
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Pearl Oriental Oil Limited to be held at Suite 2805-6, 28th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on 16 May 2017, 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 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 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.

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DEFINITIONS

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|---------------------------|---|
| “AGM” | the annual general meeting of the Company to be convened on 16 May 2017, at 4:00 p.m. at Suite 2805-6, 28th Floor, Bank of America Tower, 12 Harcourt 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 |
| “Chairlady” | chairlady 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” | 5 April 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Listing Committee” | the Listing Committee of the Stock Exchange |
| “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 |
| “SFC” | the Securities and Futures Commission |

DEFINITIONS

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

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:

Fan Amy Lizhen

Wong Hiu Tung

Zhou Li Yang

Liu Ju

Tang Yau Sing

Cheung Kam Shing, Terry

Independent Non-executive Directors:

Lam Kwan

Chan Kwan Pak

Yuen Sau Ying, Christine

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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

Suite 2805-6, 28th Floor

Bank of America Tower

12 Harcourt Road

Central

Hong Kong

11 April 2017

To the Shareholders

Dear Sirs,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
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. 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 18 to this circular.

* For identification purpose only

LETTER FROM THE BOARD

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 not exceeding 20% of the aggregate number of the issued share capital of the Company at the date of the passing of such resolution (i.e. 649,103,950 Shares assuming that no Shares will be issued or repurchased by the Company prior to the date of the AGM). 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 number of the issued share capital of the Company at the date of passing of such resolution (i.e. 324,551,975 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.

EXTENSION OF 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 number 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 number 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 number 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.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

As at the date of this circular, the executive Directors are Messrs. Fan Amy Lizhen, Wong Hiu Tung, Zhou Li Yang, Liu Ju, Tang Yau Sing and Cheung Kam Shing, Terry; and the independent non-executive Directors are Messrs. Lam Kwan, Chan Kwan Pak and Yuen Sau Ying, Christine.

In accordance with Clause 86(2) of the Company's Bye-Laws, each of Ms. Fan Amy Lizhen, Mr. Liu Ju, Mr. Tang Yau Sing and Mr. Cheung Kam Shing, Terry so appointed by the Board to fill a causal vacancy on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general 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 less than one-third) shall retire from office by rotation provided that 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. Fan Amy Lizhen, Liu Ju, Tang Yau Sing, Cheung Kam Shing, Terry, Zhou Li Yang and Yuen Sau Ying, Christine 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:

Ms. Fan Amy Lizhen (“Ms. Fan”), aged 55, is currently the Chairlady of the Company, she served as an executive director of the Hong Kong listed company Chevalier Pacific Holdings Limited (Stock Code: 0508.HK) from 2 October 2009 to 5 November 2010. In 2005, Ms. Fan co-founded Flying Eagle Aviation Limited and has been its chairperson since then. She assisted Flying Eagle Aviation Limited to obtain Aircraft General Terms Agreement (AGTA) license from Boeing which permits licensee to operate aircraft related businesses worldwide. In 2005, Ms. Fan founded Great Dragon Petroleum Limited which is engaged in trading of oil related products. Ms. Fan also served Nomura (Hong Kong) Limited as Senior Consultant in China Affairs.

Ms. Fan has entered into a service agreement with the Company with no fixed term of service. Ms. Fan is entitled to a director's fee of HK\$1,800,000 per annum which was determined by reference to her qualifications, experience and expected duties and responsibilities to the Company. She may be entitled to benefits such as share options and year-end-bonus at the discretion of the Board.

Save as disclosed above, as at the Latest Practicable Date,

- (i) Ms. Fan does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Ms. Fan did not hold other directorship in any public listed companies in the last 3 years;
- (iii) Ms. Fan does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO; and

LETTER FROM THE BOARD

- (iv) There is no information required to be disclosed in relation to Ms. Fan 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. Zhou Li Yang (“Mr. Zhou”), aged 58, served as an executive director of the Company from 2004 to 2011. Prior to this, he also held managerial positions over ten years in several banks, investment fund and listed companies on stock exchanges of Hong Kong and U.S. involving in the businesses of energy, logistics, banking, infrastructure, e-commerce, and pharmaceuticals, including CITIC Ka Wah Bank and Tianjin Development Holdings Ltd.

