POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

PPIG 百田石油國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8011)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the "Directors") of Polyard Petroleum International Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

ANNUAL RESULTS

The board of Directors (the "Board") of Polyard Petroleum International Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014, together with the comparative audited figures for the previous year, as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Turnover		**—**	—
Other income		**76**	3
Administrative and other operating expenses		**(20,126)**	(16,392)
Finance costs	*5*	**(7,362)**	(16,793)
Impairment losses recognised on interests in associates		**(13,852)**	(16,849)
Share of results of associates		**(9)**	(141)
Impairment losses recognised on interests in joint ventures		**(116,470)**	(11,064)
Gain on derecognition of convertible bonds		**—**	11,020
Gain on extension of convertible bonds		**—**	1,837
Loss on disposal of a subsidiary	*11*	**(962,740)**	—
Loss before tax	*6*	**(1,120,483)**	(48,379)
Income tax	*7*	**1,064**	2,482
Loss for the year		**(1,119,419)**	(45,897)
Attributable to:			
Owners of the Company		**(1,076,075)**	(40,104)
Non-controlling interests		**(43,344)**	(5,793)
		(1,119,419)	(45,897)
Loss per share			
— Basic (in HK cents)		**(56.42)** cents	(2.19) cents
— Diluted (in HK cents)		**(56.42)** cents	(2.19) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(1,119,419)**	(45,897)
Other comprehensive income/(expense)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**84**	(22)
Total comprehensive expense for the year	**(1,119,335)**	(45,919)
Attributable to:		
Owners of the Company	**(1,075,999)**	(40,120)
Non-controlling interests	**(43,336)**	(5,799)
Total comprehensive expense for the year	**(1,119,335)**	(45,919)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**959**	376
Interests in associates		**30,094**	43,955
Interests in joint ventures		**185,250**	1,383,033
Deferred exploration expenditure		**24,619**	23,707
		240,922	1,451,071
CURRENT ASSETS			
Amounts due from associates		**16,115**	15,881
Other receivables	*9*	**14,908**	938
Cash and bank balances		**2,779**	1,381
		33,802	18,200
CURRENT LIABILITIES			
Other payables	*10*	**(10,751)**	(11,515)
Amounts due to directors		**(2,032)**	(1,856)
Amounts due to a shareholder – current portion		**(127,419)**	—
Bank borrowing		**—**	(6,304)
Convertible bonds		**—**	(15,523)
Obligations under finance leases – current portion		**(148)**	—
		(140,350)	(35,198)
NET CURRENT LIABILITIES		**(106,548)**	(16,998)
TOTAL ASSETS LESS CURRENT LIABILITIES		**134,374**	1,434,073
NON-CURRENT LIABILITIES			
Amount due to a shareholder – non-current portion		**—**	(80,259)
Convertible bonds		**—**	(107,638)
Promissory note		**(8,774)**	—
Deferred tax liabilities		**—**	(2,118)
Obligations under finance leases – non-current portion		**(532)**	—
		(9,306)	(190,015)
NET ASSETS		**125,068**	1,244,058

	Notes	**2014**	2013
		HK$'000	*HK$'000*
CAPITAL AND RESERVES			
Share capital		**77,502**	73,320
Reserves		**(4,090)**	1,044,538
Equity attributable to owners of the Company		**73,412**	1,117,858
Non-controlling interests		**51,656**	126,200
TOTAL EQUITY		**125,068**	1,244,058

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Exchange reserve	Capital reserve	Convertible bonds reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	73,070	778,736	985	(201)	15,392	49,062	241,800	1,158,844	131,999	1,290,843
Total comprehensive expense for the year	–	–	–	(16)	–	–	(40,104)	(40,120)	(5,799)	(45,919)
Derecognition of equity component of convertible bonds	–	–	–	–	33,927	(44,606)	–	(10,679)	–	(10,679)
Recognition of equity component of convertible bonds	–	–	–	–	–	10,679	–	10,679	–	10,679
Deferred tax liability on recognition of equity component of convertible bonds	–	–	–	–	–	(2,141)	–	(2,141)	–	(2,141)
Reversal of deferred tax liability upon extension of convertible bonds	–	–	–	–	–	19	–	19	–	19
Issue of employee shares	250	1,006	–	–	–	–	–	1,256	–	1,256
At 31 December 2013	73,320	779,742	985	(217)	49,319	13,013	201,696	1,117,858	126,200	1,244,058
At 1 January 2014	**73,320**	**779,742**	**985**	**(217)**	**49,319**	**13,013**	**201,696**	**1,117,858**	**126,200**	**1,244,058**
Total comprehensive expense for the year	**–**	**–**	**–**	**76**	**–**	**–**	**(1,076,075)**	**(1,075,999)**	**(43,336)**	**(1,119,335)**
Disposal of a subsidiary	**–**	**–**	**–**	**–**	**–**	**(7,896)**	**–**	**(7,896)**	**–**	**(7,896)**
Acquisition of non-controlling interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**22,944**	**22,944**	**(31,208)**	**(8,264)**
Issue of employee shares	**182**	**447**	**–**	**–**	**–**	**–**	**–**	**629**	**–**	**629**
Issue of shares upon conversion of convertible bonds	**4,000**	**16,993**	**–**	**–**	**–**	**(5,117)**	**–**	**15,876**	**–**	**15,876**
At 31 December 2014	**77,502**	**797,182**	**985**	**(141)**	**49,319**	**–**	**(851,435)**	**73,412**	**51,656**	**125,068**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION

