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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Pearl Oriental Oil Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

(formerly known as Pearl Oriental Innovation Limited)

(Incorporated in Bermuda with limited liability)

(Stock code: 632)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**  
**RE-ELECTION OF DIRECTORS**  
**PROPOSED AMENDMENTS TO THE BYE-LAWS**  
**ADOPTION OF NEW BYE-LAWS**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Pearl Oriental Oil Limited to be held at Suite 1908, 19/F, 9 Queen's Road Central, Hong Kong on Tuesday, 22 May 2012, at 4:00 p.m. is set out in this circular. A form of proxy for use at the annual general meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the annual general meeting or any adjourned meeting if you so wish.

18 April 2012

\* For identification purpose only

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## DEFINITIONS

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“AGM”	the annual general meeting of the Company to be convened on Tuesday, 22 May 2012, at 4:00 p.m. at Suite 1908, 19/F, 9 Queen’s Road Central, Hong Kong
“Associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	board of Directors
“Bye-laws”	the Bye-laws adopted by the Company, and as amended from time to time by resolution of the Shareholders of the Company
“Chairman”	chairman of the Board
“Company”	Pearl Oriental Oil Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK Dollar(s)” or “HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 April 2012, 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
“PRC”	the People’s Republic of China
“Repurchase Mandate”	the proposed repurchase mandate be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the resolution for approving the repurchase mandate
“Share Issue Mandate”	the proposed issue mandate to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution for approving the share issue mandate

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.10 in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## LETTER FROM THE BOARD

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

(formerly known as Pearl Oriental Innovation Limited)

(Incorporated in Bermuda with limited liability)

(Stock code: 632)

*Executive directors:*

Wong Yuk Kwan (alias: Wong Kwan)

Lew Mon Hung

Cheung Kwok Yu

*Non-executive directors:*

Baiseitov Bakhytbek

Chen Ping

*Independent non-executive directors:*

Wang Tong Sai

Yu Jianmeng

Lam Ka Wai, Graham

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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

Suite 1908, 19th Floor

9 Queen's Road Central

Hong Kong

18 April 2012

*To the Shareholders*

Dear Sirs,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
PROPOSED AMENDMENTS TO THE BYE-LAWS  
ADOPTION OF NEW BYE-LAWS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the ordinary resolutions to be proposed at the AGM for the approval of (a) the Share Issue Mandate; (b) the Repurchase Mandate; (c) the extension of the Share Issue Mandate; and (d) the re-elections of Directors and in respect of the special resolutions to be proposed at the AGM for the approval of (e) the amendments to the Bye-laws; and (f) the adoption of a new set of Bye-laws consolidating all of the proposed amendments referred to in the notice of AGM and all previous amendments made pursuant to resolutions passed by the Shareholders of the Company at general meetings (the "New

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## LETTER FROM THE BOARD

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Bye-laws”). This circular contains the explanatory statement and gives all the information reasonably necessary to enable the Shareholders to make informed decisions on whether to vote for or against the resolutions to be proposed at the AGM.

A notice convening the AGM is set out on pages 15 to 22 to this circular.

### **GENERAL MANDATE TO ISSUE SHARES**

An ordinary resolution will be proposed at the AGM to grant the Directors a general and unconditional mandate to allot, issue and deal with Shares of HK\$0.10 each in the Company with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of such resolution. The Share Issue Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under the Bye-laws or any applicable laws of the Bermuda or the Listing Rules; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **GENERAL MANDATE TO REPURCHASE SHARES**

An ordinary resolution will be proposed at the AGM to grant the Directors a general and unconditional mandate to repurchase Shares subject to the maximum number of Shares of up to 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution (i.e. 340,826,275 Shares assuming that no Shares will be issued or repurchased by the Company prior to the date of the AGM). The Repurchase Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under the Bye-laws or any applicable laws of the Bermuda or the Listing Rules; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **EXTEND GENERAL MANDATE TO ISSUE SHARES**

Subject to and conditional on the passing of the resolutions to grant the Share Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Share Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandates of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company in issue on the date of passing the resolution for approving the Share Issue Mandate.

