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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, or registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in **Pearl Oriental Oil Limited** (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



東方明珠石油有限公司*
Pearl Oriental Oil Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

(1) PROPOSED CHANGE OF COMPANY NAME
(2) ADOPTION OF SHARE OPTION SCHEME
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

Unless the context otherwise requires, capitalised terms used on this cover page shall have the same meanings as defined in this circular.

A notice convening the SGM to be held at Suites 1905-07, 19th Floor, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong on Thursday, 12 December 2019 at 11:00 a. m. is set out in this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.pearloriental.com).

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish and in such event, the form of proxy shall be deemed to be revoked.

20 November 2019

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Adoption Date”	the date on which the shareholders of the Company approved the adoption of Share Option Scheme in accordance with the resolutions of the Shareholders at the SGM
“associates”	has the same meaning ascribed thereto in the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Director(s)
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Change of Company Name”	the proposed change of the name of the Company from “Pearl Oriental Oil Limited” to “CHK Oil Limited” together with the adoption of a new Chinese name of “中港石油有限公司” for identification purpose only, to replace the existing name in Chinese of the Company, namely “東方明珠石油有限公司” which has been used for identification purposes only
“close associate(s)”	has the meaning ascribed to it in the Listing Rules
“Company”	Pearl Oriental Oil Limited (stock code: 632), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	The director(s) of the Company
“Director(s)”	the director(s) of the Company
“Eligible Person”	at the time when an Option is granted, any person who is:– (i) any full-time employee, Director, chief executives or part-time employee of the Group; or (ii) any substantial shareholder of any member of the Group or any holder of any securities issued or proposed to be issued by any member of the Group, who on its own or in aggregate holding or will be holding (as a result of the proposed issue, if applicable) 10% or more of the shares or securities in the respective member of the Group;

DEFINITIONS

	(iii) any adviser or, consultant, distributors, suppliers, agents, customers, joint venture partners, service provider to the Group who the Board of Directors considers, in its sole discretion, has contributed or will contribute to the Group.
“Grantee”	a person holding an Option being an Eligible Person who accepts the offer of the grant of an Option in accordance with the Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the same meaning ascribed thereto in the Listing Rules
“Latest Practicable Date”	15 November 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means the Main Board operated by the Stock Exchange
“Notice of the SGM”	the notice convening the SGM as set out on pages 18 and 19 of this circular
“Offer Date”	the date on which an Option is granted to an Eligible Person by the Company
“Option”	an option to subscribe for Shares granted pursuant to this Share Option Scheme
“Option Period”	in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not exceed ten (10) years from the Offer Date and the Board may impose restrictions on the exercise of an Option during the period an Option may be exercised
“SGM”	the special general meeting of the Company to be convened to approve the proposed Change of Company Name and the proposed adoption of Share Option Scheme
“Share Option Scheme”	means this share option scheme in its present or any amended form

DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.20 each in the issued share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, re-classification, re-construction of such shares or reduction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as modified from time to time) of the Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
“%”	per cent

LETTER FROM THE BOARD



東方明珠石油有限公司*

Pearl Oriental Oil Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

Executive directors:

Ms. Liu Gui Feng
Mr. Chen Bin
Mr. Lin Qing Yu
Ms. Chen Junyan
Mr. Yu Jiyuan
Mr. Yun Guangrui

Independent non-executive directors:

Mr. Cao Wei
Mr. Xu Guoqiang
Ms. Zhong Bifeng
Mr. Li Songtao

Registered office:

Clarendon House 2
Church Street
Hamilton HM11
Bermuda

*Head office and principal place of
business in Hong Kong:*

Suites 1905-07, 19th Floor
Tower 6, The Gateway
Harbour City
Kowloon
Hong Kong

20 November 2019

To the Shareholders

Dear Sirs,

(1) PROPOSED CHANGE OF COMPANY NAME

(2) ADOPTION OF SHARE OPTION SCHEME

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 October 2019.

The purpose of this circular is to provide you with further details of the proposed Change of Company Name, the proposed adoption of Share Option Scheme, Notice of the SGM and information in respect of the ordinary resolution and special resolution to be proposed at the SGM to be held on Thursday, 12 December 2019 at 11:00 a. m. at Suites 1905-07, 19th Floor, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong for the approval of the proposed Change of Company Name and the proposed adoption of Share Option Scheme.

