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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

CHAIRMAN'S STATEMENT

2010 is the most important year of the development of Pearl Oriental Innovation Limited in its history! With the full support of all our shareholders, we took a big step resolutely and wisely to successfully transform Pearl Oriental into a company with its core business focused on investment and operation in oil and gas sector in the international market.

With the joint effort of the board of directors and management team, the consolidated turnover of the Company for the financial year ended 31 December 2010 (the "Year") was HK$555.24 million, representing an increase of 2.4 times as compared with that of 2009, the profit after tax attributable to owners was HK$423.20 million and earnings per share was HK27.3 cents which turnaround the situation from previous loss to profitable. The Group's net assets was HK$2,650.45 million, representing an increase of 6.7 times as compared with that of 2009. The Group's cash reserves (including cash deposit and short term receivable loans) was HK$588 million. The Company does not have any bank borrowings with healthy and strong financial condition.

The high profit for the Year was mainly attributed from the fair net assets value which was over the cost of acquisition after the successful completion of acquiring the Utah Gas and Oil Field. The Group's recycled plastic business also recorded a gross profit of HK$24.45 million. In addition, Management has decisively entered into the Settlement Agreement to dispose of the interest in coal mining business in Shanxi which brought special gain of HK$56.29 million to the Group.

Given the sound financial position of Pearl Oriental and the confidence in the future development, the Board resolved to propose a final dividend of HK2 cents per share and bonus share of one share for every five shares. The Board believes that the growth of the Company counts on the support from the shareholders, therefore, timely sharing with and effectively creating value for our shareholders will be our Company's policy.

Taking the advantage of "One Country, Two Systems" policy, Pearl Oriental is now at its best historical position. Being an independent economic entity, the Company can expand its core business more efficiently. In the world of oil and energy, there are many big players and competitors. As a new comer, we are fearless and will steadily acquire new oil fields with great development potential in order to expand our assets portfolio and reserves of oil and gas. At the same time, we will speed up the development of oil and gas fields to increase production volume of oil and gas so as to increase the Group's operating income.

We must clearly and sensibly understand that investment and operation in oil and gas business is one of the high risk, high return and capital intensive businesses. Therefore, the Group will capture many business opportunities and rapidly build up and strengthen a professional team of oil experts and, of more importance, we have to closely manage various risk factors so as to maintain the Company's financial management at a healthy and sustainable level during the high-speed development and bring the desirable return on investment for all the shareholders.

I paid a lot for experience in the Asian financial crisis in 1997. Through the profound lessons and valuable experience, I was able to work together with the Board and Management and led Pearl Oriental went through the impact of global financial turmoil in 2008 and developed new business with rapid growth. I am pleased and therefore would like to take this opportunity to thank all of our shareholders, directors, staff and the joint venture partners for their full and hearted support.

The board of directors (the "Board") of Pearl Oriental Innovation Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 (the "Year") as follows:

	Notes	**2010**	2009
		HK$'000	*HK$'000*
			(Restated)
CONTINUING OPERATIONS			
REVENUE	4	**555,242**	163,438
Cost of sales	5	**(530,793)**	(154,272)
Gross profit		**24,449**	9,166
Gain on bargain purchase		**604,703**	—
Change in fair value on derivative financial instruments	5	**11,050**	—
Other income and gains	4	**59,537**	23,891
Selling and distribution costs		**(5,323)**	(1,896)
Administrative expenses		**(100,576)**	(58,563)
Exploration, repair and maintenance expenses	5	**(12,594)**	—
Equity-settled share option expenses		**(39,966)**	(6,727)
Finance costs	6	**(53)**	(1,826)
Impairment loss on available-for-sale investment		**—**	(922,318)
Impairment loss on goodwill		**(27,943)**	—
Write-off of assets on liquidation of a subsidiary	12	**(126,513)**	—
Share of losses of an associate		**—**	(548)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	5	**386,771**	(958,821)
Income tax credit/(expense)	7	**4,703**	(319)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**391,474**	(959,140)
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	8	**36**	(8,822)
PROFIT/(LOSS) FOR THE YEAR		**391,510**	(967,962)
Attributable to:			
Owners of the Company		**423,195**	(566,840)
Non-controlling interests		**(31,685)**	(401,122)
		391,510	(967,962)

Details of the dividend proposed for the year are disclosed in note 9 to the announcement.

