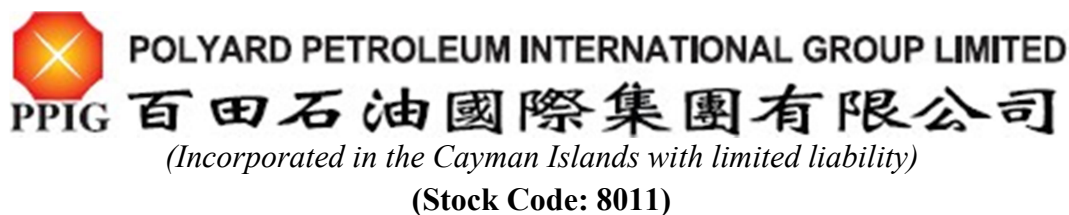


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DISCLOSEABLE AND CONNECTED TRANSACTIONS

PROVISION OF FINANCIAL ASSISTANCE TO THE PARTIES TO A JOINT VENTURE

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The Group, through a non-wholly owned subsidiary and held the interests in a joint venture together with other parties (i) Skywealth Group Holdings Limited (“**Skywealth**”) and (ii) Phil-Mal Energy International Inc. pursuant to the cooperation agreements (the “**Agreements**”), engaged in exploration, exploitation and development of oil and gas in Philippines. Pursuant to the terms of the Agreements, when the joint venture has funds request based on its daily operation (after taking into account the joint venture’s projected funding needs), the parties have to advance to a joint venture i.e. the Group and the parties to the joint venture in proportion to their respective equity interests in the joint venture. Hence, the transactions were conducted in accordance with the terms of the Agreements.

As at 31 December 2021, the aggregate amounts of approximately HKD39.0 million have been advanced by the Group on behalf of Skywealth (the “**Transaction**”), including fund request paid on behalf of Skywealth by the non-wholly owned subsidiaries of the Group, share of profit, expenses throughout the different time of the period for the purpose of the joint venture’s development.

The aggregate amounts due from the parties to the joint venture are interest-free and repayable on demand and could be recovered from the parties to the joint venture through their participating interests and profit sharing in the joint venture.

IMPLICATIONS UNDER THE LISTING RULES

The Transaction constituted provision of financial assistance by the Group to the parties to the joint venture under Rule 19.04(1)(e) of the GEM Listing Rules.

As one of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Transaction was more than 5% but less than 25%, the Transaction constituted a

discloseable transaction which should have been subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules at the relevant time.

The entire issued share capital of Skywealth is owned by Inwood Support Limited and Inwood Support Limited is owned as to 68% by Ms. Li Suiqing and 32% by Guoxiang Holdings (Hong Kong) Limited. The entire issued share capital of Guoxiang Holdings (Hong Kong) Limited is beneficially owned by Mr. He Rongguo.

As one of the ultimate beneficial owner of Skywealth, Mr. He Rongguo, was a substantial shareholder of the Company, and hence a connected person by virtue of Rule 20.07 of the GEM Listing Rules. As such, the Transaction constituted connected transactions under Chapter 20 of the GEM Listing Rules. Hence, the Transaction is therefore subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 20 of the GEM Listing Rules.

The Board (including the independent non-executive Directors) has approved and has confirmed that the terms of the relevant transactions are fair and reasonable and the transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM of the Stock Exchange. The Company is an investment holding company and its subsidiaries were principally engaged in the exploration, exploitation and development of oil and natural gas and provision of technical services.

The Group has entered into the cooperation agreements with other parties (i) Skywealth and (ii) Phil-Mal Energy International Inc. as business partners involving in the exploration, exploitation and development of oil and natural gas in the Philippines. To the best of the directors' knowledge, information and belief having made all reasonable enquiry, Skywealth and its group companies were principally engaged for the provision of oil drilling services and Phil-Mal Energy International Inc is the local Philippines cooperation in energy.

Oil being discovered and exploited in drillings at a good progress, the Group has identified the increasing number of local buyers and corporations for further developments of the business. Considering the new funding with high potential, the Group strongly believes the success of the oil natural gas project in the Philippines and the returns in coming near years. The aggregate amounts represent the funds request paid on behalf of other parties to the joint venture based on its daily operation as working capital (after taking into account the joint venture's projected funding needs), with also share of profit, expenses throughout the different time of the period for the purpose of the joint venture development of oil and natural gas in Philippines. In view of the optimistic return in coming years and also the business cooperation with the parties to the joint venture in a long period of the project, all parties to the joint venture have consented that the aggregate amounts with interest-free and repayable on

demand would be soon recovered from the parties to the joint venture through their participating interests and profit sharing in the joint venture. The non-wholly owned subsidiary, which held the interests in a joint venture, is the sole operator of the joint venture operating the oil and gas business and regularly reconcile the account balance with the parties to the joint venture.

In view of the above, the Board (including the independent non-executive Directors) has approved the Transaction and has confirmed that the terms of the Transaction are fair and reasonable and the Transaction are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

NON-COMPLIANCE OF THE LISTING RULES AND REMEDIAL MEASURES

Due to the misunderstanding and misinterpretation of the Listing Rules by the relevant staff of the Group that the Transaction would not have fallen within the ambit of Chapters 19 and 20 of the GEM Listing Rules, the Company failed to comply with the requirements under Chapters 19 and 20 of the GEM Listing Rules in a timely manner. The Company deeply regrets such failure and would like to stress that it has no intention to withhold any information relating to any of the Transaction from disclosure to the public.

To prevent similar non-compliance from recurring, the Company has implemented and will further adopt the following measures:

(i) the Company has refined its existing policies and procedures in order to increase the effectiveness and efficiency of its internal control procedures with regards to funds advanced to the parties to the joint venture;

(ii) the Company has implemented enhanced measures at the subsidiary level in respect of the coordination and reporting arrangements to ensure prompt reporting of any potential transaction(s) or event(s) where the transaction may constitute a notifiable transaction;

(iii) the Company has arranged and will continue to arrange further training sessions for all the Directors, senior management and responsible staff in relation to the relevant requirements under Chapters 19 and 20 of the GEM Listing Rules in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at an early stage;

(iv) the Company will continue to closely monitor the effectiveness and efficiency of its internal control system, financial reporting system and existing policies and procedures, particularly in the areas of, among other things, notifiable transactions and connected transactions of the Group under the GEM Listing Rules; and

(v) the Company will work more closely with its legal adviser on compliance issues and will, as and when appropriate, consult other professional advisers before entering into any potential notifiable and connected transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of the proposed transactions.

DESPATCH OF CIRCULAR

A circular containing details, a letter from the independent board committee and a letter from the independent financial adviser, both advising on the terms of the Agreements, will be despatched to the Shareholders in compliance with the GEM Listing Rules. As additional time is required by the Company to select and engage an independent financial adviser as well as to prepare the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 31 May 2023. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

For and on behalf of the Board
Polyard Petroleum International Group Limited
Lai Chun Liang
Executive Director and CEO

Hong Kong, 16 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. Lai Chun Liang, Mr. Lin Zhang and Mr. Qian Jie; the non-executive directors of the Company are Mr. Yang Changchun and Ms. Xie Qun; the independent non-executive directors of the Company are Mr. Kwan King Chi George, Mr. Cheng Chak Ho and Mr. Chan Shiu Chung.

This announcement, for which the Directors 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, the information contained in this announcement is accurate and complete in all material respects and not misleading, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least seven days from the date of its posting and on the website of the Company at www.ppig.com.hk.