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 2015

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.

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 2015, 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 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	*5*	**—**	—
Other revenue	*5*	**133**	76
Administrative and other operating expenses		**(30,764)**	(20,126)
Finance costs	*6*	**(5,584)**	(7,362)
Impairment losses recognised on interests in associates		**(2,644)**	(13,852)
Share of results of associates		**(14)**	(9)
Impairment losses recognised on interests in joint ventures		**(98,382)**	(116,470)
Loss on early redemption of promissory note		**(814)**	—
Loss on disposal of a subsidiary		**—**	(962,740)
Loss before tax	*7*	**(138,069)**	(1,120,483)
Income tax	*8*	**126**	1,064
Loss for the year		**(137,943)**	(1,119,419)
Attributable to:			
Owners of the Company		**(99,583)**	(1,076,075)
Non-controlling interests		**(38,360)**	(43,344)
		(137,943)	(1,119,419)
Loss per share	*9*		
— Basic (in HK cents)		**(3.99) cents**	(56.42) cents
— Diluted (in HK cents)		**(3.99) cents**	(56.42) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(137,943)**	(1,119,419)
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**160**	84
Release of exchange reserve upon deregistration of a subsidiary	**(53)**	—
Total comprehensive expense for the year	**(137,836)**	(1,119,335)
Attributable to:		
Owners of the Company	**(99,465)**	(1,075,999)
Non-controlling interests	**(38,371)**	(43,336)
Total comprehensive expense for the year	**(137,836)**	(1,119,335)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,199**	959
Interests in associates		**27,436**	30,094
Interests in joint ventures		**134,877**	185,250
Deferred exploration expenditure		**25,048**	24,619
		188,560	240,922
CURRENT ASSETS			
Amounts due from associates		**16,257**	16,115
Other receivables	11	**17,190**	14,908
Cash and bank balances		**51,774**	2,779
		85,221	33,802
CURRENT LIABILITIES			
Other payables	12	**(6,153)**	(10,751)
Amounts due to directors		**(1,391)**	(2,032)
Amounts due to a shareholder		**(1,578)**	(127,419)
Obligations under finance leases – current portion		**(155)**	(148)
		(9,277)	(140,350)
NET CURRENT ASSETS/(LIABILITIES)		**75,944**	(106,548)
TOTAL ASSETS LESS CURRENT LIABILITIES		**264,504**	134,374
NON-CURRENT LIABILITIES			
Convertible bonds		**(97,013)**	—
Promissory note		**—**	(8,774)
Deferred tax liabilities		**(493)**	—
Obligations under finance leases – non-current portion		**(377)**	(532)
		(97,883)	(9,306)
NET ASSETS		**166,621**	125,068

	2015	2014
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**111,502**	77,502
Reserves	**41,834**	(4,090)
Equity attributable to owners of the Company	**153,336**	73,412
Non-controlling interests	**13,285**	51,656
TOTAL EQUITY	**166,621**	125,068

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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 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
At 1 January 2015	**77,502**	**797,182**	**985**	**(141)**	**49,319**	**—**	**(851,435)**	**73,412**	**51,656**	**125,068**
Total comprehensive expense for the year	**—**	**—**	**—**	**118**	**—**	**—**	**(99,583)**	**(99,465)**	**(38,371)**	**(137,836)**
Issue of shares under share subscription	**8,000**	**44,434**	**—**	**—**	**—**	**—**	**—**	**52,434**	**—**	**52,434**
Issue of shares upon loan capitalisation	**26,000**	**100,321**	**—**	**—**	**—**	**—**	**—**	**126,321**	**—**	**126,321**
Recognition of equity component of convertible bonds	**—**	**—**	**—**	**—**	**—**	**1,253**	**—**	**1,253**	**—**	**1,253**
Deferred tax liability on recognition of equity component of convertible bonds	**—**	**—**	**—**	**—**	**—**	**(619)**	**—**	**(619)**	**—**	**(619)**
At 31 December 2015	**111,502**	**941,937**	**985**	**(23)**	**49,319**	**634**	**(951,018)**	**153,336**	**13,285**	**166,621**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 Hennessy Road, Wanchai, Hong Kong. The parent company of the Company is Silver Star Enterprises Holdings Inc. (incorporated in British Virgin Islands) and the Company's ultimate controlling party is Mr. Lam Nam.

