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東方明珠創業有限公司*
Pearl Oriental Innovation Limited

(the “Company”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

MAJOR TRANSACTION
DISPOSAL OF 60% EQUITY INTEREST IN A SUBSIDIARY
AND
RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENT

On 22 January 2009, the Vendor entered into the Agreement with the Purchaser pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares for a Consideration of HK\$3,000,000.

The Consideration shall be settled by the Purchaser in the following manner: (a) on the date upon signing of this Agreement, the Purchaser shall pay to the Vendor an initial non-refundable deposit in the sum of HK\$1,500,000 in cash; and (b) on or before 31 March 2009, the Purchaser shall pay to the Vendor the further payment of HK\$1,500,000.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and it therefore subject to the approval of the Shareholders. As no Shareholder has a material interest in the Disposal which is different from other Shareholders, no Shareholder is required to abstain from voting on the Disposal. Orient Day Developments Limited together with Mr. Wong Kwan, which are beneficially interested in 261,759,800 Shares in aggregate (representing approximately 56.32% of the total issued share capital of the Company), gave written consent to the Disposal on 23 January 2009. The written consent from Orient Day Developments Limited and Mr. Wong Kwan is accepted in lieu of holding a general meeting to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

RESUMPTION OF TRADING

Trading of the Shares has been suspended with effect from 9:30 a.m. on 23 January 2009 pending the release of this announcement. Trading of the Shares will resume at 9:30a.m. on 29 January 2009.

THE SALE AND PURCHASE AGREEMENT

Date: 22 January 2009

Parties: (1) Vendor: Pearl Oriental Logistics Holdings Limited, a wholly owned subsidiary of the Company

(2) Purchaser: Sunny Villa Investments Limited

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

The Company has no relationship with the Purchaser and its ultimate beneficial owner(s) and has not been involved in any previous transaction with the Purchaser and its ultimate beneficial owner(s) which would otherwise require aggregation with the Disposal pursuant to Rule 14.22 of the Listing Rules.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing 60% of the entire equity interest of the Pearl Oriental Express Holdings Limited ("POEHL").

POEHL was incorporated in Hong Kong and its sole principal business is providing logistic services in the PRC through its wholly owned subsidiary, GZPO which was incorporated in the PRC.

Based on the unaudited consolidated financial statements of POEHL for the year ended 31 December 2007 and 31 December 2008, the unaudited consolidated net loss before and after taxation of POEHL for the year ended 31 December 2007 were approximately RMB1,580,000 and RMB1,580,000 respectively, and for the year ended 31 December 2008 were approximately RMB11,061,000 and RMB11,061,000 respectively. The unaudited consolidated net asset value of POEHL as at 31 December 2008 was approximately RMB(10,457,000).

Consideration

The Consideration for the Sale Shares shall be the sum of HK\$3,000,000 in cash.

The Consideration for the Sale Shares shall be satisfied by the Purchaser in the following manner:

- (a) on the date upon signing of this Agreement, the Purchaser shall pay to the Vendor an initial non-refundable deposit in the sum of HK\$1,500,000; and
- (b) on or before 31 March 2009, the Purchaser shall pay to the Vendor the further payment of HK\$1,500,000.

The Consideration was determined at arms length negotiation between Vendor and Purchaser. As it is difficult to seek a buyer for POEHL, the Company has to accept a less satisfactory consideration for such disposal. Please refer to paragraph under the heading “Reasons for the Disposal” for more details.

As such, the Directors consider that the terms and conditions of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

Completion shall be conditional upon and subject to:

- (a) the Purchaser having completed the due diligence exercise on POEHL which has to be completed on or before 14 February 2009 in any event;
- (b) the other existing shareholders holding 40% of the equity interest in POEHL undertaking not to exercise their first right of refusal in relation to the Sale Shares;
- (c) the Vendor having delivered to the Purchaser a duly executed legally enforceable deed of wavier in respect of giving waiver (the “Waiver”) of a shareholders’ loan in full owing from POEHL and GZPO to the Group and also agreeing to the issue of convertible bonds (the “Convertible Bonds”) of HK\$9,000,000 by POEHL with a maturity of 2 years from the Completion Date and which is convertible into 20% of the enlarged capital of GZPO, POEHL or any of their holding companies (as the case may be) at the Vendor’s sole discretion, on a fully diluted basis as the consideration of giving the Wavier to POEHL and GZPO;
- (d) the board of directors of the Vendor approving the Agreement and the Disposal;
- (e) the Company having complied with all statutory requirements and such other requirements as may be imposed under the Listing Rules.

In the event that the conditions not being fulfilled or waived on or before the Completion Date, all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the other in respect thereof or the Disposal contemplated hereunder.

Other terms

Upon Completion, the Purchaser shall deliver to the Vendor the Convertible Bonds issued by POEHL of a principal sum of HK\$9,000,000 with a maturity of 2 years from the Completion Date and which is convertible into 20% of the enlarged capital of GZPO, POEHL or any of their holding companies (as the case may be) at the Vendor's sole discretion, on a fully diluted basis.

