
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Polyard Petroleum International Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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: 8011)

**(1) CONNECTED TRANSACTION
EXTENSION OF THE TERM OF HK\$120,000,000
CONVERTIBLE BONDS;
(2) RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



**大有融資有限公司
MESSIS CAPITAL LIMITED**

A letter from the Board is set out on pages 4 to 12 of this circular and a letter from the Independent Board Committee is set out on page 13 of this circular. A letter from Messis Capital containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 14 to 25 of this circular.

A notice convening the EGM to be held at 11:30 a.m. on 28 December 2013 at Maxim's Palace, Shop B13-B18, B/F Shun Tak Centre, Connaught Road Central, Hong Kong is set out on pages 31 to 32 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting of the Company. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it, if you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.ppig.com.hk.

11 December 2013

CHARACTERISTICS OF GEM

The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has been positioned as a market designed to accommodate companies to which a high 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Announcement”	means the announcement of the Company dated 15 November 2013 in relation to a connected transaction involving the Extension
“Associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	means the board of Directors
“CIMH”	means China International Mining Holding Company Limited, a company incorporated under the laws of Hong Kong and wholly-owned by Mr. Lam
“Company”	means Polyard Petroleum International Group Limited, a company incorporated under the laws of the Cayman Islands, whose shares are listed on GEM
“Connected Person”	has the meaning ascribed thereto in the GEM Listing Rules
“Conversion Shares”	means those Shares to be issued upon the exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	means the Tranche 1 Bonds and Tranche 2 Bonds
“Directors”	means directors of the Company
“EGM”	means the extraordinary general meeting of the Company to be convened to approve, inter alia, the Extension
“Extension”	means the proposed extension of the Maturity Date and the conversion period of the Convertible Bonds for one year to 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds
“GEM”	means the Growth Enterprise Market operated by the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	means the independent board committee of the Company to be constituted by all the independent non-executive Directors to advise the Independent Shareholders on the Extension
“Independent Financial Adviser” or “Messis Capital”	means Messis Capital Limited, the independent financial adviser appointed by the Company and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Extension
“Independent Shareholders”	means Shareholders other than Mr. Lam and his Associates
“Latest Practicable Date”	6 December 2013, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained herein
“Maturity Date”	means the fifth (5th) anniversary of the date of issue of the Convertible Bonds
“Mexford”	means Mexford Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Mr. Lam”	means Mr. Lam Nam, a substantial Shareholder
“PRC”	means the People’s Republic of China, which for the purpose of this circular excludes Hong Kong and the Macau Special Administrative Region of the PRC

DEFINITIONS

“Share(s)”	means ordinary share(s) of HK\$0.04 each in the existing share capital of the Company
“Shareholder(s)”	means shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary”	as defined under the GEM Listing Rules
“Supplemental Instrument”	a supplemental instrument executed by way of deed poll on 15 November 2013 to extend the Maturity Date of the Convertible Bonds for one year to 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds
“Tranche 1 Bonds”	means the zero coupon bonds comprising a total principal amount of HK\$12,000,000 issued by the Company to CIMH
“Tranche 2 Bonds”	means the zero coupon bonds comprising a total principal amount of HK\$108,000,000 issued by the Company to CIMH
“%”	means per cent.

LETTER FROM THE BOARD



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: 8011)

Executive Directors:

Mr. Kuai Wei (*Chairman*)

Mr. Lai Chun Liang

Mr. Lin Zhang

Independent Non-executive Directors:

Mr. Pai Hsi-Ping

Ms. Xie Qun

Ms. Wang Ai-Chin

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place
of Business:*

Room 2602, 26th Floor

China Merchants Tower

Shun Tak Centre

200 Connaught Road Central

Hong Kong

11 December 2013

To the Shareholders:

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION: EXTENSION OF
THE TERM OF HK\$120,000,000 CONVERTIBLE BONDS;
(2) RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 15 November 2013 in relation to the Extension.

The purpose of this circular is to:

- (a) provide you with details on the Extension;

LETTER FROM THE BOARD

- (b) set out the view of the Independent Board Committee in respect of the terms of the Extension; and
- (c) set out the letter of advice from Messis Capital to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Extension.

THE EXTENSION

Background Information

As described in the Company's announcements dated 25 July 2008 and 29 September 2008 and the Company's circular dated 31 October 2008, the Company issued to CIMH Convertible Bonds in an aggregate principal amount of HK\$120,000,000, as the consideration for the Company's acquisition of 100% equity interest of Mexford in 2008. CIMH is an investment holding company. Mexford is an investment holding company set up by Mr. Lam on 9 July 2007 and it holds 40% interest in Eastern Star Mining and Power Corp. and 64% effective interest in Great Wall Mining and Power Corp..

