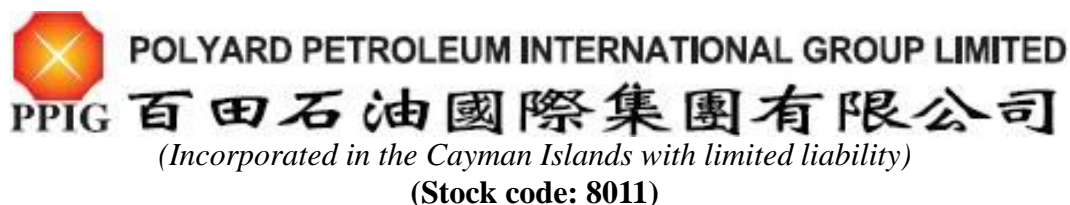


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AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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.

ANNUAL RESULTS

Reference is made to (i) the announcement of the Company dated 31 March 2022 (the “**2021 Unaudited Annual Results Announcement**”) in relation to, among others, the unaudited annual results of the Company and delay in publication of the audited annual results for the year ended 31 December 2021 (the “**2021 Audited Annual Results**”) and despatch of annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (ii) the announcements of the Company dated 13 May 2022 and 15 June 2022 in relation to the further delays in publication of 2021 Audited Annual Results and 2021 Annual Report; and (iii) the announcements of the Company dated 25 May 2022 and 27 June 2022 in relation to the Stock Exchange’s grant of waiver from strict compliance with Rules 18.03, 18.48a and 18.50c of the GEM Listing Rules.

Shareholders of the Company (the “**Shareholders**”) and potential investors should be aware that this announcement of 2021 Audited Annual Results was made to replace the 2021 Unaudited Annual Results Announcement which has not been agreed with the auditor of the Company. As certain changes have been made to the unaudited annual results of the Group for the year ended 31 December 2021 as contained in the 2021 Unaudited Annual Results Announcement, the differences between the unaudited annual results set out in the 2021 Unaudited Annual Results Announcement and the audited annual results disclosed in this announcement are set out in the section headed “Reconciled Consolidated Statement of Profit