Polyard Petroleum International Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Room 801-802, 8/F, Shanghai Industrial Investment Building, 48-62 Hesnnessy Road, Wanchai, Hong Kong. These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are the exploration, exploitation and development of oil, natural gas and coal, trading of petroleum-related products and provision of technical services.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied for the first time the following amendments to HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRSs and the new interpretation that are mandatorily effective for the current year

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK (IFRIC) — Int 21	*Levies*

New and amended standards and interpretations in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[1]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[5]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[5]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[5]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[4]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[5]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010-2012 Cycle*[6]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011-2013 Cycle*[4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*[5]
Amendments to HKFRS 10 and HKAS 28	*Sales or Contributions of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[5]
Amendments to HKAS 1	*Disclosure Initiative*[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and of the Hong Kong Companies Ordinance (Cap. 32 and transitional arrangements of Cap 622).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In preparing the consolidated financial statements of the Company, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately HK$1,119,335,000 during the financial year ended 31 December 2014, and as at that date, the Group’s current liabilities exceeded its current assets by approximately HK$106,548,000.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the management has taken the following measures:

(i) On 11 March 2015, the Company entered into a new shares subscription agreement with an independent third party and pursuant to which, the independent third party has agreed to subscribe for and the Company has agreed to allot and issue a total of 100,000,000 new shares at the subscription price of HK$0.195 per new share. On 18 March 2015, this subscription of new shares was completed and the net proceeds from the subscription shares after deducting the related expenses in connection with the subscription are approximately HK$19,000,000.

(ii) On 11 March 2015, the Company and Silver Star Enterprises Holdings Inc., entered into a subscription agreement whereby Silver Star Enterprises Holdings Inc. agreed to subscribe for, and the Company agreed to issue and allot for an aggregate of 650,000,000 new shares at the subscription price of HK$0.195 per new share to settle a loan of HK$126,750,000 owed by the Group to Mr. Lam Nam (“Mr. Lam”).

(iii) On 23 March 2015, Mr. Lam and the Company entered into the Deed of Undertaking whereby Mr. Lam agreed to provide or procure financial support to the Company and/or the Group commencing on 23 March 2015 and until 30 June 2016.

The Directors are of the opinion that, taking into account the above measures, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

For the years ended 31 December 2013 and 2014, the Group has 3 reportable segments — (1) exploration of oil, natural gas and coal, (2) trading of petroleum-related products and (3) provision of technical services for oil and gas exploration and development. These segments are managed separately as they belong to different industries and require different operating systems and strategies.

There were no sales or other transactions between those reportable segments.

An analysis of the Group's reportable segment revenues, results, assets, liabilities and other selected financial information is presented below.

(a) Reportable Segments

2014	**Exploration of oil, natural gas and coal** *HK$'000*	**Trading of petroleum related products** *HK$'000*	**Provision of technical services** *HK$'000*	**Total** *HK$'000*
Turnover	—	—	—	—
Sundry income	—	76	—	76
Total income	—	76	—	76
Reportable segment (loss)/profit before tax	(4,040)	74	(1,171)	(5,137)
Unallocated corporate expenses				(14,913)
Loss on disposal of a subsidiary	(962,740)			(962,740)
Impairment losses recognised on interests in associates	(13,852)			(13,852)
Impairment losses recognised on interests in joint ventures	(116,470)			(116,470)
Share of results of associates	(9)			(9)
Interest expenses				(7,362)
Loss before tax				(1,120,483)

2013	Exploration of oil, natural gas and coal *HK$'000*	Trading of petroleum related products *HK$'000*	Provision of technical services *HK$'000*	Total *HK$'000*
Turnover	—	—	—	—
Interest income	—	—	3	3
Total income	—	—	3	3
Reportable segment loss before tax	(4,171)	(125)	(1,168)	(5,464)
Unallocated corporate income				12,857
Unallocated corporate expenses				(10,925)
Impairment losses recognised on interests in associates	(16,849)			(16,849)
Impairment losses recognised on interests in joint ventures	(11,064)			(11,064)
Share of results of associates	(141)			(141)
Interest expenses				(16,793)
Loss before tax				(48,379)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents loss incurred by each segment without allocation of central administration costs including directors' emoluments, finance costs and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

