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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Pearl Oriental Innovation Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

**PROPOSAL FOR BONUS ISSUE OF SHARES**

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

**RE-ELECTION OF DIRECTORS**

**AND**

**NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Pearl Oriental Innovation Limited to be held at Suite 1908, 19/F, 9 Queen's Road Central, Hong Kong on Friday, 27 May 2011, at 4:00 p.m. is set out in this circular. A form of proxy for use at the annual general meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the annual general meeting or any adjourned meeting if you so wish.

\* *For identification purpose only*

20 April 2011

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## DEFINITIONS

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“AGM”	the annual general meeting of the Company to be convened on Friday, 27 May 2011, at 4:00 p.m. at Suite 1908, 19/F, 9 Queen’s Road Central, Hong Kong
“Associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	board of Directors
“Bonus Issue”	the proposed conditional issue of Bonus Shares on the basis of one Bonus Share for five existing Shares held on the Record Date upon and subject to the terms and conditions set out in this circular
“Bonus Share(s)”	new Share(s) to be allotted and issued pursuant to the Bonus Issue
“Bye-laws”	the Bye-laws adopted by the Company, and as amended from time to time by resolution of the Shareholders of the Company
“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
“Chairman”	chairman of the Board
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK Dollar(s)” or “HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 April 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Record Date”	27 May 2011, Friday, being the record date by reference to which entitlements to the final dividend and Bonus Issue will be determined

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## DEFINITIONS

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“Repurchase Mandate”	the proposed repurchase mandate be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the resolution for approving the repurchase mandate
“Share(s)”	ordinary share(s) of HK\$0.10 in the share capital of the Company
“Share Issue Mandate”	the proposed issue mandate to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution for approving the share issue mandate
“Shareholder(s)”	shareholder(s) of the Company
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## EXPECTED TIMETABLE

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Latest date of trading in Shares cum-entitlements to the final dividend and the Bonus Issue . . . . .	Thursday, 19 May 2011
First day of dealings in Shares ex-entitlements to the final dividend and the Bonus Issue . . . . .	Friday, 20 May 2011
Latest time for lodging transfers of Shares to qualify for entitlements to the final dividend and the Bonus Issue . . . . .	4:30 p.m. on Monday, 23 May 2011
Closure of register of members for the determination of entitlements to the final dividend and the Bonus Issue (both days inclusive) . . . . .	Tuesday, 24 May 2011 to Friday, 27 May 2011
Latest time for lodging forms of proxy for the Annual General Meeting . . . . .	4:00 p.m. on Wednesday, 25 May 2011
Record Date for determination of entitlements to the final dividend and the Bonus Issue . . . . .	Friday, 27 May 2011
Date and time of the Annual General Meeting . . . . .	4:00 p.m. on Friday, 27 May 2011
Re-open Register of Members . . . . .	Monday, 30 May 2011
Despatch of dividend cheques . . . . .	Thursday, 9 June 2011
Despatch of certificates for the Bonus Shares . . . . .	Thursday, 9 June 2011
First day of dealings in the Bonus Shares on the Stock Exchange . . . . .	Monday, 13 June 2011



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

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 632)**

*Executive directors:*

Wong Yuk Kwan (alias: Wong Kwan)  
Lew Mon Hung  
Cheung Kwok Yu  
Zhou Li Yang  
Johnny Yuen

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive director:*

Baiseitov Bakhytbek

*Head office and principal place of  
business in Hong Kong:*

Suite 1908, 19th Floor  
9 Queen's Road Central  
Hong Kong

*Independent non-executive directors:*

Yu Jianmeng  
Fung Hing Chiu, Cyril  
Lam Ka Wai, Graham

20 April 2011

*To the Shareholders*

Dear Sirs,

**PROPOSALS FOR BONUS ISSUE OF SHARES  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the ordinary resolutions to be proposed at the AGM for the approval of (a) a proposal for Bonus Issue of Shares; (b) the Share Issue Mandate; (c) the Repurchase Mandate; (d) the extension of the Share Issue Mandate; and (e) the re-elections of Directors. This circular contains the explanatory statement and gives all the information reasonably necessary to enable the Shareholders to make informed decisions on whether to vote for or against the resolutions to be proposed at the AGM.

