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**(1) DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS
AND DESPATCH OF ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021;
(2) PUBLICATION OF UNAUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021; AND
(3) POSTPONEMENT OF BOARD MEETING**

This announcement is made by Polyard Petroleum International Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of 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 enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and hereby announces that there is a delay in the release of the audited annual results for the year ended 31 December 2021 (the “**2021 Audited Annual Results**”) and despatch of annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”).

As the result of (i) the Omicron variant of the COVID-19 pandemic in Hong Kong where the Group is headquartered; (ii) the implementation of the tightened COVID-19 prevention and control quarantine measures in the mainland China in the past few weeks and (iii) the prevention and control measures of the COVID-19 in the Philippines, the audit procedures for the 2021 Audited Annual Results are adversely affected and expected not being able to be completed on or before the date of Board meeting originally scheduled to be held on 31 March 2022, which causes the Company not being able to comply with the Rules 18.03, 18.48A and 18.49 of the GEM Listing Rules for the publication of Company’s 2021 Audited Annual Results and 2021 Annual Report on or before 31 March 2022.

Notwithstanding this, the Board wishes to emphasize that the operation of the Group remains normal and that the Company has been and will continue using its best endeavours to ensure that the 2021 Audited Annual Results and the 2021 Annual Report will be finalized, approved and published as soon as practicable. It is expected that the publication of the 2021 Audited Annual Results and the publication and despatch of the 2021 Annual Report will be delayed to a date falling on or before 15 May 2022. The Company will publish further announcement(s) to inform the Shareholders and potential investors of the Company of any material developments in connection with the 2021 Audited Annual Results and the 2021 Annual Report as and when appropriate.

POSTPONEMENT OF BOARD MEETING

In light of the above, the meeting of the Board to, among other things, consider and approve the 2021 Audited Annual Results originally scheduled to be held on 31 March 2022 will be postponed. The Company will publish further announcement(s) in due course to inform the Shareholders of the date of the meeting of the Board to consider and approve the 2021 Audited Annual Results.

UNAUDITED ANNUAL RESULTS

As explained in the paragraph headed “Delay in publication of audited annual results and despatch of annual report for the year ended 31 December 2021” above, the audit procedures for the 2021 Audited Annual Results are adversely affected and expected not being able to be completed on or before the date of Board meeting originally scheduled to be held on 31 March 2022. In order to minimise disruptions to the trading of the Company’s shares while ensuring that the Shareholders and the public are informed of the Group’s business operation and financial position, the Board has decided to publish the unaudited annual results of the Group for the year ended 31 December 2021, which have not yet been agreed with the auditor of the Company. Such unaudited annual results have been agreed and reviewed by the audit committee (the “**Audit Committee**”) of the Board.

The Board of the Company would like to announce the unaudited annual results of the Group for the year ended 31 December 2021 together with the audited comparative figures for the previous year, as set out below:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

		2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Turnover	5	—	—
Other Income	5	264	470
Administrative and other operating expenses		(9,814)	(15,535)
Finance costs	6	(24,452)	(28,482)
Impairment losses recognized on deferred exploration expenditure		—	(34)
Share of results of a joint venture		185,659	20,817
Gain on disposal of subsidiaries	15	9,801	4,129
Loss on acquisition of non-controlling interests of subsidiaries		(5,578)	—
		<hr/>	<hr/>
Profit (Loss) before tax	7	155,880	(18,635)
Taxation	8	—	—
		<hr/>	<hr/>
Profit (Loss) for the year		155,880	(18,635)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		87,427	(25,069)
Non-controlling interests		68,453	6,434
		<hr/>	<hr/>
		155,880	(18,635)
		<hr/> <hr/>	<hr/> <hr/>
Earnings (Loss) per share	9		
—Basic		HK2.29 cents	HK(0.80)cents
		<hr/> <hr/>	<hr/> <hr/>
—Diluted		HK2.29 cents	HK(0.80)cents
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Profit (Loss) for the year	155,880	(18,635)
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Release of exchange reserve upon disposal of subsidiaries	—	(181)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>1,901</u>	<u>(1,213)</u>
	<u>1,901</u>	<u>(1,394)</u>
Total comprehensive income (expense) for the year	<u><u>157,781</u></u>	<u><u>(20,029)</u></u>
Attributable to:		
Owners of the Company	88,594	(26,175)
Non-controlling interests	<u>69,187</u>	<u>6,146</u>
	<u><u>157,781</u></u>	<u><u>(20,029)</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2021*

		2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		115	36
Interests in associates		—	—
Interests in a joint venture		522,072	289,980
Deferred exploration expenditure		—	—
		522,187	290,016
CURRENT ASSETS			
Amounts due from associates		—	—
Other receivables	<i>11</i>	55,662	43,978
Cash and cash equivalents		53	57
		55,715	44,035
CURRENT LIABILITIES			
Other payables	<i>12</i>	(102,689)	(71,053)
Amounts due to directors		(13,356)	(12,382)
Bank borrowings		(1,421)	—
Convertible bonds	<i>13</i>	(75,000)	(75,000)
Promissory note payable		(2,000)	(2,000)
		(194,466)	(160,435)
NET CURRENT LIABILITIES		(138,751)	(116,400)
TOTAL ASSETS LESS CURRENT LIABILITIES		383,436	173,616