* For identification purpose only

LETTER FROM THE BOARD

2. PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the Company name from “Pearl Oriental Oil Limited” to “CHK Oil Limited”, and the adoption of a new Chinese name of “中港石油有限公司” for identification purpose only to replace the existing name in Chinese of the Company, namely “東方明珠石油有限公司” which has been used for identification purposes only.

Conditions of the Proposed Change of Company Name

The Change of Company Name will be subject to the following conditions:

1. the passing of a special resolution by the Shareholders approving the Change of Company Name at a SGM; and
2. the approval by the Registrar of Companies in Bermuda for the Change of Company Name.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date of the certificate of incorporation on change of company name to be issued by the Registrar of Companies in Bermuda in respect of the Change of Company Name. The Company will carry out all necessary filing procedures with the Companies Registry in Hong Kong upon the Change of Company Name becoming effective.

Reasons for the Proposed Change of Company Name

Reference is made to the announcement of the Company on 8 July 2019 in relation to the completion of the subscription of Shares by Xin Hua Petroleum (Hong Kong) Limited which led to change in control of the Company. The Company intends to continue the operation of its existing business. The Board considers that the Change of Company Name will provide the Company with a new corporate image which will benefit the future business development of the Group. Therefore, the Board considers that the proposed Change of Company Name is in the best interests of the Company and the Shareholders as a whole.

Effects of the Change of Company Name

The Change of Company Name will not affect any of the rights of the existing Shareholders. Once the Change of Company Name becomes effective, any issue of share certificates of the Company thereafter will be in the new name of the Company and the shares of the Company will be traded on the Stock Exchange in the new name of the Company. All existing share certificates of the Company in issue bearing the current name of the Company will, after the Change of Company Name becoming effective, continue to be evidence of title to the shares of the Company and will continue to be valid for trading, settlement, registration and delivery purposes for the same number of shares in the new name of the Company.

There will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates bearing the new name of the Company.

LETTER FROM THE BOARD

The Company will make further announcement(s) on the effective dates of the Change of Company Name and the new stock short name of the Company under which the shares of the Company will be traded on the Stock Exchange.

3. ADOPTION OF SHARE OPTION SCHEME

On 28 October 2019, the Board has resolved to propose the adoption of a Share Option Scheme for the approval by the Shareholders.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions to those who had made, may have made or will make contributions to the Group. The Share Option Scheme will provide those who are eligible an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate them to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with those whose contributions are or will be beneficial to the long-term growth of the Group.

The Share Option Scheme will constitute a share option scheme under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, the number of shares in issue was 612,275,987. On the basis of such figure (assuming no further Shares are issued between the period from the date of this circular and the date of the adoption of the Share Option Scheme), the number of Shares that may be issued upon exercise of all Options which may be granted under the Share Option Scheme and to be granted under any other share option schemes will be 61,227,598 Shares, being 10 per cent of the issued ordinary share capital of the Company as at the date of this circular.

Conditions precedents of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution for the adoption of Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options under the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options under the Share Option Scheme.

Value of the Options

Pursuant to the Listing Rules, the Directors are encouraged to state the value of all Options that can be granted under the Share Option Scheme as if they had been granted on the Latest Practicable Date in this circular.

LETTER FROM THE BOARD

The Directors consider that it is not appropriate to state the value of all Options that can be granted under the Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value the Options have not been determined. Such variables include but are not limited to the exercise price, exercise period, any lock up period, any performance targets set and other variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Principal terms of the Share Option Scheme

A summary of the terms and conditions of the Share Option Scheme is set out in Appendix to this circular.

The Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an Option. The basis for determination of the exercise price is also specified in the rules of the Share Option Scheme. The Board believes that this will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help facilitate the achievement of the purpose of the Share Option Scheme, which is to provide incentives and rewards to the Eligible Persons for their contribution to the Group.

The Company may however obtain approval from its Shareholders to refresh the said ten (10) per cent limit in accordance with the Listing Rules, provided that the maximum number of Shares to be issued upon exercise of all outstanding Options under the Share Option Scheme and any other share option schemes must not exceed 30 per cent of the issued ordinary share capital of the Company from time to time.

Copy of the Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to and including the date of the SGM and at the SGM.

