



**Press Release**

**UPDATE ON SETTLEMENT AGREEMENT**

Reference is made to the Pearl Oriental Innovation Limited (the “Company”) announcement dated 2 August 2010 in relation to a settlement agreement and the disposal (the “Disposal”) of equity interests in China Coal Energy Holdings Limited.

The board of directors of the Company (the “Board”) is pleased to announce that Mr. Zhang Jingyuen has already early paid the third instalment of consideration for the Disposal of HK\$48,500,000 in aggregate (net proceeds after 3% expenses payable) to the Company in June and July 2011. Up to the day hereof, the Company has received HK\$129,000,000 in total from the disposal and will receive further sum of HK\$58,200,000 pursuant to the payment schedule of the settlement agreement.

The Board believes that the Company’s receipt of the third instalment of consideration will further improve the financial position and financial results of the Group.

By Order of the Board

Pearl Oriental Innovation Limited

13 July 2011