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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



協同博勤證券有限公司
Nobleseed Securities Limited

THE PLACING AGREEMENT

Date: 27 June 2018 (after trading hours)

Parties: (1) Issuer: the Company

(2) Placing Agent: Nobleseed

The Placing Agent has been appointed to place, on a best effort basis, the Placing Shares at the Placing Price. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placee

The Placing Shares will be placed on a best effort basis to not less than six Placees which will be institutional, professional and/or private investors who and whose ultimate beneficial owners shall be Independent Third Parties. It is not expected that any Placee will become a Substantial Shareholder immediately after completion of the Placing.

* *For identification purposes only*

Number of Placing Shares

The Placing Shares shall be up to 649,000,000 new Shares, representing approximately 20.00% of the existing issued share capital of the Company as at the date of the Placing Agreement, and approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.107 per Placing Share, representing:

- (i) a discount of approximately 10.8% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on 27 June 2018, being the date of the Placing Agreement; and
- (ii) a discount of approximately 16.5% to the average of the closing prices of approximately HK\$0.128 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement;

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among others, the prevailing market price of the Shares and the liquidity of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Placing, the net Placing Price is approximately HK\$0.104 per Placing Share.

Placing commission payable to the Placing Agent

The placing commission payable to the Placing Agent under the Placing Agreement is equal to 2.5% of the aggregate Placing Price of the Placing Shares.

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate. The Directors consider that the terms of the Placing Agreement (including the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the General Mandate has not been utilised since it was granted on 16 May 2017 and the number of new Shares that could be issued by the Company under the General Mandate is 649,103,950 Shares. The maximum of 649,000,000 Placing Shares to be allotted and issued will utilize approximately 100% of the General Mandate. Accordingly, the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon:

- (i) the granting by the Listing Division of the listing of, and permission to deal in, all of the Placing Shares (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (ii) no representation, warranty or undertaking under this Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

In the event that the conditions of the Placing is not fulfilled by 13 July 2018 (or such later date as may be agreed by the Placing Agents and the Company), all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other party in respect of the Placing save for any antecedent breaches. No Shareholders' approval is required for the Placing.

Completion of the Placing

Completion of the Placing will take place on the fifth Business Day after the fulfillment of the conditions of the Placing or such other date agreed by the Company and the Placing Agents.

Termination

The Placing Agents shall also be entitled by notice in writing to the Company to terminate the Placing Agreement at or prior to 12:00 noon on the Completion Date if:

- (i) there shall have been, since the date of this Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or

- (ii) any breach of any of the representations and warranties set out in this Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of this Agreement; or
- (iii) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances.

Upon termination of the Placing Agreement pursuant to the above mentioned factors, all obligations of the Company and the Placing Agent shall cease and no party of the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save of any antecedent breach of any obligation under the Placing Agreement.

Application for listing

Application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING

The Group is principally engaged in (i) exploring, exploiting and sales of oil and nature gas, and (ii) trading of oil-related products. The Directors are of the view that the Placing represents a good opportunity for the Group to raise additional capital, which would allow the Company to increase its capital base and widen its shareholder base.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$69.4 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$67.7 million after deducting relevant expenses incurred in relation to the Placing.

It is presently expected that the net proceeds will be used as general working capital and repayment of liabilities of the Group.

EQUITY FUND RAISING ACTIVITY IN PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 3,245,519,752 Shares in issue. The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after completion of the Placing) is as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approximately percentage (%)	Number of Shares	Approximately percentage (%)
Charcon Assets Limited	704,530,000	21.71%	704,530,000	18.09%
Mid-East Petroleum Group Ltd	400,000,000	12.32%	400,000,000	10.27%
So Kuen Kwok	320,000,000	9.86%	320,000,000	8.22%
Pearl Oriental Sino Logistics Limited (note 1)	4,872,000	0.15%	4,872,000	0.13%
Cheung Ka Chun, David (note 2)	500,000	0.02%	500,000	0.01%
Chau Wing Man (note 3)	3,363,000	0.10%	3,363,000	0.09%
Lam Kwan (note 3)	1,045,000	0.03%	1,045,000	0.03%
Chan Kwan Pak (note 3)	1,000,000	0.03%	1,000,000	0.03%
The Company (note 4)	4	0.00%	4	0.00%
Other public Shareholders	1,810,209,748	55.78%	1,810,209,748	46.48%
Placees	–	0.00%	649,000,000	16.66%
Total	<u>3,245,519,752</u>	<u>100.00%</u>	<u>3,894,519,752</u>	<u>100.00%</u>

notes:

- On 4 April 2007, the Company issued consideration Shares in relation to its acquisition of 60% of the issued share capital of Pearl Oriental Logistics Sino Limited (“POLSL”). Please refer to the Company’s announcement dated 26 September 2006 and the Company’s circular dated 18 October 2006 in relation to the acquisition of POLSL for more details. The 4,872,000 Shares held by POLSL (which is a subsidiary of the Company) consist of part of these consideration Shares and 812,000 bonus Shares which were issued to POLSL in May 2011.
- Mr. Cheung Ka Chun, David is an executive director of the Company.

3. Mr. Chau Wing Man, Mr. Lam Kwan and Mr. Chan Kwan Pak are independent non-executive directors of the Company.
4. The four Shares are held by the Company of which two Shares represent the aggregate fractional entitlements of Shares which arose from the Company's share consolidation in May 2006 and two Shares represent the aggregate fractional entitlements of Shares which arose from the Company's bonus issue in May 2011.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Pearl Oriental Oil Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 632)
“Completion Date”	the date of completion of the Placing which will take place on the fifth Business day after the fulfillment of the conditions of the Placing or such other date agreed by the Company and Placing Agents
“connected person(s)”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 16 May 2017 to issue and allot up to 649,103,950 new Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“Nobleseed”	Nobleseed Securities Limited, a company incorporated in Hong Kong and a licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

“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
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Division”	the Listing Division of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any institutional, professional and/or private investors procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to an aggregate of 649,000,000 new Shares to be allotted and issued to the Placees pursuant to the terms of the Placing Agreement
“Placing Agent”	Nobleseed
“Placing Agreement”	the conditional placing agreement dated 27 June 2018 and entered into between the Company and the Placing Agents in relation to the Placing
“Placing Price”	the placing price of HK\$0.107 per Placing Share
“Placing Shares”	up to an aggregate of 649,000,000 new Shares to be placed under the Placing “Share(s)” ordinary share(s) in the capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Substantial Shareholder” has the meaning as ascribed thereto under the Listing Rules

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

Hong Kong, 27 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