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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO THE ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

Reference is made to the annual report of Pearl Oriental Oil Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) for the year ended 31 December 2017 (the “**2017 Annual Report**”), as well as the announcements of the Company dated 2 May 2018 and 29 May 2018 (the “**Previous Announcements**”). Unless otherwise defined, capitalised terms used herein shall bear the same meanings as those defined in the Previous Announcement.

**AUDIT QUALIFICATION – MULTIPLE UNCERTAINTIES RELATING TO GOING CONCERN**

As disclosed in the 2017 Annual Report, the auditors of the Company, Cheng & Cheng Limited (the “**Auditors**”), issued a disclaimer of opinion (the “**Audit Qualification**”) on the consolidated financial statements of the Group for the year ended 31 December 2017 (the “**Financial Statements**”) due to the existence of multiple uncertainties as set out below, which may cast doubt on the Group’s ability to continue as a going concern:

- (i) the Group reported a net loss attributable to the owners of the Company of approximately HK\$352 million for the year ended 31 December 2017 and as at 31 December 2017, the Group had net current liabilities of approximately HK\$58 million. Such loss-making situation and the Company’s continued use of short term loans to repay its other short term loans may continue to exist for the year ending 31 December 2018; and

- (ii) as at the date of issue of the 2017 Annual Report, there was uncertainty as to whether the Subscriptions for the purpose of providing new capital to the Group would materialise.

The Directors are of the view that the Audit Qualification does not have any impact on the Financial Statements. As disclosed in the independent auditor's report in the 2017 Annual Report and Note 2.1 to the Financial Statements, the Financial Statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards and the applicable disclosure requirements of the Listing Rules. Taking into account the Audit Qualification, the Financial Statements also comply with the applicable disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in all other respects. Furthermore, the Financial Statements were prepared on the assumption that the Company is operating as a going concern and will continue its operations for the foreseeable future (i.e. the year ending 31 December 2018), but is subject to multiple uncertainties.

As at the date of issue of the 2017 Annual Report, the Board believed that (i) the Subscriptions would materialise; and (ii) the Company would obtain an additional short term loan of HK\$30,000,000 from NPCC under the HK\$30M Loan Agreement. Taking into account the aforementioned considerations, the Board was of the view that the Group would be able to continue as a going concern, whereas the Auditors considered that there were material uncertainties with the said Subscriptions and additional short term loan. The audit committee of the Company agrees with the Audit Qualification issued by the Auditors. They have also reviewed the Financial Statements and agree with the Board's position of presenting the Financial Statements on a going concern basis.

## **FINANCIAL POSITION OF THE GROUP**

To address the Audit Qualification and following the termination of the Subscription Agreement and the HK\$30M Loan Agreement, certain measures have been taken by the Board to mitigate the liquidity and financial pressure and to improve the Group's financial position, including but not limited to the following:

- (i) the Company is identifying various options for financing its working capital and commitments, including but not limited to extension of short-term loans when they are due; obtaining additional short-term loans and new share issuance for capital. Specifically, the Company has been actively meeting and negotiating with a potential investor to address its funding needs since 2 May 2018; and

(ii) on 28 May 2018, the Company and NPCC entered into a supplemental agreement pursuant to which NPCC has agreed to extend the repayment date of the HK\$25M Loan under the HK\$25M Loan Agreement from 27 May 2018 to 27 November 2018.

The Company will update the Shareholders and potential investors of the Company on any development by publishing further announcement(s) as and when appropriate.

By Order of the Board  
**Pearl Oriental Oil Limited**  
**Fan Amy Lizhen**  
*Chairlady and Executive Director*

Hong Kong, 5 June 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. Cheung Ka Chun, David; and seven independent non-executive Directors, namely Mr. Lum Pak Sum, Mr. Chan Sung Wai, Mr. Koo Luen Bong, Mr. Chau Wing Man, Mr. Wang Jing Ting, Mr. Lam Kwan, and Mr. Chan Kwan Pak.*

\* *for identification purpose only*