Eligible Persons under the Share Option Scheme

The Share Option Scheme intends to cover Eligible Persons including (i) any full-time employee, Director, chief executives or part-time employee of the Group; (ii) any substantial shareholder of any member of the Group or any holder of any securities issued or proposed to be issued by any member of the Group, who on its own or in aggregate holding or will be holding (as a result of the proposed issue, if applicable) 10% or more of the shares or securities in the respective member of the Group; or (iii) any adviser or, consultant, distributors, suppliers, agents, customers, joint venture partners, service provider to the Group who the Board of Directors considers, in its sole discretion, has contributed or will contribute to the Group.

LETTER FROM THE BOARD

The Company considers that it is necessary to ensure the scope of participants under the Share Option Scheme is wide enough to cover those individuals and entities, which are able to contribute to the Group but fall outside the traditional employer-and-employee relationship, and allow the Company to have flexibility to incentivise and reward to these parties as the Company considers commercially appropriate.

In the event that any of the shareholders of any member of the Group is able contribute to the Group by being a long-term strategic investor or partner of the Group or by introducing potential business opportunities to the Group, the Share Option Scheme could align the interest of the Group and these external parties and incentivises the participation and involvement in promoting the business of the Group.

The Group's operations from time to time rely heavily on a number of external advisers, consultants, distributors, suppliers, agents, customers, joint venture partners, service providers to the Group. The Share Option Scheme could reward them for their contribution to the Group and their loyalty in having a sustainable business relationship with the Group.

The Board will consider the merits of each grant on a case-by-case basis and the scope of Eligible Persons as set out in the Share Option Scheme allows the flexibility for the Board to exercise their discretion in case these individuals or entities made or will make significant contributions to or have an important role in the growth of the Group as a whole.

Based on the above, the Board considers that the inclusion of these persons other than the employees and directors of the Group is appropriate and in the interest of the Company and the Shareholders as a whole.

Previous share option scheme adopted on 15 July 2009 (the "Previous Share Option Scheme")

The scheme period of the Previous Share Option Scheme expired on 14 July 2019. The Company therefore would not be able to grant any new options under the Previous Share Option Scheme.

The exercise period of all options granted under the Previous Share Option Scheme also expired on 14 July 2019. As at the Latest Practicable Date, the Company does not have any outstanding options under the Previous Share Option Schemes and therefore the total number of outstanding options and the number of options to be granted under the Share Option Scheme would not exceed 30% of the Company's issued share capital from time to time.

The operative terms and conditions of the Share Option Scheme are substantially the same as those of the Previous Share Option Scheme save for certain updates that are necessary as required under the Listing Rules and other minor tidy-up amendments.

LETTER FROM THE BOARD

4. SGM

The SGM will be held at Suites 1905-07, 19th Floor, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong on Thursday, 12 December 2019 at 11:00 a. m. The Notice of the SGM is set out on pages 18 and 19 of this circular. At the SGM, the special resolution will be proposed to approve the Change of Company Name and the ordinary resolution will be proposed to approve the adoption of Share Option Scheme.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any direct or indirect material interest in the Change of Company Name and the adoption of Share Option Scheme and accordingly, no Shareholders are required to abstain from voting on the special resolution and the ordinary resolution to be proposed at the SGM.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.pearloriental.com). Whether or not you are able to attend and vote at the SGM, you are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, together with the power of attorney or other authority, if any, under which it is signed or certified copy of such power or authority, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof (as the case maybe) should you so wish and in such event, the proxy form shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of Listing Rules, the Change of Company Name and the adoption of the Share Option Scheme will be voted on by way of poll by the Shareholders at the SGM. An announcement on the poll results will be published after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

5. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

6. RECOMMENDATION

The Board considers that the Change of Company Name and the adoption of Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Change of Company Name and the adoption of Share Option Scheme.

LETTER FROM THE BOARD

Your attention is drawn to the information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Pearl Oriental Oil Limited
Liu Gui Feng
Chairlady and Executive Director

Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Unless otherwise stated, terms used in this appendix shall bear the same meanings as those defined in this circular.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme to be adopted at the SGM:

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions to those who had made, may have made or will make contributions to the Group. The Share Option Scheme will provide those who are eligible an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate them to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with those whose contributions are or will be beneficial to the long-term growth of the Group.