	Notes	**2010**	2009
		HK$'000	*HK$'000*
			(Restated)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic			
— For profit/(loss) for the year		**27.3 cents**	(85.3) cents
— For profit/(loss) from continuing operations		**27.3 cents**	(84.0) cents
Diluted			
— For profit/(loss) for the year		**27.0 cents**	(85.3) cents
— For profit/(loss) from continuing operations		**27.0 cents**	(84.0) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**391,510**	(967,962)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(5,739)**	1,949
Income tax effect	**—**	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(5,739)**	1,949
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**385,771**	(966,013)
Attributable to:		
Owners of the Company	**418,826**	(564,911)
Non-controlling interests	**(33,055)**	(401,102)
	385,771	(966,013)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2010** *HK$'000*	31 December 2009 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,198**	64,465
Prepaid land lease payments		**—**	—
Exploration and evaluation assets		**46,371**	—
Intangible assets	11	**1,960,140**	—
Goodwill		**34,096**	121,945
Available-for-sale investments		**—**	—
Derivative financial instruments		**664,253**	—
Deferred tax assets		**5,204**	—
Deposits paid		**—**	761
Total non-current assets		**2,711,262**	187,171
CURRENT ASSETS			
Inventories and supplies		**6,912**	8,707
Trade and bill receivables	13	**1,771**	6,199
Prepayments, deposits and other receivables		**263,011**	47,521
Available-for-sale investments		**—**	—
Cash and cash equivalents		**374,932**	224,314
		646,626	286,741
Available-for-sale investments classified as non-current assets held for sale		**—**	—
Total current assets		**646,626**	286,741
CURRENT LIABILITIES			
Trade payables	14	**4,502**	5,700
Other payables and accruals		**14,665**	51,696
Interest bearing bank borrowings, unsecured		**1,399**	—
Tax payable		**820**	319
Loan from immediate parent and ultimate controlling party		**—**	4,910
Total current liabilities		**21,386**	62,625
NET CURRENT ASSETS		**625,240**	224,116
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,336,502**	411,287

	Notes	**2010**	2009
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Loan from immediate parent and ultimate controlling party		**—**	66,300
Deferred tax liabilities		**686,049**	—
Total non-current liabilities		**686,049**	66,300
Net assets		**2,650,453**	344,987
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	**198,697**	115,922
Reserves		**1,520,691**	212,906
		1,719,388	328,828
Consideration shares to be issued		**932,591**	—
Non-controlling interests		**(1,526)**	16,159
Total equity		**2,650,453**	344,987

NOTES:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for buildings and derivative instruments, which were stated in the consolidated statement of financial position at valuation less accumulated depreciation and any impairment losses, and measured at fair value, respectively.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests (formerly known as minority interest) prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2. CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adopting of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment — Group Cash settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 Amendments Included in Improvement To HKFRS issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 Lease — Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and amendments to HKAS 7, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adoption these new and revised HKFRSs are as follows:

a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interest in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

b) Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs

HKAS 7 Statement of Cash Flows: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the logistics and related services segment is the provision of logistic business and related services, which had been discontinued during the year;

(b) the plastic recycling segment is procuring, processing and sales of recycling materials; and

(c) the oil and gas sales segment is exploring, exploiting and sales of natural gas and oil, which was commenced during the year.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate assets as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (Con't)

Year ended 31 December 2010

	Continuing operations		Discontinued operation	
	Plastic recycling segment	**Oil and gas sales segment**	**Provision of logistics and related services segment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:				
Service income	—	—	—	—
Gross rental income	—	—	—	—
Sales of recycling materials	555,196	—	—	555,196
Sales of oil and natural gas	—	46	—	46
	555,196	46	—	555,242
Segment results	(78,610)	(14,318)	36	(92,892)
Other income and gains				59,537
Gain on bargain purchase				604,703
Unallocated expenses				(184,489)
Profit from operations				386,859
Finance costs				(53)
Profit before tax				386,806
Income tax credit				4,703
Profit for the year				391,509
Segment assets	91,846	2,734,077	—	2,825,923
Unallocated assets				531,965
Total assets				3,357,888
Segment liabilities	12,410	2,606	—	15,016
Unallocated liabilities				692,419
Total liabilities				707,435
Capital expenditure	920	—	—	920
Unallocated capital expenditure				337
				1,257
Depreciation and amortisation	2,884	—	—	2,884
Unallocated depreciation and amortisation				234
				3,118

3. OPERATING SEGMENT INFORMATION (Con't)

Year ended 31 December 2009

	Continuing operation	Discontinued operation	
	Plastic recycling segment	Provision of logistics and related services segment	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Service income	—	28,266	28,266
Gross rental income	—	3,826	3,826
Sales of recycling materials	163,438	—	163,438
	163,438	32,092	195,530
Segment results	(16,686)	(8,822)	(25,508)
Other income and gains			23,968
Unallocated expenses			(959,958)
Loss from operations			(961,498)
Finance costs			(5,597)
Share of losses of an associate			(548)
Loss before tax			(967,643)
Income tax expense			(319)
Loss for the year			(967,962)
Segment assets	241,710	8,450	250,160
Unallocated assets			223,752
Total assets			473,912
Segment liabilities	17,541	8,082	25,623
Unallocated liabilities			103,302
Total liabilities			128,925
Capital expenditure	4,236	415	4,651
Unallocated capital expenditure			22
			4,673
Depreciation and amortisation	4,653	4,245	8,898
Unallocated depreciation and amortisation			262
			9,160
Impairment loss on available-for-sale investments			922,318
Write-off of other receivables			955

3. OPERATING SEGMENT INFORMATION (Con't)

Geographical information

(a) Revenue from external customers

The revenue information is based on the location of the customers.

