BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED

光滙石油(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 933)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2014

The board of directors (the "**Board**" or the "**Directors**") of Brightoil Petroleum (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2014 together with the comparative figures in previous year, which have been reviewed by the audit committee of the Company:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	**2014** **HK$'000**	2013 HK$'000
Revenue	3	**84,505,413**	55,448,813
Cost of sales and services		**(82,739,399)**	(54,243,441)
Gross profit		**1,766,014**	1,205,372
Other income	5	**3,880**	34,502
Other gains and losses, net	5	**(7,525)**	47,268
Fair value change of derivative financial instruments	13	**(227,378)**	(709,042)
Loss on redemption of the liability component of convertible notes		**-**	(1,690)
Other expenses		**(176,975)**	(152,020)
Distribution and selling expenses		**(298,173)**	(542,938)
Administrative expenses		**(266,941)**	(379,560)
Finance costs	6	**(205,265)**	(188,288)
Share of profits (losses) of joint ventures		**2,003**	(9,998)
Share of loss of an associate		**(132)**	(870)
Profit (loss) before taxation	7	**589,508**	(697,264)
Income tax credit (charge)	8	**9,792**	(24,386)
Profit (loss) for the year attributable to the owners of the Company		**599,300**	(721,650)
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(1,029)**	2,241
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(19,439)**	3,145
Other comprehensive (expense) income for the year		**(20,468)**	5,386
Total comprehensive income (expense) for the year attributable to the owners of the Company		**578,832**	(716,264)
Earnings (loss) per share	10		
Basic		**HK6.8 cents**	HK(8.2) cents
Diluted		**HK6.5 cents**	HK(8.2) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTES	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,754,849**	7,989,353
Prepaid lease payments for land		**512,841**	530,121
Prepaid lease payments for coast		**14,748**	12,092
Investment property		**42,000**	42,000
Interest in an associate		**-**	10,525
Interests in joint ventures		**601,934**	482,957
Deposits paid for acquisition of property, plant and equipment		**82,076**	11,091
Deposit paid for acquisition of a subsidiary		**833,155**	-
Prepayments, rental and other deposits		**33,686**	48,345
		10,875,289	9,126,484
CURRENT ASSETS			
Inventories		**2,058,295**	2,367,019
Trade debtors	11	**7,227,475**	4,368,362
Accrued revenue		**45,927**	30,873
Prepaid lease payments for land		**11,123**	11,253
Prepaid lease payments for coast		**325**	265
Derivative financial instruments	13	**371,280**	516,081
Other debtors, prepayments and deposits		**75,590**	103,804
Loans to a joint venture		**87,443**	63,504
Amounts due from joint ventures		**308**	-
Securities held-for-trading		**221,580**	558,321
Receivables from brokers		**1,365,122**	521,900
Pledged bank deposits		**522,624**	282,678
Bank balances and cash		**1,610,923**	1,351,985
		13,598,015	10,176,045
CURRENT LIABILITIES			
Trade creditors	12	**7,508,596**	3,686,139
Trade payable to a related company	12	**9,896**	63,191
Loans from a related company		**829,852**	930,792
Other creditors and accrued charges		**1,086,272**	684,884
Bank borrowings		**2,909,138**	4,275,997
Derivative financial instruments	13	**961,780**	416,900
Profits tax liabilities		**1,210**	15,370
		13,306,744	10,073,273
NET CURRENT ASSETS		**291,271**	102,772
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,166,560**	9,229,256
NON-CURRENT LIABILITIES			
Convertible notes		**256,702**	228,182
Bank borrowings		**2,258,948**	1,547,720
Loans from a related company		**1,069,546**	509,260
Deferred tax liabilities		**31,088**	47,069
		3,616,284	2,332,231
		7,550,276	6,897,025
CAPITAL AND RESERVES			
Share capital	14	**219,163**	219,163
Reserves		**7,331,113**	6,677,862
Equity attributable to owners of the Company		**7,550,276**	6,897,025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share capital	Share premium	Capital redemption reserve	Special reserve	Shareholder's contribution	Translation reserve	Convertible notes reserve	Other reserve	Employees share based compensation reserve	Shares held for share award scheme	Accumulated profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (Note a)	HK$'000 (Note b)	HK$'000	HK$'000	HK$'000 (Note c)	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 July 2012	219,163	4,211,487	3,489	1,000	33,679	88,491	103,666	-	34,932	-	2,802,897	7,498,804
Loss for the year	-	-	-	-	-	-	-	-	-	-	(721,650)	(721,650)
Other comprehensive income:												
Exchange differences arising on translation to presentation currency	-	-	-	-	-	2,241	-	-	-	-	-	2,241
Exchange differences arising on translation of foreign operations	-	-	-	-	-	3,145	-	-	-	-	-	3,145
Other comprehensive income for the year	-	-	-	-	-	5,386	-	-	-	-	-	5,386
Total comprehensive expense for the year	-	-	-	-	-	5,386	-	-	-	-	(721,650)	(716,264)
Recognition of equity-settled share based payments – share options	-	-	-	-	-	-	-	-	4,812	-	-	4,812
Redemption of equity component of convertible notes	-	-	-	-	-	-	(103,666)	(861,202)	-	-	-	(964,868)
Recognition of equity component of convertible notes	-	-	-	-	-	-	1,055,851	-	-	-	-	1,055,851
Deferred tax liability on recognition of equity component of convertible notes	-	-	-	-	-	-	(15,012)	-	-	-	-	(15,012)
Deemed capital contribution from ultimate controlling shareholder	-	-	-	-	33,702	-	-	-	-	-	-	33,702
Forfeiture of share options	-	-	-	-	-	-	-	-	(7,157)	-	7,157	-
As at 30 June 2013	219,163	4,211,487	3,489	1,000	67,381	93,877	1,040,839	(861,202)	32,587	-	2,088,404	6,897,025
Profit for the year	-	-	-	-	-	-	-	-	-	-	599,300	599,300
Other comprehensive income:												
Exchange differences arising on translation to presentation currency	-	-	-	-	-	(1,029)	-	-	-	-	-	(1,029)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(19,439)	-	-	-	-	-	(19,439)
Other comprehensive expense for the year	-	-	-	-	-	(20,468)	-	-	-	-	-	(20,468)
Total comprehensive income for the year	-	-	-	-	-	(20,468)	-	-	-	-	599,300	578,832
Shares purchased for share award scheme	-	-	-	-	-	-	-	-	-	(20,799)	-	(20,799)
Recognition of equity-settled share based payments – share options	-	-	-	-	-	-	-	-	1,832	-	-	1,832
Recognition of equity-settled share based payments – share award	-	-	-	-	-	-	-	-	390		-	390
Deemed capital contribution from ultimate controlling shareholder	-	-	-	-	92,996	-	-	-	-	-	-	92,996
Forfeiture of share options	-	-	-	-	-	-	-	-	(2,315)	-	2,315	-
As at 30 June 2014	219,163	4,211,487	3,489	1,000	160,377	73,409	1,040,839	(861,202)	32,494	(20,799)	2,690,019	7,550,276

