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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

Reference is made to the Company's circular (the "Circular") dated 15 Sept 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 Vendor has guaranteed to the Company that the Audited Net Profit for the three financial years ending 31 December 2009 shall in aggregate be not less than HK\$600 million. Should the aggregate Audited Net Profit falls below HK\$600 million, the Vendor will pay the shortfall on a dollar-to-dollar basis to China Coal Energy Holdings Limited (the "China Coal") after the issuance of the audited report for the financial year ending 31 December 2009.

The Vendor has further guaranteed to the Company that if (i) the Audited Net Profit for each of the financial years ending 31 December 2007 and 31 December 2008 is less than HK\$200 million; and (ii) the dividend of China Coal to be paid to the Company for each of the financial years ending 31 December 2007 and 31 December 2008 is less than HK\$40 million, the Vendor shall pay the shortfall of dividend on a dollar-to-dollar basis to the Company (by utilizing part of the dividend entitled by the Vendor himself to pay such shortfall) so that the Company's dividend entitlement shall not be less than HK\$40 million in each of the financial years ending 31 December 2007 and 31 December 2008.

In respect of the financial year ended 31 December 2007, the profit of China Coal is likely to be less than HK\$200 million and no dividend has been declared by China Coal as at the date hereof.

The Directors will negotiate with the Vendor after the issuance of the audited report (expected can be obtained on or before 30 June 2008) of China Coal pursuant to the contractual terms of the Agreement between the Group and the Vendor. Pursuant to the Agreement, the Company has the right to recover the shortfall on a dollar-to-dollar basis from the Vendor or the parties may agree upon such other alternatives which will be in the best interests of China Coal and the Company as a whole. No action has been taken by the Company at present as there is no evidence showing any difficulties to recover the shortfall. The Company will take appropriate steps (after negotiating with the Vendor and seeking legal advice if necessary) in order to protect the interests of the Company and its shareholders.

Subsequent to the Company's announcement dated 8 May 2008, the Group has issued a letter on 18 June 2008 to the vendors/guarantors of Euro Resources China Limited ("Euro Resources"), Mr. Laurent Kim and Mr. Ung Phong and requested them to pay the shortfall (approximately Euro 5.5 million (which is estimated based on the loss of Euro 1.5 million for the year ended 31 December 2007 from management accounts plus profit guarantee Euro 4 million) equivalent to HK\$66.6 million) on a dollar-to-dollar basis to the Company for the financial year ended 31 December 2007 (the amount is subject to change after received the audited report of Euro Resources) and requested them to reply to the Company with a solution within seven days after the issuance of the said letter. As of 20 June 2008, the Group has not yet received substantive reply.

In case there is no solution from the Vendor, based on the terms of the relevant agreement, Grand Ascend Investments Limited (a wholly owned subsidiary of the Company) has the right to dispose of 30% equity of Euro Resources which is the collateral held by the Group in respect of the guarantees given by Mr. Laurent Kim and Mr. Ung Phong in favour of the Group, and the Group will take appropriate legal procedures to recover the shortfall.

The above issues will be accounted for in the Group's financial statements for the year ending 31 December 2008.

The Board is fully aware of its responsibilities and will try its best to protect the interests of the Company and its Shareholders as a whole. Further announcement will be published if the Company has any updated information when appropriate and necessary.

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

Hong Kong, 20 June 2008

As at the date of this 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; and three independent non-executive directors, namely Mr. Dong Zhixiong, Mr. Fung Hing Chiu, Cyril and Mr. Lai Shi Hong, Edward.

* *For identification purposes only*