- (A) Eastern Star Mining and Power Corp. is a company incorporated under the laws of the Philippines and is owned as to 40% by Mexford and the remaining 60% by certain individuals who are the nationals of the Philippines and are independent of and not connected to the Company.
- (B) Great Wall Mining and Power Corp. is a company incorporated under the laws of the Philippines and is owned as to 40% by Mexford and 60% by Eastern Star Mining and Power Corp.. Great Wall Mining and Power Corp., with the approval of the Philippines Government, has obtained the right to examine, investigate and/or explore an area of approximately 5,000 square hectares located in San Miguel, Surigao del Sur, the Philippines, which is supposed to contain coal. If Great Wall Mining and Power Corp. and the Philippines Government have measured and agreed on the existence of coal reserves, then with the approval of the Philippines Government, Great Wall Mining and Power Corp. shall have the right to reach and extract the coal deposits.

The terms of the Convertible Bonds were negotiated on arm's length. The Convertible Bonds bear zero interest and are convertible into shares of the Company. As Mr. Lam is a Connected Person of the Company by virtue of its being a substantial Shareholder, the acquisition constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. The acquisition was approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 18 November 2008.

LETTER FROM THE BOARD

As at the date of this circular, the Convertible Bonds with an aggregate principal amount of HK\$120,000,000 held by CIMH are still outstanding. The Tranche 1 Bonds of HK\$12,000,000 was issued on 4 February 2009 and the Tranche 2 Bonds of HK\$108,000,000 was issued on 29 December 2008.

For further details of the Convertible Bonds, please refer to the Company's circular dated 31 October 2008.

Supplemental Instrument

On 15 November 2013, the Company executed the Supplemental Instrument by way of deed poll to extend the Maturity Date of the Convertible Bonds for one year to 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds and the conversion period will accordingly be extended for one year to 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds. Subject to the conditions below, CIMH has approved the Extension. The Supplemental Instrument will only become effective upon all the following conditions having been fulfilled:

- (a) the Company having convened an EGM at which resolutions shall have been duly passed by the Independent Shareholders to approve and ratify the Supplemental Instrument;
- (b) the Stock Exchange having approved the Extension pursuant to Rule 34.05 of the GEM Listing Rules; and
- (c) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Extension having been obtained.

Apart from the Extension, all other terms and conditions of the Convertible Bonds remain unchanged. The principal terms of the Convertible Bonds after the Supplemental Instrument becomes effective are as follows:

Principal amount	HK\$120,000,000 (Tranche 1 Bonds of HK\$12,000,000 and Tranche 2 Bonds of HK\$108,000,000)
Date of issue	4 February 2009 for Tranche 1 Bonds 29 December 2008 for Tranche 2 Bonds
Interest	The Convertible Bonds accrue no interest

LETTER FROM THE BOARD

Maturity	4 February 2015 for Tranche 1 Bonds 29 December 2014 for Tranche 2 Bonds
Form and denomination	The Convertible Bonds will be issued in registered form and in the denomination of HK\$100,000 each.
Conversion price	<p>Initially, HK\$0.048 per Conversion Share, which is subject to adjustments triggered by certain events, including subdivision or consolidation of Shares, bonus issues, rights issues and other issues of securities by the Company, which may or may not occur. Other issues of securities include grant of options, warrants or other rights to subscribe for or purchase of any Shares.</p> <p>As at the date of this circular, the conversion price has been adjusted to HK\$0.742 per Share.</p> <p>The adjustments of the conversion price were as a result of the share consolidations and rights issues which have been announced on 18 March 2010, 13 October 2010, 20 May 2011 and 30 August 2011.</p> <p>The conversion price of HK\$0.742 per Conversion Share represents:</p> <ul style="list-style-type: none">(i) a premium of approximately 253.33% to the closing price of HK\$0.210 per Share as quoted on the Stock Exchange on the Latest Practicable Date;(ii) a premium of approximately 253.33% to the average closing price of HK\$0.210 per Share for the last five trading days up to and including the Latest Practicable Date;(iii) a premium of approximately 253.33% to the average closing price of HK\$0.210 per Share for the last 10 trading days up to and including the Latest Practicable Date; and(iv) a premium of approximately 18.91% to the net asset value per Share of HK\$0.624 per Share as at 30 June 2013 based on the latest published unaudited financial information of the Group as shown in the Company's 2013 interim report and the current issued Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Conversion rights

The conversion rights under the Convertible Bonds shall be exercisable from the date of issue of the Convertible Bonds up to the Maturity Date. Upon the exercise of any conversion rights under the Convertible Bonds, the Company will allot the number of Shares in respect of which conversion rights are exercised provided that no conversion right may be exercised, to the extent that following such exercise (i) a holder of the Convertible Bonds and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 25% or more of the entire issued Shares or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer, or (ii) the Company will be in breach of the minimum public float requirement under the GEM Listing Rules.

Ranking

The Conversion Shares will rank pari passu in all respects with all existing Shares in issue at the date of the notice of conversion.