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 2014 and 2013, deemed contribution arising from loans from a related company controlled by the ultimate controlling shareholder of the Company of approximately HK$92,996,000 and HK$33,702,000 was recognised respectively.

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

1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 cycle
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements. The impact of the application of HKFRS 10, HKFRS 11and HKFRS 12 is set out below. Except for the application of HKFRS 11, the other four standards described above has had no material impact to the 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.

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

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 consolidated financial statements.

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 current year. 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 consolidated financial statements but has resulted in more disclosures relating to the Group's derivative financial instruments which are under master netting agreements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRS. The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except 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 the fair value as the price that would be received to sell an asset (or paid to transfer a liability in case of determining the fair value of 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.

HKFRS 13 requires prospective application, in accordance with the transitional provision of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisitions of interest in joint operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[6]
HKFRS 15	Revenue from contracts with customers[5]
HK(IFRIC) - INT 21	Levies[1]

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

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.
[4] Effective for annual periods beginning on or after 1 January 2016.
[5] Effective for annual periods beginning on or after 1 January 2017.
[6] Effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss ("FVTPL"), HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.

The directors of the Company anticipate that, based on the Group's financial assets and liabilities as at 30 June 2014, the adoption of HKFRS 9 is not expected to have a significant impact on the classification and measurement of the Group's financial assets and liabilities.

3. REVENUE

	2014	2013
	HK\$'000	HK\$'000
Provision of marine bunkering services	**17,676,190**	22,807,551
Sales of petroleum products	**65,393,792**	31,621,020
Marine transportation income	**956,820**	621,272
Sales of natural gas and condensate	**470,626**	362,538
Dividend income	**6,775**	34,751
Rental income from an investment property	**1,210**	1,681
	84,505,413	55,448,813

4. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM") who makes the decision of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided contributing to the Group's profit (2013: loss) for the year:

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

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

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

Segment revenues and results

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

For the year ended 30 June 2014

	International trading and bunkering operation	Marine transportation operation	Upstream gas business	Direct investments	Segment total	Unallocated revenue	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
						(Note)	
SEGMENT REVENUE							
External	83,069,982	956,820	470,626	6,775	84,504,203	1,210	84,505,413
Inter-segment sales	525,593	119,790	-	-	645,383	-	645,383
	83,595,575	1,076,610	470,626	6,775	85,149,586	1,210	85,150,796
SEGMENT RESULTS	964,230	55,507	299,654	45,739	1,365,130		1,365,130
Other income, other gains and losses, net							(45,417)
Unallocated fair value change of derivative financial instruments							(355,870)
Unallocated corporate expenses							(170,941)
Finance costs							(205,265)
Share of profits of joint ventures							2,003
Share of loss of an associate							(132)
Profit before taxation							589,508

4. SEGMENT INFORMATION - CONTINUED

For the year ended 30 June 2013

	International trading and bunkering operation	Marine transportation operation	Upstream gas business	Direct investments	Segment total	Unallocated revenue	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
SEGMENT REVENUE						(Note)	
External	54,428,571	621,272	362,538	34,751	55,447,132	1,681	55,448,813
Inter-segment sales	475,709	169,227	-	-	644,936	-	644,936
	54,904,280	790,499	362,538	34,751	56,092,068	1,681	56,093,749
SEGMENT RESULTS	(478,190)	(134,905)	193,575	(12,990)	(432,510)		(432,510)
Other income, other gains and losses, net							99,117
Loss on redemption of the liability component of convertible notes							(1,690)
Unallocated corporate expenses							(163,025)
Finance costs							(188,288)
Share of losses of joint ventures							(9,998)
Share of loss of an associate							(870)
Loss before taxation							(697,264)

Note: Unallocated revenue represents rental income from an investment property which was not reviewed by the CODM during both years ended 30 June 2014 and 2013.

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

Inter-segment sales are charged at cost.