A notice convening the AGM is set out on pages 18 to 22 to this circular.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### PROPOSED BONUS ISSUE OF SHARES

The Directors propose to make a Bonus Issue to those Shareholder whose names appear on the register of members of the Company on the Record Date on the basis of one Bonus Share for every five existing issued Shares held. The Bonus Shares credited as fully paid will rank pari passu in all respects with the existing issued Shares but shall not rank for the recommended final dividend of HK\$0.02 recommended by the Directors for approval by the Shareholders at the Annual General Meeting.

The exact total number of Bonus Shares to be issued under the Bonus Issue is not known as at the date of this circular and will only be capable of determination as at the Record Date. Based on 1,988,358,960 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are or will be issued or repurchased prior to the Record Date, a total number of 397,671,792 Bonus Shares will be issued pursuant to the Bonus Issue, which represents approximately 20% of the issued share capital of the Company as at the date of this circular and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Bonus Shares. It is proposed that the Directors be authorised to capitalise the sum of HK\$39,767,179 being part of the amount standing to the credit of the share premium account of the Company and apply such sum in paying up in full the Bonus Shares. Fractional entitlements to Bonus Shares will not be allotted but will be aggregated and sold for the benefit of the Company.

An ordinary resolution set out as ordinary resolution numbered 5 in the AGM Notice will be proposed at the AGM to approve the Bonus Issue.

### Conditions of the Bonus Issue

The Bonus Issue will be conditional upon:

- (a) the passing of an ordinary resolution to approve the Bonus Issue set out in the AGM Notice; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

### Rights of Overseas Shareholders

If at any time before the Record Date, the registered address of any of the Shareholders as shown on the register of members of the Company is in a territory other than Hong Kong, the Directors will, in compliance with Rule 13.36(2) of the Listing Rules, seek legal advice as to whether or not it would be or might be unlawful or impracticable to offer the Bonus Shares in such places. Subject to the legal advice, the Directors will exclude the overseas Shareholders from the Bonus Issue only if they consider that it is necessary or expedient not to offer the Bonus Shares to the overseas Shareholders on account either of the legal restrictions under the laws of the place of his/her registered address or the requirements of the relevant regulatory body or stock exchange in that place and such

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## LETTER FROM THE BOARD

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shares will be aggregated and sold for the benefit of the Company except when proceeds from such share sales amounts to HK\$100 or more for any single Shareholder, such proceeds will be distributed to the Shareholders concerned.

Based on the register of members of the Company as at the Latest Practicable Date, there is one Shareholder who is resident in a place outside Hong Kong, and in the PRC. The Directors have, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory bodies or stock exchanges. The Directors have been advised by the relevant legal advisers that there is no restriction on extending the Bonus Issue to such Shareholders in the PRC. Therefore, the allotment of the Bonus Shares will be made to such Shareholders.

### **GENERAL MANDATE TO ISSUE SHARES**

An ordinary resolution will be proposed at the AGM to grant the Directors a general and unconditional mandate to allot, issue and deal with Shares of HK\$0.10 each in the Company with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of such resolution. The Share Issue Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under the Bye-laws or any applicable laws of Bermuda or the Listing Rules; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **GENERAL MANDATE TO REPURCHASE SHARES**

An ordinary resolution will be proposed at the AGM to grant the Directors a general and unconditional mandate to repurchase Shares subject to the maximum number of Shares of up to 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution (i.e. 198,835,896 Shares assuming that no Shares will be issued or repurchased by the Company prior to the date of the AGM). The Repurchase Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under the Bye-laws or any applicable laws of Bermuda or the Listing Rules; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **EXTEND GENERAL MANDATE TO ISSUE SHARES**

Subject to and conditional on the passing of the resolutions to grant the Share Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Share Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandates of an amount representing the aggregate nominal amount of the share capital of the Company



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## LETTER FROM THE BOARD

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repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company in issue on the date of passing the resolution for approving the Share Issue Mandate.

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution in relation to the Repurchase Mandate.

### RE-ELECTION OF DIRECTORS

As at the date of this circular, the executive Directors are Messrs. Wong Kwan, Lew Mon Hung, Cheung Kwok Yu, Zhou Li Yang, and Johnny Yuen; non-executive Director is Messrs. Baiseitov Bakhytbek and the independent non-executive Directors are Messrs. Yu Jianmeng, Fung Hing Chiu, Cyril and Lam Ka Wai, Graham.