Status of the Convertible Bonds

The Convertible Bonds constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company. No application will be made for the listing of the Convertible Bonds.

Transferability

The Convertible Bonds will be transferable provided that (a) any transfer of the Convertible Bonds shall be in the principal amount of HK\$100,000; and (b) if the transfer is made to a Connected Person of the Company, such transfer shall comply with the requirements under the GEM Listing Rules.

Voting rights

The Convertible Bonds do not confer any voting rights at any meetings of the Company.

LETTER FROM THE BOARD

Reasons for the Extension

The Group is principally engaged in the exploration, exploitation and development of oil, natural gas and coal, and trading of petroleum-related products.

As stated in the announcement of the Company dated 2 October 2013 (later updated by the announcements dated 25 October and 25 November 2013), the Company is in negotiation with a third party in relation to the subscription of new Shares. Also, in the same announcement, the Company stated that it intends to enter into a debt reorganisation agreement with CIMH in relation to the extension of the maturity date of the CIMH Convertible Bonds by a period of not less than one year. Under the Extension, (i) the Company can refinance the Convertible Bonds under the same terms for a further period of one year; and (ii) the Company will not need to issue the Conversion Shares upon the Maturity Date of the Convertible Bonds which will not affect the shareholding structure of the Company and, in turn, will not affect the negotiation in relation to the subscription of new Shares. In addition, the Convertible Bonds carry no interest which is much less than the cost of bank borrowings. Save for the Extension, other terms and conditions of the Convertible Bonds remain unaltered.

The Board (including the independent non-executive Directors whose view is contained in the “Letter from the Independent Board Committee” in the circular after taking into account the advice from Messis Capital) considers that the terms and conditions of the Supplemental Instrument are fair and reasonable and the Extension is in the interests of the Company and the Shareholders as a whole. The Directors are of the view that the Extension will not pose any significant impact on the operations of the Group.

GEM Listing Rules Implication

Pursuant to Rule 34.05 of the GEM Listing Rules, any alteration 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 existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the proposed amendments contemplated by the Supplemental Instrument pursuant to Rule 34.05 of the GEM Listing Rules.

CIMH is wholly-owned by Mr. Lam and Mr. Lam is a substantial Shareholder, who and his Associates hold 1,274,255,931 Shares representing 69.52% of the issued share capital of the Company thereby a Connected Person of the Company under the GEM Listing Rules. The Extension to be effected by the Supplemental Instrument constitutes a material change to the terms of the Convertible Bonds, the issue of which was originally approved as a connected transaction of the Company under the GEM Listing Rules. Accordingly, the Extension is subject to approval, as a connected transaction of the Company under the GEM Listing Rules, by the Independent Shareholders at the EGM to be convened. Mr. Lam

LETTER FROM THE BOARD

and his Associates shall abstain from voting on the resolution to be proposed at the EGM to approve the Extension. Save as disclosed above, none of the Directors has a material interest in the Extension.

RE-ELECTION OF DIRECTORS

Ms. Xie Qun and Ms. Wang Ai-Chin were appointed as independent non-executive Directors by the Board on 6 September 2013 and 18 October 2013 respectively. Pursuant to Article 83 (3) of the Company's Articles of Association, Ms. Xie Qun and Ms. Wang Ai-Chin shall hold the office until the conclusion of the EGM and are eligible for re-election at the EGM.

The following sets out the details of the Directors to be re-elected:

Biographical details of Ms. Xie Qun

Ms. Xie, aged 49, holds a Ph.D. in English Language of The Chinese University of Hong Kong and a Master of Arts Degree and a Bachelor of Arts Degree in English Language of Central China Normal University. Prior to joining the Group, she had over 25 years of experience in the profession of education. While devoting herself to the fields of higher education research, foreign literature studies and enterprise culture research, Ms. Xie participated and completed one national social science fund project and one national publishing fund project. She was responsible for many research programs at provincial level as well as other academic projects, and published more than 10 academic books and textbooks and released over 20 research papers in literature on major local and international journals. She is currently the Dean and Professor in School of Foreign Languages of Zhongnan University of Economics and Law.

Save as disclosed above, Ms. Xie does not hold any other positions in the Company or any of its subsidiaries and did not hold any other directorship or other major appointments in any other listed public companies in the last three years immediately prior to the date of appointment as independent non-executive Director of the Company.

Ms. Xie has entered into an appointment letter with the Company for a term of one year commencing 6 September 2013 which may be terminated by either party thereto giving to the other not less than one calendar months' prior notice in writing. Ms. Xie does not receive any emolument for her service. Ms. Xie is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

LETTER FROM THE BOARD

Ms. Xie has no interests in shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). She has no relationship with any Directors, senior management, management shareholders, substantial shareholders or controlling shareholders (within the meanings of the GEM Listing Rules) of the Company.

