

[For Immediate Release]



## **Brightoil Petroleum and Tooltime Holdings Ltd. Enters into a MOU for Acquisition**

**To tap into oil-refining industry, integrates the five core upstream and downstream businesses of the Group**

(28 July 2010 - Hong Kong) **Brightoil Petroleum (Holdings) Limited** (“Brightoil Petroleum” or the “Company”, together with its subsidiaries, the “Group”; stock code: 933.HK), **one of the largest service providers of marine bunkering in China**, announced today that the Group entered into a MOU for share capital acquisition with Tooltime, pursuant to which the Group will acquire the entire shareholding and shareholders’ loan of Access Wealth Holdings Limited (“Access Wealth”) at an aggregate consideration of HK\$1,485 million. 65% of the consideration will be settled by cash and the remaining 35% will be settled by issuing of new shares. The Formal Agreement will be signed upon the completion of due diligence review within two months.

Pursuant to the MOU, Tooltime has undertaken that the net profit after taxation of Access Wealth Group for the period commencing from 1 July 2010 and ending on 30 June 2011 shall not be less than HK\$300,000,000 (the “Guaranteed Profit”). Dr. Sit Kwong Lam, Chairman and CEO of the Group said, “The acquisition of Access Wealth at a consideration of HK\$1,485 million, or equivalent to the Guaranteed Profit at a P/E ratio of 4.95 times, not only ensures stable income contribution to Brightoil Petroleum in the future, but also enables the Group to tap into the oil-refining sector that yields higher margin. This business operation will also integrate with the other four core businesses, which help develop Brightoil Petroleum into a highly integrated global energy conglomerate.”

Golden Sea (Zhenjiang) Petrochemical Limited (“Golden Sea”), a wholly foreign owned enterprise established in China, is a wholly-owned subsidiary and the major asset of Access Wealth. Golden Sea is principally engaged in a number of operations, including the production, processing and sale of Naphtha, sale and wholesale of products ratified under the Operation Licenses for Dangerous Chemicals, operation of petrochemical terminal, cargo loading and unloading, production, processing and sale of asphalt and fuel oil, foreign trade storage for asphalt and fuel oil, as well as the wholesale of modified asphalt, asphalt for construction and asphalt for heavy traffic roads. Golden Sea has obtained all the operating licenses for the manufacturing and sale of petrochemical product in China and is on the set of productivity expansion.

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With the promulgation of the “New 36 Articles” by the State Council, which encourages private enterprise and private capital to invest in the oil and gas sector, Brightoil Petroleum actively responds to the government’s new policy. The Group can take advantage of this favorable national policy to further extend its reach to oil-refining industry, through crude oil and fuel oil importing as well as development of advanced petrochemical processing business. This will expedite the integration of oil-refining operation with the other four core businesses, namely global marine bunkering, oil storage and terminal, marine transportation as well as natural gas development and production, and facilitate the establishment of an integrated value chain of upstream and downstream energy business, so as to create the best synergy effects.

Golden Sea has an annual production capacity of 1.4 million tonnes processed asphalt and other petrochemicals and is now expanding its production facilities. By 2011, its annual production capacity will reach 2.3 million tones. The economic reform of China has triggered the rapid development of road transport and related infrastructure, which enhanced the standard for road and highway construction and renovation, and boosted the demand for quality asphalt. Hence, Golden Sea recorded stable business growth over the past three years. As the leading mid-cap petrochemical manufacturer of asphalt and fuel oil for domestic market, Golden Sea is located at the Yangtze River Delta region with well-developed infrastructure and strong demand for its products. Commenting on the acquisition, Dr. Sit said, “Upon the acquisition, the Group will upgrade its existing equipment, proactively strengthen its production efficiency and install modern production facilities to increase its production and processing capability to 5 million tonnes per year. We are also planning to include certain type of high value-added petrochemical materials rarely produced in China to our product portfolio, such as naphtha, wax oil and propylene. We believe this will further improve our revenue performance and profitability, and become a new growth driver of the Group.”

In addition, Golden Sea has two oil terminals that can accommodate oil tankers with size ranging from 500 DWT to 50,000 DWT, together with a 138,000 m<sup>3</sup> oil depot and the land use right for adjacent land and coastline. Upon the completion of the acquisition, the Group plans to expand the storage of the existing oil depot to 600,000 m<sup>3</sup> and 800,000 m<sup>3</sup>, and to build two additional berths at the terminal, so as to strengthen its profit growth. The oil depot will also become the base of oil supply of the Group at Yangtze River Delta region, with the service scope covering each and every major port along Yangtze River, and provide marine bunkering service to vessels while optimizing the Group’s marine bunkering network in China.

Brightoil Petroleum is constructing a large-scale oil depot terminal at Waidiao Island, Zhoushan City, which can be connected to Golden Sea’s oil depot in Zhenjiang with the Eastern China Oil Pipelines. The Group will then be able to import crude oil and fuel oil through the 300,000 DWT oil terminal in Zhoushan and transmit to the oil depot at Zhenjiang for refining. Dr. Sit continued, “The acquisition of Golden Sea can generate remarkable synergies with its oil-refining business and the Group’s storage and terminal facilities in Zhoushan. On the other hand, as the second largest fuel oil supplier in China in 2009, Brightoil Petroleum can significantly increase the import volume for fuel oil upon completion of the acquisition, so as to reduce procurement cost and increase our bottom line growth.”

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### **About Brightoil Petroleum**

Brightoil Petroleum (Holdings) Limited is mainly engaged in global marine bunkering chain business, oil storage and terminal, marine transportation as well as natural gas development and production. It is one of the largest chain service providers of marine bunkering in China. Currently, the Group is constructing a 2.2 million m<sup>3</sup> oil storage facility and a terminal with fifteen 1,000 to 300,000-DWT class berths on Waidiao Island, Zhoushan City in the Yangtze Delta in phase one. The Group will progressively develop the island by starting phase two of the oil storage facility and the total capacity of both phases will reach 5.5 million m<sup>3</sup>. The Group's construction of a 12 million m<sup>3</sup> oil storage facility and a terminal that could accommodate vessels with capacity of 1,000 to 300,000 DWT, on Changxing Island, Dalian, Bohai Bay is about to begin. Meanwhile, the Group has also acquired two 107,500 DWT oil tankers with a plan to form a large-scale ocean-going oil tanker fleet progressively for supporting its marine bunkering business and oil trading business. On the other hand, the Group has also expanded into upstream business. The Group has successfully teamed up with China National Petroleum Corporation for the natural gas development and production in the Tuzi Block, Tarim Basin in Xinjiang Province. The project has a geological reserve of natural gas in place of approximately 22.1 billion m<sup>3</sup> and is planned to have its first production in the second half of 2011. Along with the increasing trend of the price of oil and natural gas resources in China, it is expected that the value of the Tuzi project will continue to escalate. In the future, the Group will strive to develop the upstream business by stretching its tentacles in the exploitation, production and sale of oil fields with a view to becoming a highly integrated global energy conglomerate.

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