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

*(formerly known as China Merchants DiChain (Asia) Limited)*  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 0632)

**FRAMEWORK AGREEMENT FOR STRATEGIC PARTNERSHIP**

The Board is pleased to announce that on 8 September 2006, the Company, Sinosteel International and Taiyuan Sanxing entered into the Framework Agreement pursuant to which the parties will establish a strategic partnership alliance in the business of coal mining and trading of coking coal and coke.

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

The board of directors (the “Board”) of Pearl Oriental Innovation Limited (the “Company”) is pleased to announce that on 8 September 2006, the Company, Sinosteel International Holding Co., Ltd (中鋼國際控股有限公司) (“Sinosteel International”) and Taiyuan Sanxing Coal Gasification Co., Limited (“Taiyuan Sanxing”) entered into a framework agreement (the “Framework Agreement”) pursuant to which the parties will establish a strategic partnership alliance in the business of coal mining and production and trading of coking coal, coke and other related chemical products.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

**FRAMEWORK AGREEMENT**

**Date:**

8 September 2006

**Parties:**

- i. The Company, principally engaged in logistics business and investments in energy and natural resources sectors;
- ii. Sinosteel International, a limited company incorporated in Hong Kong, is a wholly owned subsidiary of Sinosteel Corporation (中國中鋼集團公司), a Central state owned enterprise, and engaged in international trade, mining of metallurgical resources and investments. The turnover of Sinosteel Corporation and Sinosteel International in 2005 are over Renminbi (“RMB”) 35 billion and RMB 6 billion respectively, and Sinosteel Corporation is one of the largest trading companies and exporters of coking coal and coke in China; and

- iii. Taiyuan Sanxing, an independent third party, mainly engaged in the coal mining and manufacturing and sale of coal, coke and other coal related products in China.

The Company confirms that Sinosteel International is an independent third party and not a connected person (as defined in the Listing Rules) of the Company.

### **CHINA COAL ENERGY HOLDINGS LIMITED**

As announced by the Company on 20 July 2006, the Company will invest HK\$400 million in the joint venture company, China Coal Energy Holdings Limited (“China Coal Energy”) with the owner of Taiyuan Sanxing, Mr. Zhang Genyu (the “Acquisition”) in the business of coal mining and production and trading of coking coal, coke and other related chemical products. The Company will own 40% equity interests in China Coal Energy after the completion of the Acquisition.

Taiyuan Sanxing, which will become a wholly owned subsidiary of China Coal Energy upon completion of the Acquisition, owns a coal mine with coal reserve of 67 million tonnes (with an estimated value of RMB 8 billion based on the current market ex-mine price), the annual production capacity of which is 300,000 tonnes and is expected to be increased to 1 million tonnes and also a coke production plant of annual capacity of 600,000 tonnes in Shanxi Province of China.

### **TERMS OF THE FRAMEWORK AGREEMENT**

During the period from 31 August 2006 to 2 September 2006, being invited by the Company and Taiyuan Sanxing, Mr. Li Ge Chen, Managing Director of Sinosteel International has visited and inspected the coal mine and the coke factory of Taiyuan Sanxing, and he was satisfied with the operations and production facilities of Taiyuan Sanxing.

In view of the prices of energy and natural resources have been remaining high, though there are corrections in between, the general price movement is still in the upward trend as a whole, the parties have agreed the terms of the Framework Agreement which are as follows:–

1. Sinosteel International is willing to purchase most of the coking coal, coke and related chemical products of Taiyuan Sanxing and Taiyuan Sanxing is willing to formulate a long-term products supply agreement with and give Sinosteel International a first priority under same conditions of sale. The parties’ preliminary plan of the total sale of each of coking coal and coke by Taiyuan Sanxing to Sinosteel International will be 200,000 tonnes for the year 2007, and will be gradually increased after the production volume of the new coal mine reached an optimal level.
2. Sinosteel International is willing to discuss with the Company and Taiyuan Sanxing in respect of the possibilities of potential investments in China Coal Energy in order to enhance the production capacity of Taiyuan Sanxing and the portfolio of its natural resources including coal mines and coke resources.
3. The Company and Taiyuan Sanxing will offer Sinosteel International the first priority to become a strategic shareholder of China Coal Energy prior to its IPO at an international stock exchange at favourable pricing and terms.

4. Sinosteel International, the Company and Taiyuan Sanxing will closely cooperate and contribute to the strategic partnership alliance by utilizing the strength of each party in order to add value for the alliance and bring stable and attractive income for the project and desirable return for the parties.

The long-term products supply agreement is subject to further negotiation and agreement by the parties, if required, a further announcement will be made by the Company in compliance with the Listing Rules should the formal long-term products supply agreement be reached.

The Board believes that entering into the Framework Agreement with and obtaining supports from Sinosteel International, a market leader in the mining and trading of metallurgical resources in China, is very helpful to speed up the development and expansion of the Company's business in energy and natural resources sectors and enhance the investment returns. The Board also believes that the entering into the Framework Agreement is to the best interests of the Company.

**Shareholders of the Company and potential investors should exercise caution in dealing in the shares of the Company.**

*As at the date hereof, the executive Directors are Messrs. Wong Yuk Kwan (alias: Wong Kwan), Lin Xizhong, Chan Yiu Keung, Cheung Kwok Yu, Zhou Li Yang, Zheng Yingsheng; the non-executive Director is Dr. Robert Fung Hing Piu; and the independent non-executive Directors are Messrs. Anwar Ibrahim, Lee G. Lam and Victor Yang.*

By Order of the Board  
**Pearl Oriental Innovation Limited**  
**Wong Kwan**  
*Chairman and Chief Executive*

Hong Kong, 11 September 2006

\* *For identification purpose only*

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