Save as disclosed above, there are no other matters about Ms. Xie's appointment as independent non-executive Director of the Company which are required to be disclosed pursuant to paragraphs (h) to (v) of Rule 17.50 (2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders of the Company.

Biographical details of Ms. Wang Ai-Chin

Ms. Wang, aged 60, holds a Bachelor of Arts Degree in English Language from National Kaohsiung Normal University and a Certificate of Accounting in Institute of Accounting, National Chengchi University. Prior to joining the Group, she had over 30 years of experience in the profession of accounting. She had been the Director of Accounting Department of National Taiwan University for a period of over 17 years.

Save as disclosed above, Ms. Wang does not hold any other positions in the Company or any of its subsidiaries and did not hold any other directorship or other major appointments in any other listed public companies in the last three years immediately prior to the date of appointment as independent non-executive Director of the Company.

Ms. Wang has entered into an appointment letter with the Company for a term of one year commencing 18 October 2013 which may be terminated by either party thereto giving to the other not less than one calendar months' prior notice in writing. Ms. Wang does not receive any emolument for her service. Ms. Wang is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

Ms. Wang has no interests in shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). She has no relationship with any Directors, senior management, management shareholders, substantial shareholders or controlling shareholders (within the meanings of the GEM Listing Rules) of the Company.

Save as disclosed above, there are no other matters about Ms. Wang's appointment as independent non-executive Director of the Company which are required to be disclosed pursuant to paragraphs (h) to (v) of Rule 17.50 (2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders of the Company.

LETTER FROM THE BOARD

EGM

The notice of the EGM is set out on pages 31 to 32 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the registrar of the Company in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

RECOMMENDATIONS

The Board (including the Independent Board Committee whose view is contained in the "Letter from the Independent Board Committee" in this circular after taking into account the advice of Messis Capital) believes that the Extension and the proposed re-election of Directors are fair and reasonable and in the interests of the Company and the Shareholders as a whole and therefore recommends the Independent Shareholders or the Shareholders (as the case may be) to vote in favour of all the resolutions to be proposed at the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 13 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders regarding the Extension; and (ii) the letter from Messis Capital set out on pages 14 to 25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Extension.

The Independent Board Committee, having taken into account the advice of Messis Capital, considers that the terms of the Extension are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Extension.

ADDITIONAL INFORMATION

Your attention is drawn to the appendix headed "General Information" to this circular and the notice of the EGM.

Yours faithfully

For and on behalf of

Polyard Petroleum International Group Limited

Kuai Wei

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Extension.



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: 8011)

11 December 2013

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION: EXTENSION OF
THE TERM OF HK\$120,000,000 CONVERTIBLE BONDS**

We refer to the circular of the Company to the Shareholders dated 11 December 2013 (the “Circular”), in which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the Extension is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Messis Capital set out on pages 14 to 25 of the Circular and the letter from the Board as set out on pages 4 to 12 of the Circular.

Having considered the arrangement under the Extension and the situation of the Company, and the factors and reasons considered by Messis Capital and its opinion as stated in its letter of advice, we consider that (i) the terms of the Extension are fair and reasonable so far as the Independent Shareholders are concerned, and (ii) the granting of the Extension is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Extension.

Yours faithfully,

Independent Board Committee

Mr. Pai Hsi-Ping Ms. Xie Qun Ms. Wang Ai-Chin

Independent Non-Executive Directors

LETTER FROM MESSIS CAPITAL

The following is the text of a letter from Messis Capital in connection with the advice to the Independent Board Committee and the Independent Shareholders in relation to the Extension of the term of HK\$120,000,000 Convertible Bonds, which has been prepared for the purpose of inclusion in the circular of the Company dated 11 December 2013:



大有融資有限公司
MESSIS CAPITAL LIMITED

11 December 2013

*To the Independent Board Committee and
the Independent Shareholders of the Company*

Dear Sirs,

CONNECTED TRANSACTION

EXTENSION OF THE TERM OF HK\$120,000,000 CONVERTIBLE BONDS

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of whether the Extension is in the interests of the Company and the Shareholders as a whole and whether the terms of the Supplemental Instrument are fair and reasonable so far as the Independent Shareholders are concerned, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular of the Company dated 11 December 2013 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

On 15 November 2013, the Company executed the Supplemental Instrument by way of deed poll to extend the maturity date of the Convertible Bonds for one year to 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds and the conversion period will accordingly be extended until 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds.

Pursuant to the GEM Listing Rules, any alteration 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 existing terms of such convertible equity securities. The Company will apply to the Stock Exchange for its approval of the proposed amendments contemplated by the Supplemental Instrument pursuant to the GEM Listing Rules.

