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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)

PLACING OF EXISTING SHARES

SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

AND

RESUMPTION OF TRADING

PLACING OF AND SUBSCRIPTION FOR SHARES

The Vendor has reached the Agreements with the Purchasers and the Company. Pursuant to the Agreements, the Vendor agreed to sale an aggregate of 115,680,000 existing Shares, to the Purchasers who and whose ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules) at a price of HK\$1.02 per Sale Share.

Pursuant to the Agreements, the Vendor conditionally agreed to subscribe for an aggregate of 115,680,000 Subscription Shares at a price of HK\$1.02 per Subscription Share. The Sale Price (or the Subscription Price) of HK\$1.02 represents (i) a discount of approximately 19.7% to the closing price of HK\$1.27 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 0.2% to the average closing price per Share of approximately HK\$1.022 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii)

a premium of approximately 26.2% over the average closing price per Share of HK\$0.808 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Sale Shares (or the Subscription Shares) represent (i) approximately 11.38% of the existing issued share capital of the Company of 1,016,236,960 Shares as at the date of this announcement; and (ii) approximately 10.22% of the issued share capital of the Company of 1,131,916,960 Shares as enlarged by the Subscription. The Subscription is conditional upon, among other things, (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Sale. The gross proceeds from the Subscription will be approximately HK\$118 million. The net proceeds of approximately HK\$114 million from the Subscription is intended to be used partly for general working capital of the Group and partly for possible acquisition of overseas energy and natural resources projects.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 9 December 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 14 December 2009.

PLACING OF AND SUBSCRIPTION FOR SHARES

SHARE SALE AND SUBSCRIPTION AGREEMENTS

Dates

During the period from 9 December 2009 to 11 December 2009

Parties involved

The Company, the Purchasers and the Vendor

Purchasers

There are more than six Purchasers for the Sale Shares.

All the Agreements have similar terms and conditions, and each of the Agreements are independent and not-interconditional.

Independence of the Purchasers

To the best knowledge of the Company, the Purchasers and their ultimate beneficial owners (as the case may be) are not connected persons of the Company and are third parties independent of, and not connected with, and not acting in concert with the directors, chief executives and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

Sale Price

The Sale Price (or the Subscription Price) of HK\$1.02 represents (i) a discount of approximately 19.7% to the closing price of HK\$1.27 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 0.2% to the average closing price per Share of approximately HK\$1.022 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a premium of approximately 26.2% over the average closing price per Share of HK\$0.808 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Sale Price has been determined with reference to the prevailing market price of the Share and has been negotiated on an arm's length basis between the Vendor, the Company and the Purchasers. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Sale Shares

The 115,680,000 Sale Shares (or the Subscription Shares) represent (i) approximately 11.38% of the existing issued share capital of the Company of 1,016,236,960 Shares as at the date of this announcement; and (ii) approximately 10.22% of the issued share capital of the Company of 1,131,916,960 Shares as enlarged by the Subscription.

Ranking of Sale Shares

The Sale Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

Condition of the Sale

The Sale is unconditional.

Completion

The Sale is expected to be completed on or about 16 December 2009.

The Subscription Price

The Subscription Price is HK\$1.02 per Share. The Subscription Price is the same to the Sale Price and has been determined after arm's length negotiation between the Company and the Vendor with reference to the Sale Price of the Sale Shares.

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Sale Shares, being 115,680,000 Shares.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.

The Subscription Shares

The Subscription Shares will be issued under the General Mandate. The total number of issued Shares as at the date of the AGM was 581,403,960 Shares. Pursuant to the General Mandate granted to the Directors at the AGM, the total number of new Shares that the Company is authorised to allot and issue are 116,280,790 Shares (up to 20% of the then issued share capital of the Company). Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

Conditions of the Subscription

The Subscription is conditional upon, among other things:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (ii) completion of the Sale.

Completion

In accordance with the requirements under Rule 14A.31(3)(d) of the Listing Rules, it is expected that the Subscription will be completed on or before 23 December 2009.

In the event that the conditions of the Subscription are not fulfilled by 23 December 2009, the Company and the Vendor may elect, to postpone completion of the Subscription to a later date to be agreed between the Company and the Vendor.