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution in relation to the Repurchase Mandate.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

As at the date of this circular, the executive Directors are Messrs. Wong Kwan, Lew Mon Hung, and Cheung Kwok Yu; non-executive Directors are Messrs. Baiseitov Bakhytbek and Chen Ping; and the independent non-executive Directors are Messrs. Wang Tong Sai, Yu Jianmeng and Lam Ka Wai, Graham.

Pursuant to Bye-law 86, a Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Bye-law 87, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that, the Chairman and/or the managing director of the Company (whilst holding such office) and Directors appointed pursuant to Bye-law 86(2) shall not, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.

Accordingly, Messrs. Lew Mon Hung, Chen Ping, Wang Tong Sai, Yu Jianmeng and Lam Ka Wai, Graham will retire at the AGM, who being eligible, offer themselves for re-election at the forthcoming AGM. All other remaining directors continue in office.

The biographical details of all the retiring Directors are as follows:

**Dr. Lew Mon Hung** (“Dr. Lew”), aged 63, is a renowned figure in political and economical sectors in China and Hong Kong. Dr. Lew is currently a committee member of the National committee of the Chinese People’s Political Consultative Conference and a member of the Executive Committee Commission on Strategic Development of HKSAR, Chairman of Smart Strategy Limited. The popular publication of Dr. Lew are 《期貨決勝一百零八篇 “Winning Futures 108 Chapters”》 and 《指點江山 “National Commentary”》.

Dr. Lew has more than 30 years of experience in financial investment and corporate management; and has remarkable results in corporate finance, mergers and acquisitions. For the past 10 years, Dr. Lew had successfully arranged fund raisings of over HK\$10 billion for a few Hong Kong listed companies which has established good foundations for the continuous development of those listed companies.

There is no service contract entered into between the Company and Dr. Lew. No term has been fixed or proposed for his length of service with the Company. According to the bye-laws of the Company, Dr. Lew shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. His emoluments will be determined by the Board with reference to his services to the Company. As at the Latest Practicable Date, Dr. Lew was interested in 182,872,000 Shares and 9,600,000 underlying Shares in respect of share options of the Company granted to him within the meaning of Part XV of the SFO.

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## LETTER FROM THE BOARD

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Save as disclosed above as at the Latest Practicable Date,

- (i) Dr. Lew does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Dr. Lew does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO; and
- (iii) There is no information required to be disclosed in relation to Dr. Lew pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

**Mr. Chen Ping** (“Mr. Chen”), aged 57, is a famous entrepreneur and scholar and currently Chairman of Sun Television Cybernetworks Enterprise Limited (陽光文化網絡電視企業有限公司) which owns SUNTV (陽光衛視). He is an influential person in the Mainland China and international media industry. Mr. Chen has founded and as a Chairman of Tide Time Group Limited (泰德時代集團有限公司) which produced advanced electronics and high-technology products, and has successfully developed various business activities in Europe, U.S.A. and Russia, etc.

Mr. Chen has been the analyst for various governmental think tanks including Institute of Research for Chinese Enterprises Development (中國企業發展研究所) and Shanghai Centre for Economic & Social Strategic Studies (上海科技經濟社會戰略研究中心) in 1980s and contributed a lot to the reform of China.

Mr. Chen’s appointment is for a period of two years commencing from 21 June 2011. Mr. Chen will be entitled to a director’s fee HK\$240,000 per annum and granted 5,000,000 share option of the Company which is determined by reference to his duties and responsibilities to the Company. He will also be entitled to a discretionary year-end-bonus. An option to acquire 5,000,000 shares in the Company was granted to Mr. Chen on 21 June 2011 under the Company’s share option scheme adopted on 15 July 2009.

Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Chen does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Chen did not hold other directorship in any public listed companies in the last 3 years prior to the issue of this circular;
- (iii) Mr. Chen does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO; and
- (iv) There is no information required to be disclosed in relation to Mr. Chen pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.



