accordance with the provisions of the bye-laws of the Company, any Director is subject to retirement by rotation once every three (3) years and shall be eligible for re-election in the annual general meeting of the Company.

The independent non-executive Directors exercise their independent judgement and advice on the strategy, financial performance and resources of the Group. The independent non-executive Directors are also members of the Audit Committee, Remuneration and Nomination Committees of the Company.

INDUCTION PROGRAMME AND TRAINING FOR BOARD MEMBERS

Newly appointed Director would receive an induction package covering the Group's business and the statutory and regulatory obligations of a director. The Company Secretary is responsible for keeping all Directors updated on the Listing Rules and other statutory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors will be arranged whenever necessary.

TRAINING FOR DIRECTORS

Pursuant to the CG Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. As at the date of this report, the Company has arranged seminars presented by professionals in relation to the rules and regulations and the business of the Group to the directors to attend. For those who are not available to attend, the Company has sent the presentation materials to the directors for self study.

The Company has received from each of the Directors the individual training record of Directors pursuant to A.6.5 of the CG Code and time involved in public companies or organisations and description of other significant commitments pursuant to A.6.6 of the CG Code.

During the period from 1 July 2012 to 30 June 2013, the Directors participated in the following trainings:

	Attending (Note 1)
Executive Directors	
Dr. Sit Kwong Lam	✓
Mr. Tang Bo	✓
Mr. Tan Yih Lin	✓
Mr. Per Wistoft Kristiansen (note 3)	✓
Non-executive Directors	
Mr. He Zixin (note 2)	✓
Mr. Ran Longhui (note 2)	✓
Mr. Sun Zhenchun (note 2)	✓
Mr. Dai Zhujiang	✓
Independent Non-executive Directors	
Mr. Lau Hon Chuen	✓
Professor Chang Hsin Kang	✓
Mr. Kwong Chan Lam	✓

Notes: (1) (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or directors' duties;

(b) reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.

(2) Mr. He Zixin, Mr. Ran Longhui and Mr. Sun Zhenchun resigned as an non-executive Directors on 30 December 2012.

(3) Mr. Per Witsoft Kristiansen resigned as an executive Director with effect from 3 September 2013.

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

SUPPLY OF AND ACCESS TO INFORMATION

Agenda and accompanying board papers were sent to all Directors at least three (3) days before the regular Board meeting unless it was on urgent basis. The management works closely with the Board to clarify their queries raised in the meetings and supplement any information required.

BOARD COMMITTEES

The Board has established the Nomination Committee, Remuneration Committee and Audit Committee with specific terms of reference. These committees are to deal with the specific matters set out below in the interest of all shareholders in an objective manner and report to the Board of their decisions and recommendations at the Board meetings.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") on 18 January 2012. It comprises a total of five members, being two executive directors, namely Dr. Sit Kwong Lam and Mr. Tan Yih Lin, and three independent non-executive directors, namely Mr. Kwong Chan Lam, Mr. Lau Hon Chuen (Chairman) and Professor Chang Hsin Kang.

The functions of the Nomination Committee are to review and monitor the structure, size and composition of the Board, to identify qualified individuals to become members of the Board, to assess the independence of the independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and chief executive.

The terms of reference of the Nomination Committee are available on the respective websites of the Company (www.brightoil.com.hk) and the Stock Exchange.

The Nomination Committee will consider, among other things, the qualification, ability, working experience, leadership and professional ethics of a proposed Director.

During twelve months ended 30 June 2013, the Nomination Committee had conducted a meeting to discuss the drafting of the board diversity policy of the Group. Attendance record of each Director at the Nomination Committee meetings are set out in the section headed "Attendance Records" of this report.

REMUNERATION COMMITTEE

The Company has established the remuneration committee of the Company (the "**Remuneration Committee**") in January 2006 with terms of reference substantially the same as those contained in CG Code provision B.1.2.

A majority of the members of the Remuneration Committee are independent non-executive Directors. The current members are Professor Chang Hsin Kang (Chairman), Mr. Kwong Chan Lam, Mr. Lau Hon Chuen, Dr. Sit Kwong Lam and Mr. Tan Yih Lin.

On behalf of the Board, the Remuneration Committee pays close attention to remuneration policies applied within the Company, including the remuneration of non-executive and executive Directors and of management. The objective is to ensure that the Company applies properly structured and fair remuneration which aligns the interests of Directors and senior management with those of the Company and its Shareholders. Also, remuneration should reflect performance and responsibility with a view to attracting, motivating and retaining high performing individuals and promoting the enhancement of the values to the Shareholders.

The Remuneration Committee is primarily responsible for the following duties:

- to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration;

- to review and approve management's remuneration proposal with reference to corporate goals and objectives resolved by the Board from time to time;

- to make recommendation to the Board on the remuneration package of individual executive director, non-executive director and senior management;

- to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The overriding objective of the remuneration policy is to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company. The terms of reference of the Remuneration Committee is available on the website of the Company (www.brightoil.com.hk).

SUMMARY OF WORK DONE

The Remuneration Committee would consult the Chairman the proposals relating to the remuneration of other executive Directors, if any. The Remuneration Committee may have access to external professional advice if considered necessary at the Company's expenses.

The Remuneration Committee will meet at least once each year. During the relevant year under review, the Remuneration Committee held one meeting to review the performance bonus of the Executive Directors. Attendance record of each Director at the Remuneration Committee meeting are set out in the section headed "Attendance Records" of this report.

ACCOUNTABILITY AND AUDIT

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises all independent non-executive Directors who are not involved in the day-to-day management of the Company. The Audit Committee has adopted substantially the same terms of reference, which describes the authority and duties of the Audit Committee, as set out in CG Code provision C.3.3. The chairman of the Audit Committee, Mr. Kwong Chan Lam, has appropriate professional qualifications and experience in financial matters and wide experience in business. Except for Mr. Kwong Chan Lam who was a partner of Deloitte Touche Tohmatsu from 1 April 1997 to 31 May 2007, none of the members of the Audit Committee are former partners of the Company's existing auditing firm. Minutes of the Audit Committee meeting are circulated to members of the Audit Committee within reasonable time after each meeting. The primary responsibilities of the Audit Committee are

- to consider the financial reporting matters;

- to assess changes in accounting policies and practices;

- to discuss major judgmental area and compliance with applicable legal and accounting requirements and standards;

- to discuss with the auditor of the Company on internal control and annual results; and

- to review and monitor good corporate governance practices of the Group.

The terms of reference of the Audit Committee are available on the website of the Company (www.brightoil.com.hk).

SUMMARY OF WORK DONE

The Audit Committee has discharged its responsibilities in its review of the half-yearly and annual results, system of internal control and the update of corporate governance practices at its two meetings held during the year. Attendance record of each Director at the Audit Committee meetings are set out in the section headed "Attendance Records" of this report.

INTERNAL CONTROL

A sound and effective internal control system is important to safeguard the Shareholders' investment and the Group assets. During the year, the Board reviewed and is satisfied with the effectiveness of the internal control system of the Group including, financial, operational, compliance control and risk management functions. The Audit Committee had made suggestions to the Board for internal control measures which the Board had considered to uplift internal control effectiveness.

CORPORATE GOVERNANCE FUNCTIONS

In light of the amendments of the Listing Rules which became effective on 1 April 2012 and in order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board resolved to adopt its corporate functions in the terms of reference of Audit Committee. One meeting of the Audit Committee was held to review the update of the Listing Rules.

FINANCIAL REPORTING

Management is required to provide detailed report and explanation to enable the Board to make an informed assessment of the financial and other information before approval.

The Directors acknowledge their responsibility for (i) overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements are in accordance with statutory requirements and applicable accounting standards; and (ii) selecting suitable accounting policies and applying them consistently with the support of reasonable and prudent judgments and estimates. The report of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out on pages 39 to 109 of this annual report.

The Board aims to present a balanced, clear and understandable assessment of the Company's position to its shareholders and the public in all its reports and public announcements.

Management has provided monthly management accounts to all members of the Board to have informed assessment of the financial and other information of the Group.

AUDITOR'S REMUNERATION

For the year ended 30 June 2013, the auditor of the Group, Deloitte Touche Tohmatsu, received HK$4,239,000 for audit services and HK$907,600 for non-audit services as follows:

Non-audit services	*HK$*
Review services	907,600

COMPANY SECRETARY

Ms. Cheung Wa Ying ("**Ms. Cheung**") has been appointed as the Company Secretary since 25 November 2010. She is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. Ms. Cheung reports to the Chairman directly and is responsible to the Board for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

According to the Rule 3.29 of the Listing Rules, Ms. Cheung has taken no less than 15 hours of relevant professional training for the financial year ended 30 June 2013.

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. Each general meeting, other than an annual general meeting, shall be called a special general meeting.

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by depositing a written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner.

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

Shareholders may at any time put forward their enquiries to the Board through the Investor Relations Department whose contact details are as follows:

Investor Relations Department
Brightoil Petroleum (Holdings) Limited
33/F., 118 Connaught Road West, Hong Kong

Email: ir@bwoil.hk
Tel No.: (852) 2834 3188
Fax No.: (852) 2834 3938

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, resolutions put to vote at the general meetings of the Company (other than purely procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the respective websites of the Company and the Stock Exchange on the same day of the poll.

COMMUNICATION WITH SHAREHOLDERS

The Board established a shareholders' communication policy to ensure that shareholders and potential investors are provided with ready, equal and timely access to information of the Company.

The Company has maintained a corporate website at www.brightoil.com.hk through which the Company's updated financial information, business development, announcements, circulars, notices of meetings, press releases and contact details can be accessed by the Shareholders and investors.

The annual general meeting also provides an important opportunity for constructive communication between the Board and Shareholders. The Chairman of the Board attended the annual general meeting held on 23 November 2012 to answer questions raised by the shareholders.

INVESTOR RELATIONS

During the year ended 30 June 2013, there has not been any change in the Company's constitutional documents.