Completion

Completion shall take place on the third Business Day after all conditions as set out above have been satisfied, which shall not be later than 28 February 2009 or such other date as mutually agreed by the Vendor and the Purchaser in writing.

INFORMATION ON THE GROUP

The principle activity of the Company is an investment holding company. It is principally engaged in the logistics, energy and recycling business.

INFORMATION ON THE PURCHASER

To the best knowledge of the Company, Sunny Villa Investments Limited is an investment company incorporated in Hong Kong with limited liabilities.

To the best knowledge of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner and their respective associates do not hold any shareholding interests in and do not have any relationship with the Company or any of its associates, and are third parties independent of the Company and connected persons of the Company.

INFORMATION ON THE POEHL

Pearl Oriental Express Holdings Limited is an investment holding company incorporated in Hong Kong with limited liabilities. It is principally engaged in providing logistics services in the PRC.

The assets of POEHL and GZPO was acquired by the Group through its subsidiary on 27 February 2005 at a total consideration by means of capital injection of RMB7,500,000.

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the financial results of POEHL will be no longer consolidated into the Company's financial statements. The Company's assets and liabilities will decrease whilst its loss will decrease as a result of not consolidated the financial statement of POEHL.

Based on the Consideration of HK\$3,000,000 and taking into account of the Waiver, it is estimated that the loss on Disposal is approximately HK\$9,058,000.

REASONS FOR THE DISPOSAL

The Board believes that it will be in the interest of the Group to concentrate its effort in the energy and natural resources sectors, and the further investment in POEHL and GZPO will be very substantial before they can become profitable businesses. The Board also believes the Convertible Bonds may provide to the Group with an opportunity to share the capital gain (if any) should the business of POEHL and GZPO can turnaround in the future.

The Directors consider that the Consideration is reasonable and the Disposal represents a good opportunity for the Group to realize POEHL and to strengthen the financial position of the Group. Taking into account GZPO's continued losses suffered in the past, the Board is of the view that the terms and conditions of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The estimated net proceeds receivable by the Group for the Disposal will be in the amount of approximately HK\$3,000,000. The Directors intend to utilize the net proceeds from the Disposal as general working capital and as funds for future development of the Group.

After the Disposal, POEHL will cease to be a subsidiary of the Company.

GENERAL

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders. As no Shareholder has a material interest in the Disposal which is different from other Shareholders, no Shareholder is required to abstain from voting on the Disposal. Orient Day Developments Limited together with Mr. Wong Kwan, which are beneficially interested in 261,759,800 Shares in aggregate (representing approximately 56.32% of the issued share capital of the Company as at the date

hereof), has given written consent to the Disposal on 23 January 2009. The written consent from Orient Day Developments Limited is accepted in lieu of holding a general meeting to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

Orient Day Developments Limited, is a company wholly-owned by Mr. Wong Kwan.

A circular of the Company in relation to the Disposal will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

Trading of the Shares has been suspended with effect from 9:30 a.m. on 23 January 2009 pending the release of this announcement. Trading of the Shares will resume at 9:30a.m. on 29 January 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the sale and purchase agreement dated 22 January 2009 between the Vendor and the Purchaser in respect of the sale and purchase of the Sale Shares
“Business Day”	Any day (other than Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“Company”	Pearl Oriental Innovation Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“Completion”	The completion of the sale and purchase of the Sale Shares under the Agreement
“Completion Date”	the third Business Day after all conditions of the Disposal have been satisfied, which shall not be later than 28 February 2009 or such other date as mutually agreed by the Vendor and the Purchaser in writing
“Director(s)”	Director(s) of the Company

“Disposal”	the Vendor’s disposal of the Sale Shares to the Purchaser pursuant to this Agreement
“Group”	The Company and its subsidiaries
“GZPO”	Guangzhou Pearl Oriental Logistics Limited, a wholly owned subsidiary of POEHL, incorporated in the PRC
“HK Dollar(s)” “HK\$”	the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	Any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“POEHL”	Pearl Oriental Express Holdings Limited, a company incorporated in Hong Kong and its subsidiaries including GZPO, engaged in the logistic business within the PRC
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	Sixty per cent (60%) of the equity interest in POEHL to be sold by the Vendor to the Purchaser pursuant to the Agreement, being the whole of the Vendor’s equity interest in POEHL
“Shareholder(s)”	shareholder(s) of the Company
“subsidiary”	Has the meaning ascribed to it under the Listing Rules

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

As at the date hereof, the Board comprises six executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Mr. Chan Yiu Keung, Mr. Johnny Yuen, Mr. Cheung Kwok Yu, Mr. Zhou Li Yang and Mr. Zheng Yingsheng; and three independent non-executive Directors, namely Mr. Dong Zhixiong, Mr. Fung Hing Chiu, Cyril and Mr. Lam Ka Wai, Graham.

By Order of the Board

Pearl Oriental Innovation Limited

Cheung Kwok Yu

Executive Director and Company Secretary

Hong Kong, 23 January 2009

** For identification purposes only*