2. Duration of the Share Option Scheme

Subject to paragraph 18, the Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls ten (10) years after the Adoption Date, after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue.

3. Who may join

Eligible Persons include (i) any full-time employee, Director, chief executives or part-time employee of the Group; (ii) any substantial shareholder of any member of the Group or any holder of any securities issued or proposed to be issued by any member of the Group, who on its own or in aggregate holding or will be holding (as a result of the proposed issue, if applicable) 10% or more of the shares or securities in the respective member of the Group; or (iii) any adviser or, consultant, distributors, suppliers, agents, customers, joint venture partners, service provider to the Group who the Board of Directors considers, in its sole discretion, has contributed or will contribute to the Group.

4. Grant of option

An offer shall be made to an Eligible Person by letter in such form as the Board may from time to time determine requiring the Eligible Person to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. The Share Option Scheme shall

remain open for acceptance by the Eligible Person concerned for not more than twenty-one (21) days from (and including) the Offer Date. A grant of Option may not be accepted unless the Grantee remains an Eligible Person on acceptance.

No grant of Options shall be made by the Board after inside information has come to its knowledge until it has announced the information. In particular, it may not grant any option during the period commencing one month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approval of the Company's result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish its results for result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, no Option may be granted during any period of delay in publishing a results announcement.

5. Payment on acceptance of an Offer

Upon acceptance of the offer, the Eligible Person shall pay HK\$1.00 as consideration together with a remittance for the grant thereof.

6. Subscription Price

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion but in any event shall be at least the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Day immediately preceding the Offer Date.

7. Exercise of Options

Subject to paragraph 13, an Option may be exercised in whole or in part at any time during a period as the Board may determine which will not be more than 10 years from the date of grant of the Option. The exercise of Options by a Grantee is not tied to any performance target requirements. When an Option is exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole Option and a new Option certificate shall be issued accordingly by the Company as soon as reasonably practicable after such partial exercise.

8. Transferability of Options

Except for a transfer to an offeror pursuant to an offer made in accordance with the Takeovers Code, an Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or attempt to do so.

9. Rights attaching to the Option

The Options do not carry any right to vote at general meetings of the Company, or any dividend, transfer or other rights (including those arising on the winding-up of the Company).

10. Rights attaching to the underlying Shares

The Shares which are allotted and issued upon the exercise of an Option shall rank pari passu in all respects with, and shall have the same voting, dividend, transfer and other rights (including those rights arising on a winding-up of the Company) as, the fully paid Shares in issue on the date on which those Shares are allotted and issued upon the exercise of the Option and, without prejudice to the generality of the foregoing, shall entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date on which the Shares are allotted and issued, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Shares are allotted and issued.

11. Rights on general offer

In the event of a general offer (other than by way of scheme of arrangement referred to below) being made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Grantee (or his legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 1 month after the date on which the offer becomes or is declared unconditional.

12. Rights on a compromise or arrangement

In the event of a compromise or scheme of arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and the Grantees (or, as the case may be, his or her legal personal representatives) may by notice in writing to the Company accompanied by the remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot

and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. Upon the compromise or arrangement becoming effective, all outstanding Options shall lapse except insofar as exercised.

Subject to paragraph 13, in the event that a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company when the Company is solvent, the Company shall on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all Grantees (together with a notice of the existence of this provision). Thereupon each Grantee (or where permitted his legal personal representatives) shall be entitled to exercise all or any of his outstanding Options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid.

13. Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of the following events:

- (i) the expiry of the Option Period;
- (ii) the first anniversary of the death of the Grantee;
- (iii) the date on which the Group terminates the Grantee's employment or removes the grantee who has been guilty of serious misconduct from his or her office on the ground that the Grantee commits an act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of such Grantee has or has not been terminated on one or more of the grounds specified in this sub-clause shall be conclusive and binding on the Grantee;
- (iv) the expiry of a period of three months from the date of the Grantee ceasing to be an Eligible Person by reason of:
 - (a) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this clause, at a younger age;
 - (b) ill health or disability recognised as such expressed by the Board in writing for the purpose of this paragraph;
 - (c) the company by which he or she is employed and/or of which he or she is a director (if not the Company) ceasing to be a Subsidiary;