Pursuant to Bye-law 86, a Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Bye-law 87(1), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that, the Chairman and/or the managing director of the Company (whilst holding such office) and Directors appointed pursuant to Bye-law 86(2) shall not, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.

Accordingly, Messrs. Baiseitov Bakhytbek, Cheung Kwok Yu, Johnny Yuen and Fung Hing Chiu, Cyril will retire at the AGM, who being eligible, will offer themselves for re-election at the forthcoming AGM. All other remaining directors continue in office.

The biographical details of all the retiring Directors are as follows:

**Mr. Baiseitov Bakhytbek**, aged 52, Mr. Baiseitov is the present President of the Association of Kazakhstan Banks, founder, major shareholder and Chairman of Bank CenterCredit (“BCC”). Mr. Baiseitov is currently the Vice-chairman of the International Banking Council of Commonwealth of Independent States and Eastern Europe and used to be Co-chairman of Kazakhstan-US Business Council. Mr. Baiseitov is a very well known and highly respected member of the business community of Middle Asia. Mr. Baiseitov has over 20 years of significant and comprehensive experience in management, and development of major investment projects in financial, energy and natural resources sectors. Mr. Baiseitov represented BCC to sign the “Strategic Cooperation Agreement” with Pearl Oriental. Mr. Baiseitov will have great contribution for the future development of the Company’s core business in oil and gas and energy resources and it will be in the interests of Pearl Oriental and its shareholders as a whole.

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## LETTER FROM THE BOARD

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There is no service contract entered into between the Company and Mr. Baiseitov. No term has been fixed or proposed for his length of service with the Company. According to the bye-laws of the Company, Mr. Baiseitov shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. His emolument will be determined by the Board with reference to his services to the Company. An option to acquire 15,000,000 shares in the Company was granted to Mr. Baiseitov under the employee share option scheme of the Company on 5 October 2010.

There is no service contract entered into between the Company and Mr. Baiseitov. No term has been fixed or proposed for his length of service with the Company. There is no fixed emolument for Mr. Baiseitov and which will be determined by the Board with reference to his services to the Company.

Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Baiseitov does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Baiseitov did not hold other directorship in any public listed companies in the last 3 years prior to the issue of this circular;
- (iii) Mr. Baiseitov does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance; and
- (iv) There is no information required to be disclosed in relation to Mr. Baiseitov pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

**Mr. Cheung Kwok Yu** (“Mr. Cheung”), aged 41, Mr. Cheung has over 15 years of working experience in international accounting firms and law firms and listed companies in direct investment, accounting, legal, corporate finance and mergers and acquisitions. Mr. Cheung is a Chartered Financial Analyst charterholder and a professional accountant in Hong Kong, and is also qualified as a solicitor in Hong Kong. He has a Master degree in Applied Finance from Macquarie University in Sydney and a Bachelor of Arts degree in Accountancy from Hong Kong Polytechnic University. He was an independent non-executive director of Global Green Tech Group Limited (stock code: 274), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited during the period from 24 September 2009 to 31 December 2010. Mr. Cheung is currently the Financial Controller and Company Secretary of Pearl Oriental.

Mr. Cheung’s appointment is for a period of two years commencing from 24 May 2010. Mr. Cheung will be entitled to a director’s fee HK\$1,320,000 per annum which is determined by reference to his duties and responsibilities to the Company. He will also be entitled to a discretionary year-end-bonus.

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## LETTER FROM THE BOARD

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Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Cheung does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Cheung did not hold other directorship in any public listed companies in the last 3 years prior to the issue of this circular;
- (iii) Mr. Cheung does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance; and
- (iv) There is no information required to be disclosed in relation to Mr. Cheung pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

**Mr. Johnny Yuen**, aged 65, Professor Yuen with more than 30 years of property investment and management experiences is one of the management experts in the first group returning from the United States to China at the end of 1985. He is currently both the President and Chairman of United International Hotel Investment Group and United Hotel Consultancy Co. Ltd, also the Chairman of Les Amis D'Escoffier Society, Asia-Pacific region. Professor Yuen also serves as the life member of U.S. Republican Presidential Task Force and was appointed as Professor, Doctoral Adviser by the prestigious Sichuan University. He has been the management consultants for more than 100 hotels and large commercial real estate projects in China. He has been honoured successively with the "Foreign Expert Friendship Award of People's Republic of China", the "Outstanding Contribution Award of Guangzhou City" and "30 Years of China's Reform and Opening-up 100 Most Influential People of China Hotel Industry" etc government awards.

