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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 INVOLVING ISSUE OF SHARES
ADOPTION OF A NEW SHARE OPTION SCHEME
PROPOSED ISSUE OF CONVERTIBLE NOTES
AND
RESUMPTION OF TRADING**

The Board is pleased to announce that, on 27 May 2009, the Group entered into the Agreements to acquire from independent third parties the entire issued share capital of Get Wealthy Investments Limited (“Get Wealthy”) and also 184,600 shares in China Coal Energy Holdings Limited (“China Coal”) (the “Acquisitions”) for an aggregate consideration of HK\$58,000,000 (the “Consideration”) which shall be satisfied by the issue of 145,000,000 new Consideration Shares at a price of HK\$0.40 per Share. Get Wealthy currently owns 15% of the issued share capital of China Coal. The Group will own over 55% of China Coal after the completion of the Agreements.

Reference is made to the Company’s circular dated 21 October 2008 in relation to the cancellation of all the then outstanding share options granted but not exercised. As the Company’s share option scheme adopted pursuant to a written resolution of the sole shareholder passed on 21 June 2002 will expire on 20 June 2012, the Directors consider it is appropriate timing for the Group to adopt a new share option scheme so as to enable the Group to effectively recruit and retain high-calibre employees.

The Board announces that on 27 May 2009, the Subscriber, a majority Shareholder and the Company entered into the CN Agreement pursuant to which the Subscriber has committed to subscribe for, and the Company may issue the Convertibles Notes to the Subscriber of up to HK\$100,000,000 at the discretion of the Company.

Upon full conversion of the Convertible Notes at the Conversion Price of HK\$0.40 per Share, a total of approximately up to 250,000,000 Conversion Shares will be issued, representing approximately 43.00 % of the existing issued share capital of the Company and approximately 30.07% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Subscriber is a substantial Shareholder. Accordingly, the subscription constitutes a connected transaction for the Company under the Listing Rules. Completion of the CN Agreement is therefore subject to, among other things, approval of the Independent Shareholders by way of poll at the SGM. The Subscriber and its associates shall abstain from voting in the SGM in respect of the Subscription.

An Independent Board Committee (comprising independent non-executive Directors only) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CN Agreement and the transactions contemplated thereunder, and as to whether the Proposed Issue is in the interests of the Company and the Shareholders as a whole and will advise the Shareholders on how to vote. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

As Completion of the Proposed Issue is subject to a number of conditions, which may or may not be fulfilled, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

A circular containing details regarding the Acquisitions, the new share option scheme and the Proposed Issue and a notice of convening the SGM will be dispatched to the Shareholders as soon as practicable.

Trading of the Shares has been suspended with effect from 9:30 a.m. on 29 May 2009 pending the release of this announcement. Trading of the Shares will resume at 9:30 a.m. on 5 June 2009. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 5 June 2009.

MAJOR TRANSACTION INVOLVING ISSUE OF SHARES

The Board of the Company is pleased to announce that, on 27 May 2009, the Company entered into the Agreements to acquire from independent third parties the entire issued share capital of Get Wealthy Investments Limited (“Get Wealthy”) and also 184,600 shares in China Coal Energy Holdings Limited (“China Coal”) (the “Acquisitions”) for an aggregate consideration of HK\$58,000,000 (the “Consideration”) which shall be satisfied by the issue of 145,000,000 new Consideration Shares at a price of HK\$0.40 per Share. Get Wealthy currently owns 15% of the issued share capital of China Coal.