4. SEGMENT INFORMATION - CONTINUED

Other segment information

For the year ended 30 June 2014

	International trading and bunkering operation	Marine transportation operation	Upstream gas business	Direct investments	Segment total	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit							
Depreciation of property, plant and equipment	(24,117)	(213,442)	(62,448)	-	(300,007)	(5,651)	(305,658)
Fair value change of derivative financial instruments	128,492	-	-	-	128,492	(355,870)	(227,378)
Fair value change of securities held-for -trading	-	-	-	40,717	40,717	-	40,717
Fair value changes on inventories	159,045	-	-	-	159,045	-	159,045

For the year ended 30 June 2013

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

4. SEGMENT INFORMATION – CONTINUED

Geographical information

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

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

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

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**11,881,895**	8,844,665	**4,489,148**	2,647,660
Hong Kong	**324,915**	373,953	**105,484**	110,221
Singapore	**22,665,572**	25,991,509	**5,674,742**	5,865,109
United States	**10,741**	219,646	**3,295**	8,238
Malaysia	**1,311,527**	1,163,083	**-**	-
Taiwan	**-**	1,020,491	**-**	-
South Korea	**1,420,622**	89,373	**-**	4
Europe (other than Holland)	**52,593**	10,087	**188**	473
Japan	**639,534**	4,653	**-**	38
Angola	**-**	2,353,856	**-**	-
Egypt	**-**	414,015	**-**	-
Oman	**38,489,422**	12,975,704	**-**	-
Russia	**-**	1,225,668	**-**	-
United Arab Emirates	**4,246,540**	436,470	**-**	-
Brunei	**523,327**	-	**-**	-
Columbia	**1,475,411**	-	**-**	-
Vietnam	**799,582**	264,971	**-**	-
India	**345,157**	41,165	**-**	-
Others	**318,575**	19,504	**498**	1,259
	84,505,413	55,448,813	**10,273,355**	8,633,002

Note: Non-current assets excluded interests in joint ventures and an associate.

Information about major customers

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

	2014	2013
	HK$'000	HK$'000
Customer A[1]	**9,828,178**	N/A[2]
Customer B[1]	**33,803,892**	5,551,676

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

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2014 HK$'000	2013 HK$'000
Other income		
Interest income on bank deposits	**3,880**	4,108
Subleasing income	**-**	23,033
Heating and deviation income	**-**	4,337
Others	**-**	3,024
	3,880	34,502

	2014 HK$'000	2013 HK$'000
Other gains and losses, net		
Net foreign exchange (loss) gain	**(53,986)**	91,028
Fair value change of securities held-for-trading	**40,717**	(47,741)
Loss on disposal of property, plant and equipment	**(197)**	(1,731)
Fair value change of an investment property	**-**	1,000
Gain on disposal of an associate	**971**	-
Others	**4,970**	4,712
	(7,525)	47,268

6. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Imputed interest expense on loans from a related party	**31,109**	-
Imputed interest expense on convertible notes	**28,520**	34,397
Interest expense on bank borrowings		
- wholly repayable within five years	**104,053**	155,844
- wholly repayable over five years	**82,332**	36,025
Total	**246,014**	226,266
Less: Amounts capitalised	**(40,749)**	(37,978)
	205,265	188,288

Borrowing costs capitalised during the year of approximately HK$40,749,000 (2013:HK$36,347,000) arose on the general borrowing pool calculated by applying a capitalisation rate of 3.74% (2013: 2.82%) per annum to expenditure or qualifying assets. Borrowing costs were capitalised as part of the construction in progress in respect of oil storage facilities and buildings (2013: Vessels, oil storage facilities and buildings).

7. PROFIT (LOSS) BEFORE TAXATION

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

	2014	2013
	HK$'000	HK$'000
Auditor's remuneration	**3,804**	4,239
Release of prepaid lease payments for land and coast capitalised to construction in progress	**11,540**	10,982
Depreciation of property, plant and equipment		
Vessels (included in cost of sales and services)	**216,458**	169,574
Oil and gas properties (included in cost of sales and services)	**62,346**	77,183
Others	**26,854**	30,572
	305,658	277,329
Operating lease rentals paid in respect of rented premises and oil storage facilities (Note a)	**214,705**	426,509
Amount of inventories recognised as expense	**82,952,174**	54,253,847
Unrealised (gain) loss on fuel oil inventories (included in cost of sales and services)	**(159,045)**	21,969
Staff costs (including directors' remuneration)		
Wages, salaries and other benefits	**196,511**	264,076
Share based payments (Note b)	**2,222**	4,812
Retirement benefits scheme contributions	**13,922**	19,692
	212,655	288,580
Less: Amounts capitalised to construction in progress	**(4,868)**	(3,577)
	207,787	285,003

Notes:

(a) Rentals amounting to HK$960,000 (2013: HK$619,000) in respect of accommodation provided to directors are included under staff costs.

(b) Included in share based payments are HK$1,832,000 (2013: HK$4,812,000) relating to share option scheme and HK$390,000 (2013: nil) relating to share award scheme.

8. INCOME TAX CREDIT (CHARGE)

	2014	2013
	HK$'000	HK$'000
Current tax charge for the year:		
Hong Kong Profits Tax	**-**	-
PRC Enterprise Income Tax ("EIT")	**(35,979)**	(57,314)
Singapore Income Tax	**(545)**	(980)
	(36,524)	(58,294)
Overprovision in prior years:		
PRC EIT (Note)	**24,743**	-
Singapore Income Tax, net	**5,627**	23,798
	30,370	23,798
Deferred taxation		
Current year	**(5,019)**	10,110
Attributable to a change in tax rate (Note)	**20,965**	-
	15,946	10,110
Income tax credit (charge) for the year	**9,792**	(24,386)

Note: During the year ended 30 June 2014, 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 with the Law of the People's Republic of China 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 year ended 30 June 2014, one of the subsidiaries of the Group applied for a concessionary tax rate of 15% in which the subsidiary can enjoy the concessionary tax rate retrospectively from July 2011 to 31 December 2020. Accordingly, the subsidiary recorded the amount of tax to be refunded as overprovision in prior years and re-estimated the relevant deferred taxation based on the tax rates that are expected to apply in the relevant years.