Mr. Zhou has extensive experience in business management, mergers and acquisitions, project investment and fund management. Mr. Zhou also had over ten years of management experience in commercial and government sectors in China. He has got a Master degree in Business/Finance from the University of Baltimore, USA and a Bachelor degree in Physics from Central-South University, PRC. Mr. Zhou was the Assistant to chairman of the Company from June 2011 to April 2013.

Mr. Zhou’s current appointment as an executive Director commenced from 10 April 2013 with no fixed term of service under the service agreement. Mr. Zhou is entitled to a director’s fee HK\$1,560,000 per annum which was determined by reference to his expected duties and responsibilities to the Company. He is also entitled to share options and a discretionary year-end-bonus. As at the Latest Practicable Date, Mr. Zhou was interested in 16,000,000 share options of the Company granted to him within the meaning of Part XV of the SFO.

Court Orders

The SFC obtained orders (the “**Court Orders**”) from the High Court of Hong Kong against Mr. Zhou on 25 May 2011 stipulating that Mr. Zhou should not be or continue to be a director or take part in the management of any listed or unlisted company in Hong Kong including the Company or any of its subsidiaries and affiliates for a period of one year. As set out in news published by the SFC on 24 May 2011, an SFC investigation found evidence that another director of the Company paid out RMB64.5 million without any approval by the Board in August 2005, and that a month later, certain directors including Mr. Zhou purported to ratify the payment by reference to an acquisition of a logistics business in mainland China.

Despite the size of the transaction, the suspicions that should have been raised by the use of 25% of the company’s assets without Board approval and the materiality of the amount involved, certain directors including Mr. Zhou had not taken any reasonable steps to verify information about the proposed acquisition or inform the market.

The executive directors, including the chairman, CEO and Financial Controller have several occasions discussed the issue concerning his appointment as a director of the Company in 2013, and met Mr. Zhou to discuss, amongst other things, the relevant subject matter concerning the Court Order. The executive directors believed that Mr. Zhou, with his character, experience and integrity and his level of competence would be able to discharge the responsibility as a director of the Company notwithstanding the Court Order.

LETTER FROM THE BOARD

A meeting of the Nomination Committee (“NC”) and a Board meeting have been held in 2017 concerning Mr. Zhou’s appointment as the director, the Court Order, the issue of Mr. Zhou’s character, experience and integrity and his level of competence were specially discussed. The NC’s members were also satisfied with Mr. Zhou’s character, experience, integrity and level of competence and unanimously agreed to recommend his appointment to the board.

The Board including 3 independent non-executive directors (“INEDs”) was also satisfied with Mr. Zhou’s character, experience, integrity and level of competence.

Save as disclosed above, as at the Latest Practicable Date,

- (i) Mr. Zhou 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. Zhou did not hold other directorship in any public listed companies in the last 3 years;
- (iii) Mr. Zhou 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. Zhou pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

Ms. Yuen Sau Ying, Christine (“Ms. Yuen”), aged 51, is a practising solicitor in Hong Kong. Ms. Yuen has over 20 years of extensive legal practice experience and is now the partner of Tse Yuen Ting Wong, Solicitors. Ms. Yuen graduated from the University of Hong Kong in 1989 with a Bachelor Degree in Laws, and was a part-time law lecturer for the City University of Hong Kong and the Open University of Hong Kong. Ms. Yuen also involved in a number of public services. She was the Presiding Member of the Guardianship Board and was the legal advisor to the Credit Union of Correctional Services Department. Ms. Yuen was the Non-executive Director of Wing Hing International Holdings Limited (currently named as Taung Gold International Limited) (Stock Code: 0621) till June 2010.

