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

Interim Report 2014

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

CONTENTS

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Brightoil Petroleum (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 3 to 32, which comprises the condensed consolidated statement of financial position as of 31 December 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 February 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Six months ended 31 December 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Revenue	3	**40,345,945**	23,589,544
Cost of sales and services		**(39,452,284)**	(22,848,808)
Gross profit		**893,661**	740,736
Other income	5	**1,717**	20,856
Other gains and losses, net	5	**80,696**	35,725
Fair value change of derivative financial instruments	19	**12,382**	(973,704)
Loss on redemption of the liability component of convertible notes	21	**–**	(1,690)
Other expenses	6	**(82,565)**	(65,911)
Distribution and selling expenses		**(167,103)**	(327,251)
Administrative expenses		**(139,656)**	(194,236)
Finance costs	7	**(91,442)**	(101,415)
Share of losses of joint ventures		**(2,533)**	(5,499)
Share of loss of an associate		**(69)**	(461)
Profit (loss) before taxation	8	**505,088**	(872,850)
Taxation	9	**39,804**	1,700
Profit (loss) for the period attributable to the owners of the Company		**544,892**	(871,150)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(2,158)**	(123)
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**3,132**	60,146
Other comprehensive income for the period		**974**	60,023
Total comprehensive income (expense) for the period attributable to the owners of the Company		**545,866**	(811,127)
		(unaudited)	(unaudited)
Earnings (loss) per share			
Basic	11	**HK6.22 cents**	HK(9.94) cents
Diluted	11	**HK5.82 cents**	HK(9.94) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	At 31 December 2013 HK$'000 (unaudited)	At 30 June 2013 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**8,578,011**	7,989,353
Prepaid lease payments for land	13	**531,520**	530,121
Prepaid lease payments for coast		**15,287**	12,092
Investment properties	12	**42,000**	42,000
Interest in an associate		**10,598**	10,525
Interests in joint ventures		**537,109**	482,957
Deposits paid for acquisition of property, plant and equipment	14	**34,622**	11,091
Loan to a joint venture	24	**25,716**	–
Prepayments, rental and other deposits		**40,305**	48,345
		9,815,168	9,126,484
Current assets			
Inventories		**2,707,899**	2,367,019
Trade debtors	15	**6,201,633**	4,368,362
Accrued revenue		**54,692**	30,873
Prepaid lease payments for land	13	**11,404**	11,253
Prepaid lease payments for coast		**333**	265
Derivative financial instruments	19	**583,849**	516,081
Other debtors, prepayments and deposits	15	**87,879**	103,804
Loan to a joint venture	24	**64,254**	63,504
Tax recoverable		**19,988**	–
Securities held for trading	16	**231,425**	558,321
Receivables from brokers		**1,330,506**	521,900
Pledged bank deposits		**435,647**	282,678
Bank balances and cash		**1,229,799**	1,351,985
		12,959,308	10,176,045

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	At 31 December 2013 HK$'000 (unaudited)	At 30 June 2013 HK$'000 (audited)
Current liabilities			
Trade creditors	17	**6,132,690**	3,686,139
Trade payable to a related company	17, 24	**2,782**	63,191
Loan from a related company	24, 26	**1,226,490**	930,792
Other creditors and accrued charges	17	**1,027,924**	684,884
Bank borrowings	18	**3,560,577**	4,275,997
Derivative financial instruments	19	**679,810**	416,900
Profit tax liabilities		**–**	15,370
		12,630,273	10,073,273
Net current assets		**329,035**	102,772
Total assets less current liabilities		**10,144,203**	9,229,256
Non-current liabilities			
Convertible notes	21	**242,139**	228,182
Bank borrowings	18	**2,429,453**	1,547,720
Loan from a related company	24, 26	**–**	509,260
Deferred tax liability		**27,117**	47,069
		2,698,709	2,332,231
		7,445,494	6,897,025
Capital and reserves			
Share capital	20	**219,163**	219,163
Reserves		**7,226,331**	6,677,862
Equity attributable to owners of the Company		**7,445,494**	6,897,025

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserves 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
At 1 July 2013 (audited)	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
Profit for the period	–	–	–	–	–	–	–	–	–	544,892	544,892
Other comprehensive income for the period	–	–	–	–	–	974	–	–	–	–	974
Total comprehensive expense for the period	–	–	–	–	–	974	–	–	–	544,892	545,866
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	2,603	–	2,603
Forfeiture of share options	–	–	–	–	–	–	–	–	(1,745)	1,745	–
At 31 December 2013 (unaudited)	219,163	4,211,487	3,489	1,000	67,381	94,851	1,040,839	(861,202)	33,445	2,635,041	7,445,494
At 1 July 2012 (audited)	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 period	–	–	–	–	–	–	–	–	–	(871,150)	(871,150)
Other comprehensive income for the period	–	–	–	–	–	60,023	–	–	–	–	60,023
Total comprehensive expense for the period	–	–	–	–	–	60,023	–	–	–	(871,150)	(811,127)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	2,714	–	2,714
Forfeiture of share options	–	–	–	–	–	–	–	–	(7,139)	7,139	–
Redemption of equity component of convertible notes (note 21)	–	–	–	–	–	–	(103,666)	(861,202)	–	–	(964,868)
Recognition of equity component of convertible notes (note 21)	–	–	–	–	–	–	1,055,851	–	–	–	1,055,851
Deferred tax liability on recognition of equity component of convertible notes	–	–	–	–	–	–	(15,012)	–	–	–	(15,012)
At 31 December 2012 (unaudited)	219,163	4,211,487	3,489	1,000	33,679	148,514	1,040,839	(861,202)	30,507	1,938,886	6,766,362