- (d) the expiry of his or her employment contract or the vacation of his or her office with the Company or a Subsidiary and such contract is not immediately extended or renewed; or
- (e) at the discretion of the Board, any reason other than death or the reasons described in paragraph 13(iii) or 13(iv)(a) to 13(iv)(d).
- (v) the expiry of any period referred to in paragraph 11 or 12, provided that:
 - (a) the offeror who acquires all or part of the issued Shares, or all or part of the issued Shares other than those held by the offeror and any persons acting in concert with the offeror (as defined in the Takeovers Code), may exercise any Options tendered in acceptance of its offer within 21 days after the date on which the offer becomes or is declared unconditional; or
 - (b) all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; or
- (vi) the date the Grantee commits any breach of the provision of paragraph 8.

14. Maximum number of Shares available for subscription

The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group must not exceed 30% of the Shares in issue from time to time (“**Scheme Limit**”).

The total number of Shares available for issue under Options which may be granted under the Scheme and any other schemes must not in aggregate exceed 10% of the Shares in issue as at the Adoption Date (“**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained. Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

On the basis of 612,275,987 Shares in issue as at the date hereof, the Scheme Mandate Limit will be 61,227,598 Shares available for issue under Options which may be granted under the Share Option Scheme.

The Scheme Mandate Limit may be refreshed at any time subject to Shareholders’ approval in general meeting. However, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other schemes of the Company under the Scheme Mandate Limited as “refreshed” must not exceed 10% of the Shares in issue as at the date of approval of the refreshment of the limit. Options previously granted under the Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”. A circular for the purpose of seeking Shareholders’ approval on the renewal of the Scheme Mandate Limit containing information required under the Listing Rules must be sent to the Shareholders.

Unless otherwise approved by shareholders in accordance with the Listing Rules, the total number of Shares issued and to be issued upon exercise of the Options granted to each prospective Grantee or Grantee, as the case may be, (including both exercised and outstanding Options) in any 12-month period not exceed 1% of the Shares in issue (the “**1% Limit**”). Where any further grant of Options to a prospective Grantee or a Grantee, as the case may be, would result in the Shares issued or to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-months period up to and including the date of such further grant representing in aggregate over this 1% Limit, such further grant must be separately approved by the shareholders of the Company in general meeting with such prospective Grantee or such Grantee and his close associates (or his associates if the prospective Grantee or Grantee, as the case may be, is a connected person) abstaining from voting. The Company must send a circular to the shareholders and the circular must disclose the identity of the relevant prospective Grantee and/or Grantee(s), the number and the terms of the Options to be granted (and Options previously granted to such prospective Grantee or Grantee). The number and terms (including the Subscription Price) of the Options to be granted to such prospective Grantee or Grantee must be fixed before Shareholders’ approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price of the Shares.

The Company may also seek separate Shareholders’ approval in general meeting for granting Options beyond the Scheme Mandate Limit provided the options in excess of the Scheme Mandate Limit are granted only to the prospective Grantee or the Grantee, as the case may be, specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the identified specified prospective Grantee(s) and/or Grantee(s) who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified prospective Grantee(s) and/or Grantee(s) with an explanation as to how the terms of such Options serve the intended purpose and such other information as the Shareholders’ consider applicable and required under the Listing Rules.

15. Changes in share capital of the Company

If there is any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party) or otherwise, such corresponding alterations (if any) shall be made in:

- (i) the number of Shares (without fractional entitlements) subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price.

Any alternations made must give the Grantee the same proportion of issued share capital of the Company to which the relevant Grantee is entitled after such alternation. No such alteration shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any Option in full being increased.

Except alterations made on a capitalisation issue, any alteration to the number of Shares subject to the Option, the Subscription Price and/or the method of exercise of the Option shall be conditional on the Auditors confirming in writing to the Board that the alteration made is on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. The capacity of the Auditors in this paragraph is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees in the absence of manifest error. The costs of the Auditors in so certifying shall be borne by the Company.

16. Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme relating to Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Eligible Persons, the Grantee or prospective Grantee provided that the prior approval of the Shareholders in general meeting has been obtained. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Notwithstanding the foregoing, no modification of or amendment to the Share Option Scheme made by the Board shall be effective prior to approval by the Shareholders to the extent Shareholders' approval is otherwise required by applicable legal requirements.