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 years. No provision for the Hong Kong Profits Tax was provided for the Group's Hong Kong subsidiaries as those subsidiaries have no assessable profit or suffered from tax losses for both years.

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

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

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

Under the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards except for one of the subsidiaries which enjoys the concessionary tax rate of 15%.

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

9. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

10. 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)

	2014	2013
	HK$'000	HK$'000
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the year attributable to the owners of the Company)	**599,300**	(721,650)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**23,815**	N/A
Earnings (loss) for the purpose of diluted earnings (loss) per share	**623,115**	(721,650)

Number of shares

	2014	2013
Weighted average number of ordinary shares in issue less shares held under share award scheme during the year for the purpose of basic earnings per share	**8,757,696,266**	N/A
Weighted average number of ordinary shares for the purpose of basic loss per share	**N/A**	8,766,498,266
Effect of dilutive potential ordinary shares:		
Convertible notes	**799,979,333**	N/A
Unvested share award	**12,825**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**9,557,688,424**	8,766,498,266

During the year ended 30 June 2014, the computation of diluted earnings per share does 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 the year.

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

11. TRADE DEBTORS

	2014	2013
	HK$'000	HK$'000
Trade debtors	**7,229,784**	4,370,671
Less: Allowance for bad and doubtful debts	**(2,309)**	(2,309)
	7,227,475	4,368,362

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

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

	2014	2013
	HK$'000	HK$'000
0 - 30 days	**6,582,691**	4,280,583
31 - 60 days	**611,722**	68,155
61 - 90 days	**24,508**	13,550
Over 90 days	**8,554**	6,074
	7,227,475	4,368,362

11. TRADE DEBTORS - CONTINUED

Before accepting any new customer, the Group performs a credit review to assess the potential customer's credit quality and defines credit limits by customer. Limits and credit rating to customers are reviewed on a regular basis. Over 98% (2013: 99%) of the trade debtors are neither past due nor impaired. These customers have no default of payment in the past and have good credit rating under the credit review procedures adopted by the Group.

Included in the Group's trade debtors balance are debtors with aggregate carrying amount of approximately HK$85,365,000 (2013: HK$24,939,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 51 days (2013: 73 days). The balances have been substantially settled subsequently.

Aging of trade debtors which are past due but not impaired

	2014	2013
	HK$'000	HK$'000
31 - 60 days	**77,639**	9,879
61 - 90 days	**932**	8,986
91 - 120 days	**464**	1,601
Over 120 days	**6,330**	4,473
	85,365	24,939

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

There are no movement for the allowance for bad and doubtful debts for both years.

Allowance for bad and doubtful debts included individually impaired trade receivables with an aggregate balance of approximately HK$2,309,000 (2013: HK$2,309,000) which had been in disputes on final settlement and may not be recoverable. The Group does not hold any collateral over these balances.

At 30 June 2014, the carrying amount of trade debtors, which has been pledged as security for short-term credit facilities granted to the Group, is approximately HK$6,980,994,000 (2013: HK$4,313,393,000).

12. TRADE CREDITORS

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

	2014	2013
	HK$'000	HK$'000
0 - 30 days	**5,675,081**	3,677,013
31 - 60 days	**441,905**	7,112
61 - 90 days	**1,381,704**	-
Over 90 days	**9,906**	2,014
	7,508,596	3,686,139

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

Apart from the balance disclosed above, the balance of approximately HK$9,896,000 (2013: HK$63,191,000) classified as trade payable to a related company is trade in nature. The amount is aged within 45 days at 30 June 2014 and 2013 with credit terms of 45 days granted to the Group.

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

During the year ended 30 June 2014, the loss on fair value change of derivative financial instruments of approximately HK$227,378,000 (2013: HK$709,042,000) was charged to profit or loss.

14. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.025 each		
Authorised		
At 1 July 2012, 30 June 2013 and 2014	40,000,000,000	1,000,000
Issued and fully paid		
At 1 July 2012 and 30 June 2013	8,766,498,266	219,163
Shares purchased for share award scheme (Note)	(8,802,000)	-
At 30 June 2014	8,757,696,266	219,163

Note: During the year ended 30 June 2014, the Company acquired its own shares at the Stock Exchange through a trustee appointed under the Company's share award scheme. The total amount paid to acquire the shares during the year was HK$20,799,000 (2013: nil).

There was no movement in the Company's share capital in both years.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 30 June 2014 ("FY2014" or "the period under review"), the total revenue of the Group increased substantially by approximately 52.4% to HK$84,505.4 million from HK$55,448.8 million in the previous year. Revenue increased across all three core business segments, International Trading and Bunkering ("ITB"), Marine Transportation ("MT") and Upstream business.

ITB experienced significant growth in revenue for crude oil sales by 148.5% and fuel oil sales by 10.2%. Revenue in the MT business also increased with all of our vessels in full operation and benefited from a recovery in freight rates. For the Upstream business, with the addition of Tuzi Luoke Gas Field ("Tuzi Gas Field") in production of 9 wells in addition to Dina 1 Gas Field by the end of FY2014, the total production of natural gas increased from 1.1 million cubic meters to 2.7 million cubic meters per day.

