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

(Incorporated in Bermuda with limited liability)

(Stock code: 632)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY

On 27 November 2009, after the trading hours, 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 RMB93,000,000 (equivalent to approximately HK\$106,020,000).

The consideration shall be settled by the Purchaser in the following manner : (a) on the date upon signing of the Agreement, the Purchaser shall pay to the Vendor an initial deposit in the sum of HK\$10,000,000; (b) on or before 18 December 2009, the Purchaser shall pay to the Vendor a further payment of RMB37,510,000 (equivalent to approximately HK\$42,760,000); and (c) the Purchaser shall arrange for repayment or re-financing of the Bank Loan and also obtain the written consent from the Bank to release the Company from a corporate guarantee given to the Bank in respect of the outstanding Bank Loan of approximately RMB46,720,000 (equivalent to approximately HK\$53,260,000) on or before 18 December 2009.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date : 27 November 2009

Parties : (1) Vendor : Pearl Oriental Logistics Holdings Limited, which is an indirect wholly owned subsidiary of the Company incorporated in British Virgins Islands.

(2) Purchaser: Full Wealth International Investment Holdings 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 Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing 100% equity interest of Good Value Holdings Limited (“Good Value”).

Good Value was incorporated in the British Virgin Islands and its sole principal business is providing warehousing services in the PRC through its wholly owned subsidiary, Pearl Oriental Warehouse (Shenzhen) Company Limited (“POW”) which was incorporated in the PRC. POW currently owns a bonded warehouse property (the “Warehouse”) in Futian, Shenzhen, PRC. The Warehouse has been pledged to a bank (the “Bank”) for a bank loan granted to the Vendor (the “Bank Loan”).

Based on the unaudited consolidated financial statements of Good Value, the unaudited consolidated net profit before and after taxation of Good Value for the year ended 31 December 2007 were approximately profit RMB315,000 (equivalent to approximately HK\$359,000) and RMB169,000 (equivalent to approximately HK\$192,000) respectively, and for the year ended 31 December 2008 were loss approximately RMB17,919,000 (equivalent to approximately HK\$20,428,000) and RMB17,919,000 (equivalent to approximately HK\$20,428,000) respectively. The unaudited consolidated net asset value of Good Value as at 31 December 2008 was approximately of RMB75,150,000 (equivalent to approximately HK\$85,671,000).

Consideration

The Consideration for the Sale Shares shall be the sum of RMB93,000,000 (equivalent to approximately HK\$106,020,000).

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

- (a) on the date upon signing of the Agreement, the Purchaser shall pay to the Vendor an initial deposit in the sum of HK\$10,000,000;
- (b) on or before 18 December 2009, the Purchaser shall pay to the Vendor a further payment of RMB37,510,000 (equivalent to approximately HK\$42,760,000);

- (c) the Purchaser shall arrange for repayment or re-financing of the Bank Loan and also obtain the written consent from the Bank to release the Company from a corporate guarantee given by the Company in favour of the Bank in respect of outstanding Bank Loan of approximately RMB46,720,000 (equivalent to approximately HK\$53,260,000) on or before 18 December 2009; and
- (d) If the Purchaser cannot fulfill the above Condition (c) on or before 18 December 2009, provided that the Purchaser has made the further payment of RMB37,510,000 (equivalent to approximately HK\$42,760,000) to the Vendor, the parties have agreed that the Purchaser shall have 60 additional days, i.e. on or before 18 February 2010, to fulfill the above Condition (c).

The Consideration was determined at arms length negotiation between Vendor and Purchaser.

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.

Completion

Completion shall take place on the tenth Business Day after all conditions as set out above have been satisfied, which shall not be later than 18 February 2010 or such other date as mutually agreed by the Vendor and the Purchaser in writing.

If the Purchaser shall fail to complete the Disposal on or before 18 February 2010, the Vendor shall be entitled to forfeit such deposit paid by the Purchaser of up to HK\$20,000,000 and also entitled to dispose of the Sale Shares to other parties.

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 businesses.

INFORMATION ON THE PURCHASER

To the best knowledge of the Company, the Purchaser is a trading and 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 GOOD VALUE

Good Value Holdings Limited is an investment holding company incorporated in the British Virgin Islands with limited liabilities. It is principally engaged in providing warehousing services in the PRC.

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the financial results of Good Value 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 consolidating the financial statements of Good Value.

Based on the Consideration of HK\$106,020,000, it is estimated that the profit on Disposal is approximately HK\$500,000.

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.

The Directors consider that the Consideration is reasonable and the Disposal represents a good opportunity for the Group to realize Good Value and to strengthen the financial position of the Group. Furthermore, the Bank Loan which is secured by the Warehouse amounting to approximately RMB46,720,000 (equivalent to approximately HK\$53,260,000) will be repaid upon Completion and that all bank loan of Group will be repaid and in turn improve the financial positions of the Group. Taking into account POW'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\$52,000,000. The Directors intend to utilize the net proceeds from the Disposal as general working capital and as funds for future investment opportunities of the Group.

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

GENERAL

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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 27 November 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 shares of which 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 tenth Business Day after all conditions of the Disposal have been satisfied, which shall not be later than 18 February 2010 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 the Agreement
“Good Value”	Good Value Holdings Limited, a company incorporated in the British Virgin Islands and its subsidiaries including POW, engaged in the warehousing business within the PRC
“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 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
“POW”	Pearl Oriental Warehouse (Shenzhen) Company Limited (東明倉儲(深圳)有限公司), a wholly owned subsidiary of Good Value, incorporated in the PRC
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	100 per cent (100%) of the equity interest in Good Value to be sold by the Vendor to the Purchaser pursuant to the Agreement
“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

In this announcement, for purpose of illustration only, amounts quoted in RMB have been converted into Hong Kong dollars at the rate of RMB1.00 to HK\$1.14.

As at the date hereof, the Board comprises five executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Mr. Cheung Kwok Yu, Mr. Zhou Li Yang, Mr. Zheng Yingsheng and Mr. Johnny Yuen; and three independent non-executive Directors, namely Mr. Yu Jianmeng, 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, 27 November 2009

** For identification purposes only*