

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.**

If you have sold or transferred all your shares in **Fortune Oil PLC (the “Company”)**, please send this document and accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

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## **FORTUNE OIL PLC**

*(Incorporated in England and Wales under the Companies Act with Registered No. 2173279)*

### **NOTICE OF ANNUAL GENERAL MEETING 2008**

The Annual General Meeting is to be held at The Oriental Club, Stratford House, Stratford Place, London W1C 1ES (nearest tube station: Bond Street), UK on Wednesday 25 June 2008 at 11:00 am.

# letter from the chairman



6 May 2008

Dear Shareholder

## **Annual General Meeting on Wednesday, 25 June 2008**

This letter is sent on behalf of the Board of Fortune Oil PLC (the "Board") and is to be read in conjunction with the following documents concerning your shareholding in the Company. These documents are:

1. the Annual Report and Accounts for the year ended 31 December 2007 (the "2007 Annual Report"); and
2. A proxy form and attendance card for the Annual General Meeting.

At the 2007 AGM, a resolution was passed allowing the Company to communicate with its shareholders by means of its website. No action was required by shareholders unless shareholders wished to continue to receive copies of the interim reports, notices of general meetings and annual report by post. As explained in the documentation sent to you last year, you will receive a hard copy of such documents from the Company if you specifically request a hard copy (or if you are a new shareholder). You may however view the Annual Report on the Company's website, [www.fortune-oil.com](http://www.fortune-oil.com).

This year's Annual General Meeting (the "Meeting" or "AGM") will be held at 11:00 am on Wednesday, 25 June 2008 at the Oriental Club, Stratford House, Stratford Place, London W1C 1ES, United Kingdom. The Notice of Meeting is set out on pages 4 to 6 of this document and explanatory notes to the resolutions are on pages 10 and 14.

An attendance card is attached to the proxy form enclosed with the Notice of Meeting. Please bring the attendance card with you to the Meeting since this will help the Company's Registrars to admit you without delay. The Meeting will start at 11:00 am and registration will be available from 10:20 am. Please try to arrive by 10:45 am at the latest, to allow time for registration.

In order to avoid embarrassment and as a matter of courtesy, shareholders (gentlemen) are asked if possible to wear a tie and jacket. However, we have the assurance from the Club Manager that the Club will have ties and jackets available if necessary.

## **Right to attend and vote at the Meeting**

To be entitled to attend and vote at the AGM, shareholders must be registered in the Register of Members of the Company 48 hours before the time of the Meeting or, if the Meeting is adjourned, registered in the Company's Register of Members not later than 48 hours before the time fixed for the adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

If you are a registered shareholder and do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extra) in the UK or + 44 20 8639 3399 outside the UK.

## **Action to be taken**

Registered shareholders will find enclosed a proxy form and attendance card for use at the AGM. Whether or not you intend to be present at the Meeting, you are requested to complete and return the proxy form in accordance with the instructions thereon, as soon as possible and, in any event, so as to reach the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, United Kingdom, not later than 11:00 am on 23 June 2008. The completion and return of a proxy form will not preclude shareholders from attending and voting in person at the Meeting, if you so wish.

If you hold shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST participant ID RA10) so that it is received by no later than 11:00 am on 23 June 2008. The completion and transmission of a CREST Proxy Instruction will not prevent you from attending the Meeting and voting in person should you so wish.

In both cases, instructions should be received no later than 11:00 am on 23 June 2008.

**All registered shareholders or proxies attending the AGM are asked to bring the attendance card with them.**

If you wish to appoint a corporate representative to attend the AGM, please refer to page 8 of this document for details.

## **Board recommendation**

Your Directors believe each of the proposed resolutions would promote the success of the Company for the benefit of its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own shareholdings.