Operating profit for the Group increased by 256.2% for the period under review, with ITB increased by 251.1%, MT by 243.3%, and Upstream business by 21.6%. Overall operating expenses decreased by 30.9%, mainly due to our stringent cost control measures across the Group.

Profit attributable to the owners of the Company (the "Shareholders") during the period under review amounted to HK$599.3 million which is an increase of approximately 183.0% compared with the loss of HK$721.7 million in the previous year.

During the period under review, the Group recorded basic and diluted earnings per share of HK6.8 cents and HK6.5 cents respectively (2013: basic and diluted loss per share of HK8.2 cents).

BUSINESS REVIEWS AND OUTLOOK

During the period under review, the world economy continued to recover, albeit still at a slow pace. The GDP in China grew at approximately 7.5% and energy demand, in particular the import of crude and natural gas continued to rise. Within this business landscape, the Group has turned around its business performance from the year before with strong contribution from our ITB, Upstream and MT business segments. We have also made a breakthrough in our Upstream business by successfully acquiring two oil producing blocks in Bohai Bay, China which doubled the Group's oil and gas reserves.

Upstream Business

Further to the cumulative efforts and positioning during over the past few years, our Upstream business made a significant breakthrough in FY2014 and shortly thereafter. The Group has successfully acquired from Anadarko Petroleum Corporation (“Anadarko”), a major United States (“US”) upstream explorer, the China operating company which owns their entire China oil producing assets located at Bohai Bay, in Northeast China. The Group has also successfully commenced natural gas production in Tuzi Gas Field, which is adjacent to our producing gas fields in Dina 1 Gas Field. Both of these gas fields are located in the gas-rich Tarim Basin in the Xinjiang Province, China and the commercial gas is sold to China National Petroleum Corporation (“CNPC”) then transported to eastern cities, such as Shanghai, via the West East Pipeline (“WEP”), a major gas trunk line linking the gas resources in the west of China to the major gas consumers in eastern China. These achievements in FY2014 and shortly thereafter were significant and have been a centre-piece in the transformation of the Group from a downstream company with trading, storage, oil transportation business to a resource-focused company.

The Dina 1 Gas Field was developed in partnership with CNPC, and is currently producing at a rate of approximately 1.1 million cubic meters of natural gas and 66 metric tonnes of condensate per day. The total natural gas and condensate production in FY2014 was 333.2 million cubic meters and 20,500 metric tonnes respectively. The Group is currently looking into ways of optimising the operation based on industry best-practice in order to maximise production without comprising safety. As at 30 June 2013, the net proved plus probable (“2P”) gas and oil reserves totalled 11.7 million barrels of oil equivalent over the 20-year production period.

The Tuzi Gas Field, jointly developed with CNPC, commenced its commercial production in December 2013. Currently 9 of the planned 19 wells are in production with a daily rate of approximately 1.6 million cubic meters of natural gas and 10 metric tonnes of condensate. The total natural gas and condensate production in FY2014 was 192.3 million cubic meters and 1,000 metric tonnes respectively. The Group will complete the drilling of all remaining 10 wells per the Overall Development Adjustment Plan (“ODAP”) by early 2016 and production is expected to increase to 3.4 million cubic meters per day. As at 30 June 2013, the net 2P gas and oil reserves totalled 28.9 million barrels of oil equivalent over the 20-year production period.

The Company believes that there is no material change on the 2P gas and oil reserves for Dina 1 Gas Field and Tuzi Gas Field during FY2014.

Upon full commercial production of Tuzi Gas Field in early 2016, the combined Dina 1 Gas Field and Tuzi Gas Field are expected to produce 1.3 to 1.5 billion cubic meters of natural gas, and 30,000 to 40,000 metric tonnes of condensate annually.

Further to the successful negotiation and signing of the Share Purchase Agreement (“SPA”) with Anadarko on 11 February 2014 for the acquisition of their China operating company, the Group achieved financial closure of this acquisition, with a net consideration of US$1.046 billion (equivalent to approximately HK$8.124 billion) on 8 August 2014. The Caofeidian (“CFD”) oil assets of Anadarko’s China operating company are situated approximately 90 kilometres offshore in western Bohai Bay and lie in shallow waters at a depth of 25 meters. The Group holds a 40.0909% non-working interest (up until the contract expiry date of September 2024) in the CFD 11-1, CFD 11-2, CFD 11-3 and CFD 11-5 oil fields of Contract Area 04/36, which covers an area of 124 square kilometres. The Group also holds a 29.1773% non-working interest (with a contract expiry date of January 2026) in the CFD 11-6, CFD 12-1 and CFD 12-1S oil fields, located in Contract Area 05/36 which covers an area of 88 square kilometres. The current daily production is approximately 34,000 barrels of oil equivalent.

Upstream Business (continued)

The Group and its partners are currently finalising a new ODAP for the CFD assets which will take the production of these fields into a new phase for the next 10 years of the Production Sharing Contract ("PSC") period. The plan centres around the installation of up to 3 additional platforms and a whole new set of wells to be drilled. The planned peak production rate under this new ODP could reach 60,000 to 70,000 barrels of oil per day.