Year ended 31 December 2010	**Hong Kong** *HK$'000*	**The PRC** *HK$'000*	**France** *HK$'000*	**USA** *HK$'000*	**Total** *HK$'000*
Segment revenue:					
Sales of recycling materials	553,636	—	1,560	—	555,196
Sales of oil and natural gas	—	—	—	46	46
	553,636	—	1,560	46	555,242

Year ended 31 December 2009	Hong Kong *HK$'000*	The PRC *HK$'000*	France *HK$'000*	USA *HK$'000*	Total *HK$'000*
Segment revenue:					
Service income	—	28,266	—	—	28,266
Gross rental income	—	3,826	—	—	3,826
Sales of recycling materials	162,045	—	1,393	—	163,438
	162,045	32,092	1,393	—	195,530

Geographical information

(a) Non-current assets

Year ended 31 December 2010	**Hong Kong** *HK$'000*	**The PRC** *HK$'000*	**France** *HK$'000*	**USA** *HK$'000*	**Total** *HK$'000*
Non-current assets	35,293	—	—	2,675,969	2,711,262

Year ended 31 December 2009	Hong Kong *HK$'000*	The PRC *HK$'000*	France *HK$'000*	USA *HK$'000*	Total *HK$'000*
Non-current assets	73,352	—	113,819	—	187,171

Information about a major customer

Revenue of approximately HK$73,342,000 (2009: HK$20,442,000) was derived from sales to a single customer during the year ended 31 December 2010.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents service income from logistics and other services rendered, gross rental income, sales of recycling materials and sales of natural gas and oil during the year.

An analysis of revenue, other income and gains is as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Service income	—	28,266
Gross rental income	—	3,826
Sales of recycling materials	**555,196**	163,438
Sales of natural gas and oil	**46**	—
Total revenue	**555,242**	195,530
Other income and gains		
Bank interest income	**21**	13
Other loan interest income	**3,146**	—
Gain on disposal of subsidiaries	**56,285**	20,270
Exchange gains, net	—	2,944
Others	**476**	741
Total other income and gains	**59,928**	23,968
Total revenue, other income and gains	**615,170**	219,498
Revenue		
Attributable to continuing operations reported in the consolidated income statement	**555,242**	163,438
Attributable to discontinued operation *(note 8)*	—	32,092
	555,242	195,530
Other income and gains		
Attributable to continuing operations reported in the consolidated income statement	**59,537**	23,891
Attributable to discontinued operation *(note 8)*	**391**	77
	59,928	23,968
	615,170	219,498

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Cost of services provided and goods sold*:		
Continuing operations	**530,793**	154,272
Discontinued operation *(note 8)*	**—**	20,819
	530,793	175,091
Amortisation of prepaid land lease payments	**—**	459
Depreciation of property, plant and equipment*	**3,118**	9,160
Write-off of property, plant and equipment *(note 12)*	**—**	5
Minimum lease payments under operating leases:		
Land and buildings	**4,154**	4,298
Auditors' remuneration:		
Annual audit	**980**	850
Other assurance services	**760**	420
	1,740	1,270
Write-off of other receivables	**—**	955
Impairment loss on goodwill	**27,943**	—
Impairment loss on available-for-sales investments	**—**	922,318
Loss on disposal of subsidiaries	**1,401**	—
Exploration, repair and maintenance expenses	**12,594**	—
Staff costs (including directors' remuneration)		
Wages and salaries	**62,288**	28,689
Equity-settled share option expenses	**34,943**	6,727
Pension scheme contributions	**329**	168
	97,560	35,584
Exchange loss/(gains), net	**775**	(3,012)
Bank interest income	**(14)**	(12)
Gain on bargain purchase	**(604,703)**	—
Change in fair value on derivative financial instruments	**(11,050)**	—

* The cost of services provided and good sold included depreciation of property, plant and equipment of approximately HK$2,480,000 during the year ended 31 December 2009.

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**3**	3,570
Bank overdraft interest	**35**	4
Interest on other loans	**15**	1,738
Others	**—**	285
	53	5,597
Finance costs		
Attributable to continuing operations reported in the consolidated income statement	**53**	1,826
Attributable to discontinued operation *(note 8)*	**—**	3,771
	53	5,579

7. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2009 and 2010. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**501**	319
Deferred tax	**(5,204)**	—
Tax (credit)/charge for the year	**(4,703)**	319

8. DISCONTINUED OPERATION

During the year, the Group has decided to cease its logistics and related services business through the disposal of its subsidiaries. The disposal has been completed in November 2010.