The amended terms of the Share Option Scheme shall continue to comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the shareholders of the Company in general meeting.

17. Grant of Options to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of the Company, or any of their associates, under this Share Option Scheme, the proposed grant must obtain prior from the independent non-executive Directors of the Company (excluding the independent non-executive Director of the Company who is the Grantee of the relevant Options).

If a grant of Options to a Substantial Shareholder of the Company or an independent non-executive Director of the Company or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including exercised, cancelled and outstanding Options) to such person in the 12-month period up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, then such further grant of Option must be subject to approval by shareholders of the Company. The Company will send a circular to

the shareholders containing the information required under the applicable Listing Rules. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. In such case, the Subscription Price shall be fixed before the shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price.

For the avoidance of doubt, the requirements for granting of Options to a director, or chief executive of the Company set out above do not apply where the Eligible Person is only a proposed director or chief executive of the Company.

18. Termination

The Company may at any time by ordinary resolution in general meeting terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall, subject to the paragraph below, remain in all other respects in full force and effect of any Options granted prior thereto but not yet exercised at the time of termination.

Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue within one month after the termination of the operation of the Share Option Scheme.

19. Cancellation

Any cancellation of Options granted but not exercised must be approved by the Shareholders in general meeting, with the Grantee and their associates abstaining from voting. Any vote taken at such general meeting to approve such cancellation must be taken by poll. Details of the Options granted, including Options exercised or outstanding, under the Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the first new scheme to be established after such termination.

Notwithstanding the above, new Options may be granted to the Grantee in substitution of his or her cancelled Options subject to the availability of the unissued Options within the Scheme Mandate Limit (excluding the cancelled Options).

20. Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the passing of an ordinary resolution to adopt the Share Option Scheme by the Shareholders of the Company at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the Shares which may be issued pursuant to the exercise of the Options to be granted under the Share Option Scheme.

NOTICE OF THE SGM



東方明珠石油有限公司*

Pearl Oriental Oil Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (“SGM”) of Pearl Oriental Oil Limited (the “**Company**”) will be held at Suites 1905-07, 19th Floor, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong on Thursday, 12 December 2019 at 11:00 a. m. for the purpose of considering and, if thought fit, passing, the following resolutions of the Company:–

SPECIAL RESOLUTION

1. “**THAT** (a) subject to and conditional upon the approval of the Registrar of Companies in Bermuda being obtained, the change of the English name of the Company from “Pearl Oriental Oil Limited” to “CHK Oil Limited”, and the adoption of a new Chinese name of “中港石油有限公司” for identification purpose only to replace the name in Chinese of the Company, namely “東方明珠石油有限公司” which has been used for identification purposes only be approved with effect from the date on which the Registrar of Companies in Bermuda enters the new English name of the Company (the “**Change of Company Name**”); and (b) any one director of the Company be and is hereby authorised to do all such acts and things and to sign and execute all documents, including under seal where applicable, as he/she may in his/her absolute discretion, deem fit in order to effect and implement the Change of Company Name, and that any matters that have been done on or before the passing of this resolution in connection with the Change of Company Name be and are hereby ratified, confirmed and approved.”

ORDINARY RESOLUTION

2. “**THAT** conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the shares of the Company (the “**Share(s)**”) falling to be issued and allotted pursuant to the share option scheme (the “**Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the Share Option Scheme be and is hereby approved and adopted and the Directors be and are hereby authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their

* For identification purpose only

NOTICE OF THE SGM

absolute discretion to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the Share Option Scheme.”

Yours faithfully,
For and on behalf of the Board
Pearl Oriental Oil Limited
Liu Gui Feng
Chairlady and Executive Director

Hong Kong, 20 November 2019

Head office and principal place of business in Hong Kong:

Suites 1905-07, 19th Floor
Tower 6, The Gateway
Harbour City
Kowloon
Hong Kong

Notes:

1. All resolutions at the SGM (except for procedural and administrative matters) will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. A form of proxy for use at the SGM is enclosed. To be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish and in such event, the form of proxy shall be deemed to be revoked.
4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. To ascertain the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 9 December 2019 to Thursday, 12 December 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the above meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p. m. on Friday, 6 December 2019.