Yours sincerely

**QIAN Benyuan**

*Non-executive Chairman*

# notice of annual general meeting 2008

Notice is hereby given that the Annual General Meeting of Fortune Oil PLC will be held at 11:00 am on Wednesday, 25 June 2008 at the Oriental Club, Stratford House, Stratford Place, London W1C 1ES, United Kingdom (nearest tube station: Bond Street) for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 12 will be proposed as ordinary resolutions and Resolutions 13 and 15 as special resolutions:

## Ordinary Resolutions

1. To receive the Company's Annual Report and Accounts for the year ended 31 December 2007 together with the Directors' and Auditors' Reports thereon.
2. To approve the Directors' Remuneration Report for the financial year ended 31 December 2007.
3. To re-appoint John PEXTON, who retires by rotation, as an Executive Director.
4. To re-appoint GONG Min, who retires by rotation, as an Executive Director.
5. To re-appoint WANG Jinjun\*, who retires by rotation, as a Non-executive Director.
6. To re-appoint Louisa HO, who retires by rotation, as a Non-executive Director.
7. To re-appoint Dennis CHIU\*\*+, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
8. To re-appoint Ian TAYLOR\*\*+, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
9. To re-appoint QIAN Benyuan\*, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
10. To re-appoint Trevor BEDFORD+, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
11. To re-appoint Deloitte & Touche LLP as Auditors to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the Annual Report and Accounts of the Company are laid before the Company at a remuneration to be determined by the Directors.
12. THAT, in substitution for all existing authorities, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) of the Company up to a maximum aggregate nominal amount of £5,636,641.32, such authority to expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred by this Resolution had not expired.

## Special Resolutions

13. THAT, subject to the passing of Resolution 12 above, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) of the Company for cash pursuant to the authority conferred by Resolution 12 as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to allotments:

13.1 in connection with or pursuant to any offer of equity securities (whether by way of rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in the proportion (as nearly as may be practicable) to their respective holdings of such shares on such record date as may be prescribed by the Directors, in all cases subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any jurisdiction or the requirements of any regulatory body or stock exchange; and

13.2 otherwise than pursuant to sub-paragraph 13.1 above, up to a maximum aggregate nominal amount of £918,168;

such power to expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

14. THAT the Articles of Association produced to the Meeting and signed by the Chairman of the Meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

15. THAT, provided Resolution 14 has been passed, the Company be and is hereby generally and unconditionally authorised, pursuant to Article 41 of the Company's Articles of Association and in accordance with section 166(1) of the Companies Act 1985 to purchase its own fully-paid Ordinary Shares in the Company by way of market purchases (within the meaning of section 163(3) of the Companies Act 1985) and subject to the following conditions:-

- i. the maximum number of such Ordinary Shares in the Company hereby authorised to be acquired is that number of Ordinary Shares being 10% of the Company's share capital in issue;
- ii. the minimum price (exclusive of expenses) which may be paid for any Ordinary Share is an amount equal to the nominal value of each such Ordinary Share;
- iii. the maximum price (exclusive of expenses) which may be paid for any Ordinary Share is an amount equal to 105 per cent of the average of the middle market price for the Ordinary Shares in the Company (as set out in the Daily Official List of the London Stock Exchange) for the five business days immediately before the day on which such Ordinary Share is contracted to be purchased;

- iv. the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting; and
- v. the Company may enter into a contract or contracts for the purchase of such Ordinary Shares before the expiry of this authority which would or might be completed wholly or partly.

By order of the Board

Fortune Oil PLC  
6/F., Belgrave House  
76 Buckingham Palace Road  
London SW1W 9TQ  
United Kingdom

**Sandi Choi**

*Company Secretary*

6 May 2008

\* *Member of the Remuneration Committee*

+ *Member of the Audit Committee*

## Notes

### 1. **Proxy appointment**

Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

Members' attention is drawn to the form of proxy accompanying this Notice. A proxy may be appointed by any of the following methods:

- Completing and returning the enclosed form of proxy; or Via the CREST electronic proxy appointment service, if you are a member of CREST.
- **IMPORTANT:** To be valid any form of proxy or other such instrument appointing a proxy must be received by no later than 48 hours before the time appointed for holding the Meeting.

The return of a completed form of proxy, or such instrument or any CREST proxy appointment will not prevent a shareholder attending the Meeting and voting in person if he/she wishes to do so.

### 2. **Nominated persons**

Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom she/he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.

### 3. **Total voting rights**

The Company's issued share capital consists of 1,836,335,868 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 May 2008 (being the last business day prior to the publication of this Notice) are 1,836,335,868.