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.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

The Group has adopted the following revised standards for the first time for the current year's financial statements.

HKAS 19 (Amendments) Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments) Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments) Annual Improvements to HKFRSs 2011-2013 Cycle

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

[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 2016
[4] No mandatory effective date is determined but is available for early adoption

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 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.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 2014 and 2015, 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.

The Group accounts for inter-segment revenue and transfers as if revenue or transfers were to third parties.

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

(a) **Reportable Segments**

2015	**Exploration of oil, natural gas and coal** *HK$'000*	**Trading of petroleum related products** *HK$'000*	**Provision of technical services** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue from external customer	**—**	**—**	**—**	**—**	**—**
Inter-segment revenue	**—**	**—**	**8,804**	**(8,804)**	**—**
Reportable segment revenue	**—**	**—**	**8,804**	**(8,804)**	**—**
Reportable segment loss before tax	**(6,460)**	**(179)**	**(12,185)**		**(18,824)**
Unallocated corporate expenses					**(12,621)**
Impairment losses recognised on interests in associates	**(2,644)**				**(2,644)**
Impairment losses recognised on interests in joint ventures	**(98,382)**				**(98,382)**
Share of results of associates	**(14)**				**(14)**
Interest expenses					**(5,584)**
Loss before tax					**(138,069)**

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*
Revenue from external customer	—	—	—	—
Inter-segment revenue	—	—	—	—
Reportable segment revenue	—	—	—	—
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)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents profit or loss reported 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.

2015	**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	**89,226**	**—**	**15,280**	**104,506**
Interests in associates	**27,436**			**27,436**
Interests in joint ventures	**134,877**			**134,877**
Unallocated corporate assets				**6,962**
Total assets				**273,781**
Liabilities:				
Segment liabilities	**2,392**	**—**	**1,021**	**3,413**
Unallocated corporate liabilities				**103,747**
Total liabilities				**107,160**

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

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

2015	**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	**61**	**—**	**53**	**190**	**304**
Loss on early redemption of promissory note	**—**	**—**	**—**	**814**	**814**
Addition to non-current assets	**48,884**	**—**	**9**	**92**	**48,985**

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
Addition to non-current assets	5,086	—	3	803	5,892

(b) Geographical Segments

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, 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, and the location of operation, in the case of interests in associates and joint ventures.

	Revenue from external customers		**Specified non-current assets**	
	2015 *HK$'000*	2014 *HK$'000*	**2015** *HK$'000*	2014 *HK$'000*
Mainland China, including Hong Kong and Macau	**—**	—	**818**	914
Philippines	**—**	—	**187,742**	240,008
	—	—	**188,560**	240,922

5. TURNOVER AND OTHER REVENUE

(a) The Group did not have any turnover during the year (2014: Nil).

(b) An analysis of the Group's other revenue for the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**1**	—
Sundry income	**—**	76
Gain on deregistration of a subsidiary	**53**	—
Exchange gain-net	**79**	—
	133	76

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank and other borrowing	**—**	56
Imputed interest on promissory note	**295**	721
Imputed interest on convertible bonds	**5,259**	6,577
Finance lease interest	**30**	8
	5,584	7,362

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration)		
— Salaries and other benefits	**17,149**	10,774
— Discretionary bonus	**—**	—
— Retirement scheme defined contributions	**339**	273
	17,488	11,047
Auditor's remuneration		
Audit services	**480**	458
Non-audit services	**—**	40
	480	498
Depreciation of property, plant and equipment	**304**	232
Operating lease payments for land and buildings and equipment	**1,675**	1,818

8. INCOME TAX

Income tax credit recognised in profit or loss

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
— Hong Kong	**—**	—
— PRC enterprise income tax	**—**	—
— Other jurisdictions	**—**	—
Deferred tax	**126**	1,064
Income tax credit for the year	**126**	1,064

Hong Kong profits tax is calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC enterprise income tax at the rate of 25% (2014: 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 (2014: 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 (2014: 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:

	2015	2014
	HK$'000	*HK$'000*
Loss before tax:	**(138,069)**	(1,120,483)
Notional loss before tax, calculated at the tax rates applicable to the jurisdictions concerned	**22,737**	184,772
Tax effect of share of results of associates	**(2)**	(1)
Tax effect on impairment loss on associates	**(436)**	(2,286)
Tax effect on impairment loss on joint ventures	**(16,233)**	(19,217)
Tax effect of profits not taxable	**—**	18
Tax effect of losses not allowable	**(5,437)**	(163,286)
Tax effect of allowable losses not recognised	**(629)**	—
Deferred tax on convertible bonds	**126**	1,064
Income tax credit for the year	**126**	1,064

9 LOSS PER SHARE

Basic and diluted loss per share

The calculations of the basic and diluted loss per share are based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company	**(99,583)**	(1,076,075)

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**1,937,537**	1,832,991
Effect of loan capitalization	**423,836**	—
Effect of ordinary shares issued	**132,054**	—
Effect of shares issued pursuant to employment agreement	**—**	2,778
Effect of shares issued pursuant to conversion of convertible bonds	**—**	71,507
Weighted average number of ordinary shares at 31 December	**2,493,427**	1,907,276

During the years ended 31 December 2015 and 2014, the computation of diluted loss per share does not assume the conversion of the outstanding convertible bonds since it would result in a decrease in loss per share, and is regarded as anti-dilutive.

10. DIVIDENDS

No dividend has been paid or proposed for the year (2014: Nil).

11. OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Other debtors, deposits and prepayments	**17,190**	14,908

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

	2015	2014
	HK$'000	*HK$'000*
HK dollars	**882**	256
Renminbi	**1,258**	41
Macau Pataca	**30**	15
US dollars	**15,020**	14,596
	17,190	14,908

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 has been no recent history of default.

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

12. OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Other creditors and accrued charges	**6,153**	10,751

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

	2015	2014
	HK$'000	*HK$'000*
HK dollars	**4,897**	9,602
Renminbi	**235**	205
Macau Pataca	**190**	469
US dollars	**831**	475
	6,153	10,751

FINANCIAL REVIEW

The Group did not generate any turnover for the year ended 31 December 2015 (2014: Nil). The Group recorded a net loss attributable to owners of the Company of approximately HK$99,583,000 for 2015 (2014: approximately HK$1,076,075,000).

Loss for the year included (1) an impairment loss of approximately HK$98,382,000 (2014: approximately HK$116,470,000) on the Oil and Gas Project in South Cebu, the Philippines; and (2) an impairment loss of approximately HK$2,644,000 (2014: approximately HK$13,852,000) on the Coal Mine Project in San Miguel, the Philippines. The decrease in loss as compared to last year was mainly attributable to a loss on disposal of a subsidiary of approximately HK$962,740,000 recorded in 2014.

Administrative and other operating expenses for the year ended 31 December 2015 amounted to approximately HK$30,764,000 representing an increase of approximately HK$10,638,000 or 53%, as compared with the corresponding period last year. The increase was mainly attributable to increase in business development activities and employee costs.

Finance costs for the year ended 31 December 2015 amounted to approximately HK$5,584,000 (2014: approximately HK$7,362,000). The decrease in interest costs was mainly resulted from the cancellation of the convertible bonds in the amount of HK$120,000,000 and conversion of the convertible bonds in the amount of HK$16,000,000 in the second quarter of 2014.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL AND GEARING

As at 31 December 2015, the Group had net assets amounted to approximately HK$166.6 million (2014: approximately HK$125.1 million) and net current assets amounted to approximately HK$75.9 million (2014: net current liabilities approximately HK$106.5 million). The current ratio was 919% (2014: 24%). The gearing ratio of the Group based on the net debt to the total equity was 33% (2014: 117%).

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 51 (2014: 40). 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$17.5 million for the year as compared with that of approximately HK$11.0 million in 2014.

BUSINESS REVIEW AND PROSPECTS

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, application for consolidation of the work programs under exploration Sub-phases 1 and 2 has been granted by the Department of Energy to extend the expiry to 28 February 2017, on condition that (i) two exploration wells will be drilled or (ii) one exploration well will be drilled and 200 line-kilometer of 2D seismic date will be acquired, processed and interpreted by end of the new Sub-phase.