Mr. Yuen's appointment is for a period of two years commencing from 19 September 2009. Mr. Yuen will be entitled to a director's fee HK\$240,000 per annum which is determined by reference to his duties and responsibilities to the Company. He will also be entitled to a discretionary year-end-bonus.

Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Yuen does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Yuen did not hold other directorship in any public listed companies in the last 3 years prior to the issue of this circular;
- (iii) Mr. Yuen does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance; and

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## LETTER FROM THE BOARD

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- (iv) There is no information required to be disclosed in relation to Mr. Yuen pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

**Mr. Fung Hing Chiu, Cyril** (“Mr. Fung”), aged 71, Mr. Fung is a prominent international and Hong Kong entrepreneur. Mr. Fung graduated from Harvard Graduate School of Business Administration with an Master Degree in Business Administration in 1965. He had worked for Morgan Guaranty Trust in New York head office and Bank of East Asia. Mr. Fung was the Managing Director of Fung Ping Fan Holdings. He was also the Co-founder and Chairman of the first venture capital fund in Asia, Inter-Asia Management Co. Ltd. and succeeded in bringing McDonald’s to Hong Kong and Singapore. Mr. Fung’s strong strategic sense, proven value-enhancement expertise and very diverse business experience made him a distinct business investment consulting professional.

Mr. Fung’s appointment is for a period of two years commencing from 13 July 2009. Mr. Fung will be entitled to a director’s fee HK\$150,000 per annum which is determined by reference to his duties and responsibilities to the Company. He will also be entitled to a discretionary year-end-bonus.

Save as disclosed above as at the Latest Practicable Date,

- (i) Mr. Fung does not have any relationships with other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Group;
- (ii) Mr. Fung did not hold other directorship in any public listed companies in the last 3 years prior to the issue of this circular;
- (iii) Mr. Fung does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance; and
- (iv) There is no information required to be disclosed in relation to Mr. Fung pursuant to any of the requirements under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

### **Closure of Register of Members**

The register of members of the Company will be closed from 24 May 2011 to 27 May 2011 (both days inclusive) during which no transfer of Shares will be registered. In order to qualify for the final dividend and the Bonus Issue, all Shareholders are required to lodge their duly signed transfers accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, for registration by no later than 4:30 p.m. on 23 May 2011.

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## LETTER FROM THE BOARD

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### **Listing and dealings**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. The issued Shares are listed and dealt in on the Stock Exchange. No equity or debt securities of the Company are listed or dealt in on any other stock exchange, nor is listing or permission to deal in such securities on any other stock exchange being or proposed to be sought.

The exact total number of Bonus Shares to be issued under the Bonus Issue is not known as at the date of this circular and will only be capable of determination as at the Record Date. Based on 1,988,358,960 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are or will be issued or repurchased prior to the Record Date, a total number of 397,671,792 Bonus Shares will be issued.

Subject to the granting of the listing of, and permission to deal in, the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transaction between participants of the Stock Exchange on any trading date is required to take place in CCASS on the second trading date thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Bonus Shares on the Stock Exchange are expected to commence on 13 June 2011.

### **Reasons for the Bonus Issue**

The Directors believe that the Bonus Issue will enhance the liquidity of the Shares in the market and the Bonus Issue will also allow the Shareholders to participate in the business growth of the Company by way of capitalization of a portion of the share premium account.

### **Fractions of Bonus Shares**

The Company will not allot any fractions of the Bonus Shares. Bonus Shares representing fractional entitlement will be aggregated and issued to a nominee to be nominated by the Directors. Such Bonus Shares (if any) will be sold and the net proceeds, after deducting the related expenses therefrom, will be retained by the Company for its own benefits.

