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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)

(I) MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE INVESTMENT IN A COPPER MINE IN XINJIAN (WITH A PROVEN RESERVE OF ABOUT 600,000 TONNES)

(II) STATUS OF A DISCLOSEABLE TRANSACTION

(III) CLARIFICATION ANNOUNCEMENT

(IV) RESUMPTION OF TRADING

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

The Board is pleased to announce that on 28 March 2007, the Company, entered into a Memorandum of Understanding with Inde Development Limited for the Possible Investment which shall involve conducting development and exploitation at a copper mine in Xinjiang, the PRC.

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.

Prior to the date of this announcement, there are certain press articles (in relation to the transactions contemplated in the JV Agreement (as defined below)) which contained opinion of China CITIC Group (the ultimate controlling shareholder of CITIC Merchant) that is not consistent with the Company's current understanding. In the circumstances, the Company has therefore requested and is awaiting reply from CITIC Merchant to clarify the above matters.

The Board wishes to clarify information relating to Mr. Johnny Yuen stated in the Company's announcement dated 4 January 2007.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 22 March 2007 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 2 April 2007.

The Board is pleased to announce that the Company has entered into the Memorandum of Understanding with Inde Development Limited for the Possible Investment in a copper mine in Xinjiang, PRC.

MEMORANDUM OF UNDERSTANDING

Date: 28 March 2007

Parties: (i) the Company;
(ii) Inde Development Limited (“INDE”)

To the best of the Directors’ knowledge, INDE 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 Memorandum of Understanding

Copper Mine Project

The Possible Investment shall involve development and exploitation at a copper mine project in Xinjiang, the PRC (“Copper Mine Project”). Preliminary information provided by INDE in respect of the Copper Mine Project are as follows:

It is a copper exploitation project wholly owned by HYCI at Hami City of Xinjiang, PRC which encompasses a total area of 5.32 km². According to information provided by INDE, an exploitation licence has been granted to HYCI by the Bureau of Land and Resources of Xinjiang, the PRC Government for the period from January 2005 to January 2010, and its proven copper reserve and silver reserve are about 600,000 and 380,000 tonnes respectively (which are supported by a technical report issued by professionals in the PRC).

Consideration

Subject to the conditions as set out below, INDE will sell 100% equity interest in HYCI (or cause and procure INDE’s shareholders to sell 100% equity interest in INDE) to the Company at a consideration of HK\$400 million.

The amount of the consideration has been arrived at arm’s length negotiation between the Company and INDE, and determined by the Board with reference to the proven reserves as set out in above and the development potential of the Copper Mine Project and the current market price of copper.

Due Diligence

Under the Memorandum of Understanding, the Company will appoint independent professional firms to conduct a geological/geophysical due diligence and a legal due diligence on the Copper Mine Project as soon as practicable. Subject to the satisfactory results of the due diligence and taking into account technical advice regarding the Copper Mine Project, the parties to the Memorandum of Understanding will proceed to the negotiation for terms and conditions of a formal agreement in respect of the Possible Investment on or before 30 April 2007.

Exclusivity

Pursuant to the Memorandum of Understanding, INDE has granted the Company a right of exclusivity to acquire 100% equity interest of the Copper Mine Project that will expire on 30 April 2007.

Warranties

INDE has warranted to the Company that INDE and HYCI have no outstanding liability and that should there is any shareholder’s loans owing to their respective shareholders, such shareholder’s loans (if any) will be also transferred and assigned to the Company at nil consideration upon the completion of the Possible Investment.

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. The Parties shall cease to have any obligations whatsoever under the Memorandum of Understanding if the Parties have not entered into a formal agreement on or before 30 April 2007.

The Directors are in the opinion that the terms of the Memorandum of Understanding 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 COMPANY

The Group is principally engaged in operating bonded warehouse, provision of logistics and related services and logistic-related property investment in the PRC and investing in energy and natural resources sectors through its associated companies.

Reasons for the Possible Investment

The Group has been seeking further good investment opportunities in the energy and natural resources sectors in order to broaden the Group's business and maximize the return of the Shareholders. Given the proven copper reserve and silver reserve of 600,000 and 380,000 tonnes respectively and its estimated mining value of over HK\$44 billion with reference to the current market prices, the management of the Company considers the Copper Mine Project a sizeable investment project with great exploitation and development potential. It is expected that the Possible Investment will be a good opportunity for the Group in the future.

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.

STATUS OF A DISCLOSEABLE TRANSACTION

Reference is made to the Joint Venture and Merger & acquisition Agreement between CITIC Merchant Co Ltd ("CITIC Merchant") and the Company dated 26 February 2007 (the "JV Agreement") as announced by the Company on 1 March 2007.

Prior to the date of this announcement, there are certain press articles (in relation to the transaction contemplated in the JV Agreement) which reported that China CITIC Group (the ultimate controlling shareholder of CITIC Merchant) would not approve the transaction and which is not consistent with the Company's current understanding and may be a price-sensitive information (the "Information"). In the circumstances, the Company therefore requested on 22 March 2007 and is awaiting a reply from CITIC Merchant to clarify the above matters. The Company understands that CITIC Merchant is handling the above matters, and the Company will make further announcement if and when the Company has received a reply from CITIC Merchant which the Company considers that there is material issue that has to be disclosed to the Shareholders and the public.

The Company understands that all the terms and conditions of the JV Agreement have been completely approved by the board of directors of CITIC Merchant. At this moment, the view of the Directors is that the transaction contemplated in the JV Agreement is unconditional unless they are disapproved by the Shareholders in the SGM. The Company is only waiting for the approval by the Shareholders in the SGM in respect of the issue of the Consideration Shares.

CLARIFICATION TO THE COMPANY'S ANNOUNCEMENT DATED 4 JANUARY 2007

Reference is made to an announcement (the "4.1.07 Announcement") of the Company dated 4 January 2007.

The Directors of the Company wish to clarify information contained in the 4.1.07 Announcement. The Company shall include in the 4.1.07 Announcement the age of Mr. Johnny Yuen, executive director of the Company. The age of Mr. Johnny Yuen is 61.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 22 March 2007 pending the release of this announcement in relation to the Information. 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 2 April 2007.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Pearl Oriental Innovation Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Consideration Shares”	8,000,000 new Shares to be issued to CITIC Merchant pursuant to the JV Agreement.
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HYCI”	Hami Yanxi Copper Industry Co., Ltd, a company incorporated in the PRC which is a wholly owned subsidiary of INDE.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	a memorandum of understanding dated 28 March 2007 entered into between the Company and INDE setting out the preliminary terms in relation to the Possible Investment
“Possible Investment”	a possible investment by the Group as contemplated in the Memorandum of Understanding
“PRC”	the People’s Republic of China
“SGM”	a special general meeting of the Company to be held on 16 April 2007 at 4:00 p.m.
“Share(s)”	share(s) in the capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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; Mr. Johnny Yuen, one non-executive Director, namely Dr. Robert Fung Hing Piu; and three independent non-executive Directors, namely Dr. Anwar Ibrahim, Dr. Lee G. Lam and Mr. Victor Yang.

By Order of the Board
Pearl Oriental Innovation Limited
Wong Kwan
Chairman and Chief Executive

Hong Kong, 30 March 2007

** For identification purposes only*

Please also refer to the published version of this announcement in The Standard.