On 2 September 2015, Polyard Petroleum International Company Limited ("PPIC"), an indirect wholly-owned subsidiary of the Company which owns 89% participating interests of the project, along with two other project owners owning the remaining 11% participating interests (together "Vendors"), entered into a sale and purchase agreement with an independent third party ("Purchaser"), pursuant to which the Vendors conditionally agreed to sell and the Purchaser agreed to purchase the entire participating interests of the Vendors, and the corresponding Vendors' rights, interests, privileges, duties and obligations pursuant thereto, at an aggregate consideration of US$4,995,000, among which the consideration payable to PPIC was US$4,500,000 (the "Disposal").

Completion of the Disposal would take place upon receiving total consideration in two installments on or before 30 September 2015. As at the date of this report, the Purchaser has not fulfilled its duties as set out under the sale and purchase agreement and further extension has been granted by PPIC to the Purchaser to complete the transaction.

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 2017.

An impairment loss of approximately HK$2.64 million (2014: approximately HK$13.85 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.

As described in the above, the development of the Project has been suspended and could only be resumed after obtaining a tree cutting permit. The management determined that it was appropriate to change the basis of valuation from value in use in 2014 to fair value less costs of disposal in 2015. Accordingly, an impairment analysis with the assistance of an independent valuer was undertaken. The independent valuer adopted market approach to obtain the recoverable amount of the Project as at 31 December 2015. The market approach was based on price information on recent comparable sale and purchase transactions of coal mines of similar character and location (the "Comparable Transactions"). The underlying theory of this approach is that the recoverable amount of the Project can be determined with reference to consideration price of Comparable Transactions and adjusted against the changes in coal price at the date of completion of Comparable Transactions and at the end of the reporting period.

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.

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 and spudded its first appraisal well, Polyard-2 ("P2"), on 22 October, 2014. After 47 days of operations, drilling was completed at 1,252 meters. After drilling was completed, P2 well underwent wireline logging activities and 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.

On 3 June 2015, the Department of Environmental and Natural Resources of the Philippines granted the Environmental Compliance Certificate for the SC49 oil and gas project.

On 11 September 2015, CIMP signed a new turnkey drilling service agreement with a main contractor. Pursuant to the agreement, integrated well drilling services are to be provided by the contractor to CIMP for four wells (namely, Polyard-1 ("P1"; appraisal well), Polyard 2-1 and 2-2 ("P2-1" and "P2-2"; production wells), and Polyard-3 ("P3"; appraisal well)).

Based on the geological design, P1 well explores mainly for oil zones. P1 well successfully spudded in on 14 September 2015 and reached 855 meters on 3 October 2015. Well logging was conducted on 4 October and cementing was completed on 6 October 2015.

Well logging results indicated that multiple oil and gas intervals were discovered in P1 well. According to interpretation of the wireline logging results of 4 October 2015, a total of six oil and gas intervals were discovered, totaling 22 meters of thickness, including 11.4 meters of oil zone, 9.2 meters of gas zone and 1.4 meters of oil and gas zone. Key parameters of hydrocarbon reservoir obtained provided a foundation for further evaluation on mapping future engineering, geological and development plan.

Oil testing of P1 well commenced on 18 October 2015 and the whole oil testing operation was completed on 11 December 2015. The oil testing results indicated a total of accumulated oil production of 244.4 barrels per day and gas production of 14,252 cubic meters per day, which are of high production light crude oil.

On 11 November 2015, the project gained a breakthrough in progress by receiving an approval by the Department of Energy of the Plan of Development for the A8 Fault Block of SC49. And on 13 November 2015, CIMP signed a Joint Declaration of Commerciality for SC49 with the Department of Energy, pursuant to which the parties jointly determine that the Alegria Gas Field located in the Southern Cebu contains gas in commercial quantity and constitutes a production area under SC49. On 22 December 2015, CIMP received from the Department of Energy a letter of confirmation, pursuant to which SC49 is converted from the exploration period to the production period effective 1 March 2015 for a period of 25 years, thereafter renewable for a series of 5-year periods, but production period shall in no case exceed a total of 40 years. Production area is 430 sq. km. Apart from the 430 sq.km. production area granted to CIMP, CIMP may apply to the Department of Energy to retain additional 12.5% of the initial contract area of SC49 for further exploration and development within 6 months from the date of the letter of confirmation.