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## LETTER FROM THE BOARD

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**Mr. Wang Tong Sai** (“Mr. Wang”), aged 62, has over 36 years extensive administrative and management experience in international banking sector. He joined Hong Kong and Shanghai Banking Corporation Limited (“HSBC”) in 1973, and has served as the Chief Executive Officer in China and Executive Vice President Asian Markets of HSBC, and successfully established HSBC as the largest foreign bank in China. From 2006 to 2009, Mr. Wang was the President of China Minsheng Bank, being the first Hong Kong banker appointed as president in a major national domestic bank in China. Mr. Wang has obtained a Degree in Business Administration from the Chinese University of Hong Kong and is currently the Asia Pacific Senior Adviser of McKinsey & Company.

Mr. Wang’s appointment is commencing from 1 September 2011 with no fixed term of service under the service agreement. Mr. Wang will be entitled to a director’s fee HK\$300,000 per annum which is determined by reference to his duties and responsibilities to the Company. He will also be entitled to share options and a discretionary year-end-bonus. An option to acquire 4,800,000 shares in the Company was granted to Mr. Wang on 1 September 2011 under the Company’s share option scheme adopted on 15 July 2009.

Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Wang does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Wang did not hold other directorship in any public listed companies in the last 3 years prior to the issue of this circular;
- (iii) Mr. Wang does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO; and
- (iv) There is no information required to be disclosed in relation to Mr. Wang pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

**Mr. Yu Jianmeng** (“Mr. Yu”), aged 60, has extensive personal connections and commercial relationships in China. He has over 30 years’ experience in press publication, telecom technology, tourism, financial investment and industrial development. He was the Chief Reporter of Xinhua News Agency in Putong, Shanghai and the President of Xinhua Agency East Development Company. Since 1999, he was appointed as the President of Shanghai SIIT Development Holdings Ltd, President of China in Investment and Development of Star Cruise Group and the Executive Director of VODone Ltd. Mr. Yu is currently the Director and CEO of WorldVest Capital Ltd. Mr. Yu holds a Master Degree in Economics from East China Normal University, in jointly course with the University of Hawaii. He was awarded the Senior Economist by Xinhua News Agency.

Mr. Yu’s appointment is for a period of two years commencing from 19 September 2011. Mr. Yu will be entitled to a director’s fee HK\$240,000 per annum which is determined by reference to his duties and responsibilities to the Company. He will also be entitled to a discretionary year-end-bonus. As at the Latest Practicable Date, Mr. Yu was interested in 2,400,000 Shares and 4,800,000 underlying Shares in respect of share options of the Company granted to him within the meaning of Part XV of the SFO.

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## LETTER FROM THE BOARD

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Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Yu does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Yu does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO; and
- (iii) There is no information required to be disclosed in relation to Mr. Yu pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

**Mr. Lam Ka Wai, Graham** (“Mr. Lam”), aged 44, graduated from University of Southampton, England with a Bachelor of Science degree in Accounting and Statistics. He is an associate member of Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Lam has 18 years experience in investing banking and auditing. He has held senior managerial positions in international well-known accounting firm KMPG and various investment banks in Hong Kong. Mr. Lam is currently the Managing Director and Head of Corporate Finance Department of Guangdong Securities Limited.

Mr. Lam’s appointment is for a period of two years commencing from 3 October 2010. Mr. Lam will be entitled to a director’s fee HK\$150,000 per annum which is determined by reference to his duties and responsibilities to the Company. He will also be entitled to a discretionary year-end-bonus. An option to acquire 6,000,000 shares in the Company was granted to Mr. Lam on 9 June 2010 under the Company’s share option scheme adopted on 15 July 2009.

Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Lam does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Lam does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO; and
- (iii) There is no information required to be disclosed in relation to Mr. Lam pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

### **PROPOSED AMENDMENTS TO THE BYE-LAWS AND THE ADOPTION OF NEW BYE-LAWS**

The Board proposes to make certain amendments to the Bye-laws in order to bring the Bye-laws up to date and in line with the current revised requirements under the Listing Rules with effect from 1 January 2012 and 1 April 2012. The proposed amendments to the Bye-laws are subject to the Shareholders’ approval by way of special resolution at the AGM.