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## LETTER FROM THE BOARD

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### Share certificates

Certificates for the Bonus Shares are expected to be despatched to the qualifying Shareholders by ordinary mail on or about 9 June 2011 to their respective addresses shown in the register of members on the Record Date or in the case of joint holders to the address of the joint holder whose name stands first in the register of members on the Record Date at their own risk.

### THE AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Suite 1908, 19/F, 9 Queen's Road Central, Hong Kong on Friday, 27 May 2011 at 4:00 p.m. is set out on pages 18 to 22 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM (or any adjournment thereof) to the office of the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors consider that all the proposed resolutions in the AGM are in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM in respect thereof.

Yours faithfully,  
For and on behalf of the Board  
**Pearl Oriental Innovation Limited**  
**Cheung Kwok Yu**  
*Executive Director and Company Secretary*

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors, management shareholders or their respective associates had any interest in any business which competes or may compete or had any other conflicts of interests with the business of the Group.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at Suite 1908, 19/F, 9 Queen's Road Central, Hong Kong during normal business hours on any weekday (public holidays excepted) from the date of this circular up to and including the 14th day from the date of this circular.

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the years ended 31 December 2008, 2009 and 2010;
- (iii) a copy of each of the circulars issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31 December 2010, the date of the latest published audited consolidated financial statements of the Group were made up; and
- (iv) this circular.



The following is an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate.

## **1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on the Stock Exchange subject to certain restrictions, the important of which are summarized below:

### **(a) Shareholders' approval**

All proposed purchase of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by a specific approval of a particular transaction.

### **(b) Share capital**

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of its issued share capital at the date of the passing of the proposed resolution granting the Repurchase Mandate.

As at the Latest Practicable Date, the Company has 1,988,358,960 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to 198,835,896 Shares being repurchased by the Company during the period from the date of passing of the relevant resolution to the next annual general meeting of the Company or the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

### **(c) Reason for repurchase**

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.



**(d) Funding of repurchase**

The Directors propose that repurchases of Shares under the Repurchase Mandate in these circumstances would be financed from the Company's internal resources or existing banking facilities which will be funds legally available for such purposes in accordance with the Memorandum of Association and Bye-laws and the laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

As compared with the financial position of the Company as at 31 December 2010 (being date of its latest audited accounts), the Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company if the Repurchase Mandate is to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

**(e) Undertaking**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

**(f) Undertaking by Directors**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

**(g) Takeovers Code**

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Orient Day Developments Limited ("Orient Day"), being the only substantial shareholder of the Company, held 710,952,800 Shares representing approximately 35.76% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Orient Day in the Company would be increased to approximately 39.73% of the issued share capital of the Company. Such increase would not result in the aggregate amount of the share capital in the public hands being reduced to less than 25% but would give rise to an obligation on the part of Orient Day and parties acting in concert (as defined under the Takeovers Code) with it to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. Save as disclosed, the Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in (i) any obligation to make a mandatory offer under the Takeovers Code or (ii) the number of Shares in public hands falling below the prescribed minimum percentage of 25%.

**2. SHARE PURCHASE MADE BY THE COMPANY**

From April 2010 to the Latest Practicable Date, which is the previous twelve months preceding the date of this circular, no Shares have been repurchased by the Company.

**3. SHARE PRICES**

During each of the previous twelve months, the highest and lowest prices at which the Shares have been traded on the Stock Exchange were as follows:

<b>Month</b>	<b>Per Share</b>	
	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2010</b>		
April	1.84	1.39
May	1.59	0.78
June	1.29	1.00
July	1.25	1.00
August	1.37	1.04
September	1.78	1.24
October	1.73	1.41
November	1.60	1.14
December	1.35	1.14
<b>2011</b>		
January	1.28	1.13
February	1.23	1.02
March	1.43	1.01
April (up to the Latest Practicable Date)	1.46	1.25

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## NOTICE OF THE ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of Pearl Oriental Innovation Limited (the “Company”) will be held at Suite 1908, 19/F, 9 Queen’s Road Central, Hong Kong, on Friday, 27 May 2011 at 4:00 p.m. for the following purposes:

### **AS ORDINARY BUSINESS**

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors’ for the year ended 31 December 2010.
2. To approve the final dividend.
3. To re-elect retiring Directors (whose particulars are stated in this circular) and to authorize the board of directors to fix the directors’ remuneration.
4. To appoint auditors and to authorize the board of directors to fix the remuneration of the auditors.
5. By way of special business, to consider and, if thought fit, pass with or without modifications the following resolution as an ordinary resolution of the Company:

### **ORDINARY RESOLUTIONS**

“**THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of the Company to be allotted and issued by the Company pursuant to this resolution:

- (a) the sum of not less than HK\$39,739,000, being part of the Company’s share premium account, be capitalized and accordingly such sum be applied in paying up in full at par of not less than 397,671,792 shares of HK\$0.10 each in the capital of the Company, such shares to be allotted and issued and distributed (subject to paragraph (c) below) credited as fully paid among the persons (the “allottees”) whose names appear on the register of members of the Company at the close of business on Friday, 27 May 2011 and whose addresses as shown in such register are in Hong Kong or whose addresses as shown in such register are outside Hong Kong if the Directors, based on legal opinions, do not consider it necessary or expedient to exclude any such shareholders of the Company on account either of the legal restrictions under the laws of the place of its registered address or the requirements of the relevant regulatory body or stock exchange in that place, on the basis of one

\* For identification purpose only

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## NOTICE OF THE ANNUAL GENERAL MEETING

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share for every five existing shares of the Company held (fractional entitlements to be disregarded) and share certificates to such allottees in respect thereof be issued as soon as practicable thereafter;

- (b) such shares of the Company when issued, shall, subject to the Memorandum of Association and Articles of Association of the Company, rank *pari passu* in all other respects with the existing issued shares in the capital of the Company but shall not rank for the recommended final dividend or any bonus issue in respect of the financial year ended 31 December 2010;
  - (c) no fractional shares shall be allotted and distributed and the fractional entitlements shall be aggregated and disposed of or otherwise dealt with for the benefit of the Company; and
  - (d) the Directors be authorized to do all acts and things as the Directors in their absolute discretion may deem necessary or expedient in relation to such bonus issue of shares in the capital of the Company.”
6. As special business, to consider and if thought fit, pass with or without modifications, the following resolution as an ordinary resolution of the Company:

(A) “**THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which (including warrants, bonds and debentures convertible into shares of the Company) would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (a) and (b), otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) an issue of shares under any options granted under the share option scheme adopted by the Company; (iii) an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company; (iv) an issue of shares in lieu of the whole or part of a dividend pursuant to any scrip dividend scheme or

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## NOTICE OF THE ANNUAL GENERAL MEETING

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similar arrangement in accordance with the Bye-laws of the Company; and (v) any adjustment, after the date of grant or issue of any options, rights to subscribe for other securities referred to in (ii) and (iii) above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the time of passing this resolution; and

(d) for the purposes of this Resolution:

**“Relevant Period”** means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-law of the Company or any applicable law to be held; and
- (iii) the date of which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

**“Rights Issue”** means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).

(B) **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and requirements, be and is hereby generally and unconditionally approved;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(b) the aggregate nominal amount of the shares of the Company which may be purchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

(iii) the date which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) “**THAT** conditional upon Resolutions A and B set out above being passed, the aggregate nominal amount of the shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution B above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Resolution A above provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

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

Hong Kong, 20 April 2011

*As at the date of this circular, the executive directors of the Company are Messrs. Wong Kwan, Lew Mon Hung, Cheung Kwok Yu, Zhou Li Yang, and Johnny Yuen; one non-executive director Messrs. Baiseitov Bakhytbek and the independent non-executive directors of the Company are Messrs. Yu Jianmeng, Fung Hing Chiu, Cyril and Lam Ka Wai, Graham.*

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## NOTICE OF THE ANNUAL GENERAL MEETING

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**Notes:**

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy, together with the notarially certified power of attorney or other authority (if any) under which it is signed must be lodged at the Company's branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.
3. Where there are joint holders of any share, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled to vote, but if more than one of such joint holders be present at the meeting in person or by proxy, the person so present whose name stands first in the register of member of the Company in respect of such share shall alone be entitled to vote in respect of it.
4. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjourned meeting if he so desires. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
5. The votes to be taken at the meeting for the resolution will be by way of poll.