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. Details are set out in note 26.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	**1,377,121**	3,388,476
Net cash used in investing activities:		
Addition to prepaid lease payments for land	**–**	(93,676)
Addition to prepaid lease payment for coast	**(3,211)**	–
Purchase of property, plant and equipment	**(287,120)**	(533,775)
Settlement of payables in relation to purchase of property, plant and equipment in prior year	**(95,588)**	(907,168)
Deposits paid for acquisition of property, plant and equipment	**(27,163)**	–
Advance to a joint venture	**(24,773)**	–
Capital contribution to joint ventures	**(49,769)**	(27,304)
Placement to pledged bank deposits	**(7,777,125)**	(251,270)
Withdrawal of pledged bank deposits	**7,625,206**	543,459
Other investing cash flows	**(337)**	(7,862)
	(639,880)	(1,277,596)
Net cash used in financing activities:		
Bank loans raised	**12,268,142**	17,700,764
Repayment of bank loans	**(12,099,805)**	(19,472,628)
Repayment of loan to a related company	**(930,792)**	–
Other financing cash flows	**(91,441)**	(101,415)
	(853,896)	(1,873,279)
Net (decrease) increase in cash and cash equivalents	**(116,655)**	237,601
Cash and cash equivalents at 1 July	**1,351,985**	1,635,013
Effect of foreign exchange rate changes	**(5,531)**	8,442
Cash and cash equivalents at 31 December represented by bank balances and cash	**1,229,799**	1,881,056

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values and for fuel oil inventories which are measured at fair value less costs to sell.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2013.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities for the first time in the interim period. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's condensed consolidated financial statements but has resulted in more disclosures relating to the Group's master netting agreements. Detailed disclosures are set out in note 28.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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

In the current interim period, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements. Except for the application of HKFRS 11, the other four standards described above has had no material impact to the condensed consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly controlled entities — Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The application of HKFRS 11 will result in the classification of the Group's investments in joint arrangements, from jointly controlled entities and jointly controlled operations under HKAS 31 to joint ventures and joint operations under HKFRS 11 respectively which has no impact to the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRS. Consequential amendments have been made to HKAS 34 to, require certain disclosures to be made in the interim condensed consolidation financial statements.

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 for share-based payment transactions that are within the scope of HKFRS 2 “Share-based payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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. 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.

In accordance with the transitional provision of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. In accordance with the traditional provision of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Disclosures of fair value information for 2013 are set out in note 27. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the condensed consolidated financial statements.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Provision of marine bunkering services	**9,944,727**	14,234,157
Sales of petroleum products	**29,816,237**	8,949,406
Marine transportation income	**443,394**	228,127
Sales of natural gas and condensate	**138,716**	168,041
Dividend income	**2,063**	8,939
Rental income from investment properties	**808**	874
	40,345,945	23,589,544

4. SEGMENT INFORMATION

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

— International trading and bunkering operation

— Marine transportation operation

— Upstream gas business

— Direct investments

4. SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 31 December 2013

	International trading and bunkering operation HK$'000 (unaudited)	Marine transportation operation HK$'000 (unaudited)	Upstream gas business HK$'000 (unaudited)	Direct investments HK$'000 (unaudited)	Segment total HK$'000 (unaudited)	Unallocated revenue HK$'000 (unaudited) (Note)	Consolidated HK$'000 (unaudited)
SEGMENT REVENUE							
External sales	39,760,964	443,394	138,716	2,063	40,345,137	808	40,345,945
Inter-segment sales	238,704	90,745	–	–	329,449	–	329,449
	39,999,668	534,139	138,716	2,063	40,674,586	808	40,675,394
SEGMENT RESULTS	480,637	(6,822)	81,908	41,523	597,246		597,246
Other income, other gains and losses, net							41,652
Unallocated corporate expenses							(39,766)
Finance costs							(91,442)
Share of losses of joint ventures							(2,533)
Share of loss of an associate							(69)
Profit before taxation							505,088

4. SEGMENT INFORMATION *(continued)*

Six months ended 31 December 2012

	International trading and bunkering operation HK$'000 (unaudited)	Marine transportation operation HK$'000 (unaudited)	Upstream gas business HK$'000 (unaudited)	Direct investments HK$'000 (unaudited)	Segment total HK$'000 (unaudited)	Unallocated revenue HK$'000 (unaudited) (Note)	Consolidated HK$'000 (unaudited)
SEGMENT REVENUE							
External sales	23,183,563	228,127	168,041	8,939	23,588,670	874	23,589,544
Inter-segment sales	162,083	239,684	–	–	401,767	–	401,767
	23,345,646	467,811	168,041	8,939	23,990,437	874	23,991,311
SEGMENT RESULTS	(791,136)	(34,036)	98,005	58,585	(668,582)		(668,582)
Other income, other gains and losses, net							(11,860)
Unallocated corporate expenses							(85,033)
Finance costs							(101,415)
Share of losses of joint ventures							(5,499)
Share of loss of an associate							(461)
Loss before taxation							(872,850)

Note: Unallocated revenue represents revenue from properties investments which is not reviewed by the CODM during the six months period ended 31 December 2013 and 2012.

Segment results represent the profit earned/loss suffered by each segment without allocation of central administration costs, directors' emoluments, share of losses of joint ventures, share of loss of an associate, other income, other gains and losses, net (excluding fair value change of securities held for trading, subleasing income and heating and deviation income), finance costs and income tax. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Other income		
Interest income on bank deposits	**1,670**	2,061
Subleasing income	**–**	18,033
Heating and deviation income	**47**	762
	1,717	20,856
Other gains and losses, net		
Net foreign exchange gain (loss)	**39,432**	(14,759)
Fair value change of securities held for trading	**39,460**	49,646
Loss on disposal of property, plant and equipment	**–**	(1,716)
Others	**1,804**	2,554
	80,696	35,725

6. OTHER EXPENSES

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Professional fee (Note)	**26,642**	7,219
Brokerage and commission expenses	**28,247**	27,533
Other expenses in relation to derivative trading and bank services	**27,676**	31,159
	82,565	65,911

Note: Professional fee represents fee for general legal advisory services, consultancy fee and fee for advisory services on investment projects.