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December 2021*

	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES		
Amounts due to a shareholder	<u>(32,639)</u>	<u>(73,078)</u>
NET ASSETS	<u>350,797</u>	<u>100,538</u>
CAPITAL AND RESERVES		
Share capital	<i>14</i> 153,479	134,168
Reserves	<u>98,448</u>	<u>(57,735)</u>
Equity attributable to owners of the Company	251,927	76,433
Non-controlling interest	<u>98,870</u>	<u>24,105</u>
TOTAL EQUITY	<u>350,797</u>	<u>100,538</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company									Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2020 (Audited)	117,502	998,012	985	—	(1,045)	3,285	(1,114,690)	4,049	17,959	22,008
Profit(loss) for the year	—	—	—	—	—	—	(25,069)	(25,069)	6,434	(18,635)
Other comprehensive expense for the year	—	—	—	—	(1,106)	—	—	(1,106)	(288)	(1,394)
Total comprehensive income(expense) for the year	—	—	—	—	(1,106)	—	(25,069)	(26,175)	6,146	(20,029)
Redemption of convertible bonds	—	—	—	—	—	(475)	475	—	—	—
Recognition of equity component of convertible bonds	—	—	—	—	—	5,725	—	5,725	—	5,725
Issue of shares upon conversion of convertible bonds	16,666	58,334	—	—	—	(5,725)	—	69,275	—	69,275
Contribution from a substantial shareholder	—	—	—	23,559	—	—	—	23,559	—	23,559
At 31 December 2020 and 1 January 2021 (Audited)	134,168	1,056,346	985	23,559	(2,151)	2,810	(1,139,284)	76,433	24,105	100,538
Profit for the year	—	—	—	—	—	—	87,427	87,427	68,453	155,880
Other comprehensive income for the year	—	—	—	—	1,167	—	—	1,167	734	1,901
Total comprehensive income(expense) for the year	—	—	—	—	1,167	—	87,427	88,594	69,187	157,781
Issue of shares	19,311	67,589	—	—	—	—	—	86,900	—	86,900
Acquisition of non-controlling interests in subsidiaries	—	—	—	—	—	—	—	—	5,578	5,578
At 31 December 2021	153,479	1,123,935	985	23,559	(984)	2,810	(1,051,857)	251,927	98,870	350,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Polyard Petroleum International Group Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited. Its parent is Silver Star Enterprises Holdings Inc. (incorporated in the British Virgin Islands) and the ultimate controlling party is Mr. Lam Nam. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are the exploration, exploitation and development of oil and natural gas and provision of technical services.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements for the year ended 31 December 2021 comprise the company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and a joint venture.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

3. SIGNIFICANT ACCOUNTING POLICIES

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statement.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform — phase 2
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The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statement.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 8	Definition of Accounting Estimate ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non- current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle ²

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective date to be determined.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

For the years ended 31 December 2021 and 2020, the Group has two reportable and operating segments — (1) exploration of oil and natural gas, and (2) provision of technical services for oil and gas exploration and development. These segments are managed separately as they belong to different industries and require different operating systems and strategies.

The Group accounts for inter-segment revenue and transfers as if the revenue or transfers were to third parties. All inter-segment revenue and transfers are eliminated on consolidation.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents profit or loss reported by each segment without allocation of central administration costs including directors' emoluments, finance costs and income tax. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets.
- all liabilities are allocated to operating segments other than unallocated corporate liabilities.

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

(a) Reportable Segments**2021**

	Exploration of oil and natural gas <i>HK\$'000</i>	Provision of technical services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customer	—	—	—	—
Inter-segment revenue	—	988	(988)	—
Reportable segment revenue	—	988	(988)	—
Reportable segment loss before tax	(1)	(1,754)	—	(1,755)
Unallocated corporate expenses				(7,795)
Share of results of a joint venture	185,659			185,659
Unallocated interest expenses				(24,452)
Gain on disposal of subsidiaries	9,801			9,801
Loss on acquisition of non-controlling interest in subsidiaries		(5,578)		(5,578)
Profit before tax				155,880

2020

	Exploration of oil and natural gas <i>HK\$'000</i>	Provision of technical services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customer	—	—	—	—
Inter-segment revenue	—	969	(969)	—
Reportable segment revenue	—	969	(969)	—
Reportable segment loss before tax	(1,999)	(4,048)	—	(6,047)
Unallocated corporate expenses				(9,018)
Share of results of a joint venture	20,817			20,817
Impairment losses recognised on deferred exploration expenditure	(34)			(34)
Unallocated interest expenses				(28,482)
Gain on disposal of subsidiaries	4,129			4,129
Loss before tax				(18,635)

2021	Exploration of oil and natural gas <i>HK\$'000</i>	Provision of Technical services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets:				
Segment assets	54,698	326	—	55,024
Interests in a joint venture	522,072			522,072
Unallocated corporate assests				<u>806</u>
Total assets				<u><u>577,902</u></u>
Liabilities:				
Segment liabilities	639	13,709	—	14,348
Unallocated corporate liabilities				<u>212,757</u>
Total liabilities				<u><u>227,105</u></u>
2020	Exploration of oil and natural gas <i>HK\$'000</i>	Provision of technical services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets:				
Segment assets	43,430	309	—	43,739
Interests in a joint venture	289,980			289,980
Unallocated corporate assests				<u>332</u>
Total assets				<u><u>334,051</u></u>
Liabilities:				
Segment liabilities	575	12,836	—	13,411
Unallocated corporate liabilities				<u>220,102</u>
Total liabilities				<u><u>233,513</u></u>

Other segment information

2021	Exploration of oil and natural gas <i>HK\$'000</i>	Provision of Technical services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation	<u>1</u>	<u>6</u>	<u>3</u>	<u>10</u>
2020	Exploration of oil and natural gas <i>HK\$'000</i>	Provision of technical services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation	<u>70</u>	<u>19</u>	<u>5</u>	<u>94</u>

(b) Geographical Information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, interests in associates and a joint venture ("specified non-current assets"). The geographical location of customers is based on the location in which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property, plant and equipment, and the location of operation in the case of interests in associates and a joint venture.