### 4. **CREST members**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the

*instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) by 11:00 am on 23 June 2008. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which our registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.*

*CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored members, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.*

*The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.*

## **5. Corporate representatives**

*In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that (i) if a corporate shareholder has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the Directions for all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and other corporate representatives will give voting directions to that designated corporate representative. Corporate Shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form representation letter if the Chairman is being appointed as described in (i) above.*

## **6. Documents available for inspection**

*The following documents are available for inspection at the registered office of the Company during the usual business hours until the close of the AGM and will be available on the day of the Meeting.*

- (a) Copies of the letter of appointment of the Directors;*
- (b) The existing Articles of Association; and*
- (c) A copy of the Articles of Association of the Company marked to show the changes being proposed.*

**7. S.527 of the 2006 Act**

*Members should note it is possible, pursuant to requests made by members of the Company under section 527 of the 2006 Act, that the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the annual general meeting; or (ii) any circumstance connected with an auditor of the company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.*

## **Explanatory notes to the resolutions**

### **Resolution 1 – Financial Statements and Reports for the year ended 31 December 2007**

The Directors are required to present to the Meeting the Company's audited annual accounts and related Directors' and Auditors' Reports for the financial year ended 31 December 2007. These are contained in the 2007 Annual Report.

### **Resolution 2 – Approval of the Directors' Remuneration Report**

The full text of the Directors' Remuneration Report is set out in the 2007 Annual Report. This Resolution will be in respect of the content of the Directors' Remuneration Report only and payment of remuneration to the Directors is not dependent on the passing of this Resolution.

### **Resolutions 3 to 10 – Re-appointment of Directors**

Brief biographical details of all directors standing for re-election are included in Appendix 1 to this Notice and in the 2007 Annual Report.

The Articles of Association (the "Articles") of the Company require that every Director submit himself/herself for re-appointment every three years and will retire and seek re-appointment at the next AGM. At this Meeting, John PEXTON, GONG Min, WANG Jinjun and Louisa HO will retire and stand for re-election as Directors (Resolutions 3-6).

As required under the provisions A.7.2 of the Combined Code on Corporate Governance Non-executive Directors serving more than nine years should submit themselves for re-election every year. The Board recommends the re-election of Dennis CHIU, a Non-executive Director since 1993, Ian TAYLOR, a Non-executive Director since 1996, QIAN Benyuan, a Non-executive Director since 1997 and Trevor BEDFORD, a Non-executive Director since February 1999, and the Board confirms that it considers them to be independent in character and judgment. Resolutions 7-10 deal with the re-appointment of these Non-executive Directors who are retiring under the provisions of the Combined Code.

Following the performance evaluation of the Board, its Committees and individual Directors, conducted shortly after the 2007 year end, the Board is satisfied that each of the Board's Committees (Audit, Remuneration and Executive) carries out its delegated duties effectively and that each Director seeking re-election at the AGM continues to contribute effectively to the Board and the Group and demonstrates commitment to their respective roles as a Director. Accordingly, the Board unanimously recommends the re-election of each Director.

### **Resolution 11 – Re-appointment of Auditors**

The Company is required to appoint auditors at each AGM at which the Annual Report and Accounts are laid before the Company to hold office until the next such meeting. On 26 February 2008, Grant Thornton UK LLP resigned as Auditors to the Company and Deloitte & Touche LLP were appointed to fill the casual vacancy.

Special notice of the resolution proposing the re-appointment of Deloitte & Touche LLP until the next AGM has been received by the Company in accordance with the Companies Act 1985.

### **Resolution 12 – Renewal of authority to allot new shares**

The Company's Articles empower Directors to allot unissued shares. In accordance with section 80 of the Companies Act 1985 such allotments must be authorised by the shareholders in general meeting. Resolution 12 seeks renewal of the power to allot relevant securities given at the previous AGM, up to an aggregate nominal amount of £5,636,641.32, which represents 563,664,132 ordinary shares of 1p each, being the unissued ordinary share capital available for allotment.

The Company will consider the allotment of unissued shares to finance business opportunities and the Directors will act in the best interests of the Company and shareholders generally, in taking advantage of business opportunities as they arise and to manage the Company's capital base more effectively.

The Directors have no present intention of exercising this authority other than in connection with the Group's employee share scheme.

The total number of employee share options outstanding over unissued shares as at 6 May 2008, the latest practicable date before the printing of this Notice, was 8,000,000 under the China Scheme (as defined on page 38 in the 2007 Annual Report). This figure represents 0.44 per cent of the issued share capital of the Company at that date.