7. FINANCE COSTS

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Imputed interest expense on loan from a related company	**18,406**	–
Imputed interest expense on convertible notes	**13,957**	21,452
Interest expense on bank borrowings	**78,748**	105,760
Total	**111,111**	127,212
Less: Amount capitalised	**(19,669)**	(25,797)
	91,442	101,415

Borrowing cost capitalised during the period of approximately HK$19,670,000 (six months ended 31 December 2012: HK$22,194,000) arose on the general borrowing pool calculated by applying a capitalisation rate of 3.50% (six months ended 31 December 2012: 2.94%) per annum. Borrowing cost was capitalised as part of the construction in progress in respect of oil storage facilities and buildings (six months ended 31 December 2012: Vessels, oil storage facilities and buildings).

8. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging (crediting):

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Amount of inventories recognised as expense	**39,806,028**	23,167,581
Unrealised gain on fuel oil inventories (included in cost of sales and services)	**(163,789)**	(19,357)
Depreciation of property, plant and equipment		
— Vessels (included in cost of sales and services)	**109,055**	61,787
— Oil and gas properties (included in cost of sales and services)	**21,477**	22,730
— Others	**14,878**	15,368

9. TAXATION

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax charge for the period:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax ("EIT")	**10,231**	17,448
Singapore Income Tax	**93**	78
Overprovision in prior years:		
PRC EIT (Note)	**(24,743)**	–
Singapore Income Tax, net	**(5,432)**	(16,112)
	(19,851)	1,414
Deferred taxation:		
Current year	**1,012**	(3,114)
Attributable to a change in tax rate (Note)	**(20,965)**	–
	(19,953)	(3,114)
Taxation credit for the period	**(39,804)**	(1,700)

Note: During the six months ended 31 December 2013, there was an overprovision in the PRC EIT in prior years amounting to approximately HK$24,743,000 and a reversal of deferred tax liability of approximately HK$20,965,000. In prior years, the Group is subjected to EIT in accordance to the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law"), calculated on 25% of the taxable profits earned from sales of natural gas and condensate from Dina gas field.

During the current period, the Group applied for a concessionary tax rate of 15% in which the Group can enjoy the concessionary tax rate retrospectively from July 2011 to 31 December 2020. Accordingly, the Group recorded the amount of tax to be refunded as overprovision in prior year and re-estimated the relevant deferred taxation based on the tax rates that are expected to apply in the relevant periods.

9. TAXATION *(continued)*

Hong Kong Profits Tax and Singapore Income Tax are recognised based on the best estimate of the weighted average annual income tax rate of different tax jurisdictions for the period. The annual tax rate used in respect of Hong Kong Profits Tax is 16.5% for both periods. 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 periods. 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 EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards except for one of the subsidiaries which enjoy the concession any tax rate of 15% (see Note).

10. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2013 and 2012.

11. EARNINGS (LOSS) PER SHARE

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

Earnings (loss)

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings (loss) for the purpose of basic earnings (loss) per share (profit for the period attributable to owners of the Company)	**544,892**	(871,150)
Effect of dilutive potential ordinary shares:		
Interest on New Convertible Notes (defined in note 21) (net of tax)	**11,655**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	**556,547**	(871,150)

Number of shares

	Six months ended 31 December	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**8,766,498,266**	8,766,498,266
Effect of dilutive potential ordinary shares:		
New Convertible Notes	**799,979,333**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**9,566,477,599**	8,766,498,266

During the six months ended 31 December 2012, the computation of diluted loss per share does not assume the conversion of the outstanding convertible notes since their conversion of the outstanding convertible notes would result in a decrease in loss per share.

For the six months ended 31 December 2012 and 2013, the computation of the diluted earnings per share did not assume 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 both periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current period, total additions to property, plant and equipment were approximately HK$707,827,000 (six months ended 31 December 2012: HK$1,566,683,000). The additions comprised construction in progress of approximately HK$707,601,000 (six months ended 31 December 2012: HK$1,513,864,000).

During the six months ended 31 December 2012, 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 gas field. As such, the related exploration and evaluation assets amounting to approximately HK$40,546,000 were transferred to oil and gas properties.

As at 31 December 2013 and 2012, the Group's investment properties were fair valued by the management by reference to recent market evidence of transaction prices for similar properties in the same location and condition. No valuation has been performed by independent qualified professional valuers at both periods. There is no change in fair value of the investment property for the current period and prior period.

13. PREPAID LEASE PAYMENTS FOR LAND

During six months ended 31 December 2012, total additions to prepaid lease payment for land were approximately HK$158,198,000, which comprised of leasehold land in the PRC under medium term lease. There is no additions to prepaid lease payment for land in current period.

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

At 31 December 2013, the amount mainly represents deposits paid for acquisition of certain software, equipment in vessels components under dry-docking, equipment of oil storage facilities of approximately HK$14,577,000, HK$12,687,000 and HK$6,457,000 respectively (30 June 2013: HK$4,631,000, HK$4,837,000 and HK$nil). The remaining balance represents deposits paid for acquisition of office equipments.