2014	**Exploration of oil, natural gas and coal** *HK$'000*	**Trading of petroleum related products** *HK$'000*	**Provision of technical services** *HK$'000*	**Total** *HK$'000*
Assets:				
Segment assets	**55,957**	**82**	**144**	**56,183**
Interests in associates	**30,094**			**30,094**
Interests in joint ventures	**185,250**			**185,250**
Unallocated corporate assets				**3,197**
Total assets				**274,724**
Liabilities:				
Segment liabilities	**36,490**		**1,033**	**37,523**
Unallocated corporate liabilities				**112,133**
Total liabilities				**149,656**

2013	Exploration of oil, natural gas and coal *HK$'000*	Trading of petroleum related products *HK$'000*	Provision of technical services *HK$'000*	Total *HK$'000*
Assets:				
Segment assets	41,203	45	202	41,450
Interests in associates	43,955			43,955
Interests in joint ventures	1,383,033			1,383,033
Unallocated corporate assets				833
Total assets				1,469,271
Liabilities:				
Segment liabilities	27,064	87	1,015	28,166
Unallocated corporate liabilities				197,047
Total liabilities				225,213

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to operating segments other than unallocated corporate assets.

— all liabilities are allocated to operating segments other than unallocated corporate liabilities.

Other segment information

2014	**Exploration of oil, natural gas and coal** *HK$'000*	**Trading of petroleum related products** *HK$'000*	**Provision of technical services** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Depreciation	**78**	**—**	**62**	**92**	**232**
Capital expenditure	**5,086**	**—**	**3**	**803**	**5,892**

2013	Exploration of oil, natural gas and coal *HK$'000*	Trading of petroleum related products *HK$'000*	Provision of technical services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation	107	—	62	51	220
Gain on derecognition of convertible bonds	—	—	—	11,020	11,020
Gain on extension of convertible bonds	—	—	—	1,837	1,837
Capital expenditure	5,991	—	11	7	6,009

(b) Geographical Segments

The following table sets out information about the geographical location of (i) the Group's revenues from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible and goodwill, and the location of operation, in the case of interests in associates and joint ventures.

	Revenue from external customers		**Specified non-current assets**	
	2014 *HK$'000*	2013 *HK$'000*	**2014** *HK$'000*	2013 *HK$'000*
Mainland China, including Hong Kong and Macau	**—**	—	**914**	262
Brunei	**—**	—	**—**	1,085,478
Philippines	**—**	—	**240,008**	365,331
	—	—	**240,922**	1,451,071

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank borrowing not wholly repayable within five years	**56**	188
Imputed interest on promissory note	**721**	761
Imputed interest on convertible bonds	**6,577**	15,844
Finance lease interest	**8**	—
	7,362	16,793

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration)		
— Salaries and other benefits	**10,774**	8,725
— Discretionary bonus	**—**	—
— Retirement scheme defined contributions	**273**	256
	11,047	8,981
Auditors' remuneration		
Audit services	**458**	438
Non-audit services	**40**	—
	498	438
Depreciation of property, plant and equipment	**232**	220
Loss on disposal of property, plant and equipment	**—**	7
Operating lease payments for land and buildings and equipment	**1,818**	2,006

7. INCOME TAX

Income tax expense/credit recognised in profit or loss

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
— Hong Kong	**—**	—
— PRC enterprise income tax	**—**	—
— Other jurisdictions	**—**	—
Deferred tax	**1,064**	2,482
Income tax credit for the year	**1,064**	2,482

Hong Kong profits tax is calculated at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC enterprise income tax at the rate of 25% (2013: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Deferred tax for the year represents tax income recognised on reversal of temporary differences arising from convertible bonds.

No deferred tax asset has been recognized on losses for the year (2013: Nil) due to unpredictability stream of future taxable profits that will be available against which the tax losses can be utilized.

There was no material unprovided deferred tax charge for the year (2013: Nil).

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2014	2013
	HK$'000	*HK$'000*
Loss before tax:	**(1,120,483)**	(48,379)
Notional loss before tax, calculated at the tax rates applicable to the jurisdictions concerned	**184,772**	10,310
Tax effect of share of results of associates	**(1)**	(23)
Tax effect on impairment loss on associates	**(2,286)**	(5,054)
Tax effect on impairment loss on joint ventures	**(19,217)**	(1,826)
Tax effect of non-taxable income	**—**	21
Tax effect of profits not taxable	**18**	—
Tax effect of losses not allowable	**(163,286)**	(3,243)
Tax effect of allowable losses not recognised	**—**	(185)
Deferred tax on convertible bonds	**1,064**	2,482
Income tax credit for the year	**1,064**	2,482

8. DIVIDENDS

No dividend has been paid or proposed for the year (2013: Nil).

9. OTHER RECEIVABLES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Other debtors, deposits and prepayments	**14,908**	938

The carrying amounts of the Group's other debtors, deposits and prepayments are denominated in the following currencies:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
HK dollars	**256**	647
Renminbi	**41**	43
Macau Pataca	**15**	75
US dollars	**14,596**	173
	14,908	938

None of the prepayments, deposits and other receivables is either past due or impaired. The financial assets included in the above balances are related to receivables for which there have been no recent history of default.

