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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, stockbroker 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)

**PROPOSED REMOVAL OF DIRECTORS
PROPOSED AMENDMENT TO THE BYE-LAWS
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
NOTICE OF SPECIAL GENERAL MEETING**

Capitalised terms used on this cover page shall have the same meanings as defined in this circular.

A notice convening the SGM, to be held at Suites 1905-07, 19th Floor, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong on Thursday, 29 November 2018 at 2:00 p.m. is set out on pages 7 to 10 of this circular. A form of proxy for use at the SGM is also enclosed herewith. Whether or not you propose to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to 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 the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

31 October 2018

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Bermuda Companies Act”	the Companies Act 1981 of Bermuda
“Board”	the board of Directors
“Bye-law(s)”	the bye-law(s) of the Company currently in force
“Company”	Pearl Oriental Oil Limited, a company incorporated in Bermuda with limited liability and whose issued Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	the proposed share 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Amendment to the Bye-laws”	the proposed amendment to the existing Bye-laws as set out in this circular
“Proposed Removal of Directors”	the proposed removal of (i) Ms. Fan Amy Lizhen and Mr. Tang Yau Sing from their positions as executive Directors and from any position they hold in any committee of the Board; and (ii) each of the Directors appointed on or after the date of the Requisition up to and including the time immediately before the holding of the SGM from their positions as Directors and from any position they hold in any committee of the Board
“Repurchase Mandate”	the proposed repurchase mandate to be granted to the Directors to exercise the powers 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

DEFINITIONS

“Requisition”	a letter of requisition from the Requisitionist dated 3 September 2018 and deposited at the Company’s principal office in Hong Kong requesting the Directors to convene a SGM in accordance with the Bermuda Companies Act and the Bye-laws the purposes of considering and, if thought fit, approving the Proposed Removal of Directors and the Proposed Amendment to the Bye-laws
“Requisitionist”	Mr. So Kuen Kwok
“SGM”	the special general meeting of the Company to be convened for the purposes of considering and, if thought fit, approving the Proposed Amendment to the Bye-laws
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



東方明珠石油有限公司*

Pearl Oriental Oil Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

Executive Directors:

Fan Amy Lizhen (*Chairlady*)
Tang Yau Sing
Cheung Kam Shing, Terry
Lin Qing Yu

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent Non-executive Directors:

Chen Xue Hui
Hu Jing
Lyu Jia Lian

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

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

31 October 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSED REMOVAL OF DIRECTORS
PROPOSED AMENDMENT TO THE BYE-LAWS
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
NOTICE OF SGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 3 September 2018, 28 September 2018 and 30 October 2018 in relation to the Requisition and the Proposed Amendment to the Bye-laws.

On 3 September 2018, the Requisitionist deposited at the Company's principal office in Hong Kong the Requisition requesting the Directors to convene a SGM of the Company pursuant to section 74 of the Bermuda Companies Act and Bye-law 58 of the Bye-laws for the purposes of considering and, if thought fit, approving the Proposed Removal of Directors and the Proposed Amendment to the Bye-laws.

The purpose of this circular is to provide you with information on the resolutions to be proposed at the SGM and the notice of the SGM.

LETTER FROM THE BOARD

PROPOSED REMOVAL OF DIRECTORS AND PROPOSED AMENDMENT TO THE BYE-LAWS

As set out in the announcement of the Company dated 3 September 2018, the Company received the Requisition from the Requisitionist requesting the Board to convene a SGM for the purposes of considering and, if thought fit, passing the following resolutions as special resolutions of the Company:–

- (1) “**THAT** Ms. Fan Amy Lizhen be and is hereby removed from her position as chairlady of the Board and executive director of the Company and from any position she holds in any committee of the Board with immediate effect upon the passing of this resolution”;
- (2) “**THAT** Mr. Tang Yau Sing be removed from his position as an executive director of the Company and from any position he holds in any committee of the Board with immediate effect upon the passing of this resolution”;
- (3) “**THAT** each of the directors appointed to the Board on or after the date of this letter up to and including the time immediately before the holding of the SGM be and is hereby removed as a director of the Company and from any position he/she holds in any committee of the Board with immediate effect upon the passing of this resolution”; and
- (4) “**THAT** with immediate effect upon the passing of this resolution the Bye-laws of the Company be amended by deleting Bye-law 86(4) in its entirety and replacing it with the following as new Bye-law 85(4):

Subject to any provision to the contrary in these Bye-laws the Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.”
(emphasis added)

As at the date of deposit of the Requisition, the Requisitionist held 325,000,000 Shares, representing approximately 10.01% of the total issued and paid-up capital of the Company.

REASONS FOR THE PROPOSED REMOVAL OF DIRECTORS

The Requisition did not set out any reasons and/or grounds for the Proposed Removal of Directors. Accordingly, the Board is not able to provide the Shareholders with any reasons and/or grounds in respect of the Proposed Removal of Directors.

REASONS FOR THE PROPOSED AMENDMENT TO THE BYE-LAWS

The Proposed Amendment to the Bye-laws will bring the Bye-laws in alignment with paragraph 4(3) of Appendix 3 to the Listing Rules, which provides that the articles of association or equivalent document of issuers must conform with the following provision:

LETTER FROM THE BOARD

“That, where not otherwise provided by law, the issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office.”

GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the SGM to grant the Directors a general and unconditional mandate to allot, issue and deal with Shares of HK\$0.10 each in the Company 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. 3,245,519,752 Shares, assuming that no Shares will be issued or repurchased by the Company prior to the date of the SGM). The General 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 on 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 SGM 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. 3,245,519,752 Shares, assuming that no Shares will be issued or repurchased by the Company prior to the date of the SGM). 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 on which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

SGM

A notice convening the SGM to be held at Suites 1905-07, 19th Floor, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong on Thursday, 29 November 2018 at 2:00 p.m. is set out on pages 7 to 10 of this circular. A form of proxy for use at the SGM is also enclosed herewith. Whether or not you intend to attend the SGM, 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 appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish.

The register of members of the Company will be closed from Friday, 23 November 2018 to Thursday, 29 November 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar 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 Thursday, 22 November 2018.

LETTER FROM THE BOARD

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll 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. Therefore, all the resolutions put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As far as the Board is aware, there is no Shareholder who is required to be abstained from voting under the Listing Rules.

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 of which omission would make any statement herein or this circular misleading.

RECOMMENDATION

As aforementioned, the Requisitionist did not set out any reasons and/or grounds for the Proposed Removal of Directors. Shareholders should note that the Directors (including Ms. Fan Amy Lizhen and Mr. Tang Yau Sing) are senior management of the Group and are responsible for the strategic planning and day-to-day management of the Group's business and operations, and for interactions with other stakeholders of the Group. In addition, because of the Company's financial difficulties, Ms. Fan Amy Lizhen and Mr. Tang Yau Sing have not received their director's remuneration since January 2018 and November 2017 respectively. However, they have still provided short-time financing on a time-to-time basis for the Company's daily operating expenses. As at the date of this Circular, total amount payables to Ms. Fan Amy Lizhen and Mr. Tang Yau Sing amounted to approximately HK\$9 million.

Removal of the current Directors is expected to have a material adverse impact on the operations of the Group, which is not in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to **vote against** the Proposed Removal of Directors at the SGM.

The Board considers that the Proposed Amendment to the Bye-laws and the granting of the General Mandate and the Repurchase Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to **vote in favour** of the Proposed Amendment to the Bye-laws and the granting of General Mandate and the Repurchase Mandate at the SGM.

For and on behalf of the Board
Pearl Oriental Oil Limited
Tang Yau Sing
Executive Director and Company Secretary

* *For identification purpose only*

NOTICE OF SGM



東方明珠石油有限公司*

Pearl Oriental Oil Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “SGM”) of Pearl Oriental Oil Limited (the “Company”) will be held at Suites 1905-07, 19th Floor, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong on Thursday, 29 November 2018 at 2:00 p.m. for the purposes of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS:

1. “**THAT** Ms. Fan Amy Lizhen be and is hereby removed from her position as chairlady of the board (the “**Board**”) of directors (“**Directors**”) of the Company and an executive Director and from any position she holds in any committee of the Board with immediate effect upon the passing of this Resolution”;
2. “**THAT** Mr. Tang Yau Sing be removed from his position as an executive Director and from any position he holds in any committee of the Board with immediate effect upon the passing of this Resolution”;
3. “**THAT** each of the Directors appointed to the Board on or after the date of the Requisition up to and including the time immediately before the holding of the SGM be and is hereby removed as a Director of the Company and from any position he/she holds in any committee of the Board with immediate effect upon the passing of this Resolution”;
4. “**THAT** the bye-laws of the Company (the “**Bye-law(s)**”) be amended by deleting the existing Bye-law 86(4) in its entirety and replacing it as follows:

The existing Bye-law 86(4), which reads:

“Subject to any provision to the contrary in these Bye-laws the Members may, at any general meeting convened and held in accordance with these Bye-laws, by special resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.”
(emphasis added)

is to be revised as:

* For identification purpose only

NOTICE OF SGM

“Subject to any provision to the contrary in these Bye-laws the Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.” (emphasis added);

ORDINARY RESOLUTIONS:

5. **“THAT**

- (a) subject to paragraph (c) below, the exercise by 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;
- (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:

NOTICE OF SGM

“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 on 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).”

6. **“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 on 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.”

NOTICE OF SGM

7. “**THAT** conditional upon Resolutions 5 and 6 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 5 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 5 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
Pearl Oriental Oil Limited
Tang Yau Sing
Executive Director and Company Secretary

Hong Kong, 31 October 2018

Notes:

- (1) A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of Shares. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the SGM is enclosed. To be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or adjourned meeting.
- (3) The register of members of the Company will be closed from Friday, 23 November 2018 to Thursday, 29 November 2018, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar 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 Thursday, 22 November 2018.

As at the date hereof, the Board comprises four executive Directors, namely Ms. Fan Amy Lizhen, Mr. Cheung Kam Shing, Terry, Mr. Tang Yau Sing and Mr. Lin Qing Yu; and three independent non-executive Directors, namely Ms. Chen Xue Hui, Ms. Hu Jing and Ms. Lyu Jia Lian.