15. TRADE DEBTORS AND OTHER DEBTORS, PREPAYMENTS AND DEPOSITS

The Group allows an average credit period of 30 to 45 days to its international trading and marine bunkering customers, 60 days to the sole customer, China National Petroleum Corporation, on sale of natural gas and condensate and 30 to 90 days to its marine transportation customers. The following is an aged analysis of trade debtors by age, presented based on the invoice date, at the end of the reporting period:

	At 31 December 2013 HK$'000 (unaudited)	At 30 June 2013 HK$'000 (audited)
0–30 days	**6,068,560**	4,280,583
31– 60 days	**117,866**	68,155
61–90 days	**2,562**	13,550
Over 90 days	**12,645**	6,074
	6,201,633	4,368,362

At 31 December 2013, other debtors, prepayments and deposits of approximately HK$67,332,000 (30 June 2013: HK$65,435,000) represents prepayments for daily operating expenses.

16. SECURITIES HELD FOR TRADING

	At 31 December 2013 HK$'000 (unaudited)	At 30 June 2013 HK$'000 (audited)
Equity securities, at fair value		
listed in Hong Kong	**8,043**	359,631
listed in PRC	**223,382**	198,690
	231,425	558,321

17. TRADE CREDITORS AND OTHER CREDITORS AND ACCRUED CHARGES

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

	At 31 December 2013 HK$'000 (unaudited)	At 30 June 2013 HK$'000 (audited)
0–30 days	**5,674,699**	3,677,013
31–60 days	**454,778**	7,112
61–90 days	**110**	–
Over 90 days	**3,103**	2,014
	6,132,690	3,686,139

Apart from balance disclosed above, the balance of approximately HK$2,782,000 (30 June 2013: HK$63,191,000) classified as trade payable to a related company is aged within 45 days at 31 December 2013 (30 June 2013: aged within 45 days).

As at 31 December 2013, other creditors and accrued charges includes goods and service tax payable of approximately HK$71,258,000 (30 June 2013: HK$101,861,000) in relation to sales in Singapore. Other than that, balance of approximately HK$703,168,000 (30 June 2013: HK$399,586,000) represents payable to independent third parties for purchase of property, plant and equipment.

18. BANK BORROWINGS

During the current period, the Group obtained several new bank loans from various banks amounting to approximately HK$12,268,142,000 (six months ended 31 December 2012: HK$17,700,764,000) and repaid approximately HK$12,099,805,000 (six months ended 31 December 2012: HK$19,472,628,000). The new loans carry interest at market rates ranging from 4.32% to 4.33% (six months ended 31 December 2012: 2.59% to 4.21% per annum) and are secured by the Group's property, plant and equipment and bank deposits.

19. 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), DME Futures (mainly Oman Crude), ICE swaps (mainly Fuel Oil, Dubai 1st line, Brent 1st line, 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 six months ended 31 December 2013, the gain on fair value change of derivative financial instruments of futures, swaps and forwards contracts of approximately HK$12,382,000 was credited to profit or loss (six months ended 31 December 2012: loss on fair value change of derivative financial instruments of approximately HK$973,704,000 was charged to profit or loss).

Type of contracts	Fair value HK$'000	Notional amount US$'000	Expiry date
As at 31 December 2013 (unaudited)			
Derivative financial assets			
Futures	**347,270**	**1,359,730**	**01.01.2014 to 31.12.2014**
Swaps	**151,078**	**1,671,694**	**01.01.2014 to 31.12.2014**
Forwards	**85,501**	**113,017**	**01.01.2014 to 31.12.2014**
	583,849		
Derivative financial liabilities			
Futures	**360,437**	**1,777,589**	**01.01.2014 to 31.12.2014**
Swaps	**246,208**	**982,403**	**01.01.2014 to 31.12.2014**
Forwards	**73,165**	**113,100**	**01.01.2014 to 31.12.2014**
	679,810		

19. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Type of contracts	Fair value HK$'000	Notional amount US$'000	Expiry date
As at 30 June 2013 (audited)			
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		

20. SHARE CAPITAL

	Number of shares (unaudited)	**Share capital** HK$'000 (unaudited)
Ordinary shares		
Authorised		
At 1 July 2012, 31 December 2012, 30 June 2013 and 31 December 2013, at HK$0.025 each	40,000,000,000	1,000,000
Issued and fully paid		
At 1 July 2012, 31 December 2012, 30 June 2013 and 31 December 2013, at HK$0.025 each	8,766,498,266	219,163

21. CONVERTIBLE NOTES

Pursuant to the subscription agreement dated 25 June 2009 and the supplemental deed signed on 2 September 2009, convertible notes (the "Convertible Notes") with aggregate principal amount of US$120,000,000 were issued at par with an initial conversion price of US$0.19355 per share to Canada Foundation Limited ("Canada Foundation"), the immediate and ultimate holding company of the Company wholly and beneficially owned by Dr. Sit, a controlling shareholder and an executive director of the Company, on 27 October 2009 (the "Issue Date"), subject to the anti-dilutive adjustment due to change in capital structure of the Company (including share consolidation, share subdivision, capitalisation issue and other events which have dilutive effects on the issued share capital of the Company as set out in the subscription agreement). 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 USD 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 an 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 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.

At 1 July 2012, principal amount of US$38,709,000 (approximately HK$299,995,000) of the Convertible Notes remained outstanding after certain conversion was taken place.

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.

21. CONVERTIBLE NOTES *(continued)*

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 components 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.

At 31 December 2013, the amortised cost of the liability component is approximately HK$242,139,000.

22. PLEDGE OF ASSETS

At 31 December 2013, vessels, inventories, trade debtors and bank deposits of the Group with carrying values of approximately HK$5,638,800,000, HK$2,605,827,000, HK$6,118,523,000 and HK$435,647,000 (30 June 2013: approximately HK$4,899,489,000, HK$2,232,573,000, HK$4,313,393,000 and HK$282,678,000) respectively were pledged with several banks to secure the loans and short-term credit facilities granted to the Group.