Deloitte.
德勤

TO THE MEMBERS OF BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Brightoil Petroleum (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 109, which comprise the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 September 2013

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	8	**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	10	**34,502**	42,553
Other gains and losses, net	10	**47,268**	(44,284)
Fair value change of derivative financial instruments	34	**(709,042)**	1,082,074
Loss on redemption of the liability component of convertible notes	37	**(1,690)**	–
Other expenses	11	**(152,020)**	(207,924)
Distribution and selling expenses		**(542,938)**	(762,164)
Administrative expenses		**(379,560)**	(384,084)
Finance costs	12	**(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	13	**(697,264)**	309,677
Taxation charge	16	**(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	18	**HK(8.2) cents**	HK4.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	19	**7,989,353**	6,021,753
Prepaid lease payments for land	20	**530,121**	376,875
Prepaid lease payments for coast	21	**12,092**	11,933
Investment property	22	**42,000**	41,000
Exploration and evaluation assets	23	**–**	40,546
Interest in an associate	24	**10,525**	11,018
Interests in jointly controlled entities	25	**482,957**	448,943
Deposits paid for acquisition of property, plant and equipment	43	**11,091**	359,467
Deposits paid for prepaid lease payments for land	44	**–**	64,577
Prepayments, rental and other deposits		**48,345**	10,101
		9,126,484	7,386,213
CURRENT ASSETS			
Inventories	26	**2,367,019**	3,257,510
Trade debtors	27	**4,368,362**	6,737,385
Accrued revenue		**30,873**	–
Prepaid lease payments for land	20	**11,253**	6,892
Prepaid lease payments for coast	21	**265**	256
Derivative financial instruments	34	**516,081**	1,266,024
Other debtors, prepayments and deposits		**103,804**	55,343
Loan to a jointly controlled entity	42	**63,504**	303
Securities held for trading	28	**558,321**	126,118
Receivables from brokers	29	**521,900**	3,305,211
Pledged bank deposits	30	**282,678**	413,556
Bank balances and cash	30	**1,351,985**	1,635,013
		10,176,045	16,803,611
CURRENT LIABILITIES			
Trade creditors	31	**3,686,139**	4,761,343
Trade payable to a related company	31, 42	**63,191**	501,676
Loan from a related company	47	**930,792**	–
Other creditors and accrued charges	32	**684,884**	1,216,092
Bank borrowings	33	**4,275,997**	7,006,194
Convertible notes	37	**–**	283,078
Derivative financial instruments	34	**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

At 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Convertible notes	37	228,182	–
Bank borrowings	33	1,547,720	1,208,642
Loan from a related company	47	509,260	–
Deferred tax liabilities	36	47,069	42,167
		2,332,231	1,250,809
		6,897,025	7,498,804
CAPITAL AND RESERVES			
Share capital	35	219,163	219,163
Reserves		6,677,862	7,279,641
Equity attributable to owners of the Company		6,897,025	7,498,804

The consolidated financial statements on pages 39 to 109 were approved and authorised for issue by the Board of Directors on 30 September 2013 and are signed on its behalf by:

Sit Kwong Lam
DIRECTOR

Tan Yih Lin
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Special reserve HK$'000 (Note a)	Shareholder's contribution HK$'000 (Note b)	Translation reserve HK$'000	Convertible notes reserve HK$'000	Other reserve HK$'000 (Note c)	Share options reserve HK$'000	Accumulated profits HK$'000	Total 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 17)	–	–	–	–	–	–	–	–	–	(236,725)	(236,725)
Issue of new shares	8,073	524,739	–	–	–	–	–	–	–	–	532,812
Recognition of equity-settled share based payments (note 40)	–	–	–	–	–	–	–	–	10,722	–	10,722
Deferred tax liability reversed upon partial conversion of convertible notes	–	–	–	–	–	–	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 (note 40)	–	–	–	–	–	–	–	–	4,812	–	4,812
Redemption of equity component of convertible notes (note 37)	–	–	–	–	–	–	(103,666)	(861,202)	–	–	(964,868)
Recognition of equity component of convertible notes (note 37)	–	–	–	–	–	–	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 (note 47)	–	–	–	–	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. Detail is set out in note 47.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(697,264)**	309,677
Adjustments for:		
Finance costs	**153,891**	255,224
Interest income on bank deposits	**(4,108)**	(6,762)
Dividends from equity investments	**(34,751)**	(2,783)
Share of losses of jointly controlled entities	**9,998**	5,234
Share of loss (profit) of an associate	**870**	(33)
Release of prepaid lease payments for land and coast	**10,982**	7,581
Depreciation of property, plant and equipment	**277,329**	108,012
Fair value change of derivative financial instruments (Note)	**(480,070)**	302,603
Loss on redemption of the liability component of convertible notes	**1,690**	–
Imputed interest expenses on convertible notes	**34,397**	112,816
Increase in fair value of an investment property	**(1,000)**	(1,286)
Fair value change of financial assets held for trading	**47,741**	35,430
Share based payments	**4,812**	10,722
Loss (gain) on disposal of property, plant and equipment	**1,731**	(1,550)
Change in fair value of fuel oil inventories (Note)	**21,969**	318,351
Allowance for bad and doubtful debts	**–**	2,309
Unrealised exchange gain arising on translation of current accounts within the Group	**(93,656)**	–
Operating cash flows before movements in working capital	**(745,439)**	1,455,545
Decrease (increase) in inventories	**868,501**	(81,088)
Decrease (increase) in trade debtors	**2,374,032**	(2,570,368)
Increase in accrued revenue	**(30,875)**	–
Increase in other debtors, prepayments and deposits	**(76,328)**	(12,141)
(Increase) decrease in securities held for trading	**(479,944)**	147,469
Decrease (increase) in receivables from brokers	**2,783,417**	(1,196,488)
Decrease (increase) in derivative financial instruments	**1,726**	(748)
(Decrease) increase in trade creditors	**(1,075,159)**	2,612,776
Increase (decrease) in trade payable to a related company	**1,035,269**	(633,489)
Decrease in other creditors and accrued charges	**(11,719)**	(55,206)
Cash generated from (used in) operations	**4,643,481**	(333,738)
Income tax paid	**(45,767)**	(122,503)
Dividends received	**34,751**	2,783
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**4,632,465**	(453,458)

For the year ended 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Interest received from bank deposits		**4,108**	6,762
Proceeds on disposal of property, plant and equipment		**135**	2,044
Proceeds on disposal of investment properties		**–**	79,371
Prepaid lease payments paid for land		**(99,218)**	(49,380)
Over-refund of government grant	32	**80,726**	–
Government grant received on subsidising prepaid lease payments		**12,562**	336,725
Purchases of property, plant and equipment		**(1,404,963)**	(1,020,911)
Capital contribution to jointly controlled entities		**(27,304)**	–
(Advance to) repayment from a jointly controlled entity		**(62,225)**	3,610
Addition to exploration and evaluation assets		**–**	(28,801)
Deposits paid for prepaid lease payments		**–**	(45,656)
Deposits paid for acquisition of property, plant and equipment		**(4,837)**	(356,127)
Placement of rental and other deposits		**(10,149)**	(1,421)
Acquisition of a subsidiary	45	**–**	13,527
Withdrawal of short-term bank deposits with original maturities of more than three months		**–**	48,016
Placement of pledged bank deposits		**(19,589,130)**	(3,528,553)
Withdrawal of pledged bank deposits		**19,718,733**	3,792,140
Settlement of other payables in relation to purchase of property, plant and equipment and prepaid lease payments in prior year		**(999,802)**	(131,432)
NET CASH USED IN INVESTING ACTIVITIES		**(2,381,364)**	(880,086)
FINANCING ACTIVITIES			
Bank loans raised		**33,315,478**	41,406,152
Repayment of bank loans		**(35,706,395)**	(40,248,195)
Dividends paid		**–**	(236,725)
Finance costs		**(153,891)**	(312,220)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		**(2,544,808)**	609,012
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(293,707)**	(724,532)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,635,013**	2,354,793
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**10,679**	4,752
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR Represented by bank balances and cash		**1,351,985**	1,635,013

Note: The amount represents the unrealised (gain) loss on derivative financial instruments and fuel oil inventories as at the end of reporting period.

1. GENERAL

The Company is a public limited company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company's immediate and ultimate holding company is Canada Foundation Limited ("Canada Foundation"), a limited company incorporated in the British Virgin Islands in which Canada Foundation is ultimately owned by Dr. Sit Kwong Lam ("Dr. Sit").

The Company is an investment holding company. Its subsidiaries are principally engaged in the marine bunkering business (including the trading of related petroleum products), with plan to expand globally, marine transportation business, natural gas development and production, provision of oil storage and terminal facilities, proprietary trading in securities and derivatives, property holding and investment holding.

The functional currency of the Company is United States dollars ("US$").

2. 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.

3. 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS12 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]

[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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(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 guidance 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.

HKFRS 13 Fair value measurement

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 values of derivative 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.

Amendments to HKAS 32 Offsetting financial assets and financial liabilities and amendments to HKFRS 7

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.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, inventories and certain financial instruments, which are measured at fair values or fair values less cost to sell, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value except for deferred tax liabilities that are recognised and measured in accordance with HKAS 12 "Income taxes".

Goodwill is measured as the excess of the sum of the consideration transferred, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a jointly controlled entity. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The result and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with its jointly controlled entity, profits or losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the group.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures *(continued)*

Jointly controlled operations

When a group entity undertakes its activities under jointly controlled operations arrangements directly, constituted as jointly controlled operations, the assets and liabilities arising from those jointly controlled operations are recognised in the consolidated statement of financial position of the relevant entity on an accrual basis and classified according to the nature of the item. The Group's share of the income from jointly controlled operations, together with the expenses that it incurs are included in the consolidated statement of profit or loss and other comprehensive income when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Revenue recognition

Revenue is measured at the fair value of the amount received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Charter hire income is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Upon meeting the revenue recognition criteria, revenue recognised prior to issuance of invoice is included in the consolidated statement of financial position as accrued revenue.

Freight revenue from voyage charter are recognised on time proportionate basis based on the days elapsed relates to the estimated total number of days for each voyages.

Interest income from financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for natural resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation as set may exceed its recoverable amount. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible or tangible assets. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually. When one of the following events or changes in circumstances, which is not exhaustive, indicate that the carrying amount may not be recoverable has occurred, impairment test is performed in accordance with HKAS 36 "Impairment of assets".

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated in the consolidated statement of financial position at cost or deemed cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of these property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with effect of any changes in estimate accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payment provided during the construction period is included as part of cost of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Oil and gas properties

Oil and gas properties are classified as property, plant and equipment to the extent the tangible element is more significant.

When the technical feasibility and commercial viability of extracting the natural resource become demonstrable, previously recognised exploration and evaluation assets are reclassified to oil and gas properties. In addition, the costs of drilling, all development expenditures on construction and the related borrowing costs are capitalised.

Oil and gas properties are depreciated on a unit-of-production method utilising the proved and probable reserves as the depletion base.

Investment property

An investment property is a property held to earn rentals and for capital appreciation.

An investment property is initially measured at cost, including any direct attributable expenditure. Subsequent to initial recognition, an investment property is measured at its fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Inventories

Fuel oil inventories are stated at fair value less cost to sell.

Inventories held for consumption are stated at weighted average cost less any applicable allowance for obsolescence.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as an investment property under the fair value model.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Retirement benefits costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit scheme and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

Financial assets at FVTPL of the Group are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other gains and losses, net' line item in the consolidated profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade debtors, other debtors and deposits, loan to a jointly controlled entity, receivables from brokers, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss of loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of the impairment loss recognised is the difference between the carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly with the exception of trade and other debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other debtors are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all if its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis, other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at FVTPL

Financial liabilities at FVTPL represents financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains and losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss is included in the 'other gains and losses, net' line item in profit or loss and excludes any interest paid on the financial liabilities.

Convertible notes contain liability and equity components

Convertible loan notes issued by the Group that contain both the debt and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes reserve).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Convertible notes contain liability and equity components *(continued)*

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to the accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Other financial liabilities

Other financial liabilities including trade creditors, other creditors and accrued charges, trade payable to a related company, loan from a related company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

The Group uses derivative financial instruments such as commodity futures, swaps and forwards contracts for hedging or trading purposes.

Contracts to buy or sell a non-financial item at a future date that can be settled net in cash or the Group has a practice of taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price are accounted for as derivatives.

Such derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives of the Group do not qualify for hedge accounting thus they are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the obligation are discharged, cancelled or expired.

A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is at least 10 percent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification. On derecognition, the difference between the carrying amount of a financial liability derecognised/extinguished and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank borrowings, loan from a related company and convertible notes disclosed in notes 33, 47 and 37 respectively and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt or the redemption of existing debt.

6. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimation (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Accounting policy on fuel oil inventories

The Group adopts an accounting policy under which the fuel oil inventories are stated at fair value less costs to sell. The Company's directors consider that the Group is a trader in fuel oil and the Group's fuel oil inventories are principally acquired with the purpose of selling in the near future and generating a profit from the fluctuations in price, and therefore measuring fuel oil at fair value less costs to sell would reflect timely and more relevant financial information of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below.

Estimation of oil and natural gas reserves

Oil and gas properties are depreciated on a unit-of-production basis at a rate calculated by reference to estimated proved and probable reserve based on technical assessment undertaken by an independent valuer, namely the Competent Person's Report pursuant to the Listing Rules. Having considered the high successful rate of drilling, the directors of the Company consider to use the estimated proved and probable reserve as a basis to recognise the depreciation charge on oil and gas properties.

Proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as additional data from ongoing development activities and production activities or from changes in technical and economic factors, including evolution of technology or development plans. Any change to the estimation will affect the depreciation charge and impairment assessment on oil and gas properties. During the year ended 30 June 2013, the depreciation charged to the profit or loss were approximately HK$77,183,000 (2012: HK$13,269,000). Please refer to the note 19 for details of the oil and gas properties.

Depreciation on property, plant and equipment (excluding oil and gas properties)

The Group depreciates its property, plant and equipment over the estimated useful life, commencing from the date the property, plant and equipment are ready for their intended use after taking into account of their estimated residual value. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment while the estimated residual value reflects the directors' estimate of the value that the Group expects to receive upon disposal at the time the property, plant and equipment is no longer in use. The depreciation will be changed when the useful life or residual value is expected to be different from estimates and would affect the profit or loss for the period in which such change of estimate takes place. During the year ended 30 June 2013, the depreciation charged to the profit or loss was approximately HK$200,146,000 (2012: HK$94,743,000).

6. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment assessment for vessels

During the year ended 30 June 2013, the Group suffered from loss in marine transportation operation. The directors of the Company are of the view that impairment indication exists for vessels. Accordingly, the directors of the Company perform impairment review on the carrying amounts of the vessels by class.

The recoverable amounts of these vessels have been determined based on the higher of value-in-use and fair value less costs to sell method. The fair values of the vessels were determined by independent valuer based on market transaction. The value-in-use calculations require the use of estimates on the projections of cash inflows from the continued use of these vessels (including the amount to be received for the disposal of these vessels) and discount rates. All these items have been historically volatile and may impact the results of the impairment assessment. Based on the best estimates for the value-in-use calculation which is higher than the fair value less costs to sell as determined by the directors of the Company, there was no impairment for these vessels for both years. As at 30 June 2013, the carrying value of vessels is approximately HK$5,811,881,000 (2012: HK$1,651,119,000).

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013 **HK$'000**	2012 HK$'000
Financial assets		
Financial assets held for trading		
– securities	**558,321**	126,118
– derivative financial instruments	**516,081**	1,266,024
Loans and receivables (including cash and cash equivalents)	**6,670,719**	12,111,289
Financial liabilities		
Financial liabilities held for trading		
– derivative financial instruments	**416,900**	1,645,188
Amortised cost	**11,824,304**	14,877,988

Financial risk management objectives and policies

The Group's major financial instruments include financial assets held for trading, trade debtors, other debtors and deposits, loan to a jointly controlled entity, receivables from brokers, pledged bank deposits, bank balances, trade creditors, other creditors and accrued charges, derivative financial instruments, trade payable to a related company, loan from a related company, bank borrowings and convertible notes. Details of these financial instruments are disclosed in the respective notes. The risk associated with these financial instruments and the polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk

(i) Currency risk

Certain bank balances, deposits placed with brokers, trade debtors, other debtors and other creditors of the Group are denominated in foreign currencies other than the functional currency of the relevant group companies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**516,783**	478,088	**–**	–
HK$	**3,558**	4,199	**2,487**	4,671
Singaporean Dollars ("SGD")	**30,669**	25,770	**10,633**	33,255

In addition, as at 30 June 2013, the Group's exposure to foreign currency risk also arose from US$ denominated intercompany balances with carrying amount of approximately HK$2,620,747,000 (2012: HK$751,162,000), which were not denominated in the functional currency of the group entity as the borrower. These intercompany balances do not form part of the Group's net investment in foreign operations.

Sensitivity analysis

For certain group entities whose functional currency is either HK$ or US$, the change in exchange rate of its functional currency against US$ or HK$ respectively has not been considered in the following sensitivity analysis as HK$ is pegged to US$. In the opinion of the directors, the Group does not expect any significant movements between the exchange rate of HK$ against US$.

The following table details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in the functional currency of respective group entities against the relevant foreign currencies and all other variables were held constant. 5% (2012: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items including intercompany amounts due to group entities which are denominated in relevant foreign currencies and adjusts its translation at the year end for a 5% (2012: 5%) change in the relevant foreign currencies exchange rates. A positive number below indicates a decrease in post-tax loss (2012: increase in post-tax profit) where the relevant foreign currencies strengthens 5% (2012: 5%) against the functional currency of respective group entities. For a 5% (2012: 5%) weakening of the relevant foreign currencies of the respective group entities against the relevant foreign currencies, there would be an equal and opposite impact on the result for the year.

	2013	2012
	HK$'000	HK$'000
(Increase) decrease in post-tax loss (2012: increase (decrease) in post-tax profit) for the year		
US$ against RMB impact	**(109,362)**	55,936
SGD against US$ impact	**895**	(370)

In the directors' opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk in relation to US$ impact as the end of the reporting period exposure does not reflect the exposure during the year.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to convertible notes, fixed-rate bank deposits, loan from a related company, loan to a jointly controlled entity and pledged bank deposits. The Group has not used any derivatives to hedge against the risk as the directors consider that the Group's exposure to fair value interest rate risk is not significant.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits, receivables from brokers and bank borrowings (see note 33 for details) carried at prevailing market interest rate. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of London InterBank Offered Rates ("LIBOR") arising from the Group's bank borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at 30 June 2013 and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. A 10 basis point (2012: 10 basis point) increase or decrease is used which represents management's assessment of as the reasonably possible change in interest rates.

If interest rates had been 10 basis points (2012: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 30 June 2013 would increase/decrease by approximately HK$5,824,000 (2012: the Group's post-tax profit would decrease/increase by approximately HK$8,215,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings.

For the variable-rate bank balances and receivables from brokers at 30 June 2013 and 2012, the directors consider the Group's exposure to future cash flow interest rate risk is minimal taking into account the minimal fluctuation on market interest rate and the carrying amounts at the end of the reporting period. Accordingly, no sensitivity analysis on interest rate risk is presented.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should need arises.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(iii) Price risk

Price risk on equity securities

The Group is exposed to listed equity securities price risk through its financial assets held for trading. The management manages this exposure by closely monitoring the performance of the investments and market conditions. The management would consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date.

If the quoted prices of the respective equity instruments had been 5% (2012: 5%) higher and all other variables were held constant, a positive number below indicates a decrease in post-tax loss (2012: increase in post-tax profit). For quoted price of the respective equity investments had been 5% (2012: 5%) lower, there would be an equal and opposite impact on the post-tax loss (2012: profit) for the year as set out below:

	2013 **HK$'000**	2012 HK$'000
Decrease in post-tax loss (2012: increase in post-tax profit) for the year as a result of the changes in fair value of financial assets held-for-trading	**22,465**	5,265

In the directors' opinion, the sensitivity analysis is unrepresentative of the inherent price risk in relation to changes in fair value of financial assets held-for-trading as at the end of the reporting period exposure does not reflect the exposure during the year.

Oil price risk

The Group is exposed to oil price risk through its international supply and marine bunkering business of which their prices fluctuates directly with the oil price. The oil price is affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuation in oil prices may have favourable or unfavourable impacts to the Group.

The Group has carried out hedging or trading activities to reduce the price risk exposure during the course of business. In order to evaluate and monitor the hedging or trading activities, the Group has formulated a risk management policy documenting, amongst other things, the scope of risk management, roles and responsibility and risk tolerance. The scope of risk management policy focuses on price risks arising from oil inventories and derivative financial instruments, including futures, swaps and forwards contracts, traded in several exchanges or directly traded with some counterparties for hedging or trading purposes. The hedging or trading strategies are applied upon the conclusion of either the buy-side or sell-side agreements. Derivative transactions entered into for hedging or trading purposes will be monitored for suitability in terms of size, direction, and strategy with reference to the corresponding shipment involved. All the transactions on the derivatives contracts have to be approved by the management. In November 2011, the Group established a Risk Control Committee ("RCC") to monitor derivatives contracts in a more systematic way. Trading limits have been set to all traders and approval is required from the chairman of RCC if the limits are to be exceeded.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(iii)* *Price risk *(continued)*

Oil price risk (continued)

RCC has conducted risk management review, monthly business review and fortnightly global trading call, to enable a vigorous process of control, risk management and surveillance of the hedging and trading activities. The global trading meeting will be conducted via audio conference on a bi-weekly basis. The objective of the meeting is to review key hedging and trading positions and exposures with respect to their risks and rewards, discuss and agree on market outlook, and review, challenge and agree on trading strategies. A business risk review will be convened quarterly. The objectives of the meeting are to review all significant incidents and exposures, agree changes to the risk and control framework for the business segment and advise on external developments impacting risk and control exposure for the Group. The directors of the Company consider the establishment of RCC is an effective way to monitor the risks.

The Group's derivative financial instruments including oil futures and swaps contracts are measured at fair value provided by financial institutions with reference to the quoted crude oil futures prices and forwards contracts are determined based on the quoted oil futures prices. Therefore, the Group is exposed to oil price risk and the management monitors the price movements and takes appropriate actions when it is required.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to the Group's oil price risk of the oil inventories, outstanding oil futures, swaps and forwards contracts at the reporting date. The sensitivity rate of 5% (2012: 5%) represents management's assessment of the reasonably possible change in the quoted crude oil futures prices, quoted fuel oil futures prices and quoted gas oil futures prices.

If the quoted crude oil futures prices, quoted fuel oil futures prices or quoted gas oil futures prices had been 5% (2012: 5%) higher and all other variables were held constant, a positive number below indicates a decrease in post-tax loss (2012: increase in post-tax profit). For quoted crude oil future prices, quoted fuel oil futures prices or quoted gas oil futures prices had been 5% (2012: 5%) lower, there would be an equal and opposite impact on the post-tax loss (2012: profit) for the year as set out below:

	2013 **HK$'000**	2012 HK$'000
Decrease (increase) in post-tax loss (2012: increase in post-tax profit) for the year as a result of the changes in fair value		
– inventories	**106,147**	153,547
– derivative financial instruments	**(120,357)**	219,272
	(14,210)	372,819

In the directors' opinion, the sensitivity analyses are unrepresentative of the inherent price risk as the year end exposure does not reflect the exposure during the year.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow up action is taken to recover overdue debts, loan to a jointly controlled entity and receivables from brokers. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the subsequent settlement of the customers and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's bank balances are deposited with banks of high credit rating and the Group has limited exposure to any single financial institution.