The results of logistics and related services business:

	2010	2009
	HK$'000	*HK$'000*
Revenue *(note 4)*	—	32,092
Cost of services provided *(note 5)*	—	(20,819)
Gross profit	—	11,273
Other income and gains *(note 4)*	**391**	77
Administrative expenses	**(355)**	(16,401)
Finance costs	—	(3,771)
Profit/(loss) before tax from the discontinued operation	**36**	(8,822)
Income tax expenses	—	—
Profit/(loss) for the year from the discontinued operation	**36**	(8,822)
The net cash flows incurred are as follows:		
Operating activities	**1,468**	104
Investing activities	**6**	54
Financing activities	—	(14,711)
Net cash inflow/(outflow)	**1,474**	(14,553)
Earnings/(loss) per share:		
Basic, from the discontinued operation	**0.002 cent**	(1.3) cents
Diluted, from the discontinued operation	**0.002 cent**	NA*

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) attributable to ordinary equity holders of the Company from the discontinued operation	**36**	(8,822)

	Number of shares (thousand)	
	2010	*2009*
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(note 10)*	**1,548,722**	664,500
Weighted average number of ordinary shares used in the diluted earnings per share calculation *(note 10)*	**1,567,849**	NA

* No adjustment has been made to the basic earnings/(loss) per share amounts presented for the year ended 31 December 2009 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. DIVIDENDS AND BONUS ISSUE OF SHARES

	2010	2009
	HK$'000	*HK$'000*
Proposed final dividend — HK2 cents (2009: Nil) per ordinary share	**39,739**	—

A final dividend in respect of the year 2010 of HK2 cents per share, totalling approximately HK$39,739,000 are proposed by the Board to be distributed from the Company's contributed surplus. The dividends are subject to approval by shareholders at the forthcoming annual general meeting ("AGM") and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these consolidated financial statements.

Subsequent to the end of the reporting period, on 31 March 2011, the directors recommended a bonus issue of shares to the ordinary equity holders of the Company on the basis of one bonus share for every five shares of the Company being held. The bonus issue of shares are subject to approval by the shareholders at the forthcoming AGM. The bonus shares will rank pari passu in all respect with the ordinary shares of the Company and the Company will not allot any fractions of bonus shares.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2009 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic earnings/(loss) per share are based on:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Profit/(loss) attributable to equity holders of the Company used in the basic earnings/(loss) per share calculation	**423,195**	(566,840)

	Number of shares (thousand)	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings/(loss) per share calculation:		
Issued ordinary shares at 1 January	**1,159,217**	464,737
Effect of shares issued during the year	**389,505**	199,763
	1,548,722	664,500

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Con't)

The calculation of diluted earnings per share is based on:

	2010
	HK$'000
Earnings	
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**423,195**

	Number of shares (thousand)
Shares	
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**1,548,722**
Effect on dilution — weighted average number of ordinary shares:	
— Share options	**12,843**
— Warrants	**6,284**
	1,567,849

11. INTANGIBLE ASSETS

31 December 2010	**Oil and gas processing right** *HK$'000*
At 1 January 2010, at cost	—
Acquisition through business combination	**1,960,140**
Amortisation provided during the year	—
At 31 December 2010, net of amortisation	**1,960,140**
31 December 2010:	
Cost	**1,960,140**
Accumulated amortisation	—
Net carrying amount	**1,960,140**

The above intangible assets represented the mining right and the mining work of the certain natural gas and oilfield properties which was located in the Areas in the Uinta Basin, Uintah County, Utah State, the United States of America.

12. WRITE-OFF OF ASSETS ON LIQUIDATION OF A SUBSIDIARY

In May 2010, the directors of the Company have an intention to strike off Exploitation Ressources Internationales, S.A. ("ERI"), a subsidiary of the Company. On 16 June 2010, the Group has applied for liquidation and the liquidator was appointed by the French Court in July 2010 to handle the related matter in accordance with the relevant legal procedures. Accordingly, the Group lost its control over the financial and operating policies of since then. ERI has ceased to be the subsidiary of the Company.

The Group had written-off the followings assets:

	HK$'000
Property, plant and equipment	56,510
Inventories	7,826
Goodwill	59,906
Other assets and liabilities	(164)
Net assets value	124,078
Exchange fluctuation reserve realised	2,435
Write-off of assets on liquidation of ERI	126,513

13. TRADE AND BILL RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**3,357**	9,142
Less: Impairments	**(2,985)**	(2,943)
	372	6,199
Bill receivables	**1,399**	—
	1,771	6,199

The trade receivables of HK$372,000 (after deducting the impairment provision) represented the trade receivables arising from the plastics recycling business. The Group's trading terms with its customers are mainly on credit while sales deposits are required to receive in advance from its customers. The credit period is generally one month.

For the logistics business, the Group's trading terms with its customers were mainly on credit, except for new customers, where payment in advance was normally required. The credit period was generally two months, extending up to three months for major customers.

Both of plastic recycling's and logistic's business, each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bill receivables as at the end of reporting period, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Less than 3 months	**1,771**	5,995
3 months to 6 months	—	96
6 months to 12 months	—	108
	1,771	6,199

14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Current–3 months	**3,405**	3,622
Over 1 year	**1,097**	2,078
	4,502	5,700

The trade payables are non-interest-bearing and are normally settled on 60 day terms.