	Revenue from external customers		Specified non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Mainland China, including Hong Kong and Macau	—	—	115	36
Philippines	<u>—</u>	<u>—</u>	<u>522,072</u>	<u>289,980</u>
	<u>—</u>	<u>—</u>	<u>522,187</u>	<u>290,016</u>

5. TURNOVER AND OTHER INCOME

The Group did not have any turnover during the year (2020: Nil) and an analysis of the Group's other income for the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	—	1
Administrative income	247	242
Other miscellaneous income	17	227
	<hr/> 264 <hr/>	<hr/> 470 <hr/>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on bank borrowings and overdraft	95	77
Late charges of interest expenses on convertible bonds	16,383	20,665
Interest expenses on convertible bonds	7,500	7,500
Interest expenses on promissory note payable	240	240
Interest expense on other borrowings	234	—
	<hr/> 24,452 <hr/>	<hr/> 28,482 <hr/>

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging the following items:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (including directors' emoluments)		
— Salaries, allowances and benefits in kind	6,703	9,010
— Retirement scheme contributions	64	72
	<u>6,767</u>	<u>9,082</u>
Auditor's remuneration		
Audit service	600	600
Non-audit service	—	—
	<u>600</u>	<u>600</u>
Depreciation of property, plant and equipment	9	31
Impairment losses recognised on deferred exploration expenditure	—	34
Allowance for credit loss	—	1,951

8. TAXATION

Income tax expense recognised in profit or loss

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax	—	—
— PRC Enterprise Income Tax	—	—
— Other jurisdictions	—	—
	<u>—</u>	<u>—</u>
Income tax expense for the year	<u>—</u>	<u>—</u>

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the year (2020: Nil).

Under the law of the PRC on Enterprises Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group’s PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No deferred tax asset has been recognised in respect of such tax losses due to unpredictability stream of future taxable profits that will be available against which the tax losses can be utilised.

There was no material unprovided deferred tax liabilities as at the end of the year (2020: Nil).

9. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share

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

	2021 HK\$ '000	2020 HK\$ '000
Profit (Loss) for the year attributable to the owners of the Company	<u>87,427</u>	<u>(25,069)</u>
	2021 '000	2020 '000
Weighted average number of ordinary shares	<u>3,817,142</u>	<u>3,132,210</u>

During the years ended 31 December 2021 and 2020, the computation of diluted loss per share does not assume the conversion of the outstanding convertible bonds since it would result in a decrease in loss per share, and is regarded as anti-dilutive. Accordingly, the diluted loss per share is same as the basic loss per share.

10. DIVIDENDS

No dividend has been paid, declared or proposed during the year, nor has any dividend been proposed since the end of reporting period (2020: Nil).

11. OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Prepayments	1,394	1,488
Deposits and other debtors	2,047	1,104
Amounts due from parties to a joint venture (<i>Note a</i>)	48,916	38,899
Amounts due from a joint venture (<i>Note b</i>)	5,287	4,438
	<u>57,644</u>	<u>45,929</u>
Less: Allowance for credit losses	(1,982)	(1,951)
	<u><u>55,662</u></u>	<u><u>43,978</u></u>

Notes:

- a. The amounts due from parties to a joint venture represent the expenditure for the joint venture to be recovered from parties to a joint venture. The amounts are interest-free, repayable on demand and could be recovered from the parties to a joint venture through their participating interests and profit sharing in their joint venture.
- b. The amounts due from a joint venture are interest-free, unsecured and repayable on demand. The recoverability of the amounts has been taken into account in the recoverable amount of interests in a joint venture.

12. OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accrued charges	34,860	29,575
Interest payables	65,288	40,931
Other payables	541	547
Amount due to a related party	2,000	—
	<u><u>102,689</u></u>	<u><u>71,053</u></u>

13. CONVERTIBLE BONDS

	Convertible Bonds A HK\$'000	Convertible Bonds B HK\$'000	Convertible Bonds C HK\$'000	Total HK\$'000
At 1 January 2020	100,000	50,000	—	150,000
Issue of convertible bonds	—	—	69,275	69,275
Conversion of convertible bonds	—	—	(69,275)	(69,275)
Redemption of convertible bonds	(75,000)	—	—	(75,000)
Interest charged	2,500	5,000	—	7,500
Interest paid/payable	(2,500)	(5,000)	—	(7,500)
At 31 December 2020 and 1 January 2021	25,000	50,000	—	75,000
Interest charged	2,500	5,000	—	7,500
Interest paid/payable	(2,500)	(5,000)	—	(7,500)
At 31 December 2021	<u>25,000</u>	<u>50,000</u>	<u>—</u>	<u>75,000</u>
			2021 HK\$'000	2020 HK\$'000
Carrying amount repayable:				
Overdue			<u>75,000</u>	<u>75,000</u>