In summary, with the additional natural gas producing capability from Tuzi Gas Field and oil producing capability from CFD which the Group achieved this year, the Group expects significant profit contribution from our Upstream business. It should also be noted that, the price of natural gas in China has been increasing steadily. On 10 July 2013, the average gas price at city-gate stations was raised from RMB1.69 to RMB1.95 per cubic metre. Effective from 1 September 2014, the average gas price at city-gate stations will have another rise again by RMB0.4 per cubic metre. These rises in gas prices will have a positive effect on profitability of the Dina 1 and Tuzi Gas Fields.

Going forward, the Group will continue to vigorously develop its Upstream business through both organic expansion in our Xinjiang assets and in organic expansion via the merger and acquisition of risked-managed oil and gas assets, in China and Southeast Asia in the near- to mid-term time frame.

International Trading and Bunkering ("ITB")

During the year under review, the ITB business successfully turned losses into gains in spite of the recovery underway in the global economy.

Our sales volume recorded an increase of 51.6% compared to the previous year which resulted from a long term supply contract concluded with a Chinese oil major by our crude oil team. With regards to procurement, in addition to the traditional market of the Middle East, we have established connections with oil suppliers in other oil production regions such as South America and West Africa, broadened our crude oil procurement channels and lowered procurement costs. China has replaced US as the world's top net oil importer and in 2013 crude oil imports into China were 28.2 billion metric tonnes. It appears inevitable that China will gradually open up the crude oil market and allow privately-owned oil import enterprises to participate which was confirmed when the government issued the first crude oil import license to a privately owned company. As a leading energy company in China, Brightoil is well positioned to benefit from this development with its established trading team and excellent working relationship with the state-owned oil enterprises and refineries in China. Coupled with unique procurement channels, we believe the crude oil business will keep achieving new breakthroughs and growth.

Our Fuel Oil trade, the Group's traditional business, continued to develop at a steady pace. Overall sales volume of fuel oil increased by 14.4% compared to the previous year with further growth of gross profit margin. Due largely to the downturn in the marine transportation industry bunker volumes dropped by 7% last year. The sales ratio between trading & bunkering in the Singapore and Chinese market is determined based on maximising revenue. The Group is one of only three suppliers in Singapore to sell marine gas oil.

We have established a petrochemicals trading team for the trading of Para Xylene ("PX") products. China leads the world in terms of its demand for petrochemicals and it imports a huge volume and wide range of petrochemicals. Currently our focus has been on Chinese customers and meeting their demand with petrochemicals sourced from Korea and Japan.

In regard to bunkering, the installation of the Mass Flow Meter ("MFM") illustrates our Company's continuous market and customer focus. Disputes arising from the inconsistency in the bunkering number records between the vessel owners and the suppliers have been prevailing in the bunkering market. The MFM can effectively solve this difficult issue. The overall bonded bunkering volume in China dropped year on year as a result of competition from Pacific Russia. Our bunkering team has explored new markets utilising the strength of our existing customer network.

Over the past year, we have lowered costs and raised efficiency by integrating supply chain resources. We have temporarily closed our offices in Geneva, Rotterdam and Japan to refocus our efforts and resources on the China and Singapore markets. Through optimising the internal combination of fuel oil, diesel oil trades and bunkering, capitalising on the supportive strengths on the combination of oil trade, storage, bunkering and ocean-going transportation, we have gained market advantages and established a value-added chain.

Last year we reviewed and improved every aspect of our risk management practice which has resulted in a more robust set of systems, processes and reporting procedures.

Additionally, we unveiled a new transaction system, Open Link which integrates activity across the front-desk, middle-desk and back-desks. This new system will help to enhance working efficiency, lower operating costs and strengthen internal controls as well as ensuring data accuracy.

International Trading and Bunkering ("ITB") (continued)

In the second half of 2014, two new members will be added to the bunkering family of Brightoil Petroleum Singapore, namely bunker tankers 639 and 666. Together with the current existing bunker tanker 688, we will have three owned bunker tankers in Singapore all fitted with bunker flow meters, further strengthening our bunkering service. Looking ahead, the prospects for ITB are promising. Following the new crude oil import scheme of China and the completion of our oil storage facility in Zhoushan, Brightoil will leverage its experience and extensive customer network to take a huge slice of China's tremendous crude oil market.

Marine Transportation ("MT")

A combination of factors resulted in a significant improvement in our financial performance in FY2014. This was the first full year of operations for our fleet of five Very Large Crude Carriers ("VLCCs") and four Aframax tankers which allowed revenue to grow by an impressive 36.2% to HK$1,076.6 million. Our strategy of focusing on Chinese imports and the Chinese state owned oil companies continue to pay dividends. In fact, more than 60% of our total revenue is derived from transporting cargoes into China – this ratio increases to 70% for our VLCC fleet. EBITDA of the MT improved by HK$140.9 million in FY2014 with a positive cash flow of HK$190.2 million generated.

The tanker freight market followed its usual seasonal cyclical trend. July 2013 began brightly as VLCC cargo volumes from the Middle East reached the highest level for 12 months which sent rates soaring. A weaker August and September 2013 was followed by a surge in ton mile demand from October 2013 onwards which boosted freight rates to the highest level for several years by the end of 2013. The low bunker fuel consumption characteristic of our VLCC fleet ensures that our earnings always compare favourably with competitors. Ton mile demand rose in 2013 due to the increased number of cargoes moving longer distances 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 narrowing Brent Dubai spread, the light sweet characteristics of these cargoes were favoured over the heavier, sour Dubai crude.