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## LETTER FROM THE BOARD

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The key proposed amendments to the Bye-laws is to bring the Bye-laws in line with the current revised requirements of the Listing Rules, in particular but not limited to Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. The major amendments include the following:

- to state that a physical board meeting should be held to discuss resolutions on a material matter where a director or substantial shareholder has a conflict of interest rather than a written board resolution;
- to remove 5% threshold for voting on a resolution in which a director has an interest; and
- to allow the chairman at a general meeting to exempt procedural and administrative matters from voting by poll.

Details of the proposed amendments to the Bye-laws are set out in the notice contained in this circular.

The legal adviser to the Company as to Bermuda laws has confirmed that the proposed amendments to the Bye-laws do not violate the applicable laws of Bermuda. The Company confirms that there is nothing unusual about the proposed amendments for a Bermuda company listed on the Stock Exchange.

The proposed amendments to the existing Bye-laws, including the adoption of the New Bye-laws which consolidates all the proposed amendments referred to in the notice of the AGM and all previous amendments made pursuant to resolutions passed by the Shareholders at general meetings are subject to the Shareholders' approval by way of a special resolution at the AGM

Shareholders are advised that the Bye-laws are available only in English and the Chinese translation of the amendments to the Bye-laws provided in the notice in Chinese is for reference only. In case of any inconsistency, the English version shall prevail.

### THE AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Suite 1908, 19/F, 9 Queen's Road Central, Hong Kong on Tuesday, 22 May 2012, at 4:00 p.m. is set out on pages 15 to 22 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM (or any adjournment thereof) to the office of the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, all votes, except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, of the Shareholders at general meetings must be taken by poll. To the best of the knowledge, information and belief of the Directors, none of the Shareholders is required to abstain from voting on any of the resolutions to be proposed at the AGM. An announcement on the poll voting results will be published by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### RECOMMENDATION AND DOCUMENTS FOR INSPECTION

The Directors consider that all the proposed resolutions in the AGM are in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM in respect thereof.

Yours faithfully,  
For and on behalf of the Board  
**Pearl Oriental Oil Limited**  
**Cheung Kwok Yu**  
*Executive Director and Company Secretary*

**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 issuer. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors, management shareholders or their respective associates had any interest in any business which competes or may compete or had any other conflicts of interests with the business of the Group.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at Suite 1908, 19/F, 9 Queen's Road Central, Hong Kong during normal business hours on any weekday (public holidays excepted) from the date of this circular up to and including the 14th day from the date of this circular.

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the years ended 31 December 2009, 2010 and 2011;
- (iii) a copy of each of the circulars issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31 December 2011, the date of the latest published audited consolidated financial statements of the Group were made up; and
- (iv) this circular.

The following is an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate.

## **1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on the Stock Exchange subject to certain restrictions, the important of which are summarized below:

### **(a) Shareholders' approval**

All proposed purchase of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by its shareholders by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

### **(b) Share capital**

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of its issued share capital at the date of the passing of the proposed resolution granting the Repurchase Mandate.

As at the Latest Practicable Date, the Company has 3,408,262,752 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to 340,826,275 Shares being repurchased by the Company during the period from the date of passing of the relevant resolution to the next annual general meeting of the Company or the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

### **(c) Reason for repurchase**

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

**(d) Funding of repurchase**

The Directors propose that repurchases of Shares under the Repurchase Mandate in these circumstances would be financed from the Company's internal resources or existing banking facilities which will be funds legally available for such purposes in accordance with the Memorandum of Association and Bye-law and the laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

As compared with the financial position of the Company as at 31 December 2011 (being date of its latest audited accounts), the Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company if the Repurchase Mandate is to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

**(e) Undertaking**

None of the Directors nor, to the best knowledge of the Directors having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

**(f) Undertaking by Directors**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Bermuda.

**(g) Takeovers Code**

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Wong Kwan (“Mr. Wong”), Executive Director and Chairman of the Company, beneficially owned 839,530,000 Shares representing approximately 24.63% of the issued share capital of the Company, and 393,600,000 underlying Shares being 384,000,000 the outstanding warrants and 9,600,000 the outstanding share options granted under the Share Option Scheme. Assuming the outstanding warrants and share options of Mr. Wong are fully exercised and no further Shares are issued before the AGM, Mr. Wong would own 1,233,130,000 Shares representing approximately 32.43% in the enlarged issued share capital of the Company.