SUMMARY OF THE AGREEMENTS

Date: 27 May 2009

Parties

Purchaser: Champion Merry Investments Limited (“Champion Merry”), a wholly owned subsidiary of the Company

Vendor 1: Mr. Wong Chok Wah (“Mr Wong”), in the Agreement 1

Vendor 2: Favour Good Investments Limited (“Favour Good”), in the Agreement 2

Mr. Wong and Favour Good, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, together with their ultimate beneficial owners, are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Assets to be acquired: Agreement 1: 100% equity interest of Get Wealthy Investments Limited (添勝投資有限公司) which shall become a wholly owned subsidiary of the Company after completion. Get Wealthy currently owns 15% of equity interest in China Coal

Agreement 2: 0.18% equity interest in China Coal

Consideration: Agreement 1: HK57,312,000 to be satisfied by issue of 143,280,000 Consideration Shares

Agreement 2: HK688,000 to be satisfied by issue of 1,720,000 Consideration Shares

The aggregate consideration for the Acquisitions is HK\$58,000,000 (the “Consideration”) which shall be satisfied by the issue of an aggregate of 145,000,000 new shares (“Consideration Shares”) at a price of HK\$0.40 per Share.

The Consideration for these 15.18% equity interest of China Coal is based on the unaudited net asset value (“NAV”) of China Coal in the sum of HK\$912 Million as at 31 December 2008 (as shown in the Company’s 2008 Annual Report) and after a discount of 58% to the NAV. The NAV is mainly based on a valuation amounted to HK\$944 million on the total assets of China Coal and Taiyuan Sanxing of an independent valuer.

To the best knowledge of the Company, the principal activity of Get Wealthy is investment holding, and its only asset is the 15% shareholding in China Coal as at the date of this announcement, and it has no trading activity since its date of incorporation on 12 May 2006. Therefore, Get Wealthy has no historical record since the date of its incorporation. The value of Get Wealthy i.e. the 15% shareholding in China Coal amounted to HK\$136.80 million approximately based on the NAV of China Coal as at 31 December 2008.

Completion Date: On or before 31 July 2009

Mr. Wong is currently a director of China Coal. He will resign as a director of China Coal and the Group shall have the right to appoint a director to replace Mr. Wong upon the completion of the Agreement 1.

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 VENDORS

To the best knowledge of the Company, Mr. Wong is an independent third party and Favour Good is an investment company incorporated in British Virgin Island with limited liabilities. Mr. Wong currently owns 42,000 Shares in the Company. Save as disclosed herein, to the best knowledge of the Directors and having made all reasonable enquiries, the vendors 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 CHINA COAL

China Coal is an investment holding company incorporated in Hong Kong with limited liabilities. Apart from Get Wealthy and Favour Good, the other two shareholders of China Coal are Champion Merry and Zhang Jingyuan who legally and beneficially owns 39.93% and 44.89% of its issued share capital respectively.

Conditions precedent:

The Agreements are subject to certain conditions precedent including without limitation the following, being satisfied or waived by the party entitled to their benefit:

- (i) The Consideration Shares shall have been approved for listing, and permission to deal in the shares granted, by the Stock Exchange; and
- (ii) The Company shall have obtained its shareholders' approval in the SGM for the transactions contemplated under the Agreements.

Reason for Acquisitions

Reference is made to the Company's announcements dated 12 August 2008 and 28 November 2008, management of the Company has strong confidence in the legal cases in relation to China Coal and its major operating subsidiary, Taiyuan Sanxing Coal Gasification Group Limited ("Taiyuan Sanxing") after consulting legal opinions from Hong Kong and PRC lawyers. Acquisitions of the further 15.18% interest in aggregate of the issued share capital of China Coal will enable the Group to have a better position to dispose of its investment in China Coal when opportunities arise as the Group will have majority control of over 55% of China Coal, or the Group can take full control of the operations of China Coal and its subsidiary in the PRC, Taiyuan Sanxing after the Group defeats Zhang Jiangyuan in legal actions in both Hong Kong and the PRC at a later stage.

