

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT

Reference is made to the Company’s circular (the “Circular”) dated 23 August 2006 and the Company’s results announcement for the nine-month period ended 31 December 2007 (the “Period”) dated 25 April 2008. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

As set out in the Circular, the Vendors have guaranteed to the Company that the Audited Net Profit for each of the three financial years ending 31 December 2009 shall not be less than Euro 4 million, should any of the Audited Net Profit for the financial years ending 31 December 2009 falls below Euro 4 million, the Vendors have to pay the shortfall on a dollar-to-dollar basis to the Company after the issuance of the audit report of Euro Resources for each of the financial year ending 31 December 2009.

The acquisition of 50% equity interest in Euro Resources by the Group has been completed in February 2007 instead of on or before 31 October 2006 as expected by the Company and the Vendors as mentioned in the Circular.

Based on the unaudited financial accounts of Euro Resources, the profit guarantee given by the Vendors for the year ended 31 December 2007 has not been met as it has suffered a loss in year 2007. However, the shortfall of profit of Euro Resources for the year ended 31 December 2007 cannot be ascertained yet pending the receipt of the final audit report of Euro Resources for the year ended 31 December 2007 to be issued by an independent audit firm which is responsible for the audit of Euro Resources in France. Management of the Company has consulted its auditors, KPMG, in respect of the above matters and has been advised that it is appropriate and prudent for the Company not to recognize the Company’s share of guaranteed profit in Euro Resources in the Group’s accounts for the Period. The shortfall in guaranteed profit, if any, will be accounted for in the Group’s accounts for the year ending 31 December 2008.

The directors of the Company consider that the results of Euro Resources is lower than expected since it is still in the early stage of development. The Company has strong confidence in the business model and development potential of Euro Resources given the strong market demand of products of Euro Resources in China and the strong support of the environmental friendly operations of Euro Resources from various parties due to the increasing awareness of the importance of environment protection.

As at the date of this announcement, the Board comprises six executive Directors, namely Messrs. Wong Yuk Kwan (alias: Wong Kwan), Chan Yiu Keung, Cheung Kwok Yu, Zhou Li Yang, Zheng Yingsheng and Johnny Yuen, and three independent non-executive Directors, namely Messrs. Dong Zhixiong, Fung Hing Chiu Cyril and Lai Shi Hong Edward.

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

Hong Kong, 8 May 2008

* *For identification purpose only*