In the event that the Directors exercised in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the interests of Mr. Wong in the Company would be increased to approximately 27.37% of the issued share capital of the Company, while if the outstanding warrants and share options of Mr. Wong were fully exercised before the date of the AGM (in which case the Company would be allowed to repurchase up to a maximum of 380,186,275 Shares), the interests of Mr. Wong would be increased to approximately 36.04% of the enlarged issued share capital of the Company. Such increase would give rise to a mandatory offer obligation under Rule 26 of the Takeover Code. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in any shareholder or group of shareholders acting in concert, being obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code. The Company will not repurchase Shares which would result in the number of Shares held by the public being reduced to less than 25%.

## 2. SHARE PURCHASE MADE BY THE COMPANY

From April 2011 to the Latest Practicable Date, which is the previous twelve months preceding the date of this circular, no Shares have been repurchased by the Company.

## 3. SHARE PRICES

During each of the previous twelve months, the highest and lowest prices at which the Shares have been traded on the Stock Exchange were as follows:

Month	Per Share	
	Highest (HK\$)	Lowest (HK\$)
<b>2011</b>		
April	1.217	1.025
May	1.075	0.860
June	0.970	0.700
July	1.080	0.820
August	1.060	0.810
September	1.050	0.810
October	0.880	0.660
November	0.840	0.660
December	0.750	0.600
<b>2012</b>		
January	0.670	0.600
February	0.780	0.620
March	0.760	0.650
April (up to the Latest Practicable Date)	0.680	0.640



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## NOTICE OF ANNUAL GENERAL MEETING

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

(formerly known as Pearl Oriental Innovation Limited)

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 632)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of Pearl Oriental Oil Limited (the “Company”) will be held at Suite 1908, 19/F, 9 Queen’s Road Central, Hong Kong, on Tuesday, 22 May 2012, at 4:00 p.m. for the following purposes:

#### **AS ORDINARY BUSINESS**

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors’ for the year ended 31 December 2011.
2. To re-elect retiring Directors (whose particulars are stated in this circular) and to authorize the board of directors to fix the directors’ remuneration.
3. To appoint auditors and to authorize the board of directors to fix the remuneration of the auditors.

As special business, to consider and if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions of the Company:

#### **ORDINARY RESOLUTIONS**

4. (A) **“THAT**
  - (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which (including warrants, bonds and debentures convertible into shares of the Company) would or might require the exercise of such powers after the end of the Relevant Period;

\* For identification purposes only

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (a) and (b), otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) an issue of shares under any options granted under the share option scheme adopted by the Company; (iii) an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company; (iv) an issue of shares in lieu of the whole or part of a dividend pursuant to any scrip dividend scheme or similar arrangement in accordance with the Bye-laws of the Company; and (v) any adjustment, after the date of grant or issue of any options, rights to subscribe for other securities referred to in (ii) and (iii) above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the time of passing this resolution; and
- (d) for the purposes of this Resolution:

**“Relevant Period”** means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-law of the Company or any applicable law to be held; and
- (iii) the date of which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

**“Rights Issue”** means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

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## NOTICE OF ANNUAL GENERAL MEETING

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(B) **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and requirements, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which may be purchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

**“Relevant Period”** means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the date which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

- (C) **“THAT** conditional upon Resolutions A and B set out above being passed, the aggregate nominal amount of the shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution B above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Resolution A above provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

To consider and if thought fit, pass with or without modifications, the following as special resolutions of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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### SPECIAL RESOLUTION

5. “**THAT** the Bye-laws of the Company be and are hereby amended in the following manner:

**(a) Bye-law 1**

By adding the following new definition in the existing Articles after the definition of “Statutes”:

““substantial shareholder” a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company;”

**(b) Bye-law 3.(1)**

By deleting the existing Bye-law 3.(1) in its entirety and substituting the same with the following as the new Bye-law 3.(1):

“3.(1) The authorised share capital of the Company is HK\$20,000,000,000 divided into 200,000,000,000 shares of HK\$0.10 each.”