Both of Get Wealthy and Favour Good are defendants under a legal action instituted by Zhang Jingyuan as disclosed in the Company's announcement dated 12 August 2008. Management has carefully assessed the risks involved in the legal action in relation to the 15.18% equity interest in China Coal to be acquired by the Group pursuant to the Agreements. Based on the advice from the Group's lawyers, Get Wealthy and Favour Good have a good case against Zhang Jingyuan, the Board believes, having taken into consideration the risks, potential benefits and potential capital appreciation associated with the Acquisitions, that the Consideration and the terms of the Agreements, in particular, the discount of 58% to the NAV, are beneficial to, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

China Coal will become a subsidiary of the Company after the completion of the Agreements. However, Taiyuan Sanxing will be held as an available-for-sale investment of the Group and the financial results of Taiyuan Sanxing will not be consolidated into the Group's financial statements as no financial information of Taiyuan Sanxing has been provided to the Group since January 2008 as stated in note 18 to the Company's 2008 Annual Report. The results of Taiyuan Sanxing have not been accounted for or consolidated into in the Company's nor China Coal's financial statements for the year ended 31 December 2008.

The shareholding of Orient Day Developments Limited ("Orient Day") will be diluted to approximately 52.10% after the issue of the Consideration Shares. A public float of at least 25% will be maintained.

The Acquisitions contemplated under the Agreements constitutes a major transaction involving issue of Shares of the Company under Rule 14.06 of the Listing Rules and therefore is subject to the Shareholders' approval. The completion of the Agreements is, among other things, subject to a special mandate for the issue of the Consideration Shares proposed to be sought from the shareholders at the SGM and the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Consideration Shares.

Mr. Wong and his associates shall abstain from voting at the SGM in respect of the Acquisitions. All other Shareholders (including Mr. Wong Kwan) do not have any material interests in the Acquisitions as the Acquisitions do not confer upon any Shareholders or their associates a benefit(economic or otherwise) not available to other Shareholders.

ADOPTION OF A NEW SHARE OPTION SCHEME

Reference is made to the Company's circular dated 21 October 2008 in relation to the cancellation of all the then outstanding share options granted but not exercised. As the Company's share option scheme adopted pursuant to a written resolution of the sole shareholder passed on 21 June 2002 will expire on 20 June 2012, the Directors consider it is appropriate timing for the Group to adopt a new share option scheme for the Group (the "New Share Option Scheme") so as to enable the Group to effectively recruit and retain high-calibre employees. The New Share Option Scheme has to be approved by the Shareholders in the SGM.

As at the date of this announcement, the number of shares in issue was 581,403,960. On the basis of such figure (assuming no further Shares are issued between the period from the date of this announcement and the date of the adoption of the New Share Option Scheme). The number of Shares that may be issued upon exercise of all Options which may be granted under the New Share Option Scheme and to be granted

any other share option schemes will be 58,140,396 Shares, being 10 per cent of the issued ordinary share capital of the company as at the date of this announcement. The Company may however obtain approval from its shareholders to refresh the said 10 per cent limit in accordance with the Listing Rules, provided that the maximum number of shares to be issued upon exercise of all outstanding Options under the New Share Option Scheme and any other share option schemes must not exceed 30 per cent of the issued ordinary share capital of the Company from time to time.

The terms of the New Share Option Scheme will be in compliance with the provisions of Chapter 17 of the Listing Rules and will be set out in a circular for the purpose of the SGM.

PROPOSED ISSUE OF CONVERTIBLE NOTES

The Board announces that, on 27 May 2009, the Subscriber, a majority Shareholder and the Company entered into the CN Agreement pursuant to which the Subscriber has committed to subscribe for, and the Company may issue the Convertible Notes to the Subscriber of up to HK\$100,000,000 at the discretion of the Company.

It is proposed to issue Convertible Notes to the Subscriber who has the right to convert them up to 250,000,000 new Conversion Shares at a conversion price of HK\$0.40 per Conversion Share at any time during the period of two years from the date of the Proposed Issue.

The Convertible Notes' total principal amount is up to HK\$100,000,000.

Subject to fulfillment of the Conditions, the Subscriber has committed to subscribe for, and the Company at its sole discretion may issue the Convertible Notes of principal amount of up to HK\$100,000,000 as its full face value.

Subject to fulfillment of the Conditions, the Company may at its sole discretion give written notices (the "CN Notices") to the Subscriber on or before 30 June 2011 to demand the subscription for the whole or part of the Convertible Notes by the Subscriber provided that the principal amount of each of the CN Notices shall be in the multiples of HK\$10,000,000.

