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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)

ANNOUNCEMENT

The Company issued a writ of summons against DiChain Holdings on 31 October 2006 in respect of, inter alia, the breach of warranties given by DiChain Holdings under the Subscription Agreements.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the circular (the “Circular”) and announcement (the “Announcement”) dated 4 May 2006 and 29 May 2006 respectively of Pearl Oriental Innovation Limited (the “Company”). Terms defined in the Circular and the Announcement shall have the same meanings when used herein unless the context requires otherwise.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

It is a term and condition in the Subscription Agreements and the Obligation for DiChain Holdings Limited (“DiChain Holdings”) to pledge one billion Shares (or 20,000,000 Consolidated Shares of HK\$0.50 each) upon Completion, as collateral to compensate the Company of any economic loss arising from any breach of warranties (if any) provided by DiChain Holdings under the Subscription Agreements.

As DiChain Holdings has not yet preformed the Obligation under the Subscription Agreements, the Company issued a writ of summons against DiChain Holdings on 31 October 2006 in respect of, inter alia, the breach of warranties given by DiChain Holdings under the Subscription Agreements.

The Directors believe that the outcome of the aforesaid legal action will not have any significant impact on the financial positions and operations of the Group.

Further announcements will be made in relation to the progress of the aforesaid legal action against DiChain Holdings if and when appropriate.

As at the date hereof, the Board comprises six executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Mr. Lin XiZhong, Mr. Chan Yiu Keung, Mr. Cheung Kwok Yu, Mr. Zhou Li Yang, Mr. Zheng Yingsheng; one non-executive Director, namely Dr. Robert Fung Hing Piu; and three independent non-executive Directors, namely Dr. Anwar Ibrahim, Dr. Lee G. Lam and Mr. Victor Yang.

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

Hong Kong, 2 November 2006

** for identification purpose only*

Please also refer to the published version of this announcement in The Standard.