



PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants

天健(香港)會計師事務所有限公司

Our Ref: P064-08

Date: 3 May 2011

The Board of Directors
Polyard Petroleum International Group Limited
Room 2602, 26th Floor, China Merchants Tower,
Shun Tak Centre,
200 Connaught Road Central,
Hong Kong.

Dear Sirs

COMFORT LETTER - INDEBTEDNESS

In accordance with the instructions of the Directors of Polyard Petroleum International Group Limited (the "Company"), we have reviewed the statement of indebtedness as at 31 March 2011 of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") as set out in the circular dated 3 May 2011 issued in connection with the proposed rights issue of 1,216,800,000 rights shares on the basis of one rights share for every one consolidated share held on the record date (the "Circular"). The statement of indebtedness was prepared by the Directors of the Company and is as set out below:-

"As at the close of business on 31 March 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$382,664,000 and outstanding commitments of approximately HK\$126,053,000, details of which are as follows:

Borrowings

As at 31 March 2011, the Group had outstanding borrowings of approximately HK\$382,664,000 which comprised (i) unsecured loans of approximately HK\$31,000,000 due to Mr. Lam and companies beneficially owned by him; (ii) unsecured interest-bearing (3% per annum) convertible bonds which are due on 10 October 2011 with carrying value and principal amount of approximately HK\$268,356,000 and HK\$276,352,000 respectively; (iii) unsecured zero-coupon convertible bonds which are due on 29 December 2013 with carrying value and principal amount of approximately HK\$74,386,000 and HK\$108,000,000 respectively; and (iv) unsecured zero-coupon convertible bonds which are due on 4 February 2014 with carrying value and principal amount of approximately HK\$8,922,000 and HK\$12,000,000 respectively.

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Commitments

As at 31 March 2011, the Group had outstanding capital commitments of approximately HK\$123,703,000 which represented the total amount of agreed contributions to be paid in respect of the operations of jointly controlled entities.

As at 31 March 2011, the Group had outstanding operating lease commitments of approximately HK\$2,350,000 which represented the total future minimum lease payments under non-cancellable operating leases in respect of rented premises.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitments, capital commitments, guarantees or other material contingent liabilities at the close of business on 31 March 2011. The Directors confirmed that, to their best understanding and knowledge, there had been no material change in the indebtedness and contingent liabilities of the Group since 31 March 2011 up to and including the Latest Practicable Date.”

In connection with the Group’s indebtedness as at 31 March 2011, we have obtained independent confirmation of those outstanding balances.

Matters pertinent to the statement of indebtedness have been discussed with senior officials of the Company.

We have reviewed reconciliations between the book figures and the amounts shown by bank statements in respect of bank balances as at 31 March 2011 and have satisfied ourselves that reconciling amounts are appropriate and arose in the normal course of business.

Our procedures did not constitute an assurance engagement performed 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. Accordingly, they cannot necessarily be expected to reveal all significant matters concerning indebtedness, contingencies and commitments. Moreover, we have relied on the representations of officials of the Group as to the completeness of the amounts shown in the statement of indebtedness, including contingencies and commitments. However, based on the above procedures, nothing came to our attention to indicate that any adjustment was necessary to the above information.

We make no representation as to the legal interpretation of the above information as presented in the Circular.

It should be understood that it is the Directors’ responsibility to take all reasonable care to ensure that the statement of the indebtedness at the close of business on 31 March 2011 is fairly presented and that the facts stated therein are true and accurate in all material respects and also that there are no other material facts the omission of which would make the statement misleading.



This letter is prepared solely for your information and must not be filed with or referred to (either in whole or in part) in the Circular or any other document or otherwise quoted, circulated or used for any other purposes or to be distributed to any other parties, without our prior written consent. For the avoidance of doubt, all duties and liabilities (including without limitation those arising from negligence) to third parties are specifically disclaimed.

Yours faithfully

Pan-China (H.K.) CPA Ltd.

PAN-CHINA (H.K.) CPA LIMITED
Certified Public Accountants
Hong Kong, 3 May 2011

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