CONVERSION SHARES

Assuming full conversion of the Convertible Notes at the Conversion Price, the Convertible Notes will be converted into approximately 250,000,000 Conversion Shares, representing approximately 43.00% of the existing issued share capital of the Company and approximately 30.07% of the enlarged issued share capital of the Company as enlarged by the issue of the Conversion Shares.

CONVERSION PRICE

The Conversion Price of HK\$0.40 per Conversion Share was arrived at after arm's length negotiation between the Subscriber and the Company and represents a discount of approximately 11% of the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on 27 May 2009, being the last trading day immediately before the date of the CN Agreement, a discount of approximately 13% to the average closing price of HK\$0.46 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 27 May 2009 and a premium of approximately 22.70% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the last 50 trading days up to and including 27 May 2009. The Conversion Price will be subject to adjustment, the details of which are summarized in the "Terms of the Convertible Notes" of this announcement.

CONDITIONS OF THE PROPOSED ISSUE

Completion of the Proposed Issue is conditional upon:

- the Listing Committee having granted approval for the listing of and permission to deal in the Conversion Shares; and
- the passing by the Independent Shareholders in the SGM of resolutions to approve the Proposed Issue and the issue of the Convertible Notes and the Conversion Shares thereunder in accordance with the Listing Rules.

If any of the above conditions have not been fulfilled by 31 July 2009 (or such later date as the Company and the Subscriber may agree), the CN Agreement will lapse.

COMPLETION

Completion of the issue of the Convertible Notes will take place within three Business Days upon the fulfillment of the conditions of the Proposed Issue (or such other date as the parties may agree).

TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are arrived after arm's length negotiation between the Company and the Subscriber and are summarized as follows:

Principal Terms:

Aggregated Principal amount	:	HK\$100,000,000
Conversion Price	:	HK\$0.40 per Conversion Share, subject to adjustments in certain events including, among other things, share consolidation, share subdivision, capitalization issue, capital distribution and rights issue
Interest rate	:	Prime lending rate as quoted by HSBC from time to time
Maturity	:	the second anniversary of the date of issue of the Convertible Notes
Transferability	:	The Convertible Note shall be assignable and transferable in whole or in part at any time. Prompt notice will be given to the Stock Exchange of each transfer and the company has undertaken to the Stock Exchange that it will disclose to the Stock Exchange any dealing in the Convertible Notes by any connected person or his/her associates.
Conversion Period	:	The Convertible Notes are convertible at any time from the date of issue and up to the maturity date of the Convertible Notes
Conversion Rights	:	The Noteholder(s) has/have the right to convert all or part of the Convertible Notes into Conversion Shares at the Conversion Price of HK\$0.40 per Conversion Share during the Conversion Period. The Conversion Rights may only be exercisable in respect of not less than 10,000,000 Conversion Shares upon each conversion

Conversion Shares	:	The number of Conversion Shares to be issued upon full conversion of the Convertible Notes will be 250,000,000 Shares, representing approximately 43.00% of the existing issued share capital of the Company, 30.07% of the issued share capital as enlarged by the conversion of the Convertible Notes in full
Redemption	:	The Company shall be entitled to redeem at 100% all or any part of the principal amount of the Convertible Notes, by giving not less than 7 days' written notice to the Noteholder(s) from time to time after the date of issue of the Convertible Notes provided that the Noteholder(s) shall have the right to exercise his/her Conversion Rights within 7 days from the date of the said notice.
Restriction	:	No conversion of the Convertible Notes will be allowed in the event that such conversion will result in non-compliance with the 25% minimum public float requirement.
Voting	:	The holders of the Convertible Notes will not be entitled to attend or vote at any general meetings of the Company by reason only of his/her being the Noteholder(s).
Listing	:	No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other securities exchange.

