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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)

(1) MEMORANDUM OF UNDERSTANDING

IN RESPECT OF POSSIBLE ACQUISITION OF OIL FIELDS IN KAZAKHSTAN

AND

(2) UPDATE ON SETTLEMENT AGREEMENT

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board is pleased to announce that on 24 February 2011 (after trading hours), the Group, entered into a Memorandum of Understanding with an independent third party for the Possible Acquisition which shall involve conducting development and exploitation at certain oilfields in Kazakhstan.

The Possible Acquisition is subject to certain conditions, therefore, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialized, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any formal agreement has been signed.

Reference is made to the Company’s announcement dated 2 August 2010 in relation to a settlement agreement dated 31 July 2010 and the disposal of equity interests in China Coal Energy Holdings Limited.

The Board is also pleased to announce that the Company has already received the second instalment of consideration for the Disposal of HK\$48,500,000 (net proceeds after 3% expenses payable) from Mr. Zhang Jingyuan on schedule.

(1) MEMORANDUM OF UNDERSTANDING

The Company’s board of directors (the “Board”) is pleased to announce that the Group has entered into the Memorandum of Understanding with an independent third party (the “Vendor”) for the Possible Acquisition which shall involve conducting development and exploitation at certain oilfields in Kazakhstan.

Memorandum of Understanding

Date: 24 February 2011 (after trading hours)

To the best of the Directors' knowledge, the Vendor and its ultimate beneficial owners are not connected persons of the Company and are independent third parties not connected with the Company and its connected persons.

Major terms of the Memorandum of Understanding

Kazakhstan Oilfield Project

The Possible Acquisition shall involve development and exploitation at oil field project in Kazakhstan ("Kazakhstan Oilfield Project"). Preliminary information provided to the Group by the Vendor in respect of the Kazakhstan Oilfield Project is as follows:

There are three (3) guidelines of oil lease blocks of area of around 250 square kilometers in aggregate in Mangistau Region of Kazakhstan, the total 3P reserves (proved, probable and possible oil reserves) are over 700 million barrels which have been evaluated by an independent technical consultant according to the guidelines of Petroleum Resources Management System (PRMS). Currently, there are four (4) wells which are producing crude oil in the three (3) oil lease blocks.

Due Diligence

The Group has already appointed independent professional firms to pay site visit and conduct due diligence on the Kazakhstan Oilfield Project. Subject to the satisfactory results of the due diligence and taking into account technical advice regarding the Kazakhstan Oilfield Project, the Group and the Vendor will proceed to the negotiation for terms and conditions of a formal sale and purchase agreement in respect of the Possible Acquisition.

Conditions

The Possible Acquisition is subject to due diligence to be performed by the Group and subject to that a formal sale and purchase agreement can be entered into by the parties, and the Group has no obligations whatsoever to purchase, invest or acquire the whole or any part of the Kazakhstan Oilfield Project.

The Directors are in the opinion that the terms of the Memorandum of Understanding are fair and reasonable, under normal commercial terms and in the interests of the Company and the Shareholders as a whole.

If the Possible Acquisition is materialized, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or shareholders' approval requirements under the Listing Rules.

Information of the Group

The principle activity of the Company is an investment holding. The Group is principally engaged in energy and recycling businesses.

Reasons for the Possible Acquisition

The Group has been seeking further good investment opportunities in the oil and gas and natural resources sectors in order to broaden the Group's business and maximize the return of the Shareholders. Kazakhstan has the largest proven oil reserves base in the Caspian Sea region and is the second largest oil producer within Central Asia. There are many oilfields in the Mangistau region in Kazakhstan, including oilfields that are contracted for and operated by leading Chinese oil and gas companies such as CNPC. Given the recent surging global oil prices and its considerable amount of oil reserves (subject to due diligence), management of the Company considers the Kazakhstan Oilfield Project a sizeable investment opportunity with great exploitation and development potential for the Group to expand its portfolio in oil and gas business.

The Possible Acquisition is subject to certain conditions. Therefore, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialized, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any formal agreement has been signed.

(2) UPDATE ON SETTLEMENT AGREEMENT

Reference is made to the Company's announcement dated 2 August 2010 in relation to a settlement agreement dated 31 July 2010 and the disposal of equity interests in China Coal Energy Holdings Limited (the "Disposal").

The Board is also pleased to announce that the Company has already received the second instalment of consideration for the Disposal of HK\$48,500,000 (net proceeds after 3% expenses payable) from Mr. Zhang Jingyuan on schedule.

The Board believes that the Company's receipt of the second instalment of consideration will further improve the financial position and financial results of the Group.

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, Mr. Baiseitov Bakhytbek; 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, 24 February 2011

* For identification purposes only