The maximum exposure to credit risk at the reporting date is carrying value of each class of receivables mentioned above.

10. OTHER PAYABLES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Other creditors and accrued charges	**10,751**	11,515

The carrying amounts of the above balances were denominated in the following currencies:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
HK dollars	**9,602**	8,644
Renminbi	**205**	119
Macau Pataca	**469**	1,935
US dollars	**475**	817
	10,751	11,515

11. LOSS ON DISPOSAL OF A SUBSIDIARY

On 17 April 2014, Modern Lucky International Limited ("Vendor"), a wholly-owned subsidiary of the Company, and New Sino Mining Petroleum Company Limited ("Purchaser"), a company wholly-owned by Mr. Lam, the substantial shareholder of the Company, entered into the sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire issued share capital of China Sino Oil Company Limited ("China Sino Oil"), an indirectly wholly-owned subsidiary of the Company, together with the loans due from China Sino Oil to the Company and/or any of its subsidiaries ("Sale Loan") at an aggregate consideration of HK$120,000,000 to be settled by way of set off against a sum of HK$120,000,000 due from the Company to China International Mining Holding Company Limited ("CIMH"), a company wholly-owned by Mr. Lam, being the outstanding (i) the zero coupon convertible bonds due on 29 December 2014 in the principal amount of HK$108,000,000 issued to CIMH and (ii) the zero coupon convertible bonds due on 4 February 2015 in the principal amount of HK$12,000,000 issued to CIMH ("CIMH Convertible Bonds") ("Disposal"). The Disposal was completed on 30 June 2014.

Consideration received

	HK$'000
Set-off CIMH Convertible Bonds:	
— liability component	113,760
— convertible bonds reserve	7,896
— related deferred taxation	1,029
Set-off Sale Loan	(95,943)
	26,742

Analysis of assets and liabilities over which control was lost

	HK$'000
Current assets	
Cash and cash equivalents	37
Non-current assets	
Interests in joint ventures	1,085,477
Current liabilities	
Amounts due to the Company	(95,943)
Other payables	(89)
Net assets disposed of	989,482

Loss on disposal of a subsidiary

	HK$'000
Consideration received	26,742
Net assets disposed of	(989,482)
Loss on disposal	962,740

Net cash outflow on disposal of a subsidiary

	HK$'000
Consideration received in cash and cash equivalents	—
Less: Cash and cash equivalent balances disposed of	37
	37

Disposal-related costs amounting to HK$995,000 have been recognized as administrative and other operating expenses in the consolidated statement of profit or loss.

Further details are explained in the Company's announcement and circular dated 30 April 2014 and 10 June 2014 respectively.

FINANCIAL REVIEW

The Group did not generate any turnover for the year ended 31 December 2014 (2013: Nil). The Group recorded a net loss attributable to owners of the Company of approximately HK$1,076,075,000 for 2014 (2013: approximately HK$40,104,000).

Loss for the year included (1) a loss on disposal of a subsidiary of approximately HK$962,740,000; (2) an impairment loss of approximately HK$116,470,000 on the Oil and Gas Project in South Cebu, the Philippines; and (3) an impairment loss of approximately HK$13,852,000 on the Coal Mine Project in San Miguel, the Philippines.

Administrative and other operating expenses for the year ended 31 December 2014 amounted to approximately HK$20,126,000 representing an increase of approximately HK$3,734,000 or 23%, as compared with the corresponding period last year. The increase was mainly attributable to increase in corporate finance activities and related professional expenses, and employee costs.

Finance costs for the year ended 31 December 2014 amounted to approximately HK$7,362,000 (2013: approximately HK$16,793,000). The decrease in interest costs was mainly resulted from the decrease in imputed interests of the convertible bonds in the amounts of HK$120,000,000 and HK$16,000,000 upon their extensions in 2013, and the cancellation of former and conversion of the latter in 2014.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL AND GEARING

As at 31 December 2014, the Group had net assets amounted to approximately HK$125.1 million (2013: approximately HK$1,244.1 million) and net current liabilities amounted to approximately HK$106.5 million (2013: approximately HK$17.0 million). The current ratio was 24% (2013: 52%). The gearing ratio of the Group based on the net debt to the shareholders' equity was 117% (2013: 18%).

Operations of the Group are mainly conducted in Renminbi ("RMB"), Hong Kong Dollars ("HKD"), United States Dollars ("USD") and Philippine Pesos ("PHP") and its revenue, expenses, assets and liabilities and borrowings are principally denominated in RMB, HKD, USD and PHP, which do not pose significant foreign currency risk at present.

EMPLOYEE INFORMATION

The Group had a total number of staff of 40 (2013: 35). Remuneration packages are reviewed on a periodical basis. Bonus is awarded to employees according to the assessment of individual performance. Staff cost was approximately HK$11.0 million for the year as compared with that of approximately HK$9.0 million in 2013.