LETTER FROM MESSIS CAPITAL

CIMH is wholly-owned by Mr. Lam and Mr. Lam is a substantial Shareholder, thereby a Connected Person of the Company under the GEM Listing Rules. The Extension to be effected by the Supplemental Instrument constitutes a material change to the terms of the Convertible Bonds, the issue of which was originally approved as a connected transaction of the Company under the GEM Listing Rules. Accordingly, the Extension is subject to approval, as a connected transaction of the Company under the GEM Listing Rules, by the Independent Shareholders at the EGM to be convened.

In formulating our opinion, we have relied on the accuracy of statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and which the Directors consider to be complete and relevant, and have assumed that the statements made were true, accurate and complete at the time they were made and continue to be true on the date of the Circular. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Company are true at the time they were made and will continue to be true at the date of the despatch of the Circular.

We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our view and recommendation. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not, however, carried out any independent investigation into the business and affairs of the Company. However, we have taken all reasonable steps pursuant to Rule 13.80 of the Listing Rules which include the following:

- (a) obtained the information and documents relevant to an assessment of the fairness and reasonableness of the Extension, including but not limited to, the Board Letter, the announcement of the Company dated 15 November 2013, the Supplemental Instrument, the annual reports of the Company for the financial year ended 31 December 2012 and the quarterly report of the Company for the nine months ended 30 September 2013;
- (b) researched the relevant market and other conditions and trends relevant to the issuance and extension of the terms of the convertible bonds;
- (c) reviewed the reasons and background of the Extension; and
- (d) confirmed that no third party expert opinion being relevant to the Extension.

LETTER FROM MESSIS CAPITAL

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholders in respect of whether the terms of the Supplemental Instrument are fair and reasonable and whether entering into of the Supplemental Instrument is in the interests of the Company and the Shareholders as a whole, we have considered the principal factors and reasons set out below:

REASONS FOR THE EXTENSION

The Group is principally engaged in the exploration, exploitation and development of oil, natural gas and coal, and trading of petroleum-related products.

As stated in the announcement of the Company dated 2 October 2013 (later updated by the announcements dated 25 October and 25 November 2013), the Company is in negotiation with a third party in relation to the subscription of new Shares. Also, in the same announcement, the Company stated that it intends to enter into a debt reorganisation agreement with CIMH in relation to the extension of the maturity date of the CIMH Convertible Bonds by a period of not less than one year. Under the Extension, (i) the Company can refinance the Convertible Bonds under the same terms for a further period of one year; and (ii) the Company will not need to issue the Conversion Shares which will not affect the shareholding structure of the Company and, in turn, will not affect the negotiation in relation to the subscription of new Shares. In addition, the Convertible Bonds carry no interest which is much less than the cost of bank borrowings. Save for the Extension, other terms and conditions of the Convertible Bonds remain unaltered.

Other financing alternatives

The Board has considered other financing alternatives in addition to the debt reorganisation in relation to the Extension. The Board is of the view that the Extension effectively allows the Group to refinance the debts under the Convertible Bonds under the same terms for a further period of one year carrying no interest which is much less than the cost of bank borrowings.

Having reviewed the annual reports of the Company for the financial year ended 31 December 2012 and the quarterly report of the Company for the nine months ended 30 September 2013, we note that the sales turnover of the Company was approximately HK\$0.46 million with net operating loss of approximately HK\$22.0 million for the financial year ended 31 December 2012 and the net current liabilities position of the Company was approximately HK\$16.2 million as at the financial year ended 31 December 2012. The Company had no sales turnover and net operating loss of approximately HK\$11.9 million for the nine months ended 30 September 2013. It is unlikely for the

LETTER FROM MESSIS CAPITAL

Company to generate net cash inflow from the business operation during the period from 1 October 2013 to 3 February 2014 sufficient to redeem all the Convertible Bonds before the maturity of the Tranche 2 Bonds on 29 December 2013 and the Tranche 1 Bonds on 4 February 2014.

To redeem the Convertible Bonds before maturity with debt financing other than convertible bonds, including but not limited to bank borrowings, will incur interest cost and/or additional financial cost. We are of the same view of the Board that the Extension of the Convertible Bonds carrying no interest which is much less than the cost of debt financing.

To redeem the Convertible Bonds before maturity with issuance of new convertible bond(s) will probably arrive to an issuance of an interest bearing convertible bond and/or a convertible bond with much lower conversion price, having considered the prevailing business and financial situation of the Company and the Share price performance. The closing price of the Shares has been traded below HK\$0.5 for over 3 years since 1 November 2010 with the closing price of the Shares as at 29 November 2013 being HK\$0.215.

Having considered the financial alternatives set out above, we are of the view that (i) it is unlikely for the Company to generate net sufficient cash inflow from the business operation in the last quarter of 2013 to repay the Convertible Bonds before the maturity dates; (ii) to redeem the Convertible Bonds before maturity with debt financing will incur interest cost and/or additional financial cost; or (iii) to redeem the Convertible Bonds with issuance of new convertible bond(s) will probably arrive to an issuance of an interest bearing convertible bond and/or a convertible bond with much lower conversion price. Accordingly, we are of the view that the debt reorganisation in relation to the Extension as compared with the other financial alternatives set out above will incur lowest cost to retain its funds for its investment projects which is in the best interest of the Company and the Shareholders as a whole.