23. COMMITMENTS

	At 31 December 2013 HK$'000 (unaudited)	At 30 June 2013 HK$'000 (audited)
Capital commitments for the subsidiaries		
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of:		
— acquisition of property, plant and equipment	**2,200,354**	2,458,369
Other commitments for the subsidiaries		
Expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of:		
— prepaid lease payments on leasehold land in the PRC	**60,592**	59,791
	2,260,946	2,518,160
Capital commitments for the joint ventures		
Share of capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of:		
— acquisition of property, plant and equipment	**332,982**	240,100
	2,593,928	2,758,260

24. RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Purchase of fuel oil from a related company	**4,053,562**	1,153,698
Fuel oil storage fee paid or payable to a related company	**–**	4,676
Barge service fee paid or payable to a related company	**–**	9,911
Marine transportation income received or receivable from a related company	**–**	9,348

24. RELATED PARTY TRANSACTIONS *(continued)*

Trade payable to a related company as set out in note 17 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 31 December 2013 and 30 June 2013.

Loan from a related party of HK$698,824,000 is unsecured, interest free and repayable on demand and HK$527,666,000 is unsecured, interest free and repayable on 26 July 2014. Details are set out in note 26.

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

Loan to a joint venture of approximately HK$64,254,000 (2012: HK$63,504,000) is unsecured, interest bearing at 6% per annum and is required to be settled in year 2014. At 31 December 2013, loan to a joint venture of approximately HK$25,716,000 is unsecured, interest bearing at People's Bank of China lending rate and is repayable 15 months after 31 December 2013.

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 21.

Compensation of key management personnel

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

	Six months ended 31 December	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	**8,205**	9,743
Share-based payment	**1,012**	1,012
Retirement benefits costs	**23**	23
	9,240	10,778

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals, their duties and responsibilities and market pay trend.

25. MAJOR NON-CASH TRANSACTIONS

During the six months ended 31 December 2013, trade payable owed to a related party of approximately HK$698,824,000 was re-arranged as loan from a related company. Details are set out at note 26.

During the six months ended 31 December 2013, the Group utilised approximately HK$3,648,000 (six months ended 31 December 2012: HK$238,011,000) of deposits paid of acquisition of property, plant and equipment and approximately HK$nil (six months ended 31 December 2012: HK$64,522,000) of deposits paid for prepaid lease payments for land.

During the prior period, the Group transferred exploration and evaluation assets of approximately HK$40,546,000 to property, plant and equipment in relation to the natural gas development and production project in the Tuzi gas field. Details are set out in note 12.

During the prior period, the substantial modification of Convertible Notes with principal amount of approximately HK$299,995,000 was considered as redeemed and satisfied by issuance of New Convertible Notes at the same principal amount (details are set out in note 21).

26. LOAN FROM A RELATED COMPANY

In June 2013, a related company of the Group (the "Related company"), for which Dr. Sit is the controlling shareholder of that related company, re-arranged 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. Principal 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 the prevailing market rate of interest for a similar instrument with a similar credit rating and imputed interest of approximately HK$33,702,000 was credited to equity as deemed capital contribution from the ultimate controlling shareholder. During the current interim period, imputed interest of approximately HK$18,406,000 was recognised to profit or loss.

The remaining principal amount of loan from a related company of HK$930,792,000 is unsecured, interest free and repayable on demand. This loan was fully repaid in current period.

In December 2013, trade payable of approximately HK$698,824,000 owed to the Related Company was re-arranged as loan from a related company. The amount is unsecured, interest free and repayable on demand.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements 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); and

- 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).

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

Financial assets/ financial liabilities	Fair value as at 31 December 2013				Valuation techniques and inputs	Significant unobservable inputs
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000		
Assets						
Non-derivative financial assets held for trading	231,425	–	–	231,425	Quoted prices in active market	N/A
Oil and gasoline futures and swaps contracts	498,348	–	–	498,348	Quoted prices in active market	N/A
Petroleum related forward contracts in relation to physical delivery directly dealt with counterparties	–	85,501	–	85,501	Difference between contractual price and forward price which is derived from applicable forward curve for remaining duration of the investment	N/A
Total	729,773	85,501	–	815,274		
Liabilities						
Oil and gasoline futures and swaps contracts	606,645	–	–	606,645	Quoted prices in active market	N/A
Petroleum related forward contracts in relation to physical delivery directly dealt with counterparties	–	73,165	–	73,165	Difference between contractual price and forward price which is derived from applicable forward curve for remaining duration of the investment	N/A
Total	606,645	73,165	–	679,810		

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

There is no transfer between different levels of fair value hierarchy for the period ended 31 December 2013 and 2012.

The fair value of loan to a joint venture, loan from a related company and convertible notes are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS

The futures and swaps contracts included in derivative financial instruments and the margin deposits placed at counterparties included in receivables from brokers are subject to enforceable master netting arrangements irrespective of whether they are offset in the Group's condensed consolidated statement of financial position.

The amounts recognised for the derivative financial assets and derivative financial liabilities in relation to futures and swaps contracts do not meet the criteria for offsetting in the Group's condensed consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

29. EVENT AFTER THE END OF INTERIM PERIOD

Reference is made to the announcement of the Company dated 18 February 2014 (the "Announcement"), the Company entered into a stock purchase agreement on 11 February 2014 (the "Agreement") with Anadarko China Holdings 2 Company, a wholly-owned subsidiary of Anadarko Petroleum Corporation ("Anadarko"), to acquire 100% issued share capital of an Anadarko subsidiary operating in China (the "Target Company") at a base purchase price of US$1,075,000,000, subject to certain adjustment specification mechanisms. The Target Company is principally engaged in gas and oil exploration, development and production. As at the date of this interim report, the transaction has not been completed. Details of the acquisition are set out in the Announcement.