This Conversion Shares will be issued under a special mandate proposed to be sought from the Independent Shareholders in the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

EFFECT ON SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE ACQUISITIONS AND THE PROPOSED ISSUE

Set out below is the table for the shareholding in the Company before and after completion of the Acquisitions and the Proposed Issue:

Shareholders	Shareholding as at the date of this announcement		Shareholding after the completion of the Acquisitions but before the conversion of Convertible Notes		Shareholding after conversion of the balance of convertible notes of HK\$10 million (assuming no adjustment to the Conversion Price and no further issue of Shares as at the date of this announcement) approved by SGM on 16 April 2009 and the completion of the Acquisitions but before the conversion of Convertible Notes		Shareholding after conversion of part of the Convertible Notes (assuming no adjustment to the Conversion Price and no further issue of Shares as at the date of this announcement) and the completion of the Acquisitions (Note 2)		Shareholding after full conversion of the Convertible Notes (assuming no adjustment to the Conversion Price and no further issue of Shares as at the date of this announcement) and the completion of the Acquisitions (Note 3)	
	Shares	% of share holding	Shares	% of share holdings	Shares	% of share holdings	Shares	% of share holding	Shares	% of share holding
The Subscriber, Mr. Wong Kwan and their concert parties	378,425,800	65.09	378,425,800	52.10	411,759,800	54.20	467,559,800	57.33	661,759,800	65.54
Other Director	640,000	0.11	640,000	0.08	640,000	0.08	640,000	0.08	640,000	0.06
Mr. Wong (Note 1)	42,000	0.01	143,322,000	19.73	143,322,000	18.86	143,322,000	17.57	143,322,000	14.19
Public shareholders	<u>202,296,160</u>	<u>34.79</u>	<u>204,016,160</u>	<u>28.09</u>	<u>204,016,160</u>	<u>26.86</u>	<u>204,016,160</u>	<u>25.02</u>	<u>204,016,160</u>	<u>20.21</u>
Total	<u>581,403,960</u>	<u>100</u>	<u>726,403,960</u>	<u>100</u>	<u>759,737,960</u>	<u>100</u>	<u>815,537,960</u>	<u>100</u>	<u>1,009,737,960</u>	<u>100</u>

Note 1: Mr. Wong is not a connected person of the Company and his shareholding of 42,000 Shares actually forms part of those Shares held by the Public Shareholders before the completion of the Acquisitions.

Note 2: Upon conversion of such convertible notes to the extent that the minimum public float requirement can be met.

Note 3: It is for illustration purpose only in the event that the Convertible Notes are fully converted.

As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

CAPITAL-RAISING ACTIVITIES DURING PAST 12 MONTHS

Except that the Company has issued convertible notes of HK\$35,000,000 in aggregate to Orient Day in May 2009, the Company did not any capital-raising activities during the past 12 months preceding the date of this announcement.

Convertible notes (as announced on 5 March 2009) of HK\$35 million have been issued by the Company, and the Company has not yet invited the Subscriber to subscribe for the balance of the Second Tranche Note (as disclosed in the Company's announcement dated 5 March 2009) for the sum of HK\$10 million up to the date of this announcement.

REASONS FOR THE PROPOSED ISSUE

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

The principle activity of the Subscriber is investment holding.

In view of the Group's litigations regarding China Coal, the continual need of funding for the Group's operations and the difficulty of fund raising by placing shares in this weak market situation after the financial tsunami, the proposal of the issue of the Convertible Notes to the Subscriber will ensure the Group will have a further funding of up to HK\$100 million if the Company issues the Convertible Notes in full.

Reference is made to the Company's announcement dated 5 March 2009 in relation to the issue of convertible notes of up to HK\$45 million to the Subscriber. As the Group has suffered substantial losses in the last financial year of 2008, and it is anticipated further working capital is required for the Group including the operations in France of Euro Resources which has become a subsidiary of the Company in November 2008 as well as for new possible investment opportunities, therefore the Company considered the Proposed Issue of further convertible notes of HK\$100 million is in the interest of the Shareholders and the Company as a whole.