Building on the discovery in the A6 and A8 Fault Blocks, it is planned to drill an additional six production wells in the production area in 2016. Subsequent to their completion, it is expected to reach a production capacity of approximately 1,000 barrels of crude oil and 250,000 cubic meter of natural gas per day. In the meantime, a directly-operated natural gas fired power plant will be constructed. After its planned completion in the first quarter of 2017, natural gas produced in SC49 will be supplied to the power plant, which will be connected primarily to the government-ran power grid 15 kilometers away supplying electricity to the South Cebu province.

An impairment loss of approximately HK$98.38 million (2014: approximately HK$116.47 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 detailed feasibility study and production plan of Oil and Gas Project 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 2015. 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 2015 is as follows:

	2015	2014
	HK$'000	*HK$'000*
Philippines Central Luzon Gas Project	**429**	912
Philippines San Miguel Coal Mine Project	**101**	139
Philippines South Cebu Oil and Gas Project	**48,009**	4,164

SUBSCRIPTIONS OF NEW SHARES

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

Further details of the above are explained in the Company's announcements dated 12 March 2015, 13 March 2015 and 18 March 2015.

On 11 June 2015, the Company entered into another shares subscription agreement with two subscribers, both independent third parties and pursuant to which, each of the subscribers agreed to subscribe for and the Company agreed to allot and issue a total of 50,000,000 new shares at a subscription price of HK$0.33 per new share. On 22 June 2015, the subscriptions were completed. The net proceeds from the subscriptions after deducting the related expenses were approximately HK$32,900,000.

Further details of the above are explained in the Company's announcements dated 11 June 2015 and 22 June 2015.

On 8 May 2015, 650,000,000 ordinary shares were allotted and issued at HK$0.195 per share to Silver Star Enterprises Holdings Inc. to settle a loan of HK$126,750,000 owed by the Group to Mr. Lam Nam, the controlling shareholder of the Company. For further details, please refer to the section headed "Connected Transaction: Capitalisation of Shareholder's Loan and Increase in Authorised Share Capital" below.

CONNECTED TRANSACTION: CAPITALIZATION OF SHAREHOLDER'S LOAN AND INCREASE IN AUTHORIZED SHARE CAPITAL

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 a 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, the controlling shareholder of the Company (the "Capitalization of Shareholder's Loan"). Silver Star is a company wholly-owned by Mr. Lam Nam.

As Mr. Lam Nam is a substantial shareholder of the Company, Mr. Lam Nam is a connected person of the Company and therefore the Capitalisation of Shareholder's Loan constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

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 from HK$100,000,000 divided into 2,500,000,000 shares of HK$0.04 each to HK$200,000,000 divided into 5,000,000,000 shares of HK$0.04 each by the creation of 2,500,000,000 new shares of HK$0.04 each (the "Share Capital Increase").

The Capitalization of Shareholder's Loan and the Share Capital Increase were approved at the extraordinary general meeting of the Company held on 4 May 2015.

Upon completion of Capitalization of Shareholder's Loan, 650,000,000 ordinary shares were allotted and issued at HK$0.195 per share to Silver Star by way of set off against a loan of HK$126,750,000 owed by the Group to Mr. Lam Nam on 8 May 2015.

Further details of the above are explained in the Company's announcements dated 12 March 2015, 13 March 2015 and 8 May 2015 and Company's circular dated 10 April 2015.

SUBSCRIPTION OF CONVERTIBLE BONDS

On 10 July 2015, the Company as the issuer, Haitong International Securities Company Limited as the subscriber, and Mr. Lam Nam (controlling shareholder of the Company) as the guarantor, entered into a subscription agreement pursuant to which the Company agreed to issue and the subscriber agreed to subscribe for the convertible bonds in the principal amount of HK$100,000,000 ("Convertible Bonds Subscription Agreement").

