

Another Chinese private oil giant faces liquidation if court approves winding-up petition

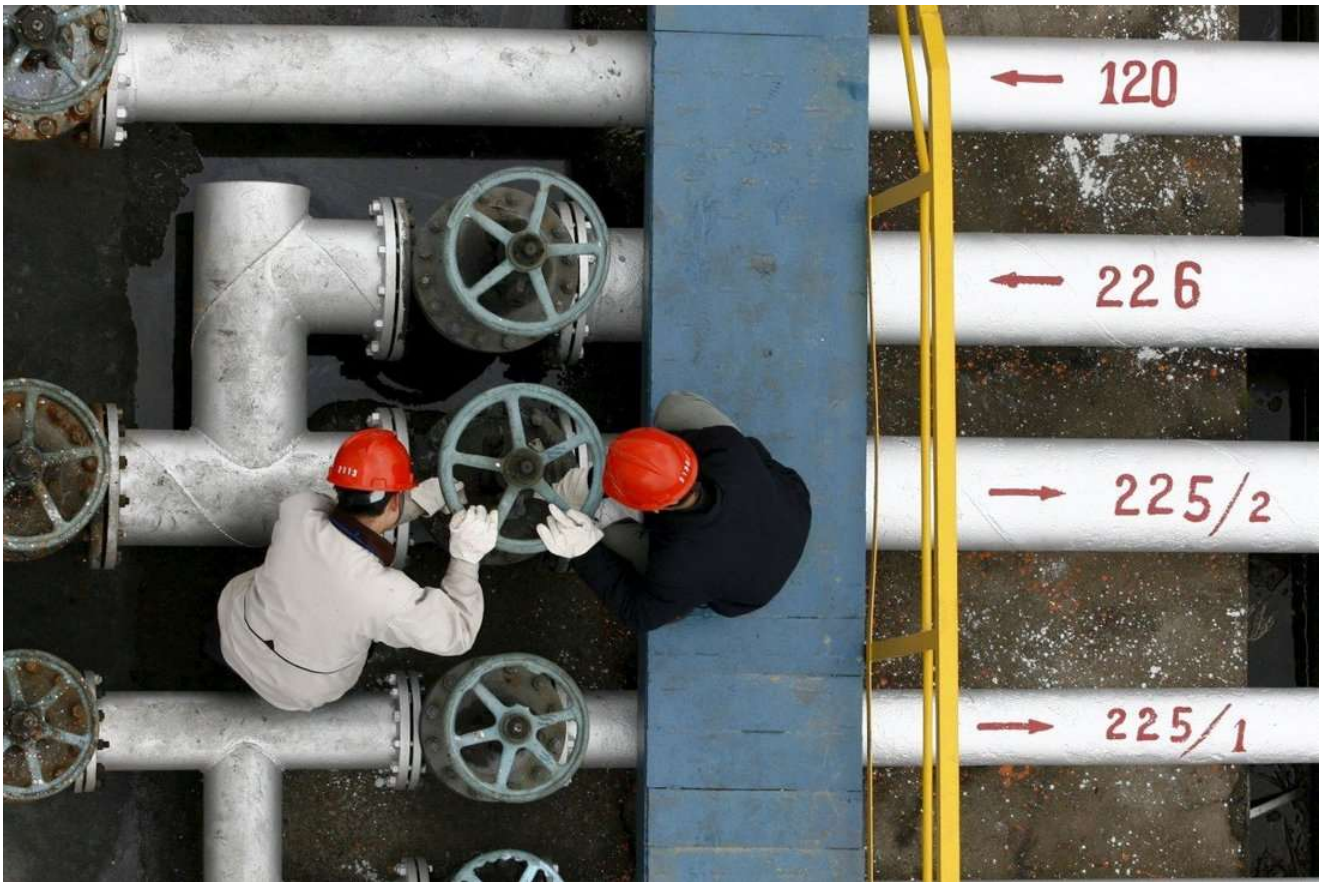
- Court hearing will be held on March 6 to review petition filed against Brightoil
- The company's financial health has been shaky since 2016



Xie Yu

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Brightoil Petroleum was forced to sell a stake in Tencent-backed WeBank to repay a loan owed to China's Ping An Bank. Photo: Reuters

Another mainland Chinese private oil giant has run into financial trouble.

Brightoil Petroleum, an oil trader turned energy operator, is facing a winding-up petition for its Hong Kong-listed entity, a court filing shows.

This is the latest development in the company's worsening financial health after it delayed the release of its 2016

financial results – resulting in its shares being suspended from trading on October 3. The company has yet to say when it will release financial statements for 2016 and 2017.

If a winding-up petition is approved by court, all the company's assets will be sold off and converted into cash in order to repay its debts. A creditor, a shareholder or the firm itself can file a winding-up petition against the company, according to local rules.

A court hearing will be held on March 6, after the petition was submitted by Broad Action, a company whose relationship with Brightoil remains unclear.

Brightoil has not put up a filing about the petition to the Hong Kong stock exchange, even though local rules require immediate disclosure, according to lawyers.

The company built its business in trading and bunkering crude oil, diesel and petrochemicals.

In 2014, it acquired the China unit of Anadarko Petroleum, a US company, for US\$1.08 billion, as it expanded into the upstream segment.

The acquisition, according to a report in the mainland Chinese financial magazine *Caixin*, included a 40 per cent stake in an oilfield in north China called Caofeidian.

But the company ran into financial difficulties in mid-2017 when it was about to invest further in the oilfield.

CNOOC, a Chinese state-owned oil giant, owns 51 per cent of the oilfield. To ensure Caofeidian's smooth development, CNOOC had provided Brightoil with US\$700 million in capital, according to a filing by Brightoil to the Hong Kong bourse on December 28.



State-owned CNOOC also owns a 51 per cent stake in Caofeidian oilfield that Brightfield has an interest in.
Photo: AFP

Its total debt, however, is unknown.

Brightoil's plight is reminiscent of the fall of CEFC China Energy. The oil trader turned financier has gone on a frenetic global shopping spree in the past few years, snapping up assets from football clubs in the Czech Republic to overseas oilfields in Abu Dhabi.

However, the group has been struggling with mounting debts since 2017, and things took a turn for the worse after its chairman Ye Jianming went missing in March of that year.

CEFC's biggest creditor, China Development Bank, was leading the group's asset disposal efforts, sources said.

"Brightoil shares the biggest creditor with CEFC. What happened in the past year just reminded people that the private oil companies in China are running into difficult situations," said a banker familiar with the matter.

For the quarter ended September 30, the daily oil production of Caofeidian oilfield – which is just 20 per cent utilised – was 28,000 barrels.

Brightoil's daily natural gas production from two gas fields in west China's Xinjiang region totalled 109.47 million cubic feet, according to a quarterly filing to the Hong Kong stock exchange.