15. SHARE CAPITAL

(a) Shares

	2010	2009
	HK$'000	*HK$'000*
Authorised:		
200,000,000,000 ordinary shares of HK$0.10 each	**20,000,000**	20,000,000
Issued and fully paid:		
1,986,968,960 ordinary shares of HK$0.10 each (2009: 1,159,216,960 shares of HK$0.10)	**198,697**	115,922

Issued and fully paid

	Number of shares *'000*	*HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 31 December 2009 and 1 January 2010	1,159,216	115,922	698,101	814,023
Issue of new shares during the year				
In January 2010 *(note (i))*	65,000	6,500	59,800	66,300
In May 2010 *(note (ii))*	231,368	23,137	296,150	319,287
In May 2010 *(note (iii))*	175,000	17,500	52,500	70,000
In November 2010 *(note (iv))*	327,750	32,774	426,075	458,849
Share issue expenses	—	—	(12,408)	(12,408)
Share options exercised *(note (v))*	28,635	2,864	29,638	32,502
At 31 December 2010	1,986,969	198,697	1,549,856	1,748,553

Notes:

i. A total of 65,000,000 existing shares of the Company beneficially owned by Orient Day, were sold to the purchasers at a price of HK$1.02 per Sale Share. In addition, Orient Day subscribed for an aggregate of 65,000,000 new ordinary shares of the Company at a price of HK$1.02 per share. Upon the completion of the transactions, on 21 January 2010, net proceed of approximately HK$66,300,000 was received by the Company. The purpose of the transactions was to raise capital for the Company while broadening the shareholder base and capital base of the Company.

ii. In April 2010, the Company has entered into several subscription agreements with certain subscribers (the "Subscriptions"), pursuant to which, those subscribers have subscribed for an aggregate of 231,367,000 subscription shares (the "Subscription Share(s)") at a price of HK$1.38 per Subscription Share. A gross proceed of approximately HK$319,287,000 was received by the Company upon the completion of the transaction on 3 May 2010, which was intended to be partially be utilised for the acquisition of the Utah Gas and oil Field, the remaining balance of the proceeds shall be utilised as costs for the exploitation and exploration of existing and new wells of the Utah Gas and Oil Field.

iii. The remaining balance of the Second Convertible Notes was exercised by Orient Day on 3 May 2010, resulting in 175,000,000 new ordinary shares being issued to Orient Day for a total consideration of HK$70,000,000 in cash for general working capital of the Company.

At the end of the reporting period, there were no outstanding Second Convertible Notes.

iv. In October and November 2010, the Company entered into several shares sale and subscription agreements with Orient Day and certain other purchasers. Pursuant to which, Orient Day has agreed to sell an aggregate of 188,225,000 of its existing shares of the Company ("Sale Share(s)") to the purchasers at a price of HK$1.4 per Sale Share (the "Sale"). In addition, Orient Day subscribed for an aggregate of 188,225,000 new ordinary shares of the Company at a price of HK$1.4 per Subscription Share (the "Subscription"). The Sale and Subscription of 188,225,000 shares and further 139,525,000 new shares were completed on 11 November 2010 and 18 November 2010, respectively. The gross proceeds of approximately HK$458,849,000 were to raise capital for the Company while broadening the shareholder base and capital base of the Company.

v. During the year ended 31 December 2010, 14,200,000 and 14,435,000 share options have been exercised at the exercise price of HK$0.56 and HK$1.13 per share respectively, resulting into an issue of 28,634,000 new ordinary shares of the Company with an aggregate gross proceeds of HK$32,502,000 (including an amount transferred from share option reserve of approximately HK$8,238,000). The net proceeds from the exercise of the share options were HK$24,264,000.

EVENTS AFTER THE REPORTING PERIOD

On 11 March 2011, the Company exercised its option to acquire the remaining 30% ownership interest in the Utah Gas and Oil Field at a cash consideration of US$25,000,000 and from onwards, the Company owns 100% ownership interest in the Utah Gas and Oil Field.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND REVIEW OF OPERATIONS

For the year ended 31 December 2010 (the "Year"), the Company and its subsidiaries (the "Group") recorded a consolidated turnover of HK$555,242,000 (2009: HK$163,438,000) mainly from China Environmental Resources Limited, which is 60% owned by the Group.

Basic earnings per share was 27.3 HK cents for the Year as compared to the loss per share of 85.3 HK cents per share for the year ended 31 December 2009.

The increase in turnover was mainly due to the formation of the joint venture by the Group and Mr. Cheung Mo Kit, China Environmental Resources Limited has only completed in around October 2009 whilst the Year 2010 figures reflected the whole year operations for year 2010. However, the gross profit was HK$24,449,000 (2009: HK$9,166,000) for the Year, which represented an increase of approximately 166.74% over the last year and the gross profit margin has decreased from 5.6% to 4.4%.

The earnings attributable to the owners of the Company for the Year from loss of HK$566,840,000 to profit of HK$423,195,000 is mainly due to the difference of approximately HK$604,703,000 between the fair value of 70% ownership interest in the Utah Gas and Oil Field and the relevant consideration of the acquisition has been recognized in the consolidated income statement during the Year.

Financing

The Company's issue of new shares for fund raising of HK$778 million in aggregate to various international funds and institutional investors including JP Morgan, British Rowland family, Senrigan Capital and Wellchamp Capital in May and November 2010 to finance the Group for its acquisition of ownership interest of the Utah Gas and Oil Field project.