As at 30 June 2013, the Group has concentration of credit risk on loan to a joint controlled entity and receivables from brokers and trade debtors. Based on the performance assessment by the directors of the Company, the jointly controlled entity is going to commence the terminal business in the PRC by year 2014 to generate income. Having considered the assets available for pledge to raise external borrowings by the jointly controlled entity for repayment of loan to the Group, the directors of the Company consider the credit risk in relation to the loan to the jointly controlled entity is mitigated. Besides, the brokers are with high credit ratings assigned by international credit-rating agencies. The directors of Company consider the Group's credit risk on receivables from brokers is minimal. The top five largest customers and the largest customer of the Group accounted for 47% and 11% (2012: 43% and 24%) of the total trade receivables as at 30 June 2013, respectively. In the opinion of the directors, these customers are mainly large oil or marine transportation companies with good financial backgrounds. The Group has maintained good relationships with those customers who have a strong financial background with continuous subsequent settlements. There have been no historical default of payments by the respective customers and therefore the Group considers the exposure to concentration of credit risk is limited. Other than that, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The bank balances have maturity less than three months as set out in note 30. The Group has sufficient funds to finance its ongoing working capital requirements.

The Group relies on bank borrowings as a significant source of liquidity. As at 30 June 2013, the Group has available unutilised short-term bank loan facilities of approximately HK$14,115,557,000 (2012: HK$4,922,760,000). Details of the Group's bank borrowings outstanding at 30 June 2013 are set out in note 33.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, secured bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the bank choosing to exercise its right. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative financial instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the marked to market commodity price at the end of the reporting period. The liquidity analyses for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1 year to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2013							
Non-derivative financial liabilities							
Trade creditors	–	3,686,139	–	–	–	3,686,139	3,686,139
Trade payable due to a related company	–	63,191	–	–	–	63,191	63,191
Loan from a related company	10.00	930,792	–	542,962	–	1,473,754	1,440,052
Other creditors	–	502,297	80,726	–	–	583,023	583,023
Bank borrowings (Note d)	2.28	4,148,162	176,325	983,387	748,500	6,056,374	5,823,717
Convertible notes (Note a)	12.50	–	–	299,995	–	299,995	228,182
		9,330,581	257,051	1,826,344	748,500	12,162,476	11,824,304
Derivatives – net settlement							
Futures contracts							
– financial assets		(79,432)	(41,680)	–	–	(121,112)	(121,112)
– financial liabilities		105,887	34,132	–	–	140,019	140,019
Swaps contracts							
– financial assets		(256,285)	(16,685)	–	–	(272,970)	(272,970)
– financial liabilities		169,792	18,596	–	–	188,388	188,388
		(60,038)	(5,637)	–	–	(65,675)	(65,675)
Derivatives – gross settlement							
Forwards sales (note b)							
– inflow		(9,165,875)	(7,663,482)	–	–	(16,829,357)	(16,829,357)
– outflow		9,063,154	7,660,685	–	–	16,723,839	16,723,839
Forwards purchase (note c)							
– inflow		(9,329,930)	(3,423,453)	–	–	(12,753,383)	(12,753,383)
– outflow		9,401,942	3,423,453	–	–	12,825,395	12,825,395
		(30,709)	(2,797)	–	–	(33,506)	(33,506)

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1 year to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2012							
Non-derivative financial liabilities							
Trade creditors	–	4,761,343	–	–	–	4,761,343	4,761,343
Trade payable to a related company	–	501,676	–	–	–	501,676	501,676
Other creditors	–	926,630	190,425	–	–	1,117,055	1,117,055
Bank borrowings (Note d)	2.69	6,936,438	110,877	618,124	767,315	8,432,754	8,214,836
Convertible notes (Note a)	19.49	–	299,995	–	–	299,995	283,078
		13,126,087	601,297	618,124	767,315	15,112,823	14,877,988
Derivatives – net settlement							
Futures contracts							
– financial assets		(346,836)	(88,014)	–	–	(434,850)	(434,850)
– financial liabilities		381,131	55,354	–	–	436,485	436,485
Swaps contracts							
– financial assets		(921)	(738,386)	–	–	(739,307)	(739,307)
– financial liabilities		58,410	1,140,041	–	–	1,198,451	1,198,451
		91,784	368,995	–	–	460,779	460,779
Derivatives – gross settlement							
Forwards sales (Note b)							
– inflow		(1,732,348)	(846,771)	–	–	(2,579,119)	(2,579,119)
– outflow		1,699,776	814,601	–	–	2,514,377	2,514,377
Forward purchase (Note c)							
– inflow		(2,290,259)	(530,606)	–	–	(2,820,865)	(2,820,865)
– outflow		2,273,386	530,606	–	–	2,803,992	2,803,992
		(49,445)	(32,170)	–	–	(81,615)	(81,615)

7. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Notes:

(a) The undiscounted cash flows of convertible notes represent the redemption amount upon maturity of convertible notes on the assumption that there is no conversion prior to maturity. The carrying amount of convertible notes represents the carrying amount of the liability component as at the end of the reporting period.

(b) The undiscounted cash inflows represent the contractual amount to be received on sale of fuel or crude oil pursuant to the forward contracts. The undiscounted cash outflows represent the value of fuel or crude oil to be purchased estimated based on forward price.

(c) The undiscounted cash outflows represent the contractual amount to be paid on purchase of fuel or crude oil pursuant to the forward contracts. The undiscounted cash inflows represent the value of fuel or crude oil to be sold estimated based on forward price.

(d) Bank borrowings with a repayment on demand clause is included in the "repayable on demand or less than 3 months" time band in the above maturity analysis. As at 30 June 2013, the carrying amount these bank borrowings amounted to approximately HK$570,686,000 (2012: HK$554,611,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise its discretionary right to demand immediate repayment. At 30 June 2013, if the Group repaid the loan following repayment schedule, the aggregate principal and interest cash outflows would amount to approximately HK$646,473,000 of which HK$98,911,000 repayable within 1 year, HK$313,744,000 repayable within 1-5 years and HK$233,818,000 repayable over 5 years (2012: HK$610,570,000 of which HK$45,259,000 repayable within 1 year, HK$556,917,000 repayable within 1-5 years and HK$8,394,000 repayable over 5 years).

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. FINANCIAL INSTRUMENTS *(continued)*

Fair values *(continued)*

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	30 June 2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Derivative financial instruments	394,082	121,999	–	516,081
Non-derivative financial assets held for trading	558,321	–	–	558,321
	952,403	121,999	–	1,074,402
Financial liabilities at FVTPL				
Derivative financial instruments	328,407	88,493	–	416,900

	30 June 2012			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Derivative financial instruments	1,174,157	91,867	–	1,266,024
Non-derivative financial assets held for trading	126,118	–	–	126,118
	1,300,275	91,867	–	1,392,142
Financial liabilities at FVTPL				
Derivative financial instruments	1,634,936	10,252	–	1,645,188

There were no transfer between Level 1 and 2 in the current and prior years.

8. 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 an investment property	**1,681**	1,547
	55,448,813	69,949,215

9. 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 Dina (as defined in note 45) 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.

9. 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 HK$'000	Marine transportation operation HK$'000	Upstream gas business HK$'000	Direct investments HK$'000	Segment total HK$'000	Unallocated revenue HK$'000 (Note)	Consolidated HK$'000
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)

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$'000	Unallocated revenue HK$'000 (Note)	Consolidated 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.

9. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 4. 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 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	(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)

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)

9. SEGMENT INFORMATION *(continued)*

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.

Information about major customers

Revenue 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.

10. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2013 HK$'000	2012 HK$'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
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)

11. OTHER EXPENSES

	2013 HK$'000	2012 HK$'000
Professional fees (Note)	21,103	59,689
Brokerage and commission expenses	53,702	82,885
Other expenses in relation to derivative trading and bank services	77,215	65,350
	152,020	207,924

Note: Professional fees represent fee for general legal advisory services, consultancy fee and fee for advisory services on investment projects. An aggregate amount of nil (2012: HK$30,856,000) is in relation to consultancy services on business development rendered by independent third parties and HK$1,087,000 (2012: HK$17,276,000) is relation to merger and acquisition projects.

12. FINANCE COSTS

	2013 HK$'000	2012 HK$'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.

13. (LOSS) PROFIT BEFORE TAXATION

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

	2013 HK$'000	2012 HK$'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, note 14)		
Wages, salaries and other benefits	264,076	220,031
Share based payments (note 40)	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 directors are included under staff costs.

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The emoluments paid or payable to each of the eleven (2012: thirteen) directors and the chief executive were as follows:

		Other emoluments				
	Fees HK$'000	Salaries and other benefits HK$'000	Bonus HK$'000	Retirement benefits scheme contributions HK$'000	Share based payments HK$'000	Total HK$'000
Year ended 30 June 2013						
Executive Directors						
SIT Kwong Lam (Note e)	–	3,500	–	15	–	3,515
TANG Bo	–	3,660	1,076	15	896	5,647
TAN Yih Lin	–	3,959	1,076	15	896	5,946
PER Wistoft Kristiansen	–	3,507	–	–	–	3,507
Non-Executive Directors						
HE Zixin (Note d)	178	–	30	–	–	208
RAN Longhui (Note d)	178	–	30	–	–	208
SUN Zhenchun (Note d)	178	–	30	–	–	208
DAI Zhujiang	375	–	30	–	448	853
Independent Non-Executive Directors						
LAU Hon Chuen	375	–	30	–	448	853
CHANG Hsin Kang	375	–	30	–	448	853
KWONG Chan Lam	375	–	30	–	448	853
Total	2,034	14,626	2,362	45	3,584	22,651
Year ended 30 June 2012						
Executive Directors						
SIT Kwong Lam (Note e)	–	2,315	480	12	–	2,807
TANG Bo	–	2,270	2,146	12	1,682	6,110
CHIA Teck Lim (Note a)	–	1,193	300	3	342	1,838
TAN Yih Lin	–	2,670	2,146	12	1,682	6,510
Gregory John CHANNON (Note b)	–	1,275	420	–	734	2,429
PER Wistoft Kristiansen (Note c)	–	1,897	–	–	–	1,897
Non-Executive Directors						
HE Zixin (Note d)	360	–	55	–	–	415
RAN Longhui (Note d)	360	–	55	–	–	415
SUN Zhenchun (Note d)	360	–	55	–	–	415
DAI Zhujiang	360	–	55	–	841	1,256
Independent Non-Executive Directors						
LAU Hon Chuen	360	–	55	–	841	1,256
CHANG Hsin Kang	360	–	55	–	841	1,256
KWONG Chan Lam	360	–	55	–	841	1,256
Total	2,520	11,620	5,877	39	7,804	27,860

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

Notes:

(a) On 6 September 2011, Mr. Chia Teck Lim resigned as director of the Company.

(b) On 23 November 2011, Mr. Gregory John Channon resigned as director of the Company.

(c) On 28 November 2011, Mr. Per Wistoft Kristiansen was appointed as director of the Company.

(d) On 30 December 2012, Mr. He Zixin, Mr. Ran Longhui and Mr. Sun Zhenchun resigned as directors of the Company.

(e) Dr. Sit is also the chief executive officer of the Company and his emoluments disclosed include those for services tendered by him as the chief executive.

During both years, no emolument was paid by the Group to the directors as an inducement to join, or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive any remuneration.

The bonus was determined in accordance with the performance of the Group and the individual's performance.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2012: five) were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 14 above. The emoluments of the remaining highest paid individual for the year ended 30 June 2013 are as follows:

	2013 HK$'000
Salaries and other benefits	5,595
Incentive paid on joining	4,756
Retirement benefits scheme contributions	115
	10,466

Their emoluments were within the following bands:

	2013 No. of individuals
HK$3,500,001 to HK$4,000,000	1
HK$6,000,001 to HK$6,500,000	1

16. 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 (note 36)		
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.