BUSINESS REVIEW AND PROSPECTS

Brunei Block M Oil and Gas Project

As stated in the announcement of the Company dated 27 August 2012, the consortium owning the project was informed by Brunei National Petroleum Company Sendirian Berhad ("Petroleum Brunei") on 24 August 2012 that it would not extend the exploration period of the project which was to expire on 27 August 2012. On 28 August 2012, the consortium submitted an appeal to the Ministry of Energy of Brunei in relation to the rejection of request for extension of exploration period of the project by Petroleum Brunei. On the same day, Petroleum Brunei demanded a compensation of US$16.35 million from the consortium for the incomplete obligations in drilling program. Since then, the Group and certain members of the consortium have engaged in negotiations with Petroleum Brunei regarding the extension of the exploration period. However, up to end of the first quarter in 2014, the matter was yet to be resolved. The Group has obtained advice from its legal adviser on the project who opined that (a) if no further action was to be taken, the Group would avoid incurring further legal costs, however, the Group's rights in respect of the project would be lost entirely and as such the Group would not be able to recover its rights or to seek compensation, and there could also be a possible claim against the Group and other members of the consortium; and (b) if proceed with investment treaty arbitration, the Group could potentially recover its rights or obtain compensation in respect of its investment in the project through arbitration, however, the uncertainty of the outcome and the substantial legal costs which would be incurred should also be considered. Based on the above advices, the Board has decided that it would be best for the Company to dispose of China Sino Oil, the wholly-owned subsidiary which owns 21% participating interest in the consortium, since the time and costs, including legal costs, involved would be substantial and there is still a high uncertainty as to the grant of the extension. On 17 April 2014, the Group entered into the sale and purchase agreement to dispose of China Sino Oil to the substantial shareholder of the Company and the disposal was completed on 30 June 2014.

Philippines Central Luzon Gas Project

The project's original 2012 work program was for re-entry work at the Victoria-3 well and drilling a new well. However, the re-entry activity and the drilling a new well were delayed due to rig availability. In 2012, project management gave up the re-entry work and, instead, conducted a further support study for a new drilling plan. The support study, and new well design had continued into 2013. As a result of the above-described delay, applications for extensions of the current exploration sub-phase to 28 February 2016 have been granted by the Department of Energy, on condition that one exploration well will be drilled by end of this sub-phase. It is intended that the rig currently sourced for the Cebu project be mobilized to Central Luzon to drill the well in 2015.

Philippines San Miguel Coal Mine Project

The project has progressed into the development phase. Construction of the phase-2 road, which will extend the vehicle-assessable road into the initial mining area, began in the second quarter 2011 but was suspended pending receipt of clearance from governmental agencies overseeing environmental protection. Construction can only be resumed upon the grant of tree cutting permit. A moratorium on the work commitments for the project has been granted by the Department of Energy to 31 December 2015.

An impairment loss of approximately HK$13.85 million (2013: approximately HK$16.85 million) was made in the financial year in respect of the Coal Mine Project. This impairment loss was non-cash in nature and would not affect the Group's liquidity, cash flows or debt covenants, nor have any impact on future operations.

An impairment analysis with the assistance of an independent valuer was undertaken and a current production and financial budgets were prepared by the management. The current production and financial budgets reflected the prevailing economic situations, market conditions, and best estimations on future development of the Coal Mine Project made by the management.

The valuation has been prepared on a basis consistent in all material respects of the accounting policies presently adopted by the Company. The independent valuer adopted a value in use calculation to obtain the recoverable amount of the Coal Mine Project as at 31 December 2014. The value in use calculation focuses on the economic benefits due to the income producing capability of the Coal Mine Project. The underlying theory of this approach is that the recoverable amount of the Coal Mine Project can be measured by the present worth of the economic benefits to be received over the production period of the Coal Mine Project. Based on this value in use model, the income-based approach estimates the future economic benefits and discounts them to their present values using a discounted rate appropriate for the risks associated with realizing those benefits. The factors taken into account in arriving the future economic benefits, include, among others, (a) estimated selling prices and quantities of future coal products; (b) projected cost of revenue such as mining costs (including but not limited to coal extraction costs, labour costs, and fuel costs etc.), transportation costs etc.; (c) existing and projected selling and administrative expenses; and (d) projected capital expenditures in association with the development of the Coal Mine Project. The major changes from last year's valuation model were:

(i) Estimated selling price was revised downward based on the drop in the coal price in the world market;

(ii) The pre-tax discount rate was 39.62% (2013: 45.41%). The downward adjustment of the pre-tax discount rate was due to the update of the latest market data in arriving at the appropriate discount rate; and

(iii) Estimated mining costs were revised downward based on the latest information available.

The Company believes that the estimates/assumptions applied in the assessment of recoverable amount by the independent valuer are reasonable. However, these estimates/assumptions are subject to significant uncertainties and judgments. The Company has made its best estimates of all relevant factors to be included in the value in use model based on current conditions. However, it is possible that the underlying estimates/assumptions can be changed significantly and further impairment charges/reversal of changes may be required in future period.