In addition, Mr. Wong Kwan, the controlling shareholder, who is also the Chairman and Chief Executive, has converted his Convertible Notes into new Shares of the Company in a principal amount of HK$70,000,000, the conversion has further strengthened the financial capability of the Company. It demonstrated Mr. Wong Kwan's strong confidence in the Company's future development.

The Company will become an international energy and resources investment and operating platform on which the Company can build up long-term mutual beneficial relationship with sizeable state-owned enterprises in China, and it will bring desirable return on investment to the Company and its shareholders.

BUSINESS REVIEW

Oil and Gas Business

The Special General Meeting of the Company held on 8 June 2010, got an unanimous 100% in favour from attending shareholders to approve the US$225 million acquisition of 100% ownership interest of the Utah Gas and Oil Field project.

The Company completed the Phase 1 Acquisition of the Utah Gas and Oil Field on 21 June 2010 and legally held 70% Ownership Interest of the Utah Gas and Oil Field as at 31 December 2010. The Operating Company of the Utah Gas and Oil Field and Halliburton have also signed an agreement for project management and consulting services for the design, exploitation, production and management of the 14 new and existing wells of Utah Gas and Oil Field. The Company also further completed the Phase 2 acquisition in respect of the remaining 30% Ownership Interest on 11 March 2011, and therefore the Group now owns 100% Ownership Interest of the Utah Gas and Oil Field as at the date of this announcement.

Halliburton has excellent track record in worldwide oil and gas field services with a leading position. It has 38 sizeable oil field projects including in the United States, Latin America, Middle East, Europe and China.

In addition, a gas purchase agreement for five years with Anadarko Group has been extended to a period of 12 years beginning from February 2010. Anadarko Group has a gas pipeline running through the Utah Gas and Oil Field. It is intended that all gas production from the Utah Gas and Oil Field will be sold to Anadarko's midstream operations.

Settlement of Litigation

On 31 July 2010, the Company entered into a Settlement Agreement with Mr. Zhang Jingyuan ("Mr. Zhang"), the joint venture party, to withdraw all legal claims against any parties to those litigations in Hong Kong and Mainland China and to dispose of 55.11% equity interest of China Coal Energy Holdings Limited ("China Coal") to Mr. Zhang. Upon completion of the disposal, the Company will have an aggregate net proceeds of HK$168.6 million to be received by instalments within 2 years. As a full provision of impairment loss in respect of China Coal has been made before, therefore, the disposal of equity interest of China Coal will bring a considerable amount of non-recurring gain to the Company. Up to the date of this announcement, the net proceeds from the first and second instalments of payment of HK$80 million in aggregate pursuant to the Settlement Agreement have been received by the Company.

The entering into the Settlement Agreement allows the Company to have considerable proceeds which are not only beneficial to strengthen financial capability of the Group, but also for Management to focus its energy and resources on developing oil and gas core businesses at full speed.

Recycling Plastic Business

Due to high labour cost (which is estimated to be over 10 times that in China), after due and careful consideration, China Environmental is intending to relocate the processing activities to China from France and also to dispose of the processing factory and machinery in France to independent third parties. Accordingly, a voluntary liquidation of a subsidiary (the ''Subsidiary'') of China Environmental engaged in waste plastic processing and manufacturing in France has been taken out in order to facilitate the restructuring of the plastic recycling businesses of China Environmental. The French Court has appointed a liquidator for the Subsidiary to handle the related matters in accordance with the relevant legal procedures in July 2010.

The Board expects that the aforesaid restructuring can help the Group to achieve good return through possible capital appreciation in the plastic recycling sector.

PROSPECTS

China's high demands for overseas oil

China produces over 4 million battles of crude oil every day, making it the fifth largest oil-producing country in the world by volume. However, China is still the second largest oil-consuming country just after the United States and consumes over 9 million battles each day, meaning that over 55% of China's oil consumption depends on external supply. In other words, China's oil resources are not self-sufficient and largely affected by the peripheral region.

China's intention to expand oil reserves

In terms of energy, although coal accounts for 70% of energy consumption in China, we cannot ignore the importance of oil, which significantly affects nearly all products. At present, oil reserves in the Chinese Mainland are only enough for one month of consumption, which is far under the international standard of 90 days and therefore are in dire need of improvement in future. Oil is so important that money can not buy when a crisis occurs.

In a long-term view, it is estimated that oil would be used out in about 40 years. Its decreasing nature will only keep pushing prices up.

Prospects of natural gas

At its recently held Energy Economy Press Conference, National Energy Administration of China stated that at the time of energy restructuring, traditional energies have to make way for new energies; China's energy strategy during the "twelfth five-year" period has already shifted from keeping supply to controlling the total consumption of energies; and the control on total energy consumption in a reasonable manner has been written into the proposals for the "twelfth five-year" period. In 2011, coal consumption will be affected by such macro-control policy, especially the development objective for renewable energies and such tasks as energy saving and waste reduction during the "twelfth five-year" period, which would slow down the growth of coal demand. Driven by relevant policies, the consumption of traditional fossil energies such as coal, electricity and oil will be curbed to a certain extent. On the other hand, the consumption of natural gas will maintain rapid growth.