The winter rise in rates resulted in the third quarter of the FY2014 being our most profitable quarter ever, achieving HK$24.2 million net profit. However, FY2014 ended weakly, primarily as a result of two factors: the VLCC freight market faced downward pressure due to heavy Asian refinery maintenance and falling Chinese import volumes over February and March; and, the fact that two of our Aframaxes were out of service due to scheduled dry dockings. Even so, the HK$7.0 million net profit in this quarter still surpassed earnings in the same period of the previous year.

The operation of the 7,000 deadweight bunker tanker Brightoil 688 heralds two separate developments in our evolution. This vessel is one of only a few in the market to have been fitted with a MFM system which offers our customers receiving bunker fuel in Singapore the highest degree of certainty around bunker quantities delivered. In fact every vessel in the Brightoil fleet is fitted with a MFM which enables us to measure and manage bunker consumption more effectively. Early in 2014, the Group's shipping business was awarded a Document of Compliance ("DOC") by China Classification Society ("CCS") which entitles us to directly provide both technical and crew manning services. The Group's shipping business will begin this next phase in our development by managing these activities on our existing bunker tanker and the two new buildings scheduled to join our fleet later in 2014.

We can look ahead over FY2015 with a good degree of confidence as we have established a solid platform for further growth and profitability and there is significant evidence that the tanker shipping industry has recovered from the lows of FY2014. Fleet over capacity had been an issue but it appears that this is not as bad as we previously 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, as well as second hand vessel prices, dipped to a ten year low during 2013 they ended the calendar year up by about 10% and maintained this level more or less throughout the first half of 2014. Of course our Group's VLCCs are unique in the respect that each vessel is additionally equipped with an on board blending facility and heating coils enabling them to blend different grades of cargo while at sea, thereby minimising costs on shore.

Marine Transportation ("MT") (continued)

Currently, our strategy for the Aframax fleet is to continue with our focus on the transport of crude and fuel oil from the Middle East and Southeast Asia into the Far East and Australasian (Australia, New Zealand and surrounding islands) markets. This will most likely include a good proportion of our own Group cargoes and those of Chinese customers for discharge in China. We have witnessed a significant improvement in the fuel economy of the three Aframaxes that were dry docked in 2014 (including the two vessels in the FY2014) which goes directly to our bottom line performance. This combined with the implementation of new daily monitoring processes and other fuel saving initiatives will improve our year-on-year performance in this area. We are currently managing all cost
categories more effectively and it is notable that even with a larger fleet our general and administrative expense fell by 31% to HK$31.8 million.

In summary, the outlook is improving for the tanker freight market as vessel values have appreciated in the past year and we continue to improve the operational and financial efficiency of our business. Moreover, our focused customer strategy leaves us well positioned to profit from the next market upturn.

Oil Storage and Terminal Facilities

The two oil storage and terminal facilities under construction in Zhoushan and Dalian are located in China's primary deep-water harbours and large-scale commodity trading centres and require a total investment of US$1.5 billion. The Group will become one of the top five oil storage service providers globally and receive stable rental income upon the commencement of operations.

As oil demand and imports increase in China large storage facilities are very much required. Oil tanks in combination with a large terminal are scarce in China. The Group's terminal and oil storage facilities in Zhoushan with its connection to national oil pipelines and nearby refineries are advantageously positioned among our peers in China by virtue of their scale and design throughput. Owning terminal facilities with berths able to accommodate VLCCs will be a distinct competitive advantage to our oil terminal and storage business in China.

The project at Zhoushan Waidiao Island is located in the Zhoushan Islands District, Zhejiang Province. The remarkable location at the centre of Yangtze River Delta region, which includes metropolises such as Shanghai, Hangzhou and Ningbo, provides geographical advantages. The Zhoushan Islands District is the fourth state-level new area, following Pudong in Shanghai, Binhai in Tianjin and Liangjiang in Chongqing. It is a pilot region where the government will focus on developing the maritime economy and leading regional development, and is expected to become a hub for processing, transferring, warehousing and trading oil and other commodities. Brightoil Zhoushan Oil Storage facility carries a total capacity of 3.16 million cubic meters in which phase 1 offers capacities of 1.94 million cubic meters while phase 2 offers capacities of 1.22 million cubic meters. The terminal facility will be equipped with 13 berths which can accommodate vessels ranging from 1,000 to 300,000 deadweight tonnage.

The terminal's competitiveness is enhanced as due to being able to accommodate vessels up to 300,000 deadweight tonnage which will result in a reduction in the freight costs associated with transporting fuel oil. The Group has commenced the Phase 1 construction of the Zhoushan project. During the year under review, land preparation, revetment and one-third of the civil engineering work was completed. Construction for the main part of the storage tank has been completed by 45% and bringing to 60% completion of the terminal construction. The constructions of storage area and terminal facilities in Phase 1 are expected to commence in the second half of 2015, while those of Phase 2 will begin in 2016.

The oil storage and terminal facilities project in Dalian is located in the newly approved petrochemical industry base in Changxing Island, Dalian. This is a core area in the restructuring of China's petrochemical industry and one of the key petrochemical industry bases on which the government will focus. Leveraging the advantages of its industry base, Brightoil's storage and terminal facility is emerging as a centre for trading, storing and transferring oil products such as crude oil and fuel oil in the Bohai Bay region and North East Asia. The construction of the oil storage facility in Dalian, with a total capacity of 7.19 million cubic meters, is expected to be completed in two phases. The capacity of Phase 1 and 2 will reach up to 3.51 million cubic meters and 3.68 million cubic meters respectively. The facility will be equipped with 13 berths to accommodate vessels from 1,000 to 300,000 deadweight tonnage.

The project has completed its land preparations and the construction is expected to be completed in two phases with operation commencing in 2016 and 2017 respectively.

