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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)

TERMINATION OF THE EQUITY TRANSFER AGREEMENTS AND CONNECTED TRANSACTION

The Equity Transfer Agreements dated 14 September 2006 entered into by the Group have been terminated.

Under the Loan Agreement, Pearl Oriental Logistics Holdings Limited has agreed to grant the Loan in the amount of HK\$8,000,000 to Guangzhou Pearl Oriental Logistics Limited (“GZPO”). The Loan constitutes financial assistance of the Group to connected persons under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios of the Loan are less than 2.5%, and the total value of the Loan plus any preferential benefit is less than HK\$10,000,000, in accordance with Rule 14A.66(2) of the Listing Rules, the Loan is only subject to the reporting and announcement requirements and is exempt from the independent shareholders’ approval requirement of the Listing Rules.

Termination of the Equity Transfer Agreements

Reference is made to the Company’s announcement dated 26 September 2006 (the “Announcement”). Terms used in this announcement have the same meanings ascribed to them in the Announcement unless otherwise specified.

Guangzhou Pearl Oriental Group comprising Guangzhou Pearl Oriental Logistics Limited (“GZPO”), Jiangxi Dichain Logistics Co., Ltd and their wholly owned subsidiary, Inner Mongolia DiChain Logistics Limited.

The Group (means the Company and all its subsidiary) is holding 60% of equity interests in GZPO and Jiangxi DiChain Logistics Co., Ltd respectively.

The Vendors are all individuals, who in aggregate holding 40% of equity interest in GZPO and Jiangxi DiChain Logistics Co., Ltd. The Vendors are also the management of Guangzhou Pearl Oriental Group.

Recently the Vendors have suggested to retain their shareholdings in the Guangzhou Pearl Oriental Group since they are confident in its prospect and they wish to share the economic benefits from the future operations thereof. After careful consideration, the Board believes that the maintenance of their shareholdings in Guangzhou Pearl Oriental Group by the Vendors who include the management of GZPO will provide incentives to achieve better performance of GZPO which is in the interests of the Company and of the Shareholders as a whole.

Accordingly, after discussed and agreed with the Vendors, the Equity Transfer Agreements have been terminated and the POL Acquisitions contemplated therein will not proceed, the Directors do not expect the termination of the Equity Transfer Agreements to have any material adverse impact on the business operations or financial position of the Group.

Connected Transaction

On 1 April 2007, Pearl Oriental Logistics Holdings Limited, an indirect subsidiary of the Company, entered into a loan agreement (the “Loan Agreement”) as lender with GZPO, a 60% owned subsidiary of the Company, as borrower.

The principal terms of the Loan Agreement are as follows:

Date	:	1 April 2007
Lender	:	Pearl Oriental Logistics Holdings Limited
Borrower	:	Guangzhou Pearl Oriental Logistics Limited
Loan facility	:	HK\$ 8,000,000 (the “Loan”)
Term	:	2 years
Interest Rate	:	6% per annum

The purpose of granting the Loan is to assist GZPO to develop its new express logistics business, and the management of GZPO expects that the annual turnover of this new express logistics business will be amounting to HK\$15,000,000 and considers that this new business has good future development potential.

The Group is principally engaged in operating bonded warehouse, provision of logistics and related services and logistic-related property investment in the PRC and investing in energy and natural resources sectors through its associated company.

GZPO is engaged in the logistics business and operations in the PRC, and provides a total logistics solution and value added services, such as warehousing, total logistics services and inventory management.

Listing Rules Requirements

As the Loan being provided is not in proportion to the Group’s equity interest in GZPO, in accordance with Rule 14A.66(2)(b), the Loan falls under Rule 14A.13(2)(a)(ii) and constitutes financial assistance of the Group to connected persons under Chapter 14A of the Listing Rules. Both the Pearl Oriental Logistics Holdings Limited (“the lender”) and the connected persons, namely Mr. Wan Gui Ping (“Mr. Wang”) and Ms. Liu Xiao Hong (“Mr. Liu”) of the Company, are shareholders of GZPO (“the borrower”). Mr. Wan and Mr. Liu are connected persons and are substantial shareholders which Mr. Wan is holding 14% and Mr. Liu is holding 10% of equity interest in GZPO which is entitled to exercise, or control the exercise of 10% or more of the

voting power at any general meeting of the GZPO. Therefore, the Loan fallings under rule 14A13(2)(a)(ii). Since the applicable percentage ratio is less than 2.5% and the total value of the loan, plus any preferential benefit to the connected persons or the relevant company is less than HK\$10,000,000, in accordance with Rule 14A.66(2) of the Listing Rules, the Loan is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement of the Listing Rules.

The Board believes that, in view of the Group's 60% equity interest in GZPO, the Loan to be provided by the Group to GZPO is on normal commercial terms, as the interest rate of 6% per annum is a market rate and no less favourable than terms available to or from independent third parties; and is in the interests of the shareholders of the Company as a whole.

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

As at the date hereof of the Announcement, the Board comprises six executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Mr. Chan Yiu Keung, Mr. Cheung Kwok Yu, Mr. Zhou Li Yang, Mr. Zheng Yingsheng and Mr. Johnny Yuen; 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.

Hong Kong, 3 April 2007

* *For identification purposes only*

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