FINANCIAL REVIEW

During the six months from 1 July to 31 December 2013 (the "Period"), the total revenue of the Group increased by approximately 71.0% to HK$40,345.9 million from HK$23,589.5 million in the same period last year. Profit attributable to the owners of the Company (the "Shareholders") during the Period under review amounted to HK$544.9 million increased by approximately 162.5% from the loss of HK$871.2 million in the same period last year. Basic earnings per share of HK6.22 cents, rose by approximately 162.6% as compared to the same period in the previous financial year. Diluted earnings per share increased to HK5.82 cents as compared to diluted loss per share HK9.94 cents same period last year.

The turnaround to profit was primary due to the improvement of a few business sectors which included: (i) significant contribution from the international trading and bunkering ("ITB"); (ii) successful implementation of operating cost reduction measures across the Group in general; (iii) improvement of shipping business; and (iv) the Xinjiang Tarim Basin Dina 1 Gas Field delivering the favorable results with stable production.

The aggregate amount of assets, liabilities, incomes and expenses recognised in the condensed consolidated financial statements in relation to the Group's interest in the jointly controlled operation in the Tuzi gas field & Dina gas field are HK$1,978.7 million, HK$514.1 million, HK$144.9 million and HK$32.9 million respectively.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2013, the Group had receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$1,330.5 million, HK$435.6 million and HK$1,229.8 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.

BORROWINGS AND CHARGES ON GROUP ASSETS

At 31 December 2013, the Group had bank borrowings and charges on its assets of approximately HK$5,990.0 million and HK$14,798.8 million respectively.

CONTINGENT LIABILITIES

At 31 December 2013, the Group did not have any significant contingent liabilities.

CAPITAL STRUCTURE

At 31 December 2013, the Company had 8,766,498,266 shares (the "Shares") in issue with total share capital of approximately HK$219.2 million.

GEARING RATIO

At 31 December 2013, the Group's gearing ratio was approximately 59.9%, calculated as the Group's net borrowing divided by Shareholders' equity. Net borrowing of HK$4,462.7 million was calculated as total borrowings (i.e. the aggregate of bank borrowings, loan from a related company and convertible notes of HK$7,458.7 million) less the aggregate of receivables from brokers, pledged bank deposits and bank balances and cash of HK$2,996.0 million.

BUSINESS REVIEW AND OUTLOOK

Upstream Business

The Group's upstream business delivered favorable results during the year. The Xinjiang Tarim Basin Dina 1 Gas Field ("Dina 1 Gas Field"), which the Group developed in partnership with China National Petroleum Corporation ("CNPC"), is currently producing at a rate of approximately 1 million m^3 of natural gas and 63 metric tonnes of condensate oil per day. The Group is looking into developing new wells in the Dina 1 Gas Field to increase production.

The Group's other gas field, Tuzi Luoke Gas Field ("Tuzi Gas Field"), commenced production in December 2013. The Tuzi Gas Field is being jointly developed by the Group's wholly owned subsidiary, Win Business Petroleum (Grand Desert) Limited, and CNPC. As at 30 June, 2013, the Tuzi Gas Field, according to the Overall Development Plan approved by the National Development and Reform Commission, has cumulative gas extraction of 14.1 billion m^3 during its 20-year production period.

Upon full production, Dina 1 Gas Field and Tuzi Gas Field are expected to produce 1.3–1.5 billion m^3 of natural gas, and 25,000 – 35,000 metric tonnes of condensate oil annually.

The Group will continue to optimise the operations of these producing assets to ensure safe & best-in-class practice and maximise production and revenues generation.

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 m^3. Upward adjustment of the natural gas price is expected to continue in the future.

In February 2014, the Group announced that it has entered into a stock purchase agreement with Anadarko China Holdings 2 Company Limited, a wholly-owned subsidiary of Anadarko Petroleum Corporation, to acquire its subsidiary that operates in China at a base purchase price of US$1,075,000,000, subject to certain adjustment specification mechanisms. The base purchase price also includes the economical risks and benefits of the two currently oil-producing blocks in western Bohai Bay since 1 July 2013. The acquisition is an important step for the Group in the implementation of its overall strategy to progress into an integrated oil and gas company with sustainable revenue streams. The transaction is expected to be completed later this year pending preferential rights, regulatory approvals and other customary closing conditions. The Group believes the acquisition will materially strengthen its upstream position while complementing other core businesses.

In the light of these commercial potential, the Group will continue to grow its oil & gas exploration, exploitation and production businesses as its key strategic focus, via organic as well as mergers and acquisition opportunities. The Group foresees that the Upstream business will be an important profit contributor in the coming fiscal year and in the long run.

BUSINESS REVIEW AND OUTLOOK *(continued)*

Information on Natural Gas and Condensate Oil Reserve

The report prepared by the SRK Consulting (Australasia) Pty Ltd. ("SRK"), an independent firm of professional valuer 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 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 31 December 2013, the carrying amount of the oil and gas properties of the Group in Dina 1 Gas Field is over HK$600 million. For Tuzi Gas Field, the interest of NPV entitled to Win Business Petroleum Group Limited is amounted to US$239.70 million (equivalent to HK$1,860.07 million at an exchange rate of US$1=HK$7.76).

International Trading and Bunkering

The global economic situation has improved marginally, unemployment rate in the United States ("US") is falling and US housing starts are generally upbeat. Meanwhile, the European economies may have seen off the worst periods with signs of recovery coming from Britain and Germany. In Asia, China's growth has stagnated a little but demand for crude oil continues to grow. Most emerging economies in Asia have still to recover to their previous growth rates.