16. TAXATION CHARGE *(continued)*

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
(Loss) profit before taxation	**(697,264)**	309,677
Taxation at income tax rate of 5% (2012: 5%)	**(34,863)**	15,484
Tax effect of expenses not deductible for tax purpose	**23,715**	11,590
Tax effect of income not taxable for tax purpose	**(9,966)**	(29,248)
Overprovision in respect of prior year	**(23,798)**	–
Effect of tax exemption granted by AIS	**6,544**	–
Effect of share of losses of jointly controlled entities	**500**	262
Effect of share of loss (profit) of an associate	**44**	(2)
Tax effect of tax losses not recognised	**42,510**	19,607
Tax effect of deductible temporary differences not recognised	**459**	1,921
Utilization of tax losses previously net recognised	**(91)**	(62)
Effect of section 37B set-off (Note)	**(19,685)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**39,017**	(15,591)
Taxation charge for the year	**24,386**	3,961

Details of deferred taxation not recognised in the consolidated financial statements are set out in note 36.

Note: For non-qualified income of the Global Trader Program incentive, it is subject to Singapore Income Tax at 17% for both financial years. A subsidiary of the Company incorporated in Singapore is eligible to apply section 37B of the Singapore Income Tax Act to set off loss from non-qualified income against profit from qualified income after applying an adjustment factor.

17. 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.

18. (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 with details as disclosed in note 35.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Oil and gas properties HK$'000	Construction in progress HK$'000	Total HK$'000
COST											
At 1 July 2011	59,474	32,822	–	9,886	17,410	10,378	2,804	1,795,920	–	328,314	2,257,008
Acquired on acquisition of a subsidiary (note 45)	–	–	–	96	–	66	130	–	538,141	92,365	630,798
Exchange realignment	–	(101)	–	(10)	(27)	(6)	19	(190)	(3,619)	5,295	1,361
Transfer	–	11,235	–	–	–	–	–	–	–	(11,235)	–
Additions	–	749	7,176	5,052	6,347	4,766	3,188	1,393	–	3,309,322	3,337,993
Disposals	–	–	–	–	(387)	(109)	(1,670)	–	–	–	(2,166)
At 30 June 2012	59,474	44,705	7,176	15,024	23,343	15,095	4,471	1,797,123	534,522	3,724,061	6,224,994
Exchange realignment	69	57	(7)	20	38	15	95	516	17,625	24,541	42,969
Transfer	–	996	–	–	–	–	–	4,296,173	186,551	(4,483,720)	–
Transfer from exploration and evaluation assets	–	–	–	–	–	–	–	–	40,546	–	40,546
Additions	4,437	1,548	–	391	850	3,897	–	33,706	–	2,119,836	2,164,665
Disposals	–	–	–	(28)	–	(8)	(2,531)	–	–	–	(2,567)
At 30 June 2013	63,980	47,306	7,169	15,407	24,231	18,999	2,035	6,127,518	779,244	1,384,718	8,470,607
ACCUMULATED DEPRECIATION											
At 1 July 2011	986	3,953	–	3,384	5,372	3,102	1,708	78,527	–	–	97,032
Exchange realignment	–	(52)	–	(9)	(16)	(5)	(1)	(17)	(31)	–	(131)
Provided for the year	473	13,503	1,208	3,323	4,540	3,597	605	67,494	13,269	–	108,012
Eliminated on disposals	–	–	–	–	(2)	–	(1,670)	–	–	–	(1,672)
At 30 June 2012	1,459	17,404	1,208	6,698	9,894	6,694	642	146,004	13,238	–	203,241
Exchange realignment	–	26	(1)	6	8	5	31	59	1,275	–	1,409
Provided for the year	491	13,589	3,584	2,702	4,988	4,280	938	169,574	77,183	–	277,329
Eliminated on disposals	–	–	–	(4)	–	(7)	(714)	–	–	–	(725)
At 30 June 2013	1,950	31,019	4,791	9,402	14,890	10,972	897	315,637	91,696	–	481,254
CARRYING VALUES											
At 30 June 2013	62,030	16,287	2,378	6,005	9,341	8,027	1,138	5,811,881	687,548	1,384,718	7,989,353
At 30 June 2012	58,015	27,301	5,968	8,326	13,449	8,401	3,829	1,651,119	521,284	3,724,061	6,021,753

19. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, other than construction in progress and oil and gas properties, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the lease term
Leasehold building	Over the shorter of the term of the lease, or 40 years
Leasehold improvements	20% to $33^1/_3$%
Plant and machinery	20%
Office equipment	20%
Furniture and fixtures	20%
Computer equipment	30%
Motor vehicles	$33^1/_3$%
Vessels	20% for components under dry-docking (note), 4% to $6^2/_3$% for others

Note: Upon acquisition and completion of construction of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date i.e., five years. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date.

Oil and gas properties are depreciated on the unit-of-production method utilising only proved and probable gas reserve as the depletion base.

The carrying amount of the Group's leasehold land located in Hong Kong of approximately HK$42,271,000 (2012: HK$42,319,000) is under long lease.

At 30 June 2013, vessels and construction in progress of the Group with carrying values of approximately HK$4,899,489,000 (2012: HK$1,579,890,000) and nil (2012: HK$2,102,221,000) respectively are pledged to secure bank borrowings of the Group.

At 30 June 2013, oil and gas properties are under the jointly controlled operations in the Dina gas field as disclosed in note 25(b)(2). A valuation is performed by SRK Consulting (Australasia) Pty Ltd., an independent firm of professional valuer, on the Group's estimation of the net cash flows from the Group's participating interest in the jointly controlled operations of 49% in the Dina gas field. For details, please refer to the "Management Discussion and Analysis" section of the annual report.

20. PREPAID LEASE PAYMENTS FOR LAND

	2013 HK$'000	2012 HK$'000
The Group's prepaid lease payments for land comprise:		
Leasehold land in the PRC with medium lease	**541,374**	383,767
Analysed for reporting purpose as:		
Current asset	**11,253**	6,892
Non-current asset	**530,121**	376,875
	541,374	383,767

Included in medium-term prepaid lease payments are land use rights with carrying amount of approximately HK$178,556,000, net of government grant received, (2012: HK$172,056,000) which are located in the PRC.

20. PREPAID LEASE PAYMENTS FOR LAND *(continued)*

The Group has received a government grant of approximately RMB9,940,000 (equivalent to approximately HK$12,562,000) (2012: approximately RMB275,697,000, equivalent to approximately HK$336,725,000) in respect of acquisition of prepaid lease payments for land in March 2011 pursuant to the cooperation agreement signed between the local government and the Group. The government grant amount has been deducted from the carrying amount of the prepaid lease payment for land. Amount of approximately HK$7,073,000 (2012: HK$6,751,000) was transferred to income in the form of reduced charge over the lease term of the prepaid lease payment.

21. PREPAID LEASE PAYMENTS FOR COAST

	2013 **HK$'000**	2012 HK$'000
The Group's prepaid lease payments for coast comprise:		
Coast in the PRC with medium lease	**12,357**	12,189
Analysed for reporting purpose as:		
Current asset	**265**	256
Non-current asset	**12,092**	11,933
	12,357	12,189

The prepaid lease payments for coast represent the rights to use coast in Zhoushan for 50 years, starting from 26 February 2010.

22. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 1 July 2011	120,399
Exchange realignment	(1,314)
Increase in fair value recognised in profit or loss	1,286
Disposals	(79,371)
At 30 June 2012	41,000
Increase in fair value recognised in profit or loss	1,000
At 30 June 2013	42,000

The fair value of the Group's investment property at 30 June 2013 and 2012 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group. The Group's investment property was valued on market value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties. The valuations were arrived at by reference to market evidence of transaction prices for similar properties.

The Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as an investment property.

The carrying value of the investment property shown above represents the property situated in Hong Kong with long lease.

23. EXPLORATION AND EVALUATION ASSETS

	HK$'000
COST AND CARRYING VALUES	
As at 1 July 2011	11,639
Exchange realignment	106
Additions	28,801
As at 30 June 2012	40,546
Transfer to property, plant and equipment	(40,546)
As at 30 June 2013	–

Note: Amount represents the costs incurred in relation to the Tuzi Natural Gas Project in Xingjiang Uygur Autonomous Region ("Tuzi field") in the PRC jointly operated with a PRC joint venture partner with a 30-year period for exploration and extraction. Details are set out in note 25.

During the year, the relevant government authority in the PRC acknowledged the completion of exploration and evaluation in relation to the natural gas development and production project carried out by the Group in the Tuzi field. As such, the related exploration and evaluation assets amounting to approximately HK$40,546,000 (2012: nil) were transferred to oil and gas properties.

24. INTEREST IN AN ASSOCIATE

	2013 HK$'000	2012 HK$'000
Cost of investment in an associate, unlisted	**10,804**	10,804
Share of post-acquisition (loss) profit	**(837)**	33
Exchange realignment	**558**	181
	10,525	11,018

Note: The associate was established in May 2011 together with 11 independent third parties and obtained formal incorporation and registration documents in July 2012.

24. INTEREST IN AN ASSOCIATE *(continued)*

As at 30 June 2013 and 2012, the Group had interests in the following associate:

Name of entity	Form of entity	Place of establishment and operation	Proportion of nominal value of issued capital held by the Group 2013 and 2012	Proportion of voting power held 2013 and 2012	Principal activity
浙江舟山大宗商品交易所有限公司 ("舟山大宗")	Incorporated	PRC	9%	14% (Note)	Provision of agency services on trading of commodities

Note: 舟山大宗 has no controlling party. The Group is able to exercise significant influence over 舟山大宗 because it has the power to appoint one out of the seven directors of that company under the provisions stated in the Articles of Association of that company.

The summarised financial information in respect of the Group's associate is set out below:

	2013 HK$'000	2012 HK$'000
Total net assets	**116,940**	122,417
Group's share of net asset of the associate	**10,525**	11,018
Revenue	**8,237**	13,602
(Loss) profit for the year	**(9,670)**	362
Group's share of (loss) profit for the year	**(870)**	33

25. INTERESTS IN JOINT VENTURES

(a) Jointly controlled entities

As at 30 June 2013 and 2012, the Group had interests in the following jointly controlled entities:

Name of entity	Form of business structure	Place of establishment	Principal place of operation	Class of share held	Proportion of nominal value of registered capital held by the Group 2013 and 2012	Principal activity
Zhoushan Brightoil Terminal Co., Ltd. ("Zhoushan Brightoil") (Note 1)	Foreign owned enterprise	PRC	PRC	Registered capital	55%	Operation of wharf and related ancillary facilities
Dalian Changxing Island Brightoil Terminal Co., Ltd. ("Dailin Changxing Island Brightoil") (Note 2)	Foreign owned enterprise	PRC	PRC	Registered capital	60%	Operation of wharf and related ancillary facilities

Notes:

1. The Group has the power to appoint four out of seven directors in the board of Zhoushan Brightoil. However, according to the jointly controlled entities agreement signed with another shareholder of Zhoushan Brightoil, all board resolutions require approval from 75% of the board members, as a result Zhoushan Brightoil is classified as jointly controlled entities of the Group.

2. The Group has the power to appoint three out of five directors in the board of Dalian Changxing Island Brightoil. However, according to the jointly controlled entities agreement signed with another shareholder of Dalian Changxing Island Brightoil, all board resolutions require approval from 80% to 100% of the board members, as a result Dalian Changxing Island Brightoil is classified as a jointly controlled entities of the Group.