Ms. Yuen’s appointment is for a period of three years commencing from 22 March 2016. Ms. Yuen is entitled to a director’s fee HK\$300,000 per annum which was determined by reference to her duties and responsibilities to the Company. She is also entitled to share options and a discretionary year-end-bonus. As at the latest Practicable Date, Ms. Yuen was interested in 5,000,000 share options of the Company granted to her within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date,

- (i) Ms. Yuen does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Ms. Yuen did not hold other directorship in any public listed companies in the last 3 years;
- (iii) Ms. Yuen does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO; and

LETTER FROM THE BOARD

- (iv) There is no information required to be disclosed in relation to Ms. Yuen 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. Liu Ju (“Mr. Liu”), aged 43, a senior economist with a Bachelor of Economics from the Department of International Finance of Liaoning University and a Master of Business Administration degree from Hainan University. Mr. Liu has over 20 years of experience in banking, financial management and diversified investment. He has served as Director of the International Settlement Department of the Jinzhou Branch of the Industrial and Commercial Bank of China, vice president of the Tianjin Branch of the Jinzhou Bank, Director of the Tianjin Banking Association, vice president of the Tianjin Venture Capital Association. He is now the Chief Executive Officer of China Overseas Investment Co., Ltd.

Mr. Liu entered into a service agreement with the Company with no fixed term of service. Mr. Liu is entitled to a director’s fee of HK\$1,200,000 per annum which was determined by reference to his qualifications, experience and expected duties and responsibilities to the Company. He may be entitled to benefits such as share options and year-end-bonus at the discretion of the Board.

Save as disclosed above, as at the Latest Practicable Date,

- (i) Mr. Liu 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. Liu did not hold other directorship in any public listed companies in the last 3 years;
- (iii) Mr. Liu 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. Liu 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. Tang Yau Sing (“Mr. Tang”), aged 54, holds a Bachelor degree of Social Sciences from the University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Taxation Institute of Hong Kong and the Hong Kong Institute of Directors. He has over 25 years of experience in accounting, auditing and financial advisory and held key management position in numerous listed companies in Hong Kong and United States. Mr Tang has been an Executive Director of Odella Leather Holding Limited (Stock Code: 8093) since February 2017. He was Executive Director and Company Secretary of Changgang Dunxin Enterprise Company Limited (Stock Code: 2229) for the period from March 2016 to June 2016, Executive Director and Chief Financial Officer of New Sports Group Limited (Stock Code: 0299) for the period from November 2012 to May 2016, Vice President and Company Secretary of China Environmental Technology Holdings Limited (Stock Code: 0646) for the period from March 2014 to April 2016 and chairman and Executive Director of Greens Holdings Limited (Stock Code:

LETTER FROM THE BOARD

1318) for the period from December 2014 to November 2015, Chief Financial Officer of China Agritech Inc. (previously listed on NASDAQ) for the period from October 2008 to January 2012.

Mr. Tang has entered into a service agreement with the Company with no fixed term of service. Mr. Tang is entitled to director's fee of HK\$1,200,000 per annum which was determined by reference to his qualifications, experience and expected duties and responsibilities to the Company. He may be entitled to benefits such as share options and year-and-bonus at the discretion of the Board.

Save as disclosed above, as at the Latest Practicable Date,

- (i) Mr. Tang 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. Tang did not hold other directorship in any public listed companies in the last 3 years;
- (iii) Mr. Tang 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. Tang 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. Cheung Kam Shing, Terry (“**Mr. Cheung**”), aged 54, holds a Bachelor degree of Social Sciences from the University of Hong Kong and a Master degree of Financial Economics from the University of London. He has more than 30 years extensive experience in securities trading, investment banking, fund management, private equity and other financial areas. Mr. Cheung served as Executive Director of Culturecom Holdings Limited (Stock Code: 0343) during the period from 2000 to 2005, Chief Operating Officer of Greater China Professional Services Limited (Stock Code: 8193) during the period from July 2010 to March 2015 and Independent Non-executive Director during the period from 22 December 2014 to 14 March 2015 and Executive Director during the period from March 2015 to October 2015 of Greens Holdings Limited (Stock Code: 1318). He is currently as an Independent Non-executive Director of China Medical System Holdings Limited (Stock Code: 0867).