During the period under review, several shipping companies have begun to post gains in profitability as a result of their aggressive cost controls and measures to manage operating efficiencies. The global bunker demand for second half of 2013 is estimated to be flat at best from the first half of 2013. Under such conditions, ITB's total bunker sales volume for the period under review was 26% below the volume for the same period in FY2012, yet 18% better than first half of FY2013.

During the period under review, crude oil prices have been very range bound with brent crude oil trading within US$103/bbl to US$116/bbl price range. Singapore MOPs fuel oil prices, tracking crude oil prices, have also stayed range bound within +/-US$42/metric tonnes for most of the period under review. Price volatility for both crude oil and fuel oil were fairly narrow over the period under review.

For the six months ended 31 December 2013, the ITB business unit focused its efforts mainly on building its crude trading relationships across Asia and its trading volumes into China/North Asia. The crude trading team successfully renewed its crude supply arrangement with Chinese major oil companies for another year in the period under review. The ITB team focused its efforts on growing its sales volume across Asia. The business unit also continued to look at costs reduction by extending its tankage subleasing programme to Singapore as well as putting more efforts to speed up overseas office closures.

BUSINESS REVIEW AND OUTLOOK *(continued)*

International Trading and Bunkering *(continued)*

The Group expects the oil market to remain challenging and competitive over 2014 and the crude will continue to trade within a bounded range with potentially more short term downside price movements as more US crude oil production comes on stream and potential Iranian crude oil production slowly returning into the international oil market as sanctions are lifted. These crude flows will add more oil to an already crowded supply market. The Group expects the shipping industry to continue to work through its difficulties for most of 2014, leading to yet another year of relative weak bunker demand. Recovery in shipping industry could come by end of 2014 or in 2015.

The Group will continue with its strategy to expand its bunkering presence in China by venturing into more Chinese ports. The Group also look to reduce its dependency on 3rd party barges, focusing the efforts to move oil onto its own bunker barges to our customers. This will give us more control over the quality and quantity of our deliveries. On the crude oil trading front, the Group will look into widening its crude oil sourcing into South America and continue to focus on moving more crude oil into North Asia.

Marine Transportation

The cyclicality and volatility that characterise the spot tanker market were in full evidence during the period under review. Freight rates rallied strongly in the last few months which was reflected in our results and is a further validation of our strategy of focussing on China and Asian markets. Furthermore, there are a number of factors that augur well for the crude tanker market in 2014.

Our fleet of five Very Large Crude Carriers ("VLCC") was fully utilised throughout this Period and was engaged primarily (over 70% of revenue) in carrying cargoes into China. This included our own system cargoes as well as that of third party customers. July 2013 began brightly as VLCC cargo volumes from the Middle East reached the highest level for 12 months which sent rates soaring. However, this was short lived with August and September yielding much lower returns.

A surge in ton mile demand from October onwards boosted freight rates to its highest level for several years by the end of 2013. The low fuel consumption characteristic of our VLCC fleet ensures that our earnings compare favourably with competitors in all market conditions. Ton mile demand has been on the rise in 2013 due to the increased number of cargoes that are moving from West Africa to China and from the Caribbean to China and other Far Eastern destinations. West African barrels in particular have appealed to Chinese buyers and, with the Brent Dubai spread narrowing, the light sweet characteristics of these cargoes were favoured over the heavier, sour Dubai crude.

Fleet over capacity is still an issue but it appears that this is not as bad as once feared. In fact, there is now evidence of a healthier supply demand balance. In 2013 the global tanker fleet grew at the slowest rate in a decade and although VLCC new building prices dipped to ten years low during 2013 they ended the calendar year up by about 10%.

The utilisation rate and earnings for our fleet of four Aframaxes improved steadily during the period under review. These vessels have been employed in a mixture of short term time charters, our own Chinese Fuel Oil trades and serving strategic customers in the spot market.

BUSINESS REVIEW AND OUTLOOK *(continued)*

Marine Transportation *(continued)*

Over 2013 the Group completed the installation and commissioning of bunker flow meters on all of its tankers. In 2014 the Group will begin operating a new service in Singapore with its bunker barge, Brightoil 688, which will be fitted with a Mass Flow Metering system that offers our bunker customers peace of mind and certainty around bunker delivery quantities.

In September 2013, China moved ahead of the USA as the world's top net oil importer, per the US Energy Information Administration ("EIA"), and is expected to maintain that position throughout 2014. Moreover, tanker markets are likely to be bolstered if CNPC's forecast, that China's implied oil demand will grow quicker in 2014 at around 4%, is accurate. This will reverse a trend that saw its weakest rise in five years in 2013. This should have a positive effect on freight rates in one of our key markets. In the longer term, BP's Energy Outlook 2035 further emphasises China's continuing importance in the crude oil markets. The Group's commitment to meeting the growing energy demand in China and our strong strategic relationships with oil majors in China will stand us in good stead for the future.

Oil storage and 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 China 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 m^3, 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 m^3 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 m^3, is expected to be completed in two phases. The estimated capacity of Phase 1 and 2 will reach up to 3.51 million m^3 and 3.68 million m^3 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 2016. Construction of Phase 2 is projected to complete by first half of 2017.

BUSINESS REVIEW AND OUTLOOK *(continued)*

Oil storage and terminal facilities *(continued)*

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 our efforts to developing our four main businesses and strengthening the operational foundation of each of its business units, to consolidate our 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 us to increase returns for shareholders.

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") for a term of five (5) years, 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").

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.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

(continued)

(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.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

(continued)

(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.

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) 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 Limited (formerly known as 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.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

(continued)

(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 one very large crude carrier (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) 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.