According to the estimates of International Energy Agency (IEA), global consumption of natural gas will grow from 30 trillion cubic metres in 2007 to 43 trillion cubic metres in 2030 with an average annual growth rate of 1.5%, of which more than 80% will come from non-OECD countries with China and India topping the list.

According to the BP Statistical Review of World Energy, as of the end of 2008, global remaining recoverable reserves of natural gas is 1,850 trillion cubic metres, of which China's remaining recoverable natural gas of 22.6 trillion cubic metres accounting for 1.3%. Based on the world's population of 6.5 billion and China's population of 1.3 billion, global remaining recoverable natural gas reserves per capita was 28,500 cubic metres, of which China's remaining recoverable natural gas reserves per capita of only 1,900 cubic metres accounting for only approximately 7% of the worldwide reserves per capita. Since there are limited natural gas reserves in China, the development of non-conventional natural gas will be an important supplement to China's clean energies in the future. As China's clean energies continue with its rapid growth and the development scheme of renewable energies during the "twelfth five-year" period implements in full scale, China's new energies and renewable energies will bring about new opportunities, and overall energy supply/demand is expected to remain balanced.

In addition, state-owned energy enterprises such as China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC) have also begun acquiring natural gas fields. In February 2011, CNPC announced it would acquire parts of the interests in the shale gas and deep natural gas assets of a Canadian energy company Encana Corp. at a consideration of US$5.4 billion. On January 2011, CNOOC also entered into an agreement with an American natural gas manufacturer Chesapeake Energy Corp. in relation to their cooperation in the exploitation of shale gas. There is a belief in the industry that natural gas will continue to see growth in both consumption and prices in the next five years.

Though used as the main power generation model by many Middle Eastern oil producing countries, oil fired power is deemed as an alternative power by the majority of the countries around the world. Thus there is an increasing demand for power generation using natural gas, coal and renewable energies given a potential slowdown in the growth of global nuclear power industry.

After the recent nuclear crisis in Japan, natural gas is considered as the best alternative to nuclear power. Because natural gas, as well as nuclear power, is a clean energy with little greenhouse gas emission and air pollution as well as a short lead time. Besides, the recent years have witnessed aggressive efforts by many countries in the development of unconventional natural gas.

OUTLOOK

The Utah Gas and Oil Field which the Company holds 100% Ownership Interest, is under the assistance and management of Halliburton, a world-wide famous oil and gas engineering company. The drilling of wells is in full swing. The Utah Gas and Oil Field has started its oil and gas production by October 2010 which will bring stable income for the Company. Our management and professional technical team of the Company had a few trips to Kazakhstan to visit the government authorities as well as to pay site visits to several Kazakhstan oil fields which are under the negotiation for possible acquisitions during the Year.

On 10 August 2010, the Company signed a Strategic Cooperation Agreement with Bank CenterCredit ("BCC") in Kazakhstan, pursuant to which BCC will also introduce some other energy resources projects with potential development to the Company, and the Company will assist BCC to introduce oil and gas Kazakhstan enterprises to be listed on Stock Exchange of Hong Kong and/or to raise funds in the capital markets which will be of great benefit to broaden the business relationship and other opportunities between Hong Kong and Kazakhstan.

On 24 February 2011, the Company entered into a Memorandum of Understanding with an independent third party for the possible acquisition of oil fields in Kazakhstan ("Kazakhstan Oilfields"). Based on the evaluation prepared by an independent international oil consulting firm, the total 3P reserves (proved, probable and possible oil reserves) are over 700 million barrels. At the moment, management team of Pearl Oriental and other independent professionals are conducting the due diligence on Kazakhstan Oilfields. We strongly believe that the Kazakhstan Oilfields have an excellent development potential and expect to enter into the Sale and Purchase Agreement with the vendor soon.

The Board believes that the professional engineering services and support to be provided by Halliburton and the gas purchase services provided by Anadarko which are the two leading giants in the oil and gas industry will be beneficial to the enhancement of the pace of production and quality of products of the Utah Gas and Oil Field, and it is expected that it will bring long-term stable income for the Company soon.

The Board believes that, given the commencement of production of the Group's gas and oil field in Utah, USA in October 2010 and the recent surging and expected favourable oil price trend in the international market, the Group will further expand its portfolio of oil assets through mergers and acquisitions so as to enhance the development potential of the Company.

Other Litigations

The Group had three pending litigation claims with the ex-directors of a disposed subsidiary, Dransfield Holdings Limited ("DHL"), who claim against the Group for a total sum of not less than HK$11.4 million. As disclosed in the Company's announcement dated 23 August 2005, the Company's interest in DHL was disposed of on 23 July 2005. It was alleged in these claims that by disposing of all its shares in DHL, the Company was evading liabilities and denying these claimants' benefits of the debts owned by DHL. The Company has successfully appealed against the judgment during the Year, and has been awarded legal costs of around HK$2.33 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations with issue of news shares and convertible notes, internally generated resources. At the Year end date, the Group did not have any bank borrowings (2009: Nil). Furthermore, the Group's cash and bank balances as at 31 December 2010 have substantially increased to approximately HK$375 million from HK$224 million as at 31 December 2009 due to the placing of about 560 million new shares during the Year. The current ratio (calculated on the basis of the Group's current assets over current liabilities) has increased to 30.24 as at 31 December 2010 (2009: 4.58).

