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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)

**ANNOUNCEMENT
DEVELOPMENTS IN DERIVATIVE ACTION**

This announcement is made by the board (the “**Board**”) of directors (“**Directors**”) of Pearl Oriental Oil Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 5 November 2018 (the “**Announcement**”) in relation to the Derivative Action. Unless otherwise defined, capitalised terms used herein shall bear the same meanings as those defined in the Announcement.

DERIVATIVE ACTION

As mentioned in the Announcement, on 23 October 2018, the Company received the Originating Summons dated 22 October 2018 in which Mr. Chung sought leave pursuant to sections 732 and 733 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) from the Court of First Instance of the High Court (“**Court of First Instance**”) to commence the Derivative Action for and on behalf of the Company against Ms. Fan and Mr. Tang, both of whom are executive Directors, for breaches of directors’ duties owed to the Company (the “**Leave Application**”). The Independent Board Committee was established and delegated with powers for the purposes of, inter alia, conducting the Derivative Action and all matters relating thereto.

Mr. Chung alleged that Ms. Fan and Mr. Tang:

- (i) excluded participation by Mr. Cheung Kam Shing, Terry (an executive director of the Company) in an exercise to place the Company’s shares in 2018 and terminated the placing exercise when Ms. Fan and Mr. Tang allegedly failed to secure places of their own choosing to receive the shares (the “**Proposed Placing Claim**”);

* *For identification purposes only*

- (ii) relocated the Company's office in January 2018 allegedly in the absence of commercial justification and despite the lack of sufficient funding (the "**Office Relocation Claim**");
 - (iii) failed to settle outstanding wages of the Company's staff for August 2018 (the "**Outstanding Wages Claim**");
 - (iv) refused to accept the conditional loan proposal put forward by Mr. Chung when the Company had allegedly no reasonable alternatives to secure funding (the "**Loan Refusal Claim**");
 - (v) refused to convene a special general meeting in accordance with a requisition made by Mr. So Kuen Kwok (a shareholder of the Company) on 3 September 2018 in respect of resolutions to remove them as directors and amendment of the bye-laws of the Company such that a director can be removed by an ordinary resolution (the "**SGM Claim**"); and
 - (vi) appointed Ms. Lyu Jia Lian, Ms. Chen Xue Hui and Ms. Hu Jing who are alleged to be lacking the requisite experience and qualifications (the "**Appointment Claim**"),
- (collectively, the "**Claims**").

Relief was sought by Mr. Chung in the name of the Company, including damages to be assessed for breaches of duties, interest and costs.

The Independent Board Committee conducted an independent review of the Claims and following completion of their review, recommended the Company to oppose leave to be granted to Mr. Chung on behalf of the Company with respect to the Proposed Placing Claim, the Office Relocation Claim and the Outstanding Wages Claim. With respect to the Loan Refusal Claim, the SGM Claim and the Appointment Claim, the Independent Board Committee adopted a neutral position.

During the hearing held before the Court of First Instance on 2 May 2019, the Court of First Instance granted Mr. Chung leave to commence the Derivative Action against Ms. Fan and Mr. Tang for and on behalf of the Company. In making such decision, the Court of First Instance stressed that leave ought to be granted without the need for a detailed review of the merits of the Claims as long as Mr. Chung could show that there is a serious issue to be tried and that on the face of the preliminary evidence, the Claims are not fundamentally wrong or without prospect of success. With respect to costs, the Court of First Instance ordered that the costs of the Leave Application shall be borne by the Company while the costs of the Derivative Action be currently reserved.

The Company's position and proposed actions

With leave being granted, Mr. Chung may in the name of the Company commence the Derivative Action against Ms. Fan and/or Mr. Tang in respect of the Claims.

The Company is currently seeking legal advice as to its next course of action. As of the date of this announcement, Mr. Chung has not yet commenced the Derivative Action.

Further announcement(s) will be made by the Company to inform shareholders and potential investors of any significant development in the Derivative Action as and when appropriate.

By Order of the Board
Pearl Oriental Oil Limited
Liu Gui Feng
Chairlady and Executive Director

Hong Kong, 9 May 2019

As at the date of hereof, the Board comprises six executive Directors, namely Ms. Liu Gui Feng, Ms. Fan Amy Lizhen, Ms. Xiao Li, Mr. Cheung Kam Shing, Terry, Mr. Tang Yau Sing and Mr. Lin Qing Yu; and nine independent non-executive Directors, namely Mr. Xing Yong, Mr. Shi Wen Jiang, Mr. Chen Zhong Min, Mr. Jiang Cai Yi, Mr. Zhang Yue Yang, Mr. He Jun, Ms. Chen Xue Hui, Ms. Hu Jing and Ms. Lyu Jia Lian.