(8) On 28 October 2013, Brightoil Glory, as borrower, China Development Bank Corporation Hong Kong Branch, as lender (the "CDB") and the Company, as guarantor, entered into a facility agreement (the "Brightoil Glory Facility Agreement"). Pursuant to which CDB has agreed to grant a loan facility in aggregate of up to US$50,000,000 to Brightoil Glory. Brightoil Glory shall repay the loan in ten (10) years.

Pursuant to the Brightoil Glory Facility Agreement, among other obligations, Dr. Sit and his descendants shall remain at all times in control (at least 51% of the issued shares of the Company) of the Company (the "Specific Performance Obligation VII"). It will constitute an event of default if the Specific Performance Obligation VII is breached whereupon CDB may, (i) cancel the 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 Facility 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.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2013.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group employed approximately 300 full time employees. The Group remunerates its Directors and employees by reference to their performance, duties and responsibilities, relevant working experience and prevailing market pay trend. Employee benefits provided by the Group include Mandatory Provident Fund Scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the six months ended 31 December 2013, total employees' remuneration, including Directors' remuneration, was approximately HK$110.4 million.

SHARE OPTIONS 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 2011 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 2011, 21 April 2012, 21 April 2013 and 21 April 2014 respectively.

SHARE OPTIONS 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 July 2013	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 31 December 2013
Directors	16,000,000	–	–	–	16,000,000
Employees	5,360,000	–	–	(1,040,000)	4,320,000
	21,360,000	–	–	(1,040,000)	20,320,000

15,215,000 share options are exercisable at 31 December 2013 (2012: 10,630,000).

SUBSTANTIAL SHAREHOLDERS AND PERSONS HAVING 5% OR MORE INTERESTS

As at 31 December 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 Limited ("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 a subscription agreement dated 25 June 2009 (the "Subscription Agreement"), a supplemental deed dated 2 September 2009 (the "Supplemental Deed") and a deed of extension dated 6 July 2012 (the "Deed of Extension").

Save as disclosed above, as at 31 December 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.

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

At 31 December 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 SFO as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), 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%

Note 1: These 7,364,584,999 Shares refer to (a) 2,918,088,960 Shares held by Energy Empire Investments Limited, which is wholly and beneficially owned by Dr. Sit; (b) 3,446,516,706 Shares held by Canada Foundation, which is wholly and beneficially owned by Dr. Sit; (c) 200,000,000 shares held by Brightoil Welfare Ltd. which is wholly and beneficially owned by Dr. Sit; and (d) 799,979,333 Shares to be allotted and issued to Canada Foundation upon exercise in full of the conversion rights attaching to the convertible notes issued by the Company on 27 October 2009 pursuant to the Subscription Agreement, the Supplemental Deed and the Deed of Extension.

Note 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

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

Particulars of the Company's share option scheme are set out in Share Option Scheme.

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

	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy) (Note)	Exercise price HK$	Number of options as at 31.12.2013
Executive Directors				
Mr. Tang Bo	22.4.2010	22.4.2011–21.4.2015	3.40	4,000,000
Mr. Tan Yih Lin	22.4.2010	22.4.2011–21.4.2015	3.40	4,000,000
Total of Executive Directors				8,000,000

	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy) (Note)	Exercise price HK$	Number of options as at 31.12.2013
Non-Executive Director				
Mr. Dai Zhujiang	22.4.2010	22.4.2011–21.4.2015	3.40	2,000,000
Total of Non-Executive Director				2,000,000

	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy) (Note)	Exercise price HK$	Number of options as at 31.12.2013
Independent Non-Executive Directors				
Mr. Lau Hon Chuen	22.4.2010	22.4.2011–21.4.2015	3.40	2,000,000
Professor Chang Hsin Kang	22.4.2010	22.4.2011–21.4.2015	3.40	2,000,000
Mr. Kwong Chan Lam	22.4.2010	22.4.2011–21.4.2015	3.40	2,000,000
Total of Independent Non-Executive Directors				6,000,000

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Long position in the underlying shares of equity derivatives of the Company *(continued)*

Notes:

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

(2) The eligible participants are entitled to 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.

Save as disclosed above, as at 31 December 2013, neither of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be recorded pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2013 Annual Report of the Company are set out below:

Mr. Lau Hon Chuen, an independent non-executive director of the Company, is also the independent non-executive director of various listed companies, including, among others, The Hong Kong Parkview Group Limited (Stock Code: 0207). The company name of The Hong Kong Parkview Group Limited was changed to COFCO Land Holdings Limited with effect from 19 December 2013.

BOARD COMPOSITION

As at 31 December 2013, the Board consists of a total of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2013, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision A.2.1

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

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. All the Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the Period under review.

AUDIT COMMITTEE AND INDEPENDENT REVIEW BY EXTERNAL AUDITOR

The audit committee of the Company (the "Audit Committee") as at 31 December 2013 comprised Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang, the three independent non-executive Directors.

The principal duties of the Audit Committee are to review with the management of the Company, the accounting principles and practices adopted by the Group and discuss internal controls and financial reporting matters including reviews of interim and annual financial statements.

The unaudited condensed consolidated financial statements for the six months ended 31 December 2013 have been reviewed by the Audit Committee.

The Group's external auditor, Messrs. Deloitte Touche Tohmatsu, has been appointed to review the condensed consolidated financial statements for six months ended 31 December 2013. On the basis of their review, they are not aware of any material modifications that should be made to the condensed consolidated financial statements for the Period.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

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

Hong Kong, 20 February 2014

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

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
Hong Kong
(To be relocated to
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
with effect from 31 March 2014)

STOCK CODE

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

WEBSITE

http://www.brightoil.com.hk

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

33/F., 118 Connaught Road West
Sheung Wan
Hong Kong