Philippines South Cebu Oil and Gas Project

The project ("SC49") is situated at the southern part of Cebu, central Philippines. Oil and gas had been discovered in previous drillings. China International Mining Petroleum Company Limited ("CIMP") acquired 80% participating interests of SC49 and became the operator of SC49 in July 2009. The Group indirectly acquired 51% of CIMP's issued capital in October 2012, and an additional 12% in April 2014, bringing the effective interest in the project to 50.4% after the latest acquisition.

CIMP signed a drilling service agreement with a contractor in March 2014 for SC49. In the third quarter, site construction for the first well was completed and the contractor mobilized the rig components and materials to the well site in Cebu. SC49 spudded its first appraisal well, Polyard-2 ("P2"), on 22 October, 2014 under the approval of Department of Energy. During 47 days of safe operations, the Group and its contractor's drilling crew conquered such technical difficulties as abnormally high pressure encountered in Maingit Sandstone oil and gas zones, successfully conducted drilling, mud logging, wireline logging and cementing under the original well design of a total depth of 1,240 meters, and completed the third section drilling at 1,252 meters.

P2 well also underwent wireline logging activities on 2 December 2014. The Group's on-site senior exploration geologist, well test geologists and contractor's well data interpretation experts made comprehensive analysis and interpretation on the mud logging and wireline logging results, and confirmed that all hydrocarbon zones combined reached a net pay thickness of 82 meters, which demonstrated that the block has good oil and gas reservoirs and great potential for oil and gas development.

P2 well successfully completed oil testing operations on 2 February 2015. After carrying out different tests, it has proven that the block has tested gas with daily production capacity of over 80,000 cubic meters. The Group's team now is conducting preparation work to turn the well into a production well.

The drilling rig has been moved to Block No. 6 in mid February 2015 to drill Polyard-1 well ("P1"). Based on the geological design, P1 will explore mainly for oil zones.

An extension of the current exploration sub-phase to 1 March 2016 has been granted by Department of Energy to allow CIMP to complete all pre-development activities necessary for evaluating the petroleum resource and initiating transition of the project to development/commercial production stage.

One of the major steps leading to development includes securing an Environment Compliance Certificate from Department of Environment and Natural Resources by demonstrating the project's benign impact to the environment and affected communities. Professionals have been retained to conduct scientific impact assessments and host public consultations with stakeholders in the field. Project production is expected to begin in the third quarter of 2015.

On 19 March 2015, the Group signed a memorandum of agreement with a leading petroleum distributor, Unioil Petroleum Philippines, Inc. to jointly develop and explore a potential strategic alliance for the sale of natural gas in the Philippines.

An impairment loss of approximately HK$116.47 million (2013: approximately HK$11.06 million) was made in the financial year in respect of the Oil and Gas Project. This impairment loss was non-cash in nature and would not affect the Group's liquidity, cash flows or debt covenants, nor have any impact on future operations.

An impairment analysis with the assistance of an independent valuer was undertaken. Since the Oil and Gas Project is still in its start-up stage and detailed feasibility study and production plan have not yet been finalized, the independent valuer adopted market approach to obtain the recoverable amount of the Oil and Gas Project as at 31 December 2014. The market approach was based on price information on recent comparable sale and purchase transactions of oil and gas fields of similar character and location (the "Comparable Transactions"). The underlying theory of this approach is that the recoverable amount of the Oil and Gas Project can be determined with reference to consideration price to resources multiple (adjusted to reflect the value of controlling interest) of the Comparable Transactions and adjusted against the changes in oil and gas price indexes at the date of Comparable Transactions and at the end of the reporting period. The major change from last year's valuation under market approach was the downward adjustment of the oil and gas price indexes based on the latest information available.

The Company believes that the estimates/assumptions applied in the assessment of recoverable amount by the independent valuer are reasonable. However, these estimates/assumptions are subject to significant uncertainties and judgments. The Company has made its best estimates of all relevant factors to be included in the market approach based on the latest information available. However, it is possible that the underlying estimates/assumptions can be changed significantly and further impairment charges/reversal of changes may be required in future period.

Summary of Expenditure Incurred for Projects

A summary of expenditure incurred for the above projects by the Group for the year ended 31 December 2014 is as follows:

	2014	2013
	HK$'000	*HK$'000*
Brunei Block M Oil and Gas Project	**—**	—
Philippines Central Luzon Gas Project	**912**	797
Philippines San Miguel Coal Mine Project	**139**	684
Philippines South Cebu Oil and Gas Project	**4,164**	3,700

ACQUISITION OF ADDITIONAL 12% ISSUED SHARE CAPITAL OF A NON-WHOLLY OWNED SUBSIDIARY

On 4 April 2014, Win Easy International Limited (the "Purchaser", a wholly-owned subsidiary of the Company), entered into a share purchase agreement (as supplemented by an amended and restated agreement dated 7 April 2014) with Mr. Lam (the "Vendor", the substantial shareholder of the Company) for the acquisition of 12% of the issued share capital of Mass Leader Inc., the entire issued share capital of which was 51% and 49% held by the Purchaser and the Vendor, respectively, immediately prior to this acquisition. The total consideration was HK$9,800,000 which was settled by the Company issuing a promissory note with principal amount of HK$9,800,000 to the Vendor. Upon completion of the acquisition on 14 April 2014, Mass Leader Inc. has become 63% owned by the Group and 37% by the Vendor. The acquisition has constituted a connected transaction under the GEM Listing Rules.