During the Year, the Group conducted its business transactions principally in US dollars, Renminbi, Euro and Hong Kong dollars, or in the local currencies of the operating subsidiaries. The Directors considered that the Group had no significant exposure to foreign exchange fluctuations and believed it was not necessary to hedge against any exchange risk. Nevertheless, Management will continue to monitor the foreign exchange exposure position and will take any future prudent measure it deems appropriate.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2010, the number of employees of the Group was about 60 (2009: 80). The remuneration packages of employees are maintained at competitive levels and include monthly salaries, mandatory provident fund, medical insurance and share option schemes; other employee benefits include meal and travelling allowances and discretionary bonuses.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

Acquisition of Festive Oasis Limited ("Oasis")

During the Year, the Company has acquired the 100% equity interest in Oasis and its subsidiaries the amount due by the Oasis to one of its shareholders and 70% Ownership Interest in respect of the oil, gas and/or mineral leases, title and related rights in the Utah Gas and Oil Field at a consideration of US$200 million (equivalent to approximately HK$1,560 million). The Company may, at its option (which has been exercised subsequent to the Year), further acquire the remaining 30% Ownership Interest and transfer the same to the Oasis Group at a consideration of US$25 million (equivalent to approximately HK$195 million).

COMMITMENTS

Operating lease arrangements

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of one to four years.

At 31 December 2010, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**3,164**	3,303
In the second to fifth year, inclusive	**534**	3,694
After five years	**—**	—
	3,698	6,997

The Company did not have any significant operating lease arrangements as at 31 December 2010 (2009: Nil).

Capital commitments

In addition to the operating lease commitments detailed in the above, the Group had the following capital commitments at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Authorised, but not contracted for:		
Proposed acquisition of a subsidiary	**8,461**	8,352
Leasehold improvements	**—**	32
Development costs for the Utah Gas and Oil Field	**58,000**	—
	66,461	8,384

The Company did not have any significant commitments as at 31 December 2010 (2009: Nil).

DIVIDENDS POLICY

The payment of future dividends will be determined by the Company's Board of Directors, which are based upon, among other things, the Company's future earnings, capital requirements, financial conditions, future prospects and other factors which the Board of Directors may consider relevant. The Company's ability to pay dividends will also depend on the cash flows determined by the dividends, if any, received by the Company from its subsidiaries and associates.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 15 July 2009 whereby, pursuant to a written resolution of the sole shareholder, was set up for the primary purpose of providing incentives to directors and eligible employees, and which will expire on 14 July 2019. Under the Scheme, the directors of the Company may grant options to eligible employees, including directors of any companies in the Group, to subscribe for shares in Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed, together with the management, the Group's consolidated financial statements for the year ended 31 December 2010, including the accounting policies adopted by the Group and has discussed the internal control and financial reporting matters. The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2010.

PURCHASE, DISPOSAL AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries did not purchase, dispose of or redeem any of the listed securities of the Company during the year ended 31 December 2010.

DIVIDENDS AND BONUS ISSUE OF SHARES

The Board of Directors recommended a final dividend of HK2 cents per share (2009: Nil) and the issue of bonus share on the basis of one bonus share for every five existing shares being held to the shareholders registered in the Company's Register of Members as at the close of business on 20 May 2011, Friday. The necessary resolutions will be proposed at the forthcoming Annual General Meeting. Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules.

CLOSING OF REGISTER OF MEMBERS

The Register of Members will be closed from 17 May 2011, Tuesday to 20 May 2011, Friday (both days inclusive). In order to establish entitlements to the proposed final dividend and bonus issue of the Share, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on 16 May 2011, Monday.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES ("CG CODE")

The Company has complied with the provisions of the CG Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of ethics ("Code of Ethics") incorporating the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All directors have confirmed that they complied, during the year ended 31 December 2010, with the required standards set out in the Model Code.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The electronic version of this announcement is published on the website of the Hong Kong Stock Exchange (the "Stock Exchange") (http://www.hkexnews.hk) and on the Company's website (http://www.pearloriental.com). The annual report for the year ended 31 December 2010, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to shareholders of the Company and published on the Hong Kong Stock Exchange's website and the Company's website in due course.

GENERAL

For the purpose of this announcement, unless otherwise indicated, translations of Hong Kong dollars into US dollars for 2010 have been made at the rate of HK$7.80 to US$1(2009: HK$7.80 to US$1). These translations are for the purposes of illustration only and no representation is made by the Company that any amounts in Hong Kong dollars and US dollars can be or could have been converted at the above rate or any other rates or at all.

BOARD OF DIRECTORS

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 Baklytbek; 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, 31 March 2011

* *For identification purposes only*