The details of convertible bonds issued by the Company are as follows:

	Convertible Bonds A ("CB A")	Convertible Bonds B ("CB B")	Convertible Bonds C ("CB C")
Principal amount:	HK\$100,000,000 in HKD settlement	HK\$50,000,000 in HKD settlement	HK\$75,000,000 in HKD settlement
Interest:	10% p.a. payable quarterly	10% p.a. payable semi-annually	Nil
Issue date:	21 July 2015	28 January 2016	13 July 2020
Maturity date:	21 July 2017 (<i>Note a</i>)	28 January 2018 (<i>Note b</i>)	6 July 2021 (<i>Note c</i>)
Conversion price per share:	HK\$0.40	HK\$0.414 (<i>Note b</i>)	HK\$0.18
Particulars of guarantee:	Personal guarantee given by Mr. Lam Nam, the controlling shareholder of the Company	Personal guarantee given by Mr. Lam Nam, the controlling shareholder of the Company	Nil
Survival of conversion right:	Exercisable until fully settled	Exercisable until fully settled	Exercisable until fully settled

Notes:

- (a) On 31 May 2018, the Company, its holding Company, Silver Star Enterprises Holdings Inc. (“Silver Star”), and Mr. Lam Nam, the ultimate controlling party of the Company (“Personal Guarantor”) and the holder of CB A entered into the Deed of Undertaking to provide guarantee for the CB A; and the Company, the Personal Guarantor and the holder of CB A entered into the Supplemental Deed, together with the Deed of Undertaking, (the “Extension Arrangement”) pursuant to which the parties agreed that the maturity date of CB A to be extended from 21 July 2017 to 21 May 2019.

On 3 January 2020, the original holder of CB A (“Original Holder”) had completed transfer of part of CB A with principal amount of HK\$75,000,000 to East Asia Oil Engineering Group Limited (“East Asia”). On 13 July 2020, this portion of CB A had been fully redeemed by the subscription and issuance of convertible bonds set out in paragraph (c).

Pursuant to the subscription agreement entered into between the Company and East Asia on 28 June 2020 and the amended and restated subscription agreement on 6 July 2020, East Asia had undertaken to take over the remaining principal balance of HK\$25,000,000 of CB A (“Remaining CB A”) from Original Holder and registered in the name of East Asia within one year from 13 July 2020.

As at the end of the reporting period, the Remaining CB A not yet transferred to East Asia were still registered in the name of the Original Holder and is guaranteed by Mr. Lam, the ultimate controlling party of the Company, until its disposal. In view of the above arrangement, the Directors anticipate that the Remaining CB A will not be called for repayment in the foreseeable future.

- (b) On 15 October 2018, the Company and holder of CB B entered into an amendment deed pursuant to which both parties agreed that the maturity date of CB B be extended from 28 January 2018 to 31 March 2019. Up to the date of this announcement, the Company and the holder of CB B are still in the process of negotiation regarding the settlement arrangement of CB B.

As a result of issuance of subscription shares on 20 January 2021, the conversion price of CB B has been adjusted from HK\$0.414 per share to HK\$0.18 per share with effect from 20 January 2021. For details please refer to the announcement of the Company dated 20 January 2021.

- (c) On 28 June 2020, the Company and East Asia entered into a subscription agreement for issuing convertible bonds with the principal amount up to HK\$100,000,000 by the Company to East Asia. The convertible bonds shall accrue no interest and shall mature on 6 July 2021. East Asia shall have the right at any time during the conversion period to convert the whole or part of the principal amount outstanding under the convertible bonds at the conversion price of HK\$0.18 per share into conversion shares. On 13 July 2020, all the conditions in respect of the issuance and subscription of convertible bonds in an aggregate principal amount of HK\$75,000,000 had been fulfilled and the Company issued the convertible bonds in aggregate principal amount of HK\$75,000,000 to East Asia (“CB C”). On 14 July 2020, East Asia converted CB C into 416,666,667 ordinary shares at the conversion price of HK\$0.18 per share.

14. SHARE CAPITAL

	Number of shares		Amount	
	2021 '000	2020 '000	2021 HK\$'000	2020 HK\$'000
Authorised:				
Ordinary shares of HK\$0.04 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.04 each	<u>3,836,982</u>	<u>3,354,204</u>	<u>153,479</u>	<u>134,168</u>
			Number of ordinary shares in issue '000	Issued capital HK\$'000
At 1 January 2020			2,937,538	117,502
Conversion of convertible bonds (Note a)			<u>416,666</u>	<u>16,666</u>
At 31 December 2020 and 1 January 2021			3,354,204	134,168
Issue of shares (Note b)			<u>482,778</u>	<u>19,311</u>
At 31 December 2021			<u>3,836,982</u>	<u>153,479</u>

Notes:

- On 14 July 2020, the Company issued 416,666,667 ordinary shares of HK\$0.04 each at conversion price of HK\$0.18 per share for full conversion of CB C with principal amount of HK\$75,000,000. Upon conversion, the liability component of HK\$69,275,000 and equity component of HK\$5,725,000 of CB C were transferred to the issued capital of approximately HK\$16,666,000 and the share premium amount of approximately HK\$58,334,000.
- On 15 January 2021, 222,222,223 ordinary shares and 260,555,556 ordinary shares were issued by the Company to the Ultimate Controlling Party and East Asia respectively, pursuant to two subscription agreements both dated on 27 November 2020 at the subscription price of HK\$0.18 per share.