REASON FOR THE PLACING AND USE OF PROCEEDS

The Directors consider various ways of raising funds and consider that the Sale and Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Agreements are in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription will be approximately HK\$118 million. The net proceeds of approximately HK\$114 million from the Subscription is intended to be used partly for general working capital of the Group and partly for possible acquisition of overseas energy and natural resources projects. The net price per Subscription Share is approximately HK\$0.99.

As previously announced by the Company on 27 November 2009, the Group has disposed a bonded warehouse property in Futian, Shenzhen, PRC and the Group will be restructuring its businesses, and will concentrate on its core business in the energy and environmental recycling plastic resources sectors.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Except that the Company has issued convertible notes of HK\$45,000,000 in aggregate to Orient Day in May 2009, save as disclosed herein, the Company did not have any capital-raising activities during the past 12 months proceeding the date of these announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

	As at the Last Trading Date		After the Completion of the Agreements	
	(No. of Shares)	(%)	(No. of Shares)	(%)
Orient Day Developments Limited (Note)	517,084,800	50.88	517,084,800	45.68
Other Directors	5,912,090	0.58	5,912,090	0.52
Public Shareholders				
- the Purchasers	--	--	115,680,000	10.22
- Other public Shareholders	493,240,070	48.54	493,240,070	43.58
Total	1,016,236,960	100	1,131,916,960	100

Note: Orient Day Developments Limited, the Vendor, is a company incorporated with limited liability in the British Virgin Islands and is wholly and beneficially owned by Mr. Wong Kwan.

DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE

As a result of the Placing, the aggregate percentage shareholding of the Vendor and its concert parties will reduce from 50.88% to 39.50% (a decrease of approximately 11.38%) and as a result of the Subscription, its aggregate percentage shareholding will be increased from 39.50% to 45.68% (an increase of approximately 6.18%). Accordingly, the Vendor would be required to make a general offer under Rule 26 of the Takeovers Code unless a waiver from the SFC is granted. Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver under Rule 26 of the Takeovers Code is not required where a shareholder, together with persons acting in concert with him has continuously held more than 50% of the voting rights of a company for at least 12 months immediately preceding the relevant placing and transaction.

Given the Vendor and its concert parties has continuously held more than 50% of the voting rights of the Company for the past 12 months immediately preceding the Placing, a waiver under Rule 26 of the Takeovers Code is not required.

INFORMATION ON THE GROUP

The principle activity of the Company is an investment holding company. It is principally engaged in energy and recycling businesses.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 9 December 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 14 December 2009.

Terms and definitions

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 26 May 2009
“Agreements”	various share sale and subscription agreements between the Company, the Vendor and the Purchasers entered into on between 9 December 2009 and 11 December 2009 in relation to the Sale and the Subscription
“Board”	the board of Directors
“Company”	Pearl Oriental Innovation Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the board of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	8 December 2009, being the last full trading day for the Shares before this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Kwan, Chairman and Chief Executive of the Company and an executive Director
“PRC”	The People’s Republic of China
“Purchasers”	the purchasers who purchase the Sale Shares from the Vendor under the Agreements.
“Sale”	the sale of 115,680,000 existing Shares in aggregate beneficially owned by the Vendor to the Purchasers pursuant to the terms of the Agreements
“Sale Price”	HK\$1.02 per Sale Share
“Sale Share(s)”	an aggregate of 115,680,000 existing Shares beneficially owned by the Vendor and to be sold pursuant to the Agreements
“SFC”	Securities and Futures Commission
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for 115,680,000 new Shares by the Vendor pursuant to the terms of the Agreements
“Subscription Price”	HK\$1.02 per Subscription Share
“Subscription Shares”	115,680,000 new Shares to be subscribed for by the Vendor pursuant to the Agreements
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Vendor” or “Orient Day”	Orient Day Developments Limited, a company incorporated in the British Virgin Islands with limited liability, and wholly owned by Mr. Wong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

As at the date hereof, the Board comprises six executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Dr. Lew Mon Hung, Mr. Cheung Kwok Yu, Mr. Zhou Li Yang, Mr. Zheng Yingsheng and Mr. Johnny Yuen; and three independent non-executive Directors, namely Mr. Yu Jianmeng, Mr. Fung Hing Chiu, Cyril and Mr. Lam Ka Wai, Graham.

By Order of the Board
 Pearl Oriental Innovation Limited
 Dr. Lew Mon Hung
Deputy Chairman and Executive Director

Hong Kong, 11 December 2009

* For identification purposes only