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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)

**CLARIFICATION ANNOUNCEMENT**

The Plaintiffs have initiated legal actions against the Company for an aggregate amount of approximately HK\$6.90 million, being a judgment debt allegedly owed by DHL, with interests and costs. DHL is no longer a subsidiary of the Company. The Company’s interest in DHL has been disposed of and the Group is not responsible for any debt or liability of DHL. No summary judgment has been obtained by the Plaintiffs against the Company for the Sums at all, and such applications have failed.

Reference is made to the Company’s announcement dated 23 August 2005 and a recent article regarding legal actions (the “Actions”) initiated by Mr. Horace Yao Yee Cheong, Habile Holdings International Limited and Makdavy Holdings Limited (together the “Plaintiffs”) against the Company for an aggregate amount of approximately HK\$6.90 million, being judgment debt allegedly owed by Dransfield Holdings Limited (“DHL”) with interests and costs (the “Sums”). DHL is no longer a subsidiary of the Company. The Company’s interests in DHL has been disposed and the Company and its existing subsidiaries (together the “Group”) are not responsible for any debts or liabilities of DHL.

The Company hereby clarifies that, in respect of the Sums, the Plaintiffs have failed to obtain any summary judgment against the Company and no summary judgment has been obtained by the Plaintiffs against the Company at all as such applications have failed. The Court has also ordered that there be unconditional leave to the Company to defend the Actions.

In addition, the Plaintiffs have already paid a sum of approximately HK\$242,000 to the Company as its legal costs and interests thereon of a hearing as the Plaintiffs’ application to obtain a summary judgment for the Sums has been dismissed and a statement of claims of the Plaintiffs for the Sums has been struck out by the Court.

The Directors take the view that the Actions will not have any adverse impact on the financial position and business operation of the Company.

As at the date hereof, 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 independent non-executive Director, Dr. Anwar Ibrahim.

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

Hong Kong, 12 July 2007

\* *For identification purposes only*