All of the Group's storage and terminal facility built with optimised design and state of the art equipment in order to maximise efficiency of importing and exporting oil products and throughput capacity, and to provide better services to different clients. Commission of the oil storage facilities will create synergies with the Group's ITB and MT in addition to delivering scale economies. These components will contribute significantly to the Group's operational performance by enhancing the quality and efficiency of its bunkering and trading business.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2014, the Group had receivables from brokers, pledged bank deposits, and bank balances and cash of approximately HK$1,365.1 million, HK$522.6 million and HK$1,610.9 million respectively.

The Group considers that its foreign currency exposure mainly arises from its dealings in Hong Kong dollars, Singapore dollars, Renminbi and United States dollars. The Group manages its exposures to foreign currency transactions by periodically monitoring the level of foreign currency receipts and payments and by ensuring that the net exposure to foreign exchange risk is maintained at an appropriate level. As at 30 June 2014, the Group had bank borrowings and charges on its assets of approximately HK$5,168.1 million and HK$14,980.6 million respectively.

As at 30 June 2014, the Group's gearing ratio was approximately 25.5% (2013: 56.5%), calculated as the Group's net borrowing divided by shareholders' equity. Net borrowing of HK$1,926.1 million (2013: HK$3,895.3 million) was calculated as total borrowings (i.e. the aggregate of bank borrowings and convertible notes of HK$5,424.8 million (2013: HK$6,051.9 million) less receivables from brokers, pledged bank deposits and bank balances and cash of approximately HK$3,498.7 million (2013: HK$2,156.6 million).

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any significant contingent liabilities.

CAPITAL STRUCTURE

As at 30 June 2014, the Company had 8,766,498,266 shares (the "**Shares**") in issue with total share capital of approximately HK$219.2 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed approximately 290 full time employees. The Group remunerates its Directors and employees by reference to their performance, experience and prevailing industry practice. Employee benefits provided by the Group include provident fund scheme, medical schemes, discretionary performance-related bonuses, share option scheme and share award scheme. For the year ended 30 June 2014, total employees' remuneration, including directors' remuneration, was approximately HK$212.7 million (2013: HK$288.6 million).

ANNUAL GENERAL MEETING

It is proposed that the 2014 Annual General Meeting of the Company will be held on Thursday, 27 November 2014 (the "2014 AGM"). Notice of the 2014 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkex.com.hk) and the Company (www.brightoil.com.hk), and despatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange in due course.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 30 June 2014 (for the year ended 30 June 2013: Nil).

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2014 AGM

For determining the entitlement to attend and vote at the 2014 AGM is scheduled to be held on Thursday, 27 November 2014, the register of members of the Company will be closed from Monday, 24 November 2014 to Thursday, 27 November 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2014 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 November 2014.

CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2014, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "**CG 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 CG Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The positions of both chairman and CEO have been held by Dr. Sit Kwong Lam ("**Dr. Sit**") since 20 June 2008 upon his appointment as an executive Director.

The Company always attempts to comply with the CG Code with its best endeavours. Dr. Yung Pak Keung Bruce ("**Dr. Yung**") was appointed as executive director and CEO on 16 July 2014, while Dr. Sit resigned as CEO on the same date. The Board considers that the appointment of Dr. Yung as CEO will be in line with the requirement of the CG Code, and demonstrate a clear division of the responsibilities between chairman and CEO.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. The Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2014.

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

In addition, no incident of non-compliance of the Policy by senior management and the relevant employees of the Group was noted by the Company for the year ended 30 June 2014.

AUDIT COMMITTEE

As at 30 June 2014, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors namely Mr. Kwong Chan Lam ("**Mr. Kwong**"), Mr. Lau Hon Chuen and Professor Chang Hsin Kang. Mr. Kwong, being a certified public accountant, is the chairman of the Audit Committee.

For the year ended 30 June 2014, the Audit Committee met twice considering the financial reporting matters, assessing changes in accounting policies and practices, discussing major judgmental area and compliance with applicable legal and accounting requirements and standards, discussing with the auditors of the Company on internal control and annual results.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

FINANCIAL INFORMATION

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the related notes thereto for the year ended 30 June 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company, except that the trustee appointed under the Company's share award scheme, pursuant to the terms of the trust deed of the Company's share award scheme, purchased at the Stock Exchange a total of 8,802,000 shares of the Company at a total consideration of approximately HK$20.8 million.

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

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.brightoil.com.hk). The annual report of the Company for the year ended 30 June 2014 containing all the information required by the Listing Rules will be despatched to the Company's Shareholders and published on the above websites in due course.

BOARD COMPOSITION

Mr. Per Wistoft Kristiansen resigned as an executive director of the Company with effect from 3 September 2013. On 3 September 2013, Mr. Justin Sawdon Stewart Murphy was appointed as an executive director of the Company.

Dr. Yung Pak Keung Bruce was appointed as executive director and CEO on 16 July 2014 while Dr. Sit Kwong Lam resigned as CEO on the same date.

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

APPRECIATION

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

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

Hong Kong, 24 September 2014

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Dr. Sit Kwong Lam, Dr. Yung Pak Keung Bruce, Mr. Tang Bo, Mr. Tan Yih Lin and Mr. Justin Sawdon Stewart Murphy; (ii) one non-executive Director, namely Mr. Dai Zhujiang; and (iii) three independent non-executive Directors, namely Mr. Kwong Chan Lam, Mr. Lau Hon Chuen and Professor Chang Hsin Kang.

** For identification purpose only*