BACKGROUND INFORMATION

As described in the Company's announcements dated 25 July 2008 and 29 September 2008 and the Company's circular dated 31 October 2008, the Company issued to CIMH Convertible Bonds in an aggregate principal amount of HK\$120,000,000, as the consideration for the Company's acquisition of 100% equity interest of Mexford in 2008. CIMH is an investment holding company.

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The terms of the Convertible Bonds were negotiated on arm's length. The Convertible Bonds bear zero interest and are convertible into shares of the Company. As Mr. Lam is a Connected Person of the Company by virtue of its being a substantial Shareholder, the acquisition constituted a connected transaction of the Company under the GEM Listing Rules. The acquisition was approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 18 November 2008.

As at the date of the Circular, the Convertible Bonds with an aggregate principal amount of HK\$120,000,000 held by CIMH are still outstanding. The Tranche 1 Bonds of HK\$12,000,000 was issued on 4 February 2009 and the Tranche 2 Bonds of HK\$108,000,000 was issued on 29 December 2008.

For further details of the Convertible Bonds, please refer to the Company's circular dated 31 October 2008.

SUPPLEMENTAL INSTRUMENT

On 15 November 2013, the Company executed the Supplemental Instrument by way of deed poll to extend the maturity date of the Convertible Bonds for one year to 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds and the conversion period will accordingly be extended for one year to 4 February 2015 for Tranche 1 Bonds and 29 December 2014 for Tranche 2 Bonds. Subject to the conditions below, CIMH has approved the Extension. The Supplemental Instrument will only become effective upon all the following conditions having been fulfilled:

- (a) the Company having convened an EGM at which resolutions shall have been duly passed by the Independent Shareholders to approve and ratify the Supplemental Instrument;
- (b) the Stock Exchange having approved the Extension pursuant to the GEM Listing Rules; and
- (c) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Extension having been obtained.

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Apart from the Extension, all other terms and conditions of the Convertible Bonds remain unchanged. The principal terms of the Convertible Bonds after the Supplemental Instrument becomes effective are as follows:

Principal amount *HK\$120,000,000 (Tranche 1 Bonds of HK\$12,000,000 and Tranche 2 Bonds of HK\$108,000,000)*

Date of issue *4 February 2009 for Tranche 1 Bonds
29 December 2008 for Tranche 2 Bonds*

Interest *The Convertible Bonds accrue no interest*

Please refer to the analysis under the section headed “Other financing alternatives” above. We are of the view that no interest to be accrued under the Convertible Bonds is in the interests of the Company and the Shareholders as a whole.

Maturity *4 February 2015 for Tranche 1 Bonds
29 December 2014 for Tranche 2 Bonds*

Please refer to the comparison with other convertible bonds/notes extension transactions under the section headed “Comparison with other convertible bonds/notes extension transactions” below. We are of the view that the extension period of the Convertible Bonds is fair and reasonable so far as the interests of the Independent Shareholders are concerned

Form and denomination *The Convertible Bonds will be issued in registered form and in the denomination of HK\$100,000 each.*

Conversion price *Initially, HK\$0.048 per Conversion Share, which is subject to adjustments triggered by certain events, including subdivision or consolidation of Shares, bonus issues, rights issues and other issues of securities by the Company, which may or may not occur.*

As at the date of the Circular, the conversion price has been adjusted to HK\$0.742 per Share.

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The adjustments of the conversion price were as a result of the share consolidations and rights issues which have been announced on 18 March 2010, 13 October 2010, 20 May 2011 and 30 August 2011.

The conversion price of HK\$0.742 per Conversion Share represents:

- (i) a premium of approximately 253.33% to the closing price of HK\$0.210 per Share as quoted on the Stock Exchange on the Latest Practicable Date;*
- (ii) a premium of approximately 253.33% to the average closing price of HK\$0.210 per Share for the last five trading days up to and including the Latest Practicable Date;*
- (iii) a premium of approximately 253.33% to the average closing price of HK\$0.210 per Share for the last 10 trading days up to and including the Latest Practicable Date; and*
- (iv) a premium of approximately 18.91% to the net asset value per Share of HK\$0.624 per Share as at 30 June 2013 based on the latest published unaudited financial information of the Group as shown in the Company's 2013 interim report and the current issued Shares as at the Latest Practicable Date.*

The closing price of the Shares has been below the conversion price of the Convertible Bonds of HK\$0.742 per Share for over 3 year and 6 months since 17 May 2010 and below HK\$0.5 for over 3 years since 1 November 2010 with the closing price of the Shares as at 29 November 2013 of HK\$0.215. A sudden surge of the Share price to over HK\$0.742 during the extended year of the Convertible Bonds is not foreseeable. We are of the view that the Extension is fair and reasonable so far as the interests of the Independent Shareholders are concerned.

