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**東方明珠石油有限公司\***  
**Pearl Oriental Oil Limited**

*(the "Company")*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 632)**

**(1) COOPERATION AGREEMENT IN RELATION TO AN INVESTMENT OPPORTUNITY IN THE OIL AND GAS SECTOR IN RUSSIA**

**(2) APPOINTMENT OF NEW DEPUTY CHAIRMAN AND DIRECTORS**

**AND**

**(3) INVESTIGATION**

**COOPERATION AGREEMENT IN RELATION TO AN INVESTMENT OPPORTUNITY IN THE OIL AND GAS SECTOR IN RUSSIA**

The Board is pleased to announce that, on 17 January 2013 (after the trading hours), the Company signed a cooperation agreement with Levant for possible cooperation in relation to an investment opportunity in the oil and gas sector in Russia. Pursuant to the cooperation agreement, the Company is granted an exclusive right to acquire from Levant a majority stake in a target company in consideration of the Company paying US\$5 million refundable down-payment within 7 days of signing the cooperation agreement. At this stage, the percentage ownership in the target to be acquired by the Company, the consideration and how the consideration shall be satisfied have not yet been determined.

Under the terms of the cooperation agreement, the applicable percentage ratios in relation to the down-payment are less than 5%, therefore, the cooperation agreement does not constitute a notifiable transaction for the Company under the Listing Rules.

**As the major terms and conditions for the proposed investment have not yet been determined, therefore, the proposed investment may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the proposed investment will be made by the Company in accordance with the applicable requirements under the Listing Rules and the SFO, if and when appropriate.**

**APPOINTMENT OF NEW DEPUTY CHAIRMAN AND DIRECTORS**

The Board is pleased to announce the appointment of Mr. Mohamad Ajami as Deputy Chairman and Executive Director and Mr. Hilal Al-Busaidi as Executive Director of the Company with effect from 26 January 2013.

## **INVESTIGATION**

The Board announces that it was informed on 10 January 2013 that Mr. Wong Yuk Kwan, Dr. Lew Mon Hung, Mr. Cheung Kwok Yu and an administrative manager of the Company have been questioned by the ICAC in connection with an investigation into alleged offences under the Prevention of Bribery Ordinance.

All the above mentioned persons involved have been released on bail and as far as the Board is aware, no charges have been laid against them and no travel restrictions have been imposed. The Company has been required to provide certain information to the ICAC but as far as the Board is aware, neither of the Company nor its subsidiaries was the subject of the investigation.

ICAC's investigation into the Allegations has not affected the normal business, operations and further possible acquisitions and investments of the Group.

This following is made pursuant to Section 307B of the Securities and Futures Ordinance (Cap.571) (the "SFO") and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## **COOPERATION AGREEMENT IN RELATION TO AN INVESTMENT OPPORTUNITY IN THE OIL AND GAS SECTOR IN RUSSIA**

The board of directors of the Company (the "Board") is pleased to announce that, on 17 January 2013 (after the trading hours), the Company signed a cooperation agreement with Levant Energy Limited ("Levant") in London for possible cooperation in an investment opportunity in the oil and gas sector in Russia. The cooperation agreement was subsequently supplemented by a letter agreement dated 23 January 2013 (collectively, the "Cooperation Agreement").

Pursuant to the Cooperation Agreement, the Company is granted an exclusive right to negotiate with Levant to acquire from the latter a majority stake in a company owning certain oil and gas field assets in Russia (the "Target").

As consideration for the exclusive right to negotiate, the Company would pay Levant a US\$5 million (equivalent to approximately HK\$39 million) down-payment (the "Down-Payment") within 7 days of signing the Cooperation Agreement. As at the date of this announcement, the Down-Payment has not been paid yet and Levant has agreed to extend the payment date of the Down-Payment to such date as agreed with the Company.

Under the Cooperation Agreement, it is expected that:

- A) The parties will sign a formal sale and purchase agreement (the "Formal SPA") within 60 days of signing the Cooperation Agreement or as may be extended in agreement between the parties (the "SPA Signing Deadline").
- B) Subject to the Formal SPA to be signed, the consideration to be paid by the Company to Levant shall be identified and agreed between the parties and shall be made as follows:
  - (i) Deposit of a cash payment of not less than US\$25 million (equivalent to approximately HK\$195 million) will be payable upon the signing of the Formal SPA;

- (ii) At closing of the Formal SPA, the balance shall be paid in cash and/or in combination of new shares and/or convertible bonds to be issued by the Company and at a price to be agreed;
- (iii) The Down-Payment already paid (if any) will be deducted from the deposit of US\$25 million (equivalent to approximately HK\$195 million) payable upon the signing of the Formal SPA;
- (iv) The Down-Payment shall be refunded to the Company within 7 days after the SPA Signing Deadline if the parties do not execute the Formal SPA for whatever reasons on or before the SPA Signing Deadline.