All the new shares issued rank pari passu with the existing ordinary shares of the Company in all respects.

15. GAIN ON DISPOSALS OF SUBSIDIARIES

- (a) During the year, the Group disposed of its entire interest in Mexford Holdings Limited and its subsidiaries and associates which held 64% interest in Philippines San Miguel Coal Mine Project at the consideration of HK\$9,800,000, resulting in a gain on disposal of HK\$9,801,000.

The aggregate net liabilities of the subsidiaries at the date of disposal were as follows:

	HK\$'000
Net liabilities disposed of:	
Other payables	1
Total consideration	<u>9,800</u>
Net gain on disposal	<u><u>9,801</u></u>

An analysis of net inflows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK\$'000
Net cash inflow arising on disposal:	
Cash consideration received	1,800
Cash and cash equivalents disposed of	<u>—</u>
	<u><u>1,800</u></u>

- (b) On 19 June 2020, the Group disposed of its entire equity interest in Modern Lucky International Limited and its subsidiaries which held 89% equity interest in Gas Project to an independent third party for a consideration of HK\$1, resulting in a gain on disposal of HK\$4,129,000.

The aggregate net liabilities of the subsidiaries at the date of disposal were as follows:

	HK\$'000
Net liabilities disposed of:	
Property, plant and equipment	14
Other receivables	127
Cash and cash equivalents	46
Other payables	(3,641)
Amount due to a director	(494)
	<u>(3,948)</u>
Release of exchange reserve	(181)
	<u>—</u>
Total consideration	<u>—</u>
Net gain on disposal	<u><u>(4,129)</u></u>

An analysis of net outflows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK\$'000
Net cash outflow arising on disposal:	
Cash consideration received	—
Cash and cash equivalents disposed of	(46)
	<u><u>(46)</u></u>

FINANCIAL REVIEW

The Group did not generate any turnover for the year ended 31 December 2021 (2020: Nil). The Group recorded a net profit attributable to owners of the Company of approximately HK\$87,427,000 for the year ended 31 December 2021 (2020: loss of approximately HK\$25,069,000).

Profit for the year included a share of results of a joint venture of approximately HK\$185,659,000 income on the oil and gas project in South Cebu, the Philippines (2020: approximately HK\$20,817,000 income) primarily as a result of changes in oil prices.

Administrative and other operating expenses for the year ended 31 December 2021 amounted to approximately HK\$9,814,000 representing a decrease of approximately HK\$5,721,000 or 37%, as compared with the corresponding period last year. The decrease was mainly attributable to decrease in various business expenses such as employee costs, rental, travel and entertainment expenses.

Finance costs for the year ended 31 December 2021 amounted to approximately HK\$24,452,000 (2020: approximately HK\$28,482,000). The decrease in interest costs was mainly resulted from conversion of convertible bonds in 2020.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL AND GEARING

As at 31 December 2021, the Group had net assets amounted to approximately HK\$350.8 million (2020: approximately HK\$100.5 million) and net current liabilities amounted to approximately HK\$138.8 million (2020: approximately HK\$116.4 million). The current ratio was 29% (2020: 27%). The gearing ratio of the Group based on the net debt to the total equity was 65% (2020: 232%).

Operations of the Group are mainly conducted in Renminbi (“RMB”), Hong Kong Dollars (“HKD”), United States Dollars (“USD”) and Philippine Pesos (“PHP”) and its revenue, expenses, assets and liabilities and borrowings are principally denominated in RMB, HKD, USD and PHP, which do not pose significant foreign currency risk at present. The Group currently does not have a foreign currency hedging policy. However, the management monitors closely foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

On 31 May 2018, the Company, its holding company Silver Star Enterprises Holdings Inc. (“Silver Star”), and Mr. Lam Nam, the ultimate controlling party of the Company (“Personal Guarantor”) and the holder (“Original Holder”) of the convertible bonds with outstanding principal amount of HK\$100,000,000 issued by the Company on 21 July 2015 (“CB A”) entered into the Deed of Undertaking; and the Company, the Personal Guarantor and the Original Holder of CB A entered into the Supplemental Deed (together with the Deed of Undertaking, the “Extension Arrangement”), pursuant to which the parties agreed that the maturity date of CB A to be extended from 21 July 2017 to 21 May 2019.

On 3 January 2020, the Company had entered into a legally binding memorandum of understanding (“MOU”) with East Asia where East Asia had undertaken to take over CB A, by tranches, from the Original Holder. On the same date, the Original Holder of CB A had completed transfer of convertible bond with principal amount of HK\$75,000,000 (“\$75M CB A1”) to East Asia. Pursuant to the same MOU between the Company and East Asia, East Asia promised not to require the Company to repay CB A within 30 months from the date of signing MOU.

The remaining principal balance of HK\$25,000,000 of CB A not yet transferred to East Asia (“\$25M CB A2”) are still registered in the name of the Original Holder and is guaranteed by Mr. Lam Nam, the ultimate controlling party of the Company, until its disposal. Up to the date of this announcement, the \$25M CB A2 is still outstanding and had not been called for repayment. The Company and the Original Holder are in the process of negotiation regarding the settlement arrangement of \$25M CB A2.