### **Resolution 13 – Renewal of authority for disapplication of pre-emption rights**

Resolution 13, which will be proposed as a special resolution, seeks renewal of the Directors' authority to allot shares of the Company and to sell treasury shares for cash as if the pre-emption provisions of section 89 of the Companies Act 1985 do not apply. Under Section 89, when new shares are allotted or treasury shares are sold for cash, they must first be offered to existing shareholders pro-rata to their holdings. This provision is designed to prevent the holdings of existing shareholders being diluted against their wishes by the allotment of new shares. Shareholders may waive this right of pre-emption. Other than in connection with a right, scrip dividend, or other similar issue, the authority contained in this resolution would be limited to the allotment of shares or the sale of treasury shares for cash having an aggregate nominal value of £918,168, representing 91,816,800 ordinary shares (equivalent to 5 per cent of the current issued ordinary share capital of the Company) as at 6 May 2008, the latest practicable date before the printing of this Notice.

The Company currently does not hold any treasury shares as defined by section 162A of the Companies Act 1985.

Similar resolutions have been approved by shareholders at each AGM. The authorities granted under Resolutions 12 and 13 will expire at the conclusion of the next AGM to be held after the passing of these Resolutions.

Both Resolutions 12 and 13 are consistent with the recommendations of the Investment Committees of the National Association of Pension Funds (NAPF) and the Association of British Insurers (ABI).

### **Resolution 14 – Adoption of new Articles**

Resolution 14, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles to enable the Company to: (i) hold its own shares as treasury shares under The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, (ii) to update Articles relating to general meetings, notice of general meetings and votes of members, to reflect certain provisions of the Companies Act 2006 (the "2006 Act") and Directors' indemnities with certain cross-references to the 2006 Act, and (iii) to accommodate the phased implementation of the 2006 Act concerning Directors' interests and Directors powers to authorise conflicts of interest with effect on and from 1 October 2008.

The existing Article 41 will be amended to take into account the option of the Company to hold shares in treasury and the rights attaching to such treasury shares. The revised Article 41 would enable the Company to hold up to 10 per cent of each class of its shares acquired by way of market purchase pursuant to an authority granted by shareholders (see note to resolution 15) – in treasury. Such shares may be subsequently cancelled or sold for cash at a later date or used for the purposes of the Company's share award or share option plans.

Other changes of a minor, technical or clarifying nature have also been made.

As you may be aware, certain provisions of the 2006 Act have come into force since January 2007 and the remainder of the 2006 Act is being implemented in a number of additional phases. The 2006 Act is expected to be implemented in full by 1 October 2009. Whilst further changes to the Articles will need to be made in the future, to reflect this phased implementation process, we are asking shareholders to approve a number of amendments to the Company's existing Articles to take account of the changes to date brought about by the 2006 Act.

## **Provisions coming into effect on 25 June 2008**

### **General meetings (Articles 42 and 43)**

#### **Notice of General Meetings (Article 44)**

The relevant provisions in the existing Articles are being amended to conform new provisions in the 2006 Act. "Extraordinary general meetings" have now been replaced with "general meetings" and a general meeting (other than an annual general meeting) to consider a special resolution can be convened on 14 clear days' notice whereas previously 21 clear days' notice was required.

### **Proceedings at General Meetings (Article 53) and Votes of Members (Existing Article 60, New Article 62, Existing Articles 62-68, Renumbered Articles 63-69)**

Under the 2006 Act, proxies are entitled to vote on a show of hands whereas under the current Articles proxies are only entitled to vote on a poll. A proxy has a statutory right under the 2006 Act to speak at any general meeting.

Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may also be appointed. The new Articles reflect these new provisions.

The Company is aware of concerns that have been raised about the effect of section 323(4) of the 2006 Act which provides that where a corporate shareholder appoints multiple representatives and they exercise their powers to vote at a general meeting in different ways, the power is treated as not exercised. The Company is subject to the new law regardless of any amendments to its Articles but intends to take account of best practice to allow, as far as possible, multiple corporate representatives to attend general meetings of the Company and ensure their votes are counted.

Amendments are also proposed on the cut-off time for appointment and revocation of proxies to align them more closely to the 2006 Act. The time limits for appointment or termination of a proxy appointment have been altered by the 2006 Act so that the Company's Articles cannot provide that they should be received more than 48 hours before the meeting, or, in the case of a poll taken more than 48 hours after a meeting, more than 24 hours before the time for the taking of the poll, with weekends and bank holiday being permitted to be excluded for this purpose.