Both jointly controlled entities are at construction and development stage and therefore have not commenced the operation.

	2013 HK$'000	2012 HK$'000
Cost of unlisted investments in jointly controlled entities	**470,109**	442,805
Share of post-acquisition loss	**(27,817)**	(17,819)
Exchange realignment	**40,665**	23,957
	482,957	448,943

25. INTERESTS IN JOINT VENTURES *(continued)*

(a) Jointly controlled entities *(continued)*

The summarised financial information in respect of the Group's share of interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	2013 HK$'000	2012 HK$'000
Non-current assets	**217,209**	107,268
Current assets	**333,313**	346,428
Non-current liabilities	**(13,903)**	–
Current liabilities	**(53,662)**	(4,753)
Income	**1,546**	5,311
Expenses	**11,544**	10,545

As at 30 June 2013, the Group's share of capital expenditure contracted for but not provided for in the financial statements of the jointly controlled entities in respect of acquisition of property, plant and equipment is approximately HK$240,100,000 (2012: HK$135,912,000).

(b) Jointly controlled operations

(1) Jointly controlled operations in the Tuzi gas field

Win Business Petroleum (Grand Desert) Limited ("Win Business GD"), a subsidiary of the Group, entered into a contract for natural gas development and production (the "Contract 1") with a state-owned enterprise in the PRC, China National Petroleum Corporation ("CNPC"), in August 2010 to jointly operate a natural gas development and production project in the Tuzi field ("Tuzi Natural Gas Project") owned by CNPC. Win Business GD and CNPC have the participating interest in the jointly controlled operations of 49% and 51% respectively. A committee is set up by appointing same number of members from CNPC and Win Business GD with a maximum of 4 members. The committee makes decisions on financial budgets and production plans which are considered as the relevant activities that may significantly affect the returns of Tuzi Natural Gas Project. These decisions require unanimous consent from both parties. As such, the Tuzi Natural Gas Project is jointly operated by the Group and CNPC.

Pursuant to the Contract 1, the Tuzi Natural Gas Project is segregated into three stages, namely the evaluation period, the development period and the production period, with a term of 30 years. Prior to the Contract 1, CNPC has performed a preliminary phase to study the Tuzi Natural Gas Project and the cost incurred during the preliminary phase was borne by CNPC. Win Business GD will bear the costs incurred for the evaluation and development stages. Specifically, Win Business GD is responsible for the expenditure on seismic, drilling and construction works regarding the development and construction of the infrastructure.

65% of the revenue from sale of natural gas produced from the Tuzi gas field will be initially shared by CNPC and Win Business GD in proportion to the costs incurred by them prior to the production period to recover these costs incurred with the remaining 35% being shared 55% by Win Business GD. After full recovery of these costs, the revenue for gas production will be shared 49% by Win Business Group. In addition, the Group is required to bear 49% of production costs, primarily the provision of gas purification and transportation services for the natural gas and condensate.

25. INTERESTS IN JOINT VENTURES *(continued)*

(b) Jointly controlled operations *(continued)*

(1) Jointly controlled operations in the Tuzi gas field *(continued)*

The aggregate amount of assets, liabilities, income and expense recognised in the consolidated financial statements in relation to the Group's interest in the jointly controlled operations in the Tuzi gas field are as follows:

	2013 **HK$'000**	2012 HK$'000
Assets	**685,011**	399,077
Liabilities	**246,130**	4,267
Income	**18,950**	60
Expenses	**9,766**	13,580

During the year, the National Development and Reform Commission ("NDRC") has officially approved the Overall Development Plan ("ODP") for the Tuzi gas field. The estimated natural gas reserve of Tuzi gas field is approximately 14.1 billion cubic meters which can sustain a production period of 20 years according to the ODP. As at 30 June 2013, the Group has been acknowledged of the completion of the exploration and evaluation stage by NDRC.

(2) Jointly controlled operations in the Dina gas field

Win Business Petroleum Group Limited ("Win Business Group"), a subsidiary of Win Business Petroleum Group (Dina) Limited ("Win Business Dina") acquired by the Group in prior year as set out in note 45, entered into a contract (the "Contract 2") for natural gas development and production with CNPC in April 2008 to jointly operate a natural gas development and production project in the Dina Gas field ("Dina Natural Gas Project") owned by CNPC. Win Business Group and CNPC have the participating interest in the jointly controlled operations of 49% and 51% respectively. A committee is set up by appointing same number of members from CNPC and Win Business Group with a maximum of total 4 members. The committee makes decisions on financial budgets and production plans which are considered as the relevant activities that may significantly affect the returns of Dina Natural Gas Project. These decisions require unanimous consent from both parties. As such, the Dina Natural Gas Project is jointly operated by the Group and CNPC.

Pursuant to the Contract 2, the Dina Natural Gas Project is segregated into three stages, namely the evaluation period, the development period and the production period, with a term of 30 years. Prior to the Contract 2, CNPC has performed a preliminary phase to study the Dina Natural Gas Project and the cost incurred during the preliminary phase was borne by CNPC. Win Business Group bore the costs incurred during the evaluation and development periods. As at 30 June 2013, 3 gas properties are at the production period (30 June 2012: one gas property was at the development period and the other 2 gas properties were at the production period).

65% of the revenue from sale of natural gas and condensate will be initially shared by CNPC and Win Business Group in proportion to the costs incurred by them prior to the production period with the remaining 35% being shared 55% by Win Business Group. After full recovery of costs, the revenue for gas production will be shared 49% by Win Business Group. In addition, the Group is required to bear 49% of production costs, primarily the provision of gas purification and transportation services for the natural gas and condensate.

25. INTERESTS IN JOINT VENTURES *(continued)*

(b) Jointly controlled operations *(continued)*

(2) Jointly controlled operations in the Dina gas field *(continued)*

The aggregate amount of assets, liabilities, income and expenses recognised in the consolidated financial statements in relation to the Group's interest in the jointly controlled operation in the Dina gas field are as follows:

	2013 **HK$'000**	2012 HK$'000
Assets	**715,886**	800,544
Liabilities	**86,973**	253,000
Income	**362,538**	69,057
Expenses	**186,926**	45,851

26. INVENTORIES

	2013 **HK$'000**	2012 HK$'000
Fuel oil, at fair value less costs to sell	**2,235,073**	3,241,476
Consumables	**131,946**	16,034
	2,367,019	3,257,510

As 30 June 2013, the carrying amount of fuel oil, which has been pledged as security, by way of floating charges, for short-term credit facilities granted to the Group is approximately HK$2,232,573,000 (2012: HK$3,067,044,000).

27. 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 CNPC on sale of natural gas and condensate and 30 to 90 days to its marine transportation customers.

27. TRADE DEBTORS *(continued)*

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

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.

Ageing of trade debtors which are past due but not impaired

	2013 HK$'000	2012 HK$'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 HK$'000	2012 HK$'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

27. TRADE DEBTORS *(continued)*

Movement in the allowance for bad and doubtful debts *(continued)*

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.

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).

28. SECURITIES HELD FOR TRADING

	2013 **HK$'000**	2012 HK$'000
Equity securities		
listed in Hong Kong	**359,631**	126,118
listed in PRC	**198,690**	–
	558,321	126,118

29. RECEIVABLES FROM BROKERS

Amount represents receivables from brokers for securities and derivatives trading which carried interest rates at prevailing market interest rates ranging from 0.01% to 0.35% per annum (2012: 0.001% to 0.01% per annum).

30. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

As at 30 June 2013, the pledged bank deposits represent the Group's deposits pledged to the banks to secure short-term credit facilities granted to the Group and bear fixed interest with rates ranging from 0.07% to 0.11% (2012: 0.1% to 0.5%) per annum.

As at 30 June 2013, the Group's short-term bank deposits carried at market interest rates from 0.01% to 2.85% (2012: 0.01% to 1%) per annum with an original maturity of three months or less.

The bank balances and cash that are denominated in currencies other than functional currency of the relevant group entities as set out below:

	2013 **HK$'000**	2012 HK$'000
US$	**516,496**	478,088
HK$	**3,481**	4,119
RMB	**2**	8
SGD	**17,631**	25,027

31. 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 HK$'000	2012 HK$'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 time frame.

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 (see note 42). The amount is aged within 45 days at 30 June 2013 and 2012 with credit terms of 45 days granted to the Group.

32. OTHER CREDITORS AND ACCRUED CHARGES

The following is the analysis of other creditors and accrued charges at 30 June 2013:

	2013 HK$'000	2012 HK$'000
Other payables for purchases of property, plant and equipment (Note 1)	**399,586**	999,802
Other tax payable for goods and services in relation to sales made in Singapore (Note 1)	**101,861**	99,038
Payable to a PRC government (Note 2)	**80,726**	–
Others	**102,711**	117,252
	684,884	1,216,092

Notes:

1. Amounts are unsecured and non-interest bearing.

2. Payable to a PRC government arose from over-refund on subsidies on land use right payment. The amount is unsecured and non-interest bearing.

Other creditors and accrued charges that are denominated in currencies other than functional currency of the relevant group entities as set out below:

	2013 HK$'000	2012 HK$'000
HK$	**2,487**	4,671
RMB	**107**	511
SGD	**10,633**	33,255

33. BANK BORROWINGS

	2013 HK$'000	2012 HK$'000
Secured variable-rate bank borrowings	**5,823,717**	8,214,836
Carrying amount payable:		
Within one year	**3,705,311**	6,451,583
More than one year, but not exceeding two years	**232,356**	107,702
More than two years, but not exceeding five years	**620,190**	393,500
More than five years	**695,174**	707,440
	5,253,031	7,660,225
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**570,686**	554,611
	5,823,717	8,214,836
Less: Amounts due within one year shown under current liabilities	**(4,275,997)**	(7,006,194)
	1,547,720	1,208,642

At 30 June 2013 and 2012, the Group has significant secured variable-rate bank borrowings which carry interests at LIBOR plus 1.2% to 3.2% per annum. The effective interest rate is ranging from 1.49% to 3.49% (2012: 1.41% to 4.87%) per annum. The maturity profile of such bank borrowings are as follows:

	2013 HK$'000	2012 HK$'000
Carrying amount payable:		
Within one year	**4,160,152**	6,390,550
More than one year, but not exceeding two years	**58,337**	35,177
More than two years, but not exceeding five years	**164,257**	105,531
More than five years	**379,189**	351,170
	4,761,935	6,882,428

The remaining secured variable-rate bank borrowings carry interest rate at LIBOR plus 2.25% to 4.50% per annum and the effective interest rate is from 2.63% to 4.97% (2012: 2.44% to 4.36%) per annum.

33. BANK BORROWINGS *(continued)*

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2013 **HK$'000**	2012 HK$'000
Floating rate		
– expiring within one year	**13,339,897**	4,141,574
– expiring beyond one year	**775,660**	781,186
	14,115,557	4,922,760

34. 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 futures 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).