On 15 October 2018, the Company and holder of the convertible bonds in principal amount of HK\$50,000,000 (“CB B”) also entered into an amendment deed pursuant to which both parties had agreed that the maturity date of CB B to be extended from 28 January 2018 to 31 March 2019.

On 28 June 2020, the Company and East Asia entered into a subscription agreement pursuant to which the Company agreed to issue and the subscriber agreed to subscribe for, by tranches, the convertible bonds with the principal amount of HK\$100,000,000. The convertible bonds shall accrue no interest and shall mature on 6 July 2021. East Asia shall have the right at any time during the conversion period to convert the whole or part of the principal amount outstanding under the convertible bonds at the conversion price into conversion shares. Upon full conversion of the convertible bonds at the initial conversion price of HK\$0.18 per conversion share, an aggregate of 555,555,556 conversion shares will be allotted and issued. The Company intends to allocate the gross proceeds from the subscription of HK\$100,000,000 for the redemption of CB A. As the convertible bonds consideration and the redemption amount shall be set-off against each other, the Group will use its internal resources to settle the related expenses payable in connection with the issuance of the convertible bonds.

On 13 July 2020, all the conditions in respect of the issuance and subscription of convertible bonds in an aggregate principal amount of HK\$75,000,000 had been fulfilled. Upon closing, the Company has issued the convertible bonds in aggregate principal amount of HK\$75,000,000 to East Asia for the redemption of \$75M CB A1.

On 14 July 2020, East Asia converted the convertible bonds in the amount of HK\$75,000,000 registered in its name at the conversion price of HK\$0.18 per share, and had been allotted and issued 416,666,667 conversion shares, representing (i) approximately 14.18% of the existing issued share capital of the Company before conversion; and (ii) approximately 12.42% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares.

The unsubscribed convertible bonds in the principal amount of HK\$25,000,000 under the subscription agreement, once allotted, can be converted at the conversion price of HK\$0.18 per share to 138,888,889 conversion shares.

Details were disclosed in the announcements of the Company dated 31 May 2018, 15 October 2018, 5 January 2020, 28 June 2020, 6 July 2020 and 13 July 2020.

On 27 November 2020, the Company as the issuer entered into two respective subscription agreements with Mr. Lam Nam (“Mr. Lam”), the controlling shareholder of the Company and East Asia, a substantial Shareholder. Pursuant to the subscription agreements, the Company conditionally agreed to allot and issue, and Mr. Lam and East Asia conditionally agreed to subscribe for, 222,222,223 and 260,555,556 subscription shares, respectively, at the subscription price of HK\$0.18 per subscription share. The subscription amount payable by Mr. Lam of HK\$40,000,000 under the subscription agreement shall be satisfied by capitalising part of the amount due to Mr. Lam upon completion. The subscription amount payable by East Asia of HK\$46,900,000 under the subscription agreement shall be satisfied by capitalising part of the outstanding trade payables (arising from the drilling services provided to the SC49 project) due to East Asia upon completion. The subscriptions had been completed on 15 January 2021.

EMPLOYEE INFORMATION

As at 31 December 2021, the Group had a total number of staff of 36 (2020: 40). Remuneration packages are reviewed on a periodical basis. Bonus is awarded to employees according to the assessment of individual performance. Staff cost (including directors’ emoluments) was approximately HK\$6.8 million for the year ended 31 December 2021 (2020: approximately HK\$9.1 million).

BUSINESS REVIEW AND PROSPECTS

Philippines South Cebu Oil and Gas Project (“SC49”)

SC49 is situated in the southern part of Cebu, central Philippines, where hydrocarbon had been discovered in previous drillings. China International Mining and Petroleum Company Limited (“CIMP”) acquired 80% participating interest of SC49 and became the operator of SC49 project in July 2009. The Group indirectly acquired 51% of CIMP’s issued share capital in October 2012 and an additional 12% in April 2014, bringing the effective interest in the project to 50.4% after the latest acquisition.

During the year of 2021, due to the COVID-19 pandemic, the Philippine government had continued to impose various preventive measures, amongst others, quarantine and isolation measures across cities and provinces as well as the travel restriction banning foreign nationals from entering the country. Manila and Cebu were under General Community Quarantine as at the date of this announcement. The travel restriction has still been in force in 2021 and no CIMP personnel arrived to the country in the year 2021. As a result of COVID-19 pandemic, the drilling progress of SC49 project postponed. The drilling work is expected to resume upon the Philippine government’s lifting of the foreigner-entry restrictions.

The demand of oil from the customers under SC49 project had decreased under the impact of COVID-19 pandemic. Nonetheless, CIMP has actively been identifying for prospective oil buyers. The oil buyer, Boom Oil Inc., continued to purchase oil from CIMP in 2021. Apart from Tom’s Power Petroleum Distributor Inc. which has been purchasing oil from CIMP on an irregular basis since 2016, CIMP started irregular business relationship with some local buyers, including RMS Petroleum Technology and Waste Management Corp, SVM SIBU Petroleum Products Hauling Services and RRDS Environmental Services Inc.