Mr. Cheung has entered into a service agreement with the Company with no fixed term of service. Mr. Cheung is entitled to a director's fee of HK\$1,200,000 per annum which was determined by reference to his qualification, experience and expected duties and responsibilities to the Company. He may be entitled to benefits such as share options and year-end-bonus at the discretion of the Board.

Save as disclosed above, as at the Latest Practicable Date,

- (i) Mr. Cheung 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. Cheung did not hold other directorship in any public listed companies in the last 3 years;

LETTER FROM THE BOARD

- (iii) Mr. Cheung 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. Cheung pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

THE AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Suite 2805-6, 28th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on 16 May 2017, at 4:00 p.m. is set out on pages 15 to 18 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 websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pearloriental.com). 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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.

VOTING AT THE ANNUAL GENERAL MEETING

Under the Listing Rules, all votes at the AGM are required to be taken by poll. Accordingly, the chairman of the AGM will demand a poll regarding the voting for all the resolutions set out in the notice of AGM. The results of the poll will be published on the website of the Company and the designated issuer website of the Stock Exchange after market close on the day of the AGM.

RECOMMENDATION

The Directors believe that the Repurchase Mandate, the Share Issue Mandate and the re-election of Directors are in the interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the AGM.

Yours faithfully,
For and on behalf of the Board
Pearl Oriental Oil Limited
Wong Hiu Tung
Executive Director

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.

COMPETING INTERESTS

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.

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 number 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 3,245,519,752 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 324,551,975 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 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 2016 (being date of its latest audited accounts), the Directors consider that there might 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.

The Directors are currently not aware of any consequences which will arise under the Takeover Code as a result of any purchase made under the Repurchase Mandate.

2. REPURCHASES OF SHARES BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

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\$) |
| 2016 | | |
| April | 0.445 | 0.330 |
| May | 0.340 | 0.280 |
| June | 0.330 | 0.250 |
| July | 0.325 | 0.290 |
| August | 0.295 | 0.265 |
| September | 0.285 | 0.245 |
| October | 0.320 | 0.249 |
| November | 0.300 | 0.255 |
| December | 0.290 | 0.265 |
| 2017 | | |
| January | 0.270 | 0.230 |
| February | 0.265 | 0.232 |
| March | 0.275 | 0.232 |
| April (up to the Latest Practicable Date) | 0.275 | 0.260 |

NOTICE OF ANNUAL GENERAL MEETING



東方明珠石油有限公司*

Pearl Oriental Oil 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 2805-6, 28th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, on 16 May 2017, 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 2016.
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

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

(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 purpose only

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(c) the aggregate number 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 number 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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(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 number 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 number 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 number 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 number 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 number of the share capital of the Company in issue at the date of passing of this Resolution.”

By Order of the Board
Peal Oriental Oil Limited
Wong Hiu Tung
Executive Director

Hong Kong, 11 April 2017

NOTICE OF ANNUAL GENERAL MEETING

As at the date hereof, the Board comprises six executive Directors, namely Ms. Fan Amy Lizhen, Mr. Wong Hiu Tung, Mr. Zhou Li Yang, Mr. Liu Ju, Mr. Tang Yau Sing and Mr. Cheung Kam Shing, Terry; and three independent non-executive Directors, namely, Mr. Lam Kwan, Mr. Chan Kwan Pak and Ms. Yuen Sau Ying, Christine.

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 in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 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. For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 11 May 2017 to Tuesday, 16 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificate(s) and transfer form(s) must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 May 2017.
4. 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.
5. 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.
6. The votes to be taken at the meeting for the resolution will be by way of poll.