



東方明珠創業有限公司*

Pearl Oriental Innovation Limited

(FORMERLY KNOWN AS CHINA MERCHANTS DICHAİN (ASIA) LIMITED

招商迪辰(亞洲)有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 0632)

ISSUE OF CONVERTIBLE NOTES AND OPTIONS MONTHLY ANNOUNCEMENT

This announcement is made pursuant to the paragraph of “Change in the Shareholding Structure of the Company” in the Circular in relation to the dilution effect of the conversion of the Convertible Notes and exercise of Option.

Reference is made to the Company’s announcement dated 23 March 2006 and circular dated 4 May 2006 (the “Circular”) in relation to, inter alia, the grant of Convertible Notes and Option to the Subscriber. The Company made this announcement as per the requirements of the paragraph of “Change in the Shareholding Structure of the Company” in the Circular. Unless the context herein otherwise requires, terms used in this announcement shall have the same meanings as defined in the Circular.

The Company made an announcement dated 7 July 2006 reporting, inter alia, that the Convertible Notes have been fully exercised in June 2006.

The Board would like to report that the Subscriber, holding an aggregate 20,000,000 Options, has served a notice dated 30 August 2006 to the Company to exercise the Option in full at the Exercise Price of HK\$0.5 per Option (being the adjusted Exercise Price after the Share Consolidation) (the “Exercise”). As a result of the Exercise, a total of 20,000,000 Consolidated Shares (being the adjusted number of Option Shares after the Share Consolidation) of HK\$0.5 each (the “Option Shares”), representing approximately 8.04% of the issued share capital of the Company as at 30 August 2006 and approximately 7.44% of the issued share capital of the Company as enlarged by the issue of the Option Shares, will be allotted and issued.

Terms of the Options have been disclosed in the Circular and the SFC has granted Whitewash Waiver to the Company. After the Exercise, the Subscriber will be interested in approximately 60.19% of the total issued share capital of the Company. Below is a table showing the shareholding structure of the Company before and after the Exercise.

	Shareholding structure before the Exercise		Shareholding structure after the Exercise	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Subscriber	141,805,800	56.99	161,805,800	60.19
Other Shareholders	107,036,160	43.01	107,036,160	39.81
	<u>248,841,960</u>	<u>100.00</u>	<u>268,841,960</u>	<u>100.00</u>

The Option Shares (20,000,000 Consolidated Shares) have not been issued to the Subscriber as at the date of this announcement.

80,000 Consolidated Shares were issued during the month of August 2006 pursuant to other transactions, including Consolidated Shares issued pursuant to exercise of options under the share option scheme of the Company. As at the date of this announcement, the issued share capital of the Company is 248,841,960.

This announcement is only released through the web-site of The Stock Exchange of Hong Kong Limited and no publication in the newspapers is made.

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

Hong Kong, 6 September 2006

As at the date of this announcement, the Directors are

Executive Directors:

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

Non-Executive Director:

Dr. Robert Fung Hing Piu

Independent Non-Executive Directors:

Dr. Anwar Ibrahim
Dr. Lee G. Lam
Mr. Victor Yang

* *For identification purpose only*