At this stage, the percentage ownership in the Target to be acquired by the Company, the consideration and how the consideration shall be satisfied have not yet been determined. Accordingly, the size of the proposed investment cannot be determined at this stage.

Under the terms of the Cooperation Agreement, the applicable percentage ratios in relation to the payment of the Down-Payment are less than 5%, therefore, the Cooperation Agreement does not constitute a notifiable transaction for the Company under the Listing Rules.

#### *Information about Levant*

Levant is a private investment company with oil and gas interests, held through its shareholders, in Commonwealth of Independent States (CIS) countries, Central Asia, Africa and certain other energy projects in emerging markets. Levant has identified the Target and is in an advanced stage of negotiations to acquire majority stake in the Target.

To the best of the executive Directors' knowledge, information and belief and having made all reasonable enquiries, Levant and its beneficial owners are not connected persons of the Group and are third parties independent of the Company and its connected persons.

#### *Information about the Target*

According to information provided by Levant, the Target owns substantial oil and gas field assets with exploration and production licences in current production of crude oil, with significant Proven and Probable Oil Reserves in the range of 200 million barrels and a Net Present Value of not less than US\$ 850 million as approved by a Competent Person Report (the "CPR") conducted by an independent international oil and gas consulting firm in 2006 and 2008.

#### *Reason for entering into the proposed investment*

Although the economic conditions in Europe and the United States are still facing challenges, the economy of China in the next few years is expected to grow continuously and steadily. We understand from media report, The National Development and Reform Commission of China has forecasted crude oil imports will account for 60% of total oil consumption of China this year, strong demand will offset the unfavourable factors in European and the United States markets which shall have a positive impact on the stability of the international oil prices.

Based on the information provided by Levant and the CPR, the Target has sizeable oil reserves and is in production of oil, which can significantly increase the oil reserves, generate more revenue and enhance development potential of the Group.

**As the major terms and conditions for the proposed investment have not yet been determined, therefore, the proposed investment, which will be subject to certain conditions, may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the proposed investment will be made by the Company in accordance with the applicable requirements under the Listing Rules and the SFO, if and when appropriate.**

#### **APPOINTMENT OF NEW DEPUTY CHAIRMAN AND DIRECTORS**

The Board is pleased to announce that the appointment of Mr. Mohamad Ajami (“Mr. Ajami”) as Deputy Chairman and Executive Director and Mr. Hilal Al-Busaidi (“Mr. Al-Busaidi”) as Executive Director of the Company with effect from 26 January 2013.

Mr. Ajami, aged 58, a British citizen and born in Lebanon, does not have any relationships with any directors or senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. He graduated from the American University of Beirut in 1977 with a degree in Political Science & Public Administration.

Mr. Ajami started his career in North Africa in the oil & gas sector. He settled in London in 1983, developing his mergers & acquisitions business specializing in the development of major oil & gas and mineral resources projects in the Gulf, Africa and the Mediterranean Basin.

Mr. Ajami was one of the founding shareholders of Ophir Energy plc, one of the largest oil & gas companies in Africa. He was also the driving force behind the development of a major liquefied natural gas (LNG) project in the Arabian Gulf. Mr. Ajami has extensive knowledge and business experience as well as worldwide associations in the fields of oil, gas and mineral resources.

Save as disclosed, Mr. Ajami does not hold any position with the Company or its subsidiaries immediately before his present appointment and has not held any other directorship in other public listed companies in the past three years. As at the date of this announcement, Mr. Ajami does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

It is expected that a formal service agreement will be entered into between Mr. Ajami and the Company. Until such service agreement is signed, Mr. Ajami’s appointment will be governed by the Company’s Bye-laws which provides that he will be subject to retirement by rotation and re-election at the annual general meetings of the Company. In addition, in accordance with the laws of Bermuda, shareholders may remove Mr. Ajami by a resolution of shareholders at a special general meeting to be convened for the purpose. Mr. Ajami will be entitled to a director’s fee of US\$100,000 per annum which has been determined by reference to his expected duties and responsibilities to the Company. He will also be entitled to share options to be granted in compliance with the Listing Rules and a discretionary year-end-bonus.

Mr. Al-Busaidi, aged 40, a citizen of Oman and born in Muscat, does not have any relationships with any directors or senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. He has a 1994 batch B.E. (Petroleum Engineering) honors from Sultan Qaboos University.

Mr. Al-Busaidi started his career with Schlumberger Limited, a leading oilfield services company in the world, as Field Engineer in 1994. Over the next 9 years he worked in Saudi Arabia, Indonesia, Kuwait and Oman and gained experience in exploration well logging, managing the wireline, testing, tubing conveyed perforating (TCP) and coiled tubing activities, client support services and sales & marketing and operation management.

