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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the Company's announcement dated 4 November 2010 in relation to, among others, the Sale and the Subscription (the "Announcement"). Unless otherwise stated, terms used herein shall have the same meanings as defined in the Announcement.

SUBSCRIPTION BY THE VENDOR

The Company clarifies that, in addition to the conditions precedent set out in the Announcement, the top-up subscription of 188,225,000 new Shares by the Vendor is conditional upon the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the "SFC") or any delegate of the Executive Director (the "Executive") granting a waiver pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Vendor and parties acting in concert with it, if any, to make a mandatory general offer under Rule 26.1 of the Takeovers Code for all securities of the Company other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, if any, as a result of the allotment and issue of 188,225,000 Subscription Shares (the "Waiver"), which cannot be waived by the Vendor. Furthermore, the completion date for the top-up subscription of 188,225,000 new Shares by the Vendor shall have to be completed on or before 11 November 2010 instead of 18 November 2010 pursuant to the requirements under Rule 14A.31(3)(d) of the Listing Rules.

SUBSCRIPTION BY SUBSCRIBERS

The Company further announces that the two Subscribers are Mr. Luk Man Cho and Mr. Wong Chok Wah who will subscribe for 120,000,000 Shares and 19,525,000 Shares respectively.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, (i) immediately after completion of the Sale but before the Subscription; and (ii) immediately after completion of the Sale and the Subscription, each prepared on the basis that there would be no change in the issued share capital of the Company after the date of this announcement other than as stated in each scenario.

	As at the Last Trading Day		Immediately after completion of the Sale but before the Subscription		Immediately after completion of the Sale and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Orient Day (Note)	710,952,800	42.85	522,727,800	31.51	710,952,800	35.78
Other Directors	15,375,000	0.93	15,375,000	0.93	15,375,000	0.78
Public Shareholders						
- the Purchasers and the Subscribers	-	-	188,225,000	11.34	327,750,000	16.49
- other public Shareholders	932,891,160	56.22	932,891,160	56.22	932,891,160	46.95
	<u>1,659,218,960</u>	<u>100.00</u>	<u>1,659,218,960</u>	<u>100.00</u>	<u>1,986,968,960</u>	<u>100.00</u>

Note: Orient Day, the Vendor, is a company incorporated with limited liability in the British Virgin Islands and is beneficially wholly-owned by Mr. Wong Kwan.

TAKEOVERS CODE IMPLICATIONS

As a result of the Sale, the aggregate percentage shareholding of the Vendor and its concert parties, if any, will reduce from approximately 42.85% as at the date of the Announcement to approximately 31.51%, representing a decrease of approximately 11.34%. Following the completion of the Subscription, their aggregate percentage shareholding will increase from approximately 31.51% to approximately 35.78%, representing an increase of approximately 4.27%. Accordingly, the Vendor would be required to make a general offer for all the issued securities of the Company not already owned or agreed to be acquired by the Vendor and its concert parties (if any), if the Waiver is not granted. An application will be made by the Vendor to the Executive for the granting of the Waiver under Note 6 on dispensations from Rule 26 of the Takeovers Code to waive the obligations to make a mandatory general offer which may arise from completion of the Sale and the Subscription. The granting of the Waiver is a condition precedent that cannot be waived by the Vendor in relation to the subscription of the 188,225,000 new Shares by the Vendor.

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

As at the date hereof, the Board comprises five executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Dr. Lew Mon Hung, Mr. Cheung Kwok Yu, Mr. Zhou Li Yang and Mr. Johnny Yuen; one non-executive director, namely Mr. Baiseitov Bakhytbek; and three independent non-executive Directors, namely Mr. Yu Jianmeng, Mr. Fung Hing Chiu, Cyril and Mr. Lam Ka Wai, Graham.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Hong Kong, 5 November 2010

* *For identification purposes only*