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POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
百田石油國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08011)

ANNOUNCEMENT IN RELATION TO
I. FURTHER CLARIFICATION ANNOUNCEMENT IN RESPECT OF
THE EXTENSION OF THE MATURITY DATE OF THE CCB
CONVERTIBLE BOND;
II. PROPOSED CHANGE OF AUDITORS;
III. FURTHER DELAY IN PUBLICATION OF OUTSTANDING RESULTS;
IV. POSTPONEMENT OF BOARD MEETING; AND
V. CONTINUED SUSPENSION OF TRADING

This announcement is made by Polyard Petroleum International Group Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

FURTHER CLARIFICATION IN RELATION TO EXTENSION OF THE MATURITY DATE OF THE CCB CONVERTIBLE BOND

References are made to the announcements of Polyard Petroleum International Group Limited (the “**Company**”) dated 2 October 2018 (the “**First Announcement**”) and 5 October 2018 (the “**Second Announcement**”), respectively, in relation to, among others, the extension of the maturity date of the CCB Convertible Bond. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the First Announcement and the Second Announcement.

As set out in the Second Announcement, it stated that the Conversion Shares under the CCB Convertible Bond (as amended by the Amendment Deed) will not be issued under the general mandate (the “**General Mandate**”) passed at the annual general meeting of the Company held on 5 May 2017 which authorises the Board to allot and issue a total of 587,507,562 new Shares. Instead,

the Conversion Shares under the CCB Convertible Bond (as amended by the Amendment Deed) will be issued under the specific mandate (the “**Previous Specific Mandate**”) obtained by the ordinary resolution passed at the extraordinary general meeting of the Company held on 28 January 2016.

The Board wishes to clarify that the Conversion Shares under the CCB Convertible Bond (as amended by the Amendment Deed) will not be issued under the Previous Specific Mandate as the extension of the Maturity Date of the CCB Convertible Bond contemplated under the Amendment Deed constitutes a material change to the terms of the CCB Convertible Bond and will be regarded as a new arrangement for the Company to issue convertible securities to CCB. In addition, as at the date of the Amendment Deed, the General Mandate has been expired, thus the Company is required to obtain a specific mandate (the “**Specific Mandate**”) for the issue of the Conversion Shares under the revised terms of the CCB Convertible Bond (as amended by the Amendment Deed).

As set out in the First Announcement, the Company and CCB entered into the Amendment Deed on 2 October 2018. Pursuant to the Amendment Deed, it is agreed by the parties thereto that, among others, the Maturity Date shall be extended from 28 January 2018 to 31 March 2019. CCB shall be entitled to redeem the outstanding principal amount plus any interest of the CCB Convertible Bond after 31 January 2019. Save for the above, all other terms and conditions of the CCB Convertible Bond remain unchanged.

To the best of the Director’s knowledge, information and belief, having made all reasonable enquires, as at the date of this announcement, CCB and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The conditions precedent of the Amendment Deed and existing principal terms and conditions of the CCB Convertible Bond has been disclosed in the paragraphs headed “Conditions” and “Existing principal terms and conditions of the CCB Convertible Bond”, respectively, in the First Announcement.

The Conversion Price and Conversion Shares

As at the date of this announcement:

- (i) no Conversion Share has ever been allotted and issued;
- (ii) the Conversion Price (which is subject to adjustment) remains at HK\$0.414 per Conversion Share, representing:
 - (a) a premium of approximately 71.07% over the closing price of HK\$0.242 per Share as quoted on the Stock Exchange on 29 March 2018, being the last trading day before the trading in the Shares has been suspended (the “**Last Trading Day**”); and

- (b) a premium of approximately 67.34% over the average closing price per Share of approximately HK\$0.2474 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.
- (iii) the CCB Convertible Bond remains convertible to 120,772,946 Conversion Shares at the Conversion Price (which is subject to adjustment), assuming that there being no change to the share capital and shareholding structure of the Company save for the allotment and issue of the Conversion Shares issuable under the CCB Convertible Bond, representing:
 - (a) approximately 4.11% of the issued share capital of the Company as at the date of this announcement; and
 - (b) approximately 3.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares in full.

Issue of the Conversion Shares under the Specific Mandate

The Conversion Shares under the revised terms of the CCB Convertible Bond (as amended by the Amendment Deed) will be allotted and issued under the Specific Mandate to be sought for approval from the Shareholders at the extraordinary general meeting (the “EGM”) of the Company to be convened for the purpose of approving, together with the Change of Auditors (as defined and discussed below), the Amendment Deed and this Specific Mandate for the allotment and issue of the Conversion Shares upon conversion of the CCB Convertible Bond (as amended by the Amendment Deed).