Mass Leader Inc. holds 100% of the issued share capital of China International Mining Petroleum Company Limited which holds 80% of the participating interest in the South Cebu Oil and Gas Project in the Philippines.

For details, please refer to the Company's announcements published on 4, 8 and 14 April 2014, respectively.

TRANSFER AND CONVERSION OF CONVERTIBLE BONDS

On 7 April 2014, the Company received a notice from Mr. Chan Meng Kam, the holder of the HK$16,000,000 convertible bonds due on 19 November 2013 (which were further extended to 19 May 2014) that he would transfer the convertible bonds in its entirety to two independent third parties.

On 8 April 2014, the Company received conversion notices from the two holders of the convertible bonds in respect of the exercise of the conversion rights attached to the convertible bonds to convert an aggregate of HK$16,000,000 of the principal amount of the convertible bonds at the conversion price of HK$0.16 for 100,000,000 conversion shares. The conversion shares were issued and allotted on 15 April 2014 under the general mandate granted to the Directors at the annual general meeting on 3 May 2013. The conversion shares rank pari passu with all the existing shares, and represent approximately an aggregate of 5.17% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares.

For details, please refer to the Company's announcement published on 11 April 2014.

DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY

On 17 April 2014, Modern Lucky International Limited (the "Vendor", a wholly-owned subsidiary of the Company) and New Sino Mining Petroleum Company Ltd. (the "Purchaser", beneficially owned by the Company's substantial shareholder, Mr. Lam) entered into a sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire issued share capital of China Sino Oil, a wholly-owned subsidiary of the Company together with the loans due from time to time by China Sino Oil to the Company and/or any of its subsidiaries, at an aggregate consideration of HK$120,000,000 to be settled by way of set off against the convertible bonds in the amount of HK$120,000,000 due from the Company to China International Mining Holding Company Limited, a company legally and beneficially owned by Mr. Lam. The disposal has constituted a major and connected transaction which is subject to reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

China Sino Oil is principally engaged in the business of exploration, exploitation and development of oil and natural gas and owns 21% participating interest in the consortium for the Brunei Block M Oil and Gas Project.

The Purchaser irrevocably and unconditionally grants to the Vendor a call option, which may be exercised by the Vendor at any time during the period commencing from the completion date and ending on the fifth anniversary of the completion date, to purchase from the Purchaser, in a single exercise, the entire capital of China Sino Oil together with any loans due from China Sino Oil to the Purchaser and/or any of his associates legally and beneficially owned by the Purchaser. The consideration for the call option shares shall be HK$120,000,000 (subject to adjustments). In the event that the audited net asset value of China Sino Oil as at the completion of the sale and purchase of the call option shares shall be less than HK$989,558,000, the Vendor shall have the right to request the Purchaser to reduce the consideration for the call option shares by an amount equivalent to the shortfall or such amount to be agreed by the Vendor and the Purchaser.

Upon completion of the transaction on 30 June 2014, the Group realised a loss on the disposal of approximately HK$962,740,000, representing the difference between the aggregate consideration and the carrying amount of the Group's interest in the net assets of the China Sino Oil as at 30 June 2014.

For details, please refer to the Company's announcements published on 30 April and 30 June 2014, respectively and Company's circular dated 10 June 2014.

EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Subscription of new shares

Pursuant to the Company's announcements on 12 March 2015 and 18 March 2015, on 11 March 2015, the Company entered into a new shares subscription agreement (the "New Shares Subscription Agreement") with an independent third party and pursuant to which, the independent third party has agreed to subscribe for and the Company has agreed to allot and issue a total of 100,000,000 new shares at the subscription price of HK$0.195 per new share (the "Subscription"). On 18 March 2015, the New Shares Subscription Agreement was completed. The net proceeds from the subscription shares after deducting the related expenses in connection with the Subscription are approximately HK$19,000,000.

Further details of the above are explained in the Company's announcements dated 12 March 2015 and 18 March 2015.

(b) Capitalization of shareholder's loan and increase of authorized share capital of the Company

Pursuant to the Company's announcements on 12 March 2015, on 11 March 2015, the Company and Silver Star Enterprises Holdings Inc., ("Silver Star") entered into a subscription agreement (the "Subscription Agreement") whereby Silver Star agreed to subscribe for, and the Company agreed to issue and allot for an aggregate of 650,000,000 new shares at the subscription price of HK$0.195 per new share to settle a loan of HK$126,750,000 owed by the Group to Mr. Lam Nam ("Mr. Lam"), the controlling shareholder of the Company (the "Capitalization of Shareholder's Loan"). Silver Star Enterprises Holdings Inc. is a company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Lam. The subscription shares for the Capitalization of Shareholder's Loan will be allotted and issued under the Specific Mandate to be sought from the shareholders of the Company at the coming extraordinary general meeting of the Company.