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Conversion rights

The conversion rights under the Convertible Bonds shall be exercisable from the date of issue of the Convertible Bonds up to the Maturity Date. Upon the exercise of any conversion rights under the Convertible Bonds, the Company will allot the number of Shares in respect of which conversion rights are exercised provided that no conversion right may be exercised, to the extent that following such exercise (i) a holder of the Convertible Bonds and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 25% or more of the entire issued Shares or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer, or (ii) the Company will be in breach of the minimum public float requirement under the GEM Listing Rules.

We are of the view that conversion rights set out above is on normal commercial terms and the extension of the conversion rights together with the maturity of the Convertible Bonds under the Extension is fair and reasonable so far as the interests of the Independent Shareholders are concerned.

Ranking

The Conversion Shares will rank pari passu in all respects with all existing Shares in issue at the date of the notice of conversion.

We are of the view that ranking of the Conversion Shares to be rank pari passu in all respects with all existing Shares in issue at the date of the notice of conversion is fair and reasonable so far as the interests of the Independent Shareholders are concerned.

LETTER FROM MESSIS CAPITAL

***Status of the Convertible
Bonds***

The Convertible Bonds constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company. No application will be made for the listing of the Convertible Bonds.

We are of the view that status of the Convertible Bonds as set out above is on normal commercial terms and fair and reasonable so far as the interests of the Independent Shareholders are concerned.

Transferability

The Convertible Bonds will be transferable provided that (a) any transfer of the Convertible Bonds shall be in the principal amount of HK\$100,000; and (b) if the transfer is made to a connected person of the Company, such transfer shall comply with the requirements under the GEM Listing Rules.

We are of the view that transferability of the Convertible Bonds as set out above is on normal commercial terms and fair and reasonable so far as the interests of the Independent Shareholders are concerned.

Voting rights

The Convertible Bonds do not confer any voting rights at any meetings of the Company.

We are of the view that the Convertible Bonds not confer any voting rights at any meetings of the Company is on normal commercial terms and fair and reasonable so far as the interests of the Independent Shareholders are concerned.

Accordingly, we are of the view that the Extension is in best the interests of the Company and the Shareholders as a whole and the terms of the Supplemental Instrument are fair and reasonable so far as the interests of the Independent Shareholders are concerned.

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We have reviewed all the terms of the Supplemental Instrument and note that there is no extra-ordinary terms or less favourable terms to the Company in the Supplemental Instrument. We are of the view that the entering into the Supplemental Instrument with all other terms and conditions of the Convertible Bonds remain unchanged is fair and reasonable so far as the interests of the Independent Shareholders are concerned.

Comparison with other convertible bonds/notes extension transactions

In assessing the fairness of the Extension, we have compared the Extension with, to our best endeavor, all the convertible bonds/notes extensions transactions announced during the 12-month period preceding the date of the Supplemental Instrument by companies listed on the Stock Exchange (the “Extension Comparables”). In view that similarity of the nature of the convertible bonds/notes extension transactions, we believe that the Extension Comparables may reflect the recent trend of convertible bonds/notes extension transactions in the market and consider that the Extension Comparables are fair and representative samples. Details of the Extension Comparables are summarized in the following table:

Extension Comparables (Stock code)	Date of announcement	Original term of the convertible bonds/notes (years) Approx.	Extended period (years) Approx.	Total period after extension (years) Approx.	Amended terms other than the extension of the term of the convertible bonds/notes
Cosmopolitan International Holdings Limited (0120)	16 November 2012	5	0.6 (1)	5.6	all other terms remain unchanged
China Trends Holdings Limited (8171)	18 April 2013	3	3	6	all other terms remain unchanged
Shun Cheong Holdings Limited (0650)	28 March 2013	5	2	7	all other terms remain unchanged
SMI Corporation Limited (0198)	9 May 2013	2	1	3	all other terms remain unchanged
Huscoke Resources Holdings Limited (0704)	31 July 2013	5	5	10	all other terms remain unchanged

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Extension Comparables (Stock code)	Date of announcement	Original term of the convertible bonds/notes (years) Approx.	Extended period (years) Approx.	Total period after extension (years) Approx.	Amended terms other than the extension of the term of the convertible bonds/notes
China Media and Films Holdings Limited (8172)	10 September 2013	5	2	7	all other terms remain unchanged
	Maximum	5	5	10	
	Minimum	2	0.6	3	
<i>The Company</i>		<i>5</i>	<i>1</i>	<i>6</i>	<i>all other terms remain unchanged</i>

Source: website of the Stock Exchange (www.hkex.com.hk)

Note: (1) an extension of 7 months and 16 days

As set out above, the original term, the extended period and the total period after extension of the Convertible Bonds are within the respective ranges of the Extension Comparables. Accordingly, we are of the view that the extension period of the Convertible Bonds is fair and reasonable so far as the interests of the Independent Shareholders are concerned.