### **Directors' indemnities (Existing Article 138, Renumbered Article 142)**

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditures incurred in connection with certain actions against directors. The existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. Individual Directors would still be liable to pay any damages awarded to the Company in an action against them and to repay their defence costs to the extent funded by the Company, if their defence is unsuccessful.

The 2006 Act also allows a Director to vote and be counted in the quorum at meetings in respect of any resolution concerning any indemnification (including loans) by the Company in relation to the performance of his or her duties on behalf of the Company or any subsidiaries. This clarifies the ability of the Board to adopt indemnities in favour of Directors in accordance with the revised legislation.

## **Provisions coming into effect on 1 October 2008**

### **Directors' Interests (Article 97, New Articles 98 and 100)**

#### **Directors' Power to authorise conflicts of interest (New Article 101)**

The Companies Act 2006 sets out directors' general duties, which largely codify the existing law, but with some changes. Under the 2006 Act, from 1 October 2008 a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation.

The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles contain a provision to this effect. The 2006 Act also allows the Articles to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty.

The proposed amendments to the Articles with effect on and from 1 October 2008 (or a later date as referred to above), give the Directors authority to approve such situations and to include new provisions to allow conflicts with the Company's interest to be dealt with in a similar way to the current position, for example, by ensuring that the conflicted Director is not counted in the quorum or allowed to vote at the meeting where a conflicted matter is being considered.

There are safeguards that will apply when Directors decide whether to authorise a conflict or potential conflict. These include (i) only independent Directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and (ii) in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the amended Articles contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director being in breach of duty if a conflict or potential conflict of interest arises. These provisions will only apply from the date on which the relevant sections of the 2006 Act come into force and then only where the position giving rise to the potential conflict has not previously been authorised by the Directors.

Until such time as the relevant sections of the 2006 Act come into force, the current provisions of the Company's Articles will remain in force.

The Articles as proposed to be adopted pursuant to Resolution 14 will take effect from the conclusion of the Meeting, with the exception of Articles 100 and 101 relating to the approval of Directors' conflicts of interest which will only be operational from 1 October 2008 or such later date as section 175 and section 177 of the 2006 Act come into force.

A copy of the Company's existing Articles marked to show the changes being proposed is available for inspection at the Company's registered office at 6/F., Belgrave House, 76 Buckingham Palace Road, London SW1W 9TQ, UK.

### **Resolution 15 – Authority to make market purchases of own shares by the Company**

This Resolution empowers the Directors to make limited on-market purchases of the Company's ordinary shares. The authority is limited to a maximum of 183,633,586 (10 per cent of the issued share capital as at 6 May 2008) and details the minimum and maximum prices that can be paid, exclusive of expenses.

The Companies (Acquisition of Own Shares)(Treasury Shares) Regulations 2003 allow shares repurchased by the Company to be held as treasury shares.

The Directors consider that there may be circumstances in which it would be desirable for the Company to purchase its own shares in the market. The Directors intend to use this authority only when they consider it to be in the best interests of the shareholders taking into account prevailing market conditions and the financial position of the Company and where the effect would be expected to result in an increase in earnings per share. Treasury shares may be cancelled, sold for cash or used for the purpose of employee share schemes.

No dividends will be paid on treasury shares while held in treasury, and no voting rights will attach to them.

The Directors have no immediate plans to exercise this authority, which will expire at the conclusion of next year's AGM.

# Appendix 1

Biographies of Directors standing for election and re-election

**John PEXTON** (aged 47)

**Deputy Chief Executive Officer**

John PEXTON joined Fortune Oil as Deputy Chief Executive in February 2004. He worked for ten years as a chartered Chemical Engineer in the downstream oil industry followed by ten years with Morgan Grenfell and Deutsche Bank. Prior to joining the Company he was a Director and Head of Asia Project Finance for Deutsche Bank in Hong Kong and advised PetroChina on developing the West-East Gas Pipeline. He holds an MA degree from Jesus College, Cambridge and an MBA from London Business School. He is a Standing Committee Member of the Coal Bed Methane Industry Association of the Shanxi Province.