The plan of drilling three new development wells in 2021 to expand production capacity was postponed until 2022. In the meantime, CIMP is actively carrying out wax removal work for oil well facilities. The Department of Energy of the Philippines (“DOE”) had approved the workover proposals for three existing production wells and the drilling proposals for three new development wells, totaling six new development wells to be drilled in 2022. The preparation for the drilling proposal of a new exploratory well is underway. The Philippine government is expected to open its borders in April 2022 and the drilling contractor is arranging human resources and materials to start drilling in the second half of 2022.

Besides, in 2021, CIMP proposed to construct crude oil dehydration facilities and storage tanks to settle the water cut complaints by the oil buyers and decrease logistics cost; upon the grant by DOE, started the relevant construction, which is expected to come into service in 2022. The drilling contractor plans to invest in the first phase oil refinery near the well sites of SC49 project; according to its source, it has rent the land required and entered into the whole-plant equipment manufacturing contract. It is expected that the first phase oil refinery will be completed and put into operation next year and will purchase about 200,000 barrels of crude oil from CIMP at annual basis. In March 2022, the Company entered into a cooperation agreement with China Huadian Engineering Co. Ltd (“CHEC”), pursuant to which the Company and CHEC will form cooperation to develop and operate a 48MW gas-generated power plant in phase one of the SC49 project in the Philippines, initiating the downstream industrialization for natural gas.

Philippines San Miguel Coal Mine Project

San Miguel Coal Mine Project has progressed into the development phase. As a result of the COVID-19 pandemic, the operation of San Miguel Coal Mine Project could not commence. DOE granted the operation company, Great Wall Mining and Power Corporation a two years moratorium for temporary suspension of operation in July 2021. An investigation on potential users such as power plant and cement plant as well as available deep-water wharf around San Miguel Coal Mine Project was conducted during the year. In November 2021, the Company entered into a share transfer agreement with East Asia pursuant to which the Company disposed the entire interest in an indirect wholly-owned subsidiary, Mexford Holdings Limited and its subsidiaries and associates which held 64% interest in Philippines San Miguel Coal Mine Project.

Prospect and Outlook

Given the uncertainties in the oil and gas industry and the macroeconomic environment, the Group remains cautious about the economic outlook. Crude oil prices have recovered to their pre-pandemic levels from their COVID-19 slump. The Company will continue to evaluate commercial feasibility of potential projects, in particular in respect of small to medium-sized oil fields, and continue its efforts in seeking operating funds from the financial market. In the meantime, the Group will continue to concentrate our exploration efforts in our major operation area, i.e. SC49 project, and ensure smooth development and production for maintaining stable healthy cash flow.

Summary of Expenditure Incurred for Projects

A summary of expenditure incurred for the above projects by the Group for the year ended 31 December 2021 is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Philippines South Cebu Oil and Gas Project	46,433	—

Significant Investments, Acquisitions and Disposals

Acquisition of Additional 30% Issued Share Capital of a Non-Wholly Owned Subsidiary

In March 2021, a wholly-owned subsidiary of the Company entered into an agreement with a joint investor (which is an independent third party) pursuant to which the subsidiary of the Company agreed to acquire from the joint investor the 30% equity interest in Sinotech Polyard Petroleum Exploration & Development Research Institute Limited (being a non wholly-owned indirect subsidiary of the Company prior to the acquisition) which held 25% equity interest in Sinotech Polyard (Beijing) Resource Science and Technology Limited (being a non wholly-owned indirect subsidiary of the Company prior to the acquisition) (“Acquisition Transaction”) at the consideration of HK\$1. As the relevant applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) calculated were all less than 5%, the Acquisition Transaction did not constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules. The Acquisition Transaction was completed on 30 March 2021. Prior to the Acquisition Transaction, the Company indirectly held 70% equity interest in Sinotech Polyard Petroleum Exploration & Development Research Institute Limited and 92.5% effective equity interest in Sinotech Polyard (Beijing) Resource Science and Technology Limited. Subsequent to the Acquisition Transaction, the Company indirectly owns 100% equity interest in the above two subsidiaries.

Disposal of Entire Interest in an Indirect Wholly-owned Subsidiary

On 2 November 2021, the Company entered into a share transfer agreement with East Asia pursuant to which the Company disposed the entire interest in an indirect wholly-owned subsidiary, Mexford Holdings Limited and its subsidiaries and associates which held 64% interest in Philippines San Miguel Coal Mine Project at the consideration of HK\$9,800,000.

Save as disclosed above, there were no significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by our Group throughout the year ended 31 December 2021. The Group did not have other plans for significant investments, acquisitions and disposal of subsidiaries as at 31 December 2021.

Charges on Assets

As at 31 December 2021, the Group did not charge any of its assets (31 December 2020: nil) as securities for any facilities granted to the Group.

Contingent Liabilities

The Group did not have any other material contingent liabilities as at 31 December 2021.

Subsequent Events

On 28 March 2022, the Company entered into a cooperation agreement with CHEC, pursuant to which the Company and CHEC will form cooperation with each other and respectively utilise their edge in the industry to develop and operate a 48MW gas-generated power plant in phase one of the SC49 project in the Philippines.

RISK FACTORS

The Group's business and financial performance may be affected by risks and uncertainties as set out below. Such risks are by no means exhaustive and there may be other risks which are not known to the Group.