**(c) Bye-law 3.(3)**

By deleting the existing Bye-law 3.(3) in its entirety and substituting the same with the following as the new Bye-law 3.(3):

“3.(3) Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.”

**(d) Bye-law 44**

By deleting the words “on every” in the second line of the existing Bye-law 44 after the words “between 10 a.m. and 12 noon” and replacing the same with the word “during” in substitution therefor and by deleting the word “day” on the second line of the existing Bye-law 44 after the word “business” and replacing the same with the word “hours” in substitution therefor.

**(e) Bye-law 46**

By adding the following words after the words “or any of his shares” in the 1<sup>st</sup> line of the existing Bye-law 46:

“in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or”

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## NOTICE OF ANNUAL GENERAL MEETING

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**(f) Bye-law 66**

By deleting the existing Bye-law 66 in its entirety and substituting the same with the following as the new Bye-law 66:

- “66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.
- (2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
  - (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member.”

**(g) Bye-law 67**

By deleting the existing Bye-law 67 in its entirety and substituting the same with the following as the new Bye-law 67:

“67. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

**(h) Bye-law 84**

By deleting the existing Bye-law 84 in its entirety and substituting the same with the following as the new Bye-law 84:

- “84. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) Where a Member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each

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## NOTICE OF ANNUAL GENERAL MEETING

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such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

- (3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.”

**(i) Bye-law 103.(1)**

- (i) By adding the word “and” after the words “of the Company;” in the last line of the existing Bye-law 103.(1)(iv)
- (ii) By deleting the existing Bye-law 103.(1)(v) in its entirety and substituting therefor the words “Intentionally deleted”.

**(j) Bye-law 103.(2)**

By deleting the existing Bye-law 103.(2) in its entirety and substituting therefor the words “Intentionally deleted”.

**(k) Bye-law 103.(3)**

By deleting the existing Bye-law 103.(3) in its entirety and substituting therefor the words “Intentionally deleted”.

**(l) Bye-law 122**

By adding the following words after the words “shall be treated as valid.” in the last line of the existing Bye-law 122:

“Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.”

**(m) Bye-law 132.(3)**

By deleting the words “on every” in the last line of the existing Bye-law 132.(3) after the words “between 10 a.m. and 12 noon” and replacing the same with the word “during” in substitution therefor and by deleting the word “day” in the last line of the existing Bye-law 132.(3) after the word “business” and replacing the same with the word “hours” in substitution therefor.

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**(n) Bye-law 138**

By deleting the words “than the aggregate of its liabilities and its issued share capital and share premium accounts” in the third line of the existing Bye-law 138 after the words “its assets would thereby become less” and replacing the same with the words “than its liabilities” in substitution therefor.

6. “**THAT** the Bye-laws of the Company in the form of the document marked “A” and produced to this meeting and for the purpose of identification signed by the Chairman of this meeting, which consolidates all of the proposed amendments referred to in Resolution 5 above and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings be hereby approved and adopted as the new Bye-laws of the Company in substitution for and to the exclusion of the existing Bye-laws of the Company with immediate effect.”

By Order of the Board  
**Peal Oriental Oil Limited**  
**Cheung Kwok Yu**  
*Executive Director and Company Secretary*

Hong Kong, 18 April 2012

*As at the date of this notice, the executive Directors of the Company are Messrs. Wong Kwan, Lew Mon Hung and Cheung Kwok Yu; the non-executive Directors of the Company are Messrs. Baiseitov Bakhytbek and Chen Ping and the independent non-executive Directors are Messrs. Wang Tong Sai, Yu Jianmeng and Lam Ka Wai, Graham.*

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy, together with the notarially certified power of attorney or other authority (if any) under which it is signed must be lodged at the Company's branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.
3. Where there are joint holders of any share, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled to vote, but if more than one of such joint holders be present at the meeting in person or by proxy, the person so present whose name stands first in the register of member of the Company in respect of such share shall alone be entitled to vote in respect of it.
4. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjourned meeting if he so desires. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
5. The votes to be taken at the meeting for the resolution will be by way of poll.