Given that the Conversion Price was at an approximately 11% discount to the closing price of the Shares on 27 May 2009, being the last trading day immediately before the date of the CN Agreement and at a premium of approximately 22.70% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the last 50 trading days up to and including 27 May 2009, the Directors (excluding the independent non-executive Directors who will express their views in the circular to the Shareholders) consider that are fair and reasonable under the current market conditions and in the best interest of Shareholders and the Company as a whole.

GENERAL

The Subscriber is a substantial Shareholder. Accordingly, the Subscription constitutes a connected transaction for the Company under the Listing Rules. Completion of the CN Agreement is therefore subject to, among other things, approval of the Independent Shareholders by way of poll at the SGM. The Subscriber, namely Orient Day, and its associates shall abstain from voting at the SGM in respect of the Subscription.

An Independent Board Committee (comprising independent non-executive Directors only) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CN Agreement and the transactions contemplated thereunder, and as to whether the Proposed Issue is in the interests of the Company and the Shareholders as a whole and will advise the Shareholders on how to vote. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

As Completion of the Proposed Issue is subject to a number of conditions, which may or may not be fulfilled, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Acquisitions and the Proposed Issue are two independent events.

A circular containing details regarding the Acquisitions, the New Share Option Scheme and the Proposed Issue and a notice convening the SGM will be dispatched 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 29 May 2009 pending the release of this announcement. Trading of the Shares will resume at 9:30 a.m. on 5 June 2009. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 5 June 2009.

DEFINITIONS

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

“Acquisitions”	the proposed acquisitions by the Company from Mr. Wong and Favour Good of 15.18% of equity interest in China Coal
“Agreements”	Agreement 1 and Agreement 2
“Agreement 1”	An agreement for the sale and purchase dated 27 May 2009 between the Company and Mr. Wong in respect of the acquisition of 100% equity interest of Get Wealthy

“Agreement 2”	An agreement for the sale and purchase dated 27 May 2009 between the Company and Favour Good in respect of the acquisition of 0.18% equity interest of China Coal
“Board”	board of Directors
“Business Day”	Any day (other than Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“CN Agreement”	A conditional convertible note agreement dated 27 May 2009 between the Company and the Subscriber in respect of the subscription of the Convertible Notes
“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”	Completion of the Acquisitions of 15.18% equity interest of China Coal will take place within three Business Days upon the fulfillment of the conditions
“Conversion Shares”	Up to 250,000,000 new Shares which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Notes
“Convertible Notes”	Convertible notes due after 2 years from the date of issue in an aggregate principal amount of up to HK\$100,000,000 proposed to be issued to the Subscriber pursuant to the CN Agreement.
“Conversion Price”	The conversion price of HK\$0.40 per Conversion Share (subject to adjustment)
“Director(s)”	Director(s) of the Company
“Group”	The Company and its subsidiaries
“HK Dollar(s)” “HK\$”	the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	An independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Dong Zhixiong, Mr. Fung Hing Chiu, Cyril and Mr. Lam Ka Wai, Graham, who did not have material interests in the Subscription
“Independent Shareholders”	Shareholders (Other than the Subscriber, Mr. Wong Kwan and their respective concert parties and associates and those Shareholders who are involved in, or interested in the Subscription) who are not required to abstain from voting on the resolutions to be proposed at the SGM to approve the Subscription under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Orient Day” or “Subscriber”	Orient Day Developments Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Wong Kwan which is a majority shareholder of the Company
“Proposed Issue”	The proposed issue of the Convertible Notes
“SGM”	A special general meeting of the Company to be convened to consider and approve the Acquisitions, the New Share Option Scheme and the issue of the Conversion Shares and the Convertible Notes
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	Ordinary share(s) of HK\$0.10 in the share capital of the Company
“subsidiary”	Has the meaning ascribed to it under the Listing Rules
“Subscription”	The subscription for the Convertible Notes by the Subscriber pursuant to the CN Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mr. Wong Chok Wah and Favour Good
“%”	per cent

As at the date hereof, the Board comprises five executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), 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, 4 June 2009

** For identification purposes only*