1. Price Fluctuation of Crude Oil Risk

The Group is engaged in the exploration and development of oil and natural gas and trading of petroleum-related products. The prices of crude oil, natural gas and refined products in the international market are affected by various factors such as changes in demand and supply of oil and gas and the general state of the global economy, which could adversely affect the valuation of the projects and financial results of the Group.

2. Overseas Investment Risk

As the Group's principal investment projects are all located in the Philippines, it is subject to the influences of the stability of the local political environment, taxation policies and other legal and regulatory requirements. The Group will continue to mitigate the concentration investment risk by exploring other investment opportunities in other countries.

3. Operational Risk

Oil and gas exploration and development involve hazard risks such as accidents, personal injuries or death, property and environment damages, natural disasters such as typhoon and tsunami etc., which may cause stoppage and losses to the operations. The Group has implemented a HSE (Health, Safety and Environment) management system which requires strict compliance by the employees, contractors, sub-contractors, suppliers and third party personnel working on the Group's project sites or facilities.

4. Financial and Capital Risk

The Group also faces financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk as well as capital risk, details of which are set out in notes to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations are subject to the environmental laws and regulations in relation to the oil and gas exploration and development in the Philippines. An independent environmental consultant is engaged by the Group to conduct environmental impact assessments at all of the projects, which are submitted to the Department of Environment and Natural Resources (DENR) for approval. After satisfying the requirements in the application, and with the recommendation of the Environmental Management Bureau (EMB), the DENR will grant the Environmental Compliance Certificate (ECC) to the project. With the issue of the ECC, the Group will need to implement measures to protect and mitigate the project's adverse impacts on community health, welfare and the environment throughout all phases of the project. The Group is required to secure all necessary permits in areas such as hazardous waste materials and wastewater management and control, transportation of oil, drainage systems and road networks etc. The environmental consultant and Company team will ensure the compliance of the project with the requirements of the ECC conditions. The Group has also put in place a strict HSE management system in the protection of health, safety and environment. The Group is in compliance in all material aspects with the applicable environmental laws and regulations in the Philippines.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Upon the Company's specific enquiry, all Directors confirmed that they have fully complied with the code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2021.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year, the Company has complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include reviewing the Company's annual report, half-year report and quarterly financial reports and providing advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing the Company's financial controls, risk management and internal control systems. It is also responsible for making recommendations to the Board on the appointment, re-appointment and removal of external auditor, approving the remuneration and terms of engagement of the external auditor, reviewing and monitoring the external auditor's independence and objectivity, and meeting the external auditor at least twice a year regarding the review of the financial reports and accounts.

The Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely Mr. Kwan King Chi George, Mr. Cheng Chak Ho and Ms. Xie Qun. Mr. Kwan King Chi George is the Chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited annual results of the Group for the year ended 31 December 2021 and discussed with the management of the Company the accounting principles and practices adopted by the Group as well as internal controls and other financial reporting matters. The Audit Committee is of the opinion that the unaudited annual results contained herein have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

REVIEW OF UNAUDITED ANNUAL RESULTS

The audit procedures for the 2021 Audited Annual Results have not been completed mainly due to the COVID-19 pandemic in Hong Kong, the implementation of the tightened COVID-19 prevention and control quarantine measures in the mainland China and the prevention and control measures of the COVID-19 in the Philippines. The unaudited annual results contained herein have not been agreed with the Group's auditors as required under the GEM Listing Rules. An announcement relating to the audited results will be made when the audit procedures has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the audit procedures, the Company will issue further announcement(s) in relation to the 2021 Audited Annual Results as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the audit procedures. The Company expects the audit procedures will be completed on or before 15 May 2022, and the publication of the 2021 Audited Annual Results and the publication and despatch of the 2021 Annual Report will be delayed to a date falling on or before 15 May 2022.

PUBLICATION OF ANNUAL REPORT

This unaudited annual results announcement is published on the GEM website (www.hkgem.com) and the Company's website (www.ppig.com.hk). The 2021 Annual Report will be dispatched to the Shareholders of the Company after the completion of the audit procedures and will be available on the websites of GEM and the Company in due course.

Shareholders and potential investors are reminded that the information contained in this announcement is only based on the review by the Audit Committee and the preliminary assessment by the Board on the unaudited annual results of the Group for the year ended 31 December 2021, which has not been reviewed or audited by the Company's auditors. The relevant financial information is pending for further review by the Company, its auditors, the Audit Committee and independent professional valuers, and will be subject to changes, reclassification and adjustments resulting from, among others, further review by the Company and any adjustments that might be proposed by the Company's auditors. The Board cannot guarantee the unaudited annual results have truly reflected the financial performance and condition of the Company and the unaudited annual results might be misleading if the potential adjustments have not been taken into account.

Shareholders and potential investors are also cautioned not to unduly rely on the unaudited financial information disclosed above, and should exercise caution when dealing in the shares or other securities of the Company.

For and on behalf of the Board
Polyard Petroleum International Group Limited
Zhao Zhiyong
Chairman

Hong Kong, 31 March 2022

At the date of this announcement, the executive directors of the Company are Mr. Zhao Zhiyong, Mr. Lai Chun Liang and Mr. Lin Zhang; 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. Wang Xiaoyu, Mr. Kwan King Chi George and Mr. Cheng Chak Ho.

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 is not misleading or deceptive, 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 GEM website at www.hkgem.com 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.