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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)**

## **EXCLUSIVITY AGREEMENT**

### **IN RESPECT OF POSSIBLE INVESTMENT IN OIL FIELDS IN RUSSIA**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 22 November 2010, the Company, entered into an Exclusivity Agreement with Ross Energy for the Possible Investment which shall involve conducting development and exploitation at certain oilfields in Russia.

**The Possible Investment is subject to certain conditions, therefore, the Possible Investment may or may not proceed. If the Possible Investment is materialized, it will constitute a major transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Investment will be made by the Company in the event any formal agreement has been signed.**

The Board is pleased to announce that the Company has entered into the Exclusivity Agreement with Ross Energy Limited for the possible Investment which shall involve conducting development and exploitation at certain oilfields in Russia.

## **EXCLUSIVITY AGREEMENT**

Date: 22 November 2010

Parties: (i) the Company; and

(ii) Ross Energy Limited (“Ross Energy”), a company incorporated in Russia.

To the best of the Directors’ knowledge, Ross Energy and its ultimate beneficial owners are not connected persons of the Company and are independent third parties not connected with the Company and its connected persons.

## **Major terms of the Exclusivity Agreement**

### **Ross Oilfield Project**

The Possible Investment shall involve development and exploitation at oil field project in Russia (“Ross Oilfield Project”). Preliminary information provided by Ross Energy in respect of the Ross Oilfield Project is as follows:

There are five (5) oil lease blocks of area of around 4,255 square kilometers in aggregate, the total oil reserves are approximately 231 million barrels according to the C1 and C2 standards of the relevant Russian petroleum reporting standards. Currently, all of the five (5) oil lease blocks have production licenses and are in the production stage

The Company plans to assist Ross Energy to appoint international oil consultants to prepare a technical report under the PRMS of Society of Petroleum Engineers in order to ascertain the proved and probable (2P) oil reserves of the Ross Oilfield Project.

### **Consideration**

Subject to further negotiation and the conditions as set out below, Ross Energy will sell 85% working interest in the Ross Oilfield Project to the Company at a consideration in range of US\$184 million.

### **Due Diligence**

Under the Exclusivity Agreement, the Company will appoint independent professional firms to conduct due diligence on the Ross Oilfield Project as soon as practicable. Subject to the satisfactory results of the due diligence and taking into account technical advice regarding the Ross Oilfield Project, the parties to the Exclusivity Agreement will proceed to the negotiation for terms and conditions of a formal agreement in respect of the Possible Investment.

### **Exclusivity**

Pursuant to the Exclusivity Agreement, Ross Energy has granted the Company a right of exclusivity to acquire 85% working interest of the Ross Oilfield Project for a period of six (6) months from 1 December 2010.

### **Conditions**

The Possible Investment is subject to due diligence to be performed by the Company and subject to that a formal agreement can be entered into by the Parties, and the Company has no obligations whatsoever to purchase, invest or acquire the whole or any of part of the Ross Oilfield Project.

The Directors are in the opinion that the terms of the Exclusivity Agreement are fair and reasonable, under normal commercial terms and in the interests of the Company and the Shareholders as a whole.

If the Possible Investment is materialized, it is expected that the Possible Investment will constitute a major transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or shareholders’ approval requirements under the Listing Rules.

## **Information of the Group**

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

## **Reasons for the Possible Investment**

The Group has been seeking further good investment opportunities in the oil and gas and natural resources sectors in order to broaden the Group's business and maximize the return of the Shareholders. Russia is the second largest exporter of oil in the world and it exports over 8 million barrels of crude oil per day. Russia currently welcomes foreign oil enterprises to participate in investing and developing oil fields in Russia so as to increase her national tax income from oil business. Given the considerable amount of oil reserves (subject to due diligence), management of the Company considers the Ross Oilfield Project a sizeable investment opportunity with great exploitation and development potential for the Group.

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## **Update on Acquisition in Kazakhstan**

The Company will continue its negotiation for acquiring certain oil field in Kazakhstan, and received a technical report thereon from a Canadian profession petroleum consulting firm on 15 November 2010. The Company will soon commission an international accounting firm to prepare the relevant audited financial statements in order to expedite the pace of the possible acquisition.

## **Further Development**

The Board believes that, given the commencement of production of the Group's gas and oil field in Utah, USA in October 2010 and the expected stable and favourable oil price trend in the international market, the Group will further expand its portfolio of oil assets through mergers and acquisitions so as to enhance the development potential of the Company.

*As at the date hereof, the Board comprises five executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Dr. Lew Mon Hung, Mr. Cheung Kwok Yu, Mr. Zhou Li Yang and Mr. Johnny Yuen; one non-executive director, Mr. Baiseitov Bakhytbek; 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**  
Cheung Kwok Yu  
*Executive Director and Company Secretary*

Hong Kong, 22 November 2010

*\* For identification purposes only*