LETTER FROM MESSIS CAPITAL

OPINION

To arrive at our recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed factors and the reasons summarized as follows:

1. the Extension as compared with the other financial alternatives set out above will incur lowest cost to retain its funds for its investment projects which is in the best interest of the Company and the Shareholders as a whole;
2. the entering into the Supplemental Instrument with all other terms and conditions of the Convertible Bonds, apart from the Extension, remain unchanged is fair and reasonable so far as the interests of the Independent Shareholders are concerned; and
3. the original term, the extended period and the total period after extension of the Convertible Bonds are within the respective ranges of the Extension Comparables which is fair and reasonable so far as the interests of the Independent Shareholders are concerned.

RECOMMENDATION

Having reviewed all the reasons and factors, as set out above, we are of the view that the Extension is in best the interests of the Company and the Shareholders as a whole and the terms of the Supplemental Instrument, including the extension period, are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Extension.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Michael Leung
Executive Director

1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Directors and Chief Executive**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors.

(b) Substantial Shareholders

As at the Latest Practicable Date, the interests and short positions of persons, other than Directors or chief executive of the Company, in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or

substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name of person	Number of shares held <i>(Note 1)</i>	Capacity	Approximate percentage of interest
Lam Nam	1,274,255,931 (L) <i>(Note 2)</i>	Interest of a controlled corporation	69.52%
	161,725,067 (L) <i>(Note 3 and 4)</i>	Interest of a controlled corporation	8.82%
Silver Star Enterprises Holdings Inc. <i>(Note 2)</i>	1,274,255,931 (L)	Beneficial owner	69.52%
China International Mining Holding Company Limited <i>(Note 3)</i>	161,725,067 (L) <i>(Note 4)</i>	Beneficial owner	8.82%
Sun Wai Pan	93,000,000 (L)	Beneficial owner	5.07%
Chan Meng Kam	100,000,000 (L) <i>(Note 4)</i>	Beneficial owner	5.46%

Notes:

- 1 The letter “L” denotes long positions in shares or underlying shares.
- 2 The entire issued share capital of Silver Star Enterprises Holdings Inc. is beneficially owned by Mr. Lam Nam.
- 3 The entire issued share capital of China International Mining Holding Company Limited is beneficially owned by Mr. Lam Nam.
- 4 These shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds issued by the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

4. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the GEM Listing Rules.

5. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited accounts of the Company were made up.

6. EXPERT'S QUALIFICATIONS AND CONSENTS

Messis Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

Name	Qualification
Messis Capital	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, MESSIS Capital did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2012, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.

- (c) The company secretary of the Company is Chan Francis Ping Kuen.
- (d) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 2602, 26/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (b) the letter from Messis Capital, the text of which is set out on pages 14 to 25 of this circular;
- (c) the consent letter of Messis Capital referred to in the section headed "Expert's Qualifications and Consents" in this appendix; and
- (d) this circular.

NOTICE OF EGM



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: 8011)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Polyard Petroleum International Group Limited (the “Company”) will be held at Maxim’s Palace, Shop B13-B18, B/F Shun Tak Centre, Connaught Road Central, Hong Kong on 28 December 2013 at 11:30 a.m., to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**
 - (a) the amendment to the condition of the HK\$120,000,000 convertible bonds due on 4 February 2014 for Tranche 1 Bonds and 29 December 2013 for Tranche 2 Bonds issued by the Company as contemplated by a supplemental instrument executed by the Company by way of deed poll on 15 November 2013 (the “**Supplemental Instrument**”), a copy of which has been tabled at the meeting marked “A” and initialed by the chairman of the Meeting for the purpose of identification, and the execution of the Supplemental Instrument be and is hereby approved, confirmed and ratified; and
 - (b) the Directors be and are hereby authorised to sign and execute such documents and do all such acts and things incidental to the Supplemental Instrument as they consider necessary, desirable, or expedient in connection with the implementation of or giving effect to the Supplemental Instrument and the transaction contemplated thereunder.”
2.
 - a. To re-elect Ms. Xie Qun as independent non-executive Director
 - b. To re-elect Ms. Wang Ai-Chin as independent non-executive Director

Yours faithfully

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

Hong Kong, 11 December 2013

NOTICE OF EGM

As at the date of this notice, the executive Directors of the Company are Mr. Kuai Wei, Mr. Lai Chun Liang and Mr. Lin Zhang; the independent non-executive Directors are Mr. Pai Hsi-Ping, Ms. Xie Qun and Ms. Wang Ai-Chin.

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 2602, 26th Floor
China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time for holding the extraordinary general meeting or any adjournment thereof.
4. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the extraordinary general meeting or any adjournment thereof, should he/she/it so wish.
5. Any voting of the meeting should be taken by poll.