**GONG Min** (aged 50)

**Projects Director**

GONG Min is a Projects Director based in Hong Kong/Beijing. He joined Fortune Oil in 2000 and has worked as General Manager of the Projects Department since 2002. He graduated with a Masters degree in International Public Law at the Institute of Law, China Academy of Social Science in Beijing. Prior to joining Fortune Oil he worked for 10 years in the oil trading business with Sinochem, at both its head-office in Beijing and as the General Manager of Sinochem International Oil (London) Co. Ltd in the UK.

**WANG Jinjun** (aged 51)

**Independent Non-executive Director and Chairman of the Remuneration Committee**

WANG Jinjun was appointed to the Board in November 2003. He is based in Hong Kong and was Deputy Managing Director of Top Glory International Holdings Limited, a leading hotel management and real estate business which was listed on the Hong Kong Stock Exchange until September 2003, when it was privatised. He is also a director of China National Cereals, Oil and Foodstuffs Import & Export Corporation and has served as a senior official at China's Ministry of Foreign Trade.

**Louisa HO** (aged 43)

**Non-executive Director**

Louisa HO was formerly Finance Director and has been a Non-executive Director since 1 September 2006. Ms HO joined Fortune Oil as Financial Controller in 1993 and was appointed as Deputy Chief Executive in August 2001 and became Finance Director in April 2004. She has an MSc in Data Processing from the University of Ulster and a B Soc Sc from the University of Hong Kong. Before joining Fortune Oil, she worked in a range of positions in controller and operations departments at Esso Hong Kong Limited.

**Dennis CHIU** (aged 49)

**Non-executive Director and member of the Audit and Remuneration Committees**

Dennis CHIU has been a Non-executive Director of Fortune Oil since August 1993. He is an executive director of Far East Holdings International Limited and Far East Consortium International Limited and a non-executive director of Far East Hotels and Entertainment Limited in Hong Kong. Far East Group of companies is listed on the Hong Kong Stock Exchange Limited and is principally engaged in property development and hotel operations in China, Singapore and Malaysia. Mr CHIU received a BA degree from the University of Sussex.

**Ian TAYLOR** (aged 51)

**Non-executive Director and member of the Audit and Remuneration Committees**

Ian TAYLOR was an Executive Director of Fortune Oil between August 1993 and June 1996. He relinquished his executive role and became a Non-executive Director on 16 June 1996. Mr TAYLOR is currently President and Chief Executive of the Vitol Group of Companies. Vitol is a leading international petroleum trading company. He was Managing Director of Vitol Asia Pte Limited between 1992 and 1994. He joined Vitol S.A. in 1985 from Shell where he held various positions in shipping, operations and trading. Mr TAYLOR received an MA Degree in Politics, Philosophy and Economics from Oxford University in 1978.

**QIAN Benyuan** (aged 63)

**Non-executive Chairman and member of the Remuneration Committee**

QIAN Benyuan was appointed to the Board as Non-executive Chairman in 1997. He was President and CEO of China National Electronics Import and Export Corporation (CEIEC) between May 1995 and April 2005. He formally joined Fortune Oil PLC after retiring from CEIEC and continues to serve as Non-executive Chairman based in Beijing. Between 1996 and 2006, Mr Qian was also Chairman of China Hewlett-Packard Co., Ltd and until recently he was a director of Shenzhen Development Bank. He is currently a director of the International Chamber of Commerce, China, a committee member of the China Council for Promotion of International Trade (CCPIT), a Vice-Chairman of the Coal Bed Methane Industry Association of Shanxi Province, China, a director of China Society of State-owned Assets Administration and a director of China Association of Promotion of Environment & Culture. His hard work and exceptional contribution earned him a number of honorary titles.

**Trevor BEDFORD** MBE (aged 73)

**Senior Independent Non-executive Director and Chairman of the Audit Committee**

Trevor BEDFORD was appointed Non-executive Director of Fortune Oil on 8 February 1999. He was the Chief Executive of the Hong Kong Land Group in 1978, Chairman of Mandarin Oriental Hotels and also a director of the Hong Kong and Shanghai Banking Corporation, Jardine Matheson Limited and many others. He is currently Chairman of Hanson Green, a leading, independent search firm in non-executive search, boardroom consulting and financial services, a director of iDCorp Ltd, Bratzz Ltd, and Focus International Property Limited in the UK.