Application to the Stock Exchange

Pursuant to Rule 34.05 of the GEM Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the exiting terms of such convertible debt securities.

The Company has applied to the Stock Exchange for its approval of the extension of the Maturity Date pursuant to Rule 34.05 of the GEM Listing Rules. As a result of the extension of the Maturity Date, a new application will also be made to the Stock Exchange for the listing of, and permission to deal in, the Convertible Shares under the CCB Convertible Bond (as amended by the Amendment Deed).

Reason for, and benefits of, the Amendment Deed

The Board believes that, by entering into the Amendment Deed, the Group will be provided with more flexibility in the deployment of its working capital for its financial resource to fund its operation and development as well as to plan its working capital. The Directors consider that the terms and

conditions of the Amendment Deed, which were arrived at after arm's length negotiations between the Company and CCB, are fair and reasonable and the extension of the Maturity Date is in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE OF AUDITOR

On 15 October 2018, the Board unanimously resolved with the recommendation of the audit committee of the Company to (i) terminate the appointment of Pan-China (H.K.) CPA Limited (天健(香港)會計師事務所有限公司) ("**Pan-China HK**") as the auditors of the Company; and (ii) engage Confucius International CPA Limited (天健國際會計師事務所有限公司) ("**Confucius**") as the new auditors of the Company (together, the "**Change of Auditors**"), subject to the approval by the Shareholders at an extraordinary general meeting to be convened and held by the Company.

The reason for the Board's decision with respect to the proposed Change of Auditors is that the Board and Pan-China HK have been unable to reach a consensus on the audit conclusion in relation to the preparation of the financial results of the Company for the year ended 31 December (the "**2017 Annual Results**") on a going concern basis.

As at the date of this announcement, the Company has not yet received a letter of termination from Pan-China HK in relation to the proposed termination of its appointment as the auditors of the Company. In this regard, the Company will make an announcement for any update on the letter of termination. The Board and the audit committee of the Company confirm that, save for the reasons disclosed above, there are no other matters in connection with the proposed Change of Auditors that need to be brought to the attention of holders of securities of the Company.

Pursuant to article 152(2) of the articles of association of the Company, the Shareholders may, at any general meeting convened and held in accordance with the articles of association of the Company, by special resolution, remove the auditors of the Company at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditors in his stead for the remainder of his term. None of the Shareholders are required to abstain from voting at the EGM in this respect.

GENERAL

A circular containing, among others, further information on the proposed Amendment Deed and Specific Mandate and Change of Auditors together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

FURTHER DELAY IN PUBLICATION OF OUTSTANDING RESULTS

The Board announces that, an additional time is required for Confucius to carry out audit work for the 2017 Annual Results due to the Change of Auditors. Based on the current discussion between the Company and Confucius, it is expected that the 2017 Annual Results can be finalised by around end of December 2018.

As a result thereof, the publication of (i) the 2017 Annual Results; (ii) the 2018 first quarterly results for the 3 months ended 31 March 2018; (iii) the 2018 interim results for the 6 months ended 30 June 2018; and (iv) the 2018 third quarterly results for the 9 months ended 30 September 2018 of the Company (the “**Outstanding Results**”) will also be postponed. The Company will promptly notify the Shareholders regarding the expected dates for publication of all the Outstanding Results once such dates are available.

The Board acknowledges that the delay in publication of the Outstanding Results as required under the GEM Listing Rules will constitute a non-compliance thereof. The Board will procure the publication of all the Outstanding Results as soon as practicable, as one of the Resumption Conditions set out in the announcement of the Company dated 1 August 2018.

POSTPONEMENT OF BOARD MEETING

Reference is made to the announcement of the Company dated 4 October 2018 in relation to the meeting of the Board to be held on Tuesday, 16 October 2018, for the purposes of, among other matters, approving the 2017 Annual Results and considering the declaration of final dividend, if any.

As a result of the Change of Auditors and further delay in the publication of the 2017 Annual Results, such meeting of the Board will be further postponed. The Company will make further announcement in accordance with the GEM Listing Rules as and when necessary. The Board is not aware of any inside information that needs to be disclosed under Part XIVA of the SFO.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on GEM has been suspended since 9:00 a.m. on 3 April 2018 and will continue to be suspended until further notice. The Company will keep the Shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate. **Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

For and on behalf of the Board
POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
Lai Chun Liang
Executive Director and Chief Executive Officer

Hong Kong, 15 October 2018

At the date of this announcement, the board of directors of the Company is comprised of Mr. Zhao Zhiyong, Mr. Kuai Wei, Mr. Lai Chun Liang and Mr. Lin Zhang as executive directors, and Mr. Pai Hsi-Ping, Ms. Xie Qun and Mr. Kwan King Chi George as independent non-executive directors.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, 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.

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.