In order to have sufficient authorised share capital to accommodate the allotment of new shares pursuant to the Subscription Agreement, and future expansion and growth of the Company, the directors of the Company proposed to increase the authorised share capital of the Company (the "Share Capital Increase"). The Share Capital Increase is subject to the approval of the shareholders of the Company by way of an ordinary resolution at the coming extraordinary general meeting of the Company.

Further details of the above are explained in the Company's announcement dated 12 March 2015.

(c) Signing of memorandum of agreement

On 19 March 2015, Polyard Petroleum International Company Limited, an indirect wholly-owned subsidiary of the Company, and Unioil Petroleum Philippines, Inc. have entered into a memorandum of agreement to jointly develop and explore a potential strategic alliance for the sale of natural gas in the Philippines for mutual benefits.

Further details of the above are explained in the Company's announcement dated 19 March 2015.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Basis for Disclaimer of Opinion

(1) Opening balances and comparative figures

The opening balances and comparative figures disclosed in the consolidated financial statements are based on the audited consolidated financial statements for the year ended 31 December 2013 in respect of which our audit opinion dated 26 March 2014 expressed a disclaimer opinion. The matters which resulted in that disclaimer opinion included (1) impairment loss in respect of the Group's interest in a joint venture (the "Joint Venture"); (2) provision for compensation in respect of unfulfilled obligation arising from the dispute of extension of the exploration period of the Joint Venture; and (3) the opening balances and comparative figures. Therefore, the opening balances and comparative figures shown may not be comparable and any adjustments to the opening balances as at 1 January 2014 would have consequential effect on the loss for the year ended 31 December 2014 and/or the net assets of the Group and the Company as at 31 December 2014.

(2) Loss on disposal of a subsidiary

As disclosed in note 35 to the consolidated financial statements, on 30 June 2014, the Group had disposed of a subsidiary investing in the Joint Venture, which engages in the exploration, exploitation and development of oil and gas in Brunei, resulting in a loss on disposal of approximately HK$962,740,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

In view of the matters as described in preceding paragraph under the heading "Opening balances and comparative figures", as at the date of this report, there were no alternative audit procedures that we could satisfy ourselves that the carrying amount in respect of the Group's interest in the Joint Venture and the provision for compensation in respect of unfulfilled obligation arising from the dispute of extension of the exploration period of the Joint Venture as mentioned above are free from material misstatement as at 1 January 2014. Any adjustments found to be necessary to these amounts would affect the net assets and retained profits of the Group as at 1 January 2014 and the loss on the disposal of a subsidiary for the year ended 31 December 2014, and the presentation and disclosure thereof in the consolidated financial statements.

Disclaimer of Opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidences to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Upon the Company's specific enquiry, all Directors confirmed that they have fully complied with the code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2014.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year, the Company has complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include reviewing the Company's annual report, half-year report and quarterly financial reports and providing advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Company's financial reporting process and internal control procedures. It is also responsible for making recommendations to the Board on the appointment, re-appointment and removal of external auditor, approving the remuneration and terms of engagement of the external auditor, reviewing and monitoring the external auditor's independence and objectivity, and meeting the external auditors at least twice a year regarding the review of the financial reports and accounts.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Pai Hsi-Ping, Ms. Xie Qun and Mr. Kwan King Chi George. Mr. Kwan King Chi George is the Chairman of the Audit Committee.

As Ms. Wang Ai-Chin was not re-elected as independent non-executive Director of the Company in the EGM on 28 December 2013, the Company had only two independent non-executive Directors, namely Mr. Pai Hsi-Ping and Ms. Xie Qun and did not meet the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules, and the Audit Committee also had two members only and did not meet the requirements under Rule 5.28 of the GEM Listing Rules. The deviation was rectified on 10 January 2014, when the Board appointed Mr. Pan Wen-Cheng as an independent non-executive Director and a member of the Audit Committee in accordance with the requirements under Rules 5.06 and 5.33 of the GEM Listing Rules.

SCOPE OF WORK OF PAN-CHINA (H.K.) CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, Pan-China (H.K.) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Pan-China (H.K.) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Pan-China (H.K.) CPA Limited on the preliminary announcement.

For and on behalf of the Board
Polyard Petroleum International Group Limited
Kuai Wei
Chairman

Hong Kong, 23 March 2015

As at the date of this announcement, the Board comprises:

Executive Directors
Mr. Kuai Wei
Mr. Lai Chun Liang
Mr. Lin Zhang

Independent Non-Executive Directors
Mr. Pai Hsi-Ping
Ms. Xie Qun
Mr. Kwan King Chi George

The announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the Company's website at www.ppig.com.hk.