Derivative financial instruments of the Group at 30 June 2013 and 2012 comprise of long and short positions in the following derivative contracts:

Type of contracts	**Fair value** **HK$'000**	**Notional amount** **US$'000**	**Expiry date**
As at 30 June 2013			
Derivative financial assets			
Futures	121,112	992,468	01.07.2013 to 30.06.2014
Swaps	272,970	1,583,842	01.07.2013 to 31.01.2014
Forwards	121,999	2,758,662	01.07.2013 to 28.02.2014
	516,081		
Derivative financial liabilities			
Futures	140,019	1,162,672	01.07.2013 to 30.06.2014
Swaps	188,388	1,215,095	01.07.2013 to 31.01.2014
Forwards	88,493	935,638	01.07.2013 to 28.02.2014
	416,900		

34. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Type of contracts	Fair value HK$'000	Notional amount US$'000	Expiry date
As at 30 June 2012			
Derivative financial assets			
Futures	434,850	747,870	01.07.2012 to 31.12.2012
Swaps	739,307	2,228,910	01.07.2012 to 31.12.2012
Forwards	91,867	343,123	01.07.2012 to 28.02.2013
	1,266,024		
Derivative financial liabilities			
Futures	436,485	655,242	01.07.2012 to 31.12.2012
Swaps	1,198,451	2,961,955	01.07.2012 to 31.12.2012
Forwards	10,252	337,303	01.07.2012 to 31.12.2012
	1,645,188		

35. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.025 each (2012: HK$0.025 each)		
Authorised		
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		
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
At 30 June 2012 and 30 June 2013, at HK$0.025 each	8,766,498,266	219,163

35. SHARE CAPITAL *(continued)*

Notes:

(a) On 31 January 2012, the Group completed its acquisition of the entire issued share capital of a private company established in the PRC which is wholly-owned by Dr. Sit. In accordance with the terms of the acquisition, the Company has issued 322,916,666 new ordinary shares to Canada Foundation, 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 (as defined in note 37) 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.

36. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the year:

	Fair value adjustment on property, plant and equipment upon acquisition HK$'000	Convertible notes HK$'000	Total HK$'000
At 1 July 2011	–	(32,271)	(32,271)
Acquisition of a subsidiary (note 45)	(40,052)	–	(40,052)
Credit to profit or loss	676	18,615	19,291
Reversed to convertible notes reserve upon partial conversion of convertible notes	–	10,865	10,865
At 30 June 2012	(39,376)	(2,791)	(42,167)
Initial recognition due to convertible notes modification	–	(15,012)	(15,012)
Credit to profit or loss	4,435	5,675	10,110
At 30 June 2013	(34,941)	(12,128)	(47,069)

At 30 June 2013, the Group has estimated unused tax losses of HK$1,597,564,000 (2012: HK$749,176,000) available for offset against future profits. No deferred tax asset has been recognised of such losses as at 30 June 2013 and 2012 due to the unpredictability of future profit streams. At 30 June 2013, included in unrecognised tax losses are losses of HK$2,666,000 (2012: HK$2,666,000) that will expire within 5 years from 31 December 2010, HK$9,996,000 (2012: HK$10,303,000) that will expire within 9 years from 31 December 2012 and HK$43,706,000 (2012: nil) that will expire within 5 years from 31 December 2012. Other estimated tax losses may be carried forward indefinitely.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries, an associate and jointly controlled entities from 1 January 2008 onwards. As the PRC subsidiaries and jointly controlled entities incurred losses since 1 January 2008, no deferred taxation has been provided accordingly.

37. CONVERTIBLE NOTES

Pursuant to the subscription agreement dated on 25 June 2009 and the supplemental deed signed on 2 September 2009 entered into between the Company and Canada Foundation, convertible notes (the “Convertible Notes”) with aggregate principal amount of US$120,000,000 were issued at par with conversion price of US$0.19355 per share to Canada Foundation on 27 October 2009 (the “Issue Date”). Subsequent to the share subdivision of the Company on 27 May 2010 (“Share Subdivision”), conversion price of the Convertible Notes is adjusted to US$0.04839.

The Convertible Notes are denominated in US$ and are non-interest bearing. The holder of the Convertible Notes is entitled to convert the notes into 619,994,833 (2,479,979,333 after Share Subdivision) ordinary shares of the Company (“Conversion Shares”) at initial conversion price of US$0.19355 at any time from the date of issue (US$0.04839 after Share Subdivision) to the maturity date falling on the third anniversary from the Issue Date, i.e. repayable on 27 October 2012. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion. If the Convertible Notes have not been converted up to the maturity date, the holder can request the Company to redeem the outstanding Convertible Notes at principal amount upon maturity.

During the year ended 30 June 2012, aggregate principal amount of US$81,291,000 (approximately HK$630,005,000) of the Convertible Notes was converted into 1,680,000,000 shares of the Company at the conversion price of US$0.04839 per share. Principal amount of US$38,709,000 (approximately HK$299,995,000) of the Convertible Notes remained outstanding at 30 June 2012.

Pursuant to the resolution passed by independent shareholders of the Company on 14 August 2012, the maturity date of the Convertible Notes is extended by three years to 27 October 2015 (“New Maturity Date”) under the deed of extension entered into between the Company and Canada Foundation (“New Convertible Notes”). The holder of the Convertible Notes can exercise the conversion right at any time up to the New Maturity Date. Other than this, terms and conditions of the New Convertible Notes remain unchanged from the Convertible Notes.

The New Maturity Date is considered to be a substantial modification of Convertible Notes as the net present value of the cash flows of the New Convertible Notes is more than 10% different from the net present value of the cash flows of the outstanding Convertible Notes prior to the extension of maturity date, both discounted at the original effective interest rate of 19.49% per annum. As such, Convertible Notes were derecognised and New Convertible Notes were recognised. The fair value of the New Convertible Notes as at 27 October 2012 amounting to approximately HK$1,266,553,000, of which approximately HK$301,685,000 and HK$964,868,000 has been allocated as consideration to redeem the liability and equity component of the Convertible Notes respectively, resulting in a loss on the redemption of the liability component of approximately HK$1,690,000 recognised in profit or loss.

On initial recognition, the New Convertible Notes are split into two components, liability and equity elements. The liability component is measured at fair value of approximately HK$210,702,000 at 27 October 2012, being the present value of the contractual stream of future cash flows discounted using the prevailing market interest of similar non-convertible debts of 12.5% per annum. The equity component of approximately HK$1,055,851,000, being the residual amount of the New Convertible Notes after separating the liability component, is presented in equity heading in “Convertible Notes Reserve”. In addition, deferred tax liability of HK$15,012,000 is charged directly to the carrying amount of the equity component.

The fair value of the New Convertible Notes on 27 October 2012 is calculated using the binomial model. The inputs into the model were as follows:

Share price	US$0.204
Expected volatility (Note a)	53.33%
Contractual life	3 years
Risk free rate (Note b)	0.4085% per annum

37. CONVERTIBLE NOTES *(continued)*

Notes:

(a) Expected volatility for embedded conversion option was determined by calculating the historical weekly share price volatility of the Company and comparable companies engaged in similar businesses as the Group's various business segments.

(b) The risk free rate is determined by reference to the yield of United States Treasury Bill and Note.

The movement of the liability component of the Convertible Notes and the New Convertible Notes for the year is set out below:

	Convertible Notes HK$'000
Carrying amount at 1 July 2011	734,418
Interest charged	112,816
Converted during the year	(564,156)
Carrying amount at 30 June 2012	283,078
Interest charged	16,917
	299,995
Consideration to redeem	(301,685)
Loss on redemption of the liability component recognised on 27 October 2012	1,690
	–

	New Convertible Notes HK$'000
On 27 October 2012	210,702
Interest charge on New Convertible Notes	17,480
Carrying amount at 30 June 2013	228,182

38. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**257,817**	368,714
In the second to fifth year inclusive	**397,730**	384,999
More than five years	**48,526**	61,893
	704,073	815,606

Leases for US office, Singapore office and storage facilities are negotiated for lease term of three to ten years (2012: three to ten years). Lease for Hong Kong office is negotiated for lease term of five years (2012: five years). For other leases, they are negotiated for lease term of two to five years (2012: two to five years). Rentals are fixed over the leased period.

The Group as lessor

Leases are negotiated and rentals are fixed for average of two years (2012: two years).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments, which fall due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**1,278**	1,479

39. COMMITMENTS

	2013 **HK$'000**	2012 HK$'000
Capital commitments		
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**2,458,369**	2,402,959
– addition to evaluation and exploration assets	**–**	26,870
	2,458,369	2,429,829
Other commitments		
Expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
– prepaid lease payments on leasehold land in the PRC	**59,791**	46,851
	2,518,160	2,476,680

40. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company on 20 October 2004, the Company operates share option scheme (the "Scheme") for the purpose of retaining high calibre executives and employers and providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Under the Scheme, all directors and employees of the Group and consultants, advisors, agents, customers, service providers, contractors, business partners of any members of the Group or any company or other entity in which the Group or any member thereof has a shareholding interest, in the sole discretion of the board of directors (the "Board"), has contributed to the Group or any member thereof are eligible to participate in the Scheme.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the total number of shares of the Company in issue as at the date of adoption of the Scheme, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-Executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK$1.00 per option granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board of the Company to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board of the Company at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

Subject to the rules of the Scheme, options may be exercised, in whole or in part, at any time during the exercise period. Options granted must be accepted by the prescribed acceptance date. Upon acceptance of the option, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

On 22 April 2010, a total of 11,380,000 share options (45,520,000 share options after Share Subdivision) were granted to certain directors and employees of the Group entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK$13.60 (HK$3.40 after Share Subdivision).

Options granted are exercisable during the year starting from 22 April 2012 to 22 April 2015. The options granted under the Scheme are subject to vesting period in four tranches of 25% each of its options granted from the grant date to 21 April 2012, 21 April 2013, 21 April 2013 and 21 April 2014 respectively.

40. SHARE OPTION SCHEME *(continued)*

The following table discloses movements of the Company's share options held by the directors and employees of the Group during the year:

Eligible participants	At 1.7.2011	Forfeited during the year (Note)	At 30.6.2012	Forfeited during the year (Note)	Outstanding at 30.6.2013
Directors	30,000,000	(8,000,000)	22,000,000	(6,000,000)	16,000,000
Employees	8,540,000	(3,020,000)	5,520,000	(160,000)	5,360,000
	38,540,000	(11,020,000)	27,520,000	(6,160,000)	21,360,000

Note: The share options were forfeited due to resignation of directors and employees during the year.

15,995,000 share options are exercisable at 30 June 2013 (2012: 13,710,000).

The estimated fair value of the options granted on 22 April 2010 was approximately HK$75,553,000.

The Group recognised the total expense of approximately HK$4,812,000 (2012: HK$10,722,000) for the year ended 30 June 2013 in relation to share options granted by the Company.

41. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees, including the directors, in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Except for voluntary contribution, no forfeited contribution under this scheme is available to reduce the contribution payable in future years.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and comprehensive income represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participate in social insurance schemes operated by the relevant local government authorities. The insurance premium is borne by the Group on a specified proportion of the employees' salaries laid down under the relevant PRC laws.

The employees of the Group's subsidiaries in Singapore, the United States and Holland are participated in the national pension scheme. The relevant subsidiaries in Singapore, the United States and Holland are required to contribute certain percentages of the monthly salaries of their current employees to the Central Provident Fund, Roth IRA and 401(k) and the Algemene Ouderdoms Wet respectively.

During the year ended 30 June 2013, the total costs charged to profit or loss in the sum of approximately HK$19,692,000 (2012: HK$16,492,000) represents contributions payable to these schemes by the Group.

42. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties which are also defined as continuing connected transactions under the Listing Rules:

	Year ended 30 June	
	2013	2012
	HK$'000	HK$'000
Purchase of fuel oil from a related company	**5,073,997**	12,556,449
Fuel oil storage fee paid or payable to a related company	**23,210**	70,591
Barge service fee paid or payable to a related company	**23,376**	11,947
Marine transportation income received or receivable from a related company	**9,481**	39,525

Dr. Sit, an executive director and the ultimate controlling shareholder of the Company, controlled the above related companies.

Pursuant to the resolution passed by independent shareholders of the Company on 14 August 2012, the maturity date of the Convertible Notes is extended by three years to 27 October 2015 under the deed of extension entered into between the Company and Canada Foundation. Details are set out in note 37.

Trade payable to a related company as set out in note 31 is unsecured and non-interest bearing. The credit term granted to the Group is 45 days and the whole balance aged within 45 days at 30 June 2013 and 2012.

At 30 June 2013, loan to a jointly controlled entity is unsecured, interest bearing at 6% per annum and is required to be settled on 2014.

Loan from a related company is unsecured and non-interest bearing with details set out in note 47.

On 31 January 2012, the Company issued 322,916,666 new ordinary shares to Canada Foundation as consideration for acquisition of Win Business Dina ultimately owned by Dr. Sit. Details have been disclosed in note 45.

During the year ended 30 June 2012, the Convertible Notes with aggregate principal amount of US$81,291,000 (approximately HK$630,005,000) was converted into 1,680,000,000 shares of the Company by Canada Foundation at a conversion price of US$0.04839 per share.

Compensation of key management personnel

The remuneration of members of key management of the Group during the year is as follows:

	2013	2012
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**16,778**	17,112
Retirement benefits costs	**45**	39
Share-based payments	**1,792**	4,440
	18,615	21,591

The remuneration of the executive directors, who are considered as the key management personnel of the Group, is determined by the remuneration committee having regard to the performance of the individuals and market trend.

43. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

At 30 June 2012, amount mainly represented deposits paid for construction of oil and gas properties and roads in the gas fields of approximately HK$351,521,000. Such deposits was transferred to property, plant and equipment as construction in progress during the year ended 30 June 2013.

44. DEPOSITS PAID FOR PREPAID LEASE PAYMENTS FOR LAND

At 30 June 2012, the amount represented deposits paid for leasehold land in the PRC with medium-term lease. The Group has acquired that piece of leasehold land in the current year.

45. ACQUISITION OF A SUBSIDIARY

On 31 January 2012, the Group acquired the entire issued share capital of, together with assignment of amounts due to related companies in, Win Business Petroleum Group (Dina) Limited ("Win Business Dina") with 322,916,666 new ordinary shares of the Company issued to Canada Foundation, a company wholly owned by Dr. Sit who is also the vendor of Win Business Dina. This acquisition has been accounted for using the acquisition method. Win Business Dina and its wholly owned subsidiaries (collectively referred as "Win Business Dina Group") are engaged in development and production of natural gas. Win Business Dina was acquired so as to continue the expansion of the Group's upstream gas business.

	HK$'000
Consideration transferred:	
Equity instruments issued	532,812

As the consideration for the acquisition of Win Business Dina, 322,916,666 new ordinary share of the Company with par value of HK$0.025 each were issued. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to approximately HK$532,812,000.

Acquisition-related costs amounting to approximately HK$2,362,000 have been recognised as an expense in the current year, within the professional fee account balance under "other expenses" line item in the consolidated statement of profit or loss and comprehensive income.

Fair value of assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	630,798
Trade and other receivables	46,085
Bank balances and cash	13,527
Trade payables	(15,686)
Other payable and accrued charges	(101,860)
Amounts due to related companies (Note)	(423,753)
Deferred tax liability	(40,052)
	109,059
Net amount due to group entities (Note)	423,753
	532,812

Note: Upon the acquisition, amounts due to related companies, which are ultimately owned by Dr. Sit, were assigned to the Group. The amounts are eliminated in the consolidated financial statements of the Group.

45. ACQUISITION OF A SUBSIDIARY *(continued)*

The fair value of trade and other receivables at the date of acquisition amounted to HK$46,085,000. The gross contractual amounts of those trade and other receivables acquired amounted to HK$46,085,000 at the date of acquisition.

Net cash inflow on acquisition of Win Business Dina

	HK$'000
Cash and cash equivalent balances acquired	13,527

Included in the profit for the year ended 30 June 2012 is approximately HK$23,206,000 attributable to the additional business generated by Win Business Dina Group. Revenue for the year includes approximately HK$69,057,000 generated from Win Business Dina Group. Had the acquisition been completed on 1 July 2011, total group revenue for the year would have been approximately HK$69,994,718,000 and profit for the year would have been approximately HK$312,019,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2011, nor is it intended to be a projection of future results.

46. MAJOR NON-CASH TRANSACTIONS

During the year ended 30 June 2013, trade payable owed to a related company of approximately HK$1,473,754,000 was re-arranged as a loan to the Group. Details is set out in note 47.

As at 30 June 2013, amounts of approximately HK$399,586,000 (2012: HK$999,802,000) in relation to purchase of property, plant and equipment were not yet settled and were included in other payables. Details are set out in note 32. Besides, the Group transferred nil (2012: approximately HK$7,217,000), which was previously recognised in other deposits, to property, plant and equipment and utilised approximately HK$360,140,000 (2012: HK$1,253,067,000) of deposits paid for acquisition of property, plant and equipment and utilised approximately HK$65,844,000 (2012: nil) of deposits paid for acquisition of prepaid lease payment.

On 31 January 2012, the Company issued 322,916,666 shares to Canada Foundation as consideration for acquisition of Win Business Dina ultimately owned by Dr. Sit. Detail is set out in note 45.

During the year ended 30 June 2012, 1,680,000,000 shares of the Company were issued upon partial conversion of the Convertible Notes. Detail is set out in note 37.

47. LOAN FROM A RELATED COMPANY

In June 2013, a related company of the Group, for which Dr. Sit is the controlling shareholder of that related company, rearranged certain trade payables owed to such related company with an principal amount of approximately HK$1,473,754,000 as an unsecured loan to the Group. Amount of approximately HK$542,962,000 (the "Long Term Loan") is unsecured, interest free and repayable on 26 July 2014. On initial recognition, the Long Term Loan was discounted using prevailing market rate of interest for a similar instrument with a similar credit rating and imputed interests adjustment of approximately HK$33,702,000 was credited to equity as deemed capital contribution from the ultimate controlling shareholder.

The remaining principal amount of loan from a related company of HK$930,792,000 is unsecured, interest free and repayable on demand.

48. EVENT AFTER THE REPORTING PERIOD

On 2 July 2013, the Group has entered into a loan facility of up to an aggregate principal amount of US$50,000,000 for a term of ten years with China Development Bank Corporation.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

All the following subsidiaries are operating principally in Hong Kong except otherwise indicated. Details of the Company's principal subsidiaries at 30 June 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid ordinary/ registered share capital	Proportion of nominal value of issued share capital/ registered capital held by the Company 2013	2012	Principal activities
First Sign Investments Limited*	British Virgin Islands	US$48	100%	100%	Investment holding
Brightoil Property (HK) Ltd.*	British Virgin Islands	US$1	100%	100%	Property holding
Brightoil Property (S'pore) Ltd.*	British Virgin Islands (Note 2)	US$1	100%	100%	Property holding
Brightoil Technology Development (Shenzhen) Company Limited*	PRC (Note 1)	US$8,000,000	100%	100%	Inactive
Brightoil Marine Bunkering Group Ltd.#	British Virgin Islands	US$1	100%	100%	Investment holding
Brightoil Petroleum (S'pore) Pte. Ltd.*	Singapore (Note 2)	US$5,000,000	100%	100%	International supply of petroleum products and provision of marine bunkering services to international vessels
Brightoil Petroleum Group Limited*	Hong Kong	HK$2	100%	100%	Investment holding
Brightoil Shipping Group Ltd.#	British Virgin Islands	US$1	100%	100%	Investment holding
Brightoil 688 Oil Tanker Pte Limited*	Singapore (Note 2)	US$50,000	100%	100%	Provision of marine bunkering and transportation services
Brightoil Investment Group Ltd.#	British Virgin Islands	US$1	100%	100%	Investment holding
Brightoil Property Ltd.*	British Virgin Islands	US$1	100%	100%	Property holding
Win Capital Investments Group Limited*	British Virgin Islands	US$1	100%	100%	Investment holding
Win Capital Investments Limited*	British Virgin Islands	US$1	100%	100%	Proprietary trading in securities and service company
Win Business Petroleum Group (Grand Desert) Limited#	British Virgin Islands	US$1	100%	100%	Investment holding
Win Business Petroleum (Grand Desert) Limited*	Hong Kong (Note 4)	HK$1	100%	100%	Natural gas development and production

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid ordinary/ registered share capital	Proportion of nominal value of issued share capital/ registered capital held by the Company 2013	2012	Principal activities
Win Business Petroleum Group (Dina) Ltd*	British Virgin Islands	US$1	**100%**	100%	Investment holding
Win Business Petroleum Group Limited*	Hong Kong (Note 4)	HK$2	**100%**	100%	Natural gas development and production
Brightoil Petroleum Storage (Zhoushan) Co. Ltd.*	PRC (Note 1)	US$123,806,010	**100%**	100%	Provision of fuel oil storage services
Brightoil Petroleum (Holland) BV.*	Holland (Note 3)	Euro18,000	**100%**	100%	Provision of marine bunkering services
Win Business Energy Foundation Ltd.*	Cayman Islands	US$1	**100%**	100%	Investment holding
Brightoil Petroleum Storage (Dalian) Co. Ltd.*	PRC (Note 1)	US$100,500,000	**100%**	100%	Provision of fuel oil storage services
Brightoil Legend Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil Lion Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil Lucky Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil League Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil Shipping Singapore Pte Ltd.*	Singapore (Note 2)	US$50,000	**100%**	100%	Marine transportation
Brightoil Glory Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil Grace Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil Gravity Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil Galaxy Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation
Brightoil Gem Tanker Ltd.*	British Virgin Islands (Note 2)	US$1	**100%**	100%	Marine transportation

Subsidiaries directly held by the Company
* Subsidiaries indirectly held by the Company

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Notes:

(1) These subsidiaries were established in the PRC as wholly foreign owned enterprises. The English names of these subsidiaries were for identification purpose only.

(2) The subsidiaries are operating in Singapore.

(3) The subsidiary is operating in Holland.

(4) These subsidiaries are operating in the PRC.

To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities outstanding during the year or at 30 June 2013 and 2012.

FINANCIAL SUMMARY

RESULTS

	Year ended 30 June				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Revenue	5,454,979	13,634,611	39,533,108	69,949,215	**55,448,813**
(Loss) profit before taxation	296,140	1,182,873	1,378,245	309,677	**(697,264)**
Taxation charge	(35,271)	(74,138)	(107,847)	(3,961)	**(24,386)**
(Loss) profit for the year	260,869	1,108,735	1,270,398	305,716	**(721,650)**

ASSETS AND LIABILITIES

	At 30 June				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Total assets	2,033,434	7,139,491	18,668,713	24,189,824	**19,302,529**
Total liabilities	(870,900)	(3,041,847)	(12,377,700)	(16,691,020)	**(12,405,504)**
Equity attributable to equity holders	1,162,534	4,097,644	6,291,013	7,498,804	**6,897,025**