In 2002, Mr. Al-Busaidi left Schlumberger Limited to start his own ventures, the first was Falcon Oilfield Services LLC (the first Omani wireline logging company), and Integrated Petroleum Services Company LLC. This was followed by formation of Gulf Energy LLC (“GEC”) wherein he became a working partner and donned the role of Chief Executive Officer. Besides running the business of the GEC, he is also co-founder and a director on the board of Medco LLC.

Save as disclosed, Mr. Al-Busaidi does not hold any position with the Company or its subsidiaries immediately before his present appointment and has not held any other directorship in other public listed companies in the past three years. As at the date of this announcement, Mr. Al-Busaidi does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

It is expected that a formal service agreement will be entered into between Mr. Al-Busaidi and the Company. Until such service agreement is signed, Mr. Al-Busaidi’s appointment will be governed by the Company’s Bye-laws which provides that he will be subject to retirement by rotation and re-election at the annual general meetings of the Company. In addition, in accordance with the laws of Bermuda, shareholders may remove Mr. Al-Busaidi by a resolution of shareholders at a special general meeting to be convened for the purpose. Mr. Al-Busaidi will be entitled to a director’s fee of US\$100,000 per annum which has been determined by reference to his expected duties and responsibilities to the Company. He will also be entitled to share options to be granted in compliance with the Listing Rules and a discretionary year-end-bonus.

The Board welcomes the joining of Mr. Ajami and Mr. Al-Busaidi to the Company and believes that Mr. Ajami and Mr. Al-Busaidi will provide valuable contribution for the future development of the Company’s oil and gas business in view of their strong background and extensive expertise and experience in international oil and gas sector and their extensive network in the financial as well as industrial and commercial sectors, and their appointments will be in the interests of the Company and the shareholders as a whole.

Save as disclosed in this announcement, Mr. Ajami and Mr. Al-Busaidi have confirmed that there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or any other matter that needs to be brought to the attention of the shareholders of the Company in relation to their appointment.

Following the appointment of Mr. Ajami and Mr. Al-Busaidi as executive directors of the Company, the number of independent non-executive directors of the Company will fall below one-third of the Board as required under Rule 3.10A of the Listing Rules. The Company has identified a suitable candidate to be appointed as independent non-executive director and the relevant appointment will be made within three months from 26 January 2013 as required under Rule 3.11 of the Listing Rules. The Company will make further announcement as and when appropriate.

## INVESTIGATION

Reference is made to the Company's announcement dated 8 January 2013 in relation to the suspension of trading of the Company's shares on the Stock Exchange as from 9:17 a.m. on 8 January 2013 pending disclosure of inside information pursuant to the SFO.

The Board refers to certain press articles published recently in which it was stated, among others, that Mr. Wong Yuk Kwan, the chairman of the Company, and Dr. Lew Mon Hung, the deputy chairman and an executive director of the Company, have been arrested and/or involved in an investigation conducted by the Independent Commission Against Corruption (the "ICAC").

The Board announces that it was informed on 10 January 2013 that Mr. Wong Yuk Kwan, Dr. Lew Mon Hung, Mr. Cheung Kwok Yu and an administrative manager of the Company have been questioned by the ICAC in connection with an investigation into alleged offences under the Prevention of Bribery Ordinance (the "Allegations").

All the above mentioned persons involved have been released on bail and as far as the Board is aware, no charges have been laid against them and no travel restrictions have been imposed. The Company has been required to provide certain information to the ICAC but as far as the Board is aware, no member of the Group was the subject of the investigation.

ICAC's investigation into the Allegations has not affected the normal business, operations and further possible acquisitions and investments of the Group.

The Board has resolved to set up a special committee to review matters affecting the Group which may arise as a result of the Allegations and the executive directors involved have undertaken to abstain from voting in respect of any matters to be considered by the Board relating to the Allegations.

The Company will make further announcements as and when appropriate to comply with the requirements under the SFO and the Listing Rules.

Trading in the Shares on the Stock Exchange has been suspended from 9:17 a.m. on 8 January 2013 and will continue to be suspended until further notice.

*As at the date hereof, the Board comprises five executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Dr. Lew Mon Hung, Mr. Mohamad Ajami, Mr. Hilal Al-Busaidi and Mr. Cheung Kwok Yu; two non-executive Directors, Mr. Baiseitov Bakhytbek and Mr. Chen Ping; and three independent non-executive Directors, namely Mr. Wang Tong Sai, Mr. Yu Jianmeng and Mr. Lam Ka Wai, Graham.*

By Order of the Board  
**Pearl Oriental Oil Limited**  
Cheung Kwok Yu  
*Executive Director and Company Secretary*

Hong Kong, 29 January 2013

\* *For identification purposes only*