The convertible bonds accrue interest at the rate of 10% per annum, mature on the second anniversary of the issue date, and may be converted to an aggregate of 250,000,000 conversion shares at an initial conversion price of HK$0.40 per conversion share during the conversion period.

On 21 July 2015, the conditions precedent set out in the Convertible Bonds Subscription Agreement had been fulfilled and completion took place. The convertible bonds in the principal amount of HK$100,000,000 were issued to the subscriber on 21 July 2015. The net proceeds from the subscription after deducting the related expenses were approximately HK$97,300,000.

Further details of the above are explained in the Company's announcements dated 10 July 2015 and 21 July 2015.

FORMATION AND DISPOSAL OF A JOINT VENTURE COMPANY

On 15 July 2015, a joint venture agreement was entered into between Sparkling Gold Company Limited ("Sparkling Gold", a direct wholly-owned subsidiary of the Company) and Well Logging Energy Technology (Xi'An) Co. Ltd. ("WLET"), to form a joint venture company, namely East Asia Oil Services Company Limited ("East Asia"), with the intention to provide oil field and other related services. Pursuant to the joint venture agreement, East Asia, with a proposed issued share capital of HK$40,000,000, will be 51% and 49% owned by Sparkling Gold and WLET, respectively.

Also on 15 July 2015, East Asia and WLET entered into a sale and purchase agreement, pursuant to which East Asia agreed to buy, and WLET agreed to sell certain rig, well logging equipment and other materials and equipment, at a consideration of HK$48,000,000, which will be payable by East Asia to WLET in three installments over the two years from the date of the sale and purchase agreement.

Further details of the above are explained in the Company's announcement dated 15 July 2015.

On 2 September 2015, the Company entered into a sale and purchase agreement to dispose of Sparkling Gold for HK$1 to an independent third party (the "Disposal"). The Disposal resulted in a loss of approximately HK$7,000, which has been included in administrative and other operating expenses for the period.

EVENT AFTER THE END OF THE REPORTING PERIOD

Subscription of convertible bonds

On 21 December 2015, the Company as the issuer, and CCB International Overseas Limited as the subscriber, entered into a subscription agreement pursuant to which the Company agreed to issue and the subscriber agreed to subscribe for the convertible bonds in the principal amount of HK$50,000,000 ("CCB Convertible Bonds Subscription Agreement").

The convertible bonds accrue interest at the rate of 10% per annum, mature on the second anniversary of the issue date, and may be converted to an aggregate of 120,772,946 conversion shares at an initial conversion price of HK$0.414 per conversion share during the conversion period.

On 28 January 2016, the conditions precedent set out in the CCB Convertible Bonds Subscription Agreement had been fulfilled and completion took place. The convertible bonds in the principal amount of HK$50,000,000 were issued to the subscriber on 28 January 2016. The net proceeds from the subscription after deducting the related expenses were approximately HK$49,300,000.

Further details of the above are explained in the Company's announcements dated 21 December 2015 and 28 January 2016, and the Company's circular dated 12 January 2016.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Basis for Qualified Opinion

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 2014 in respect of which our audit opinion dated 23 March 2015 expressed a disclaimer opinion. The matters which resulted in that disclaimer opinion was due to limitations of audit scope related to (1) loss on disposal of a subsidiary and (2) the opening balances and comparative figures concerning the impairment loss and recoverable amount of the Group's interest in a joint venture and the provision for compensation in respect of unfulfilled obligation of the joint venture. Therefore, the opening balances and comparative figures shown may not be comparable and any adjustments to the opening balances as at 1 January 2015 would have consequential effect on the loss for the year ended 31 December 2015 and/or the net assets of the Group as at 31 December 2015.

Qualified Opinion

In our opinion, except for the possible effects of any adjustments or disclosures that might have been determined to be necessary had we been able to obtain sufficient evidence concerning the comparative figures as described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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 2015.

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 2015, 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 the Company's financial controls, risk management and internal control systems. 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 auditor at least twice a year regarding the review of the financial reports and accounts. The Audit Committee has reviewed the Company's audited financial statements for the year ended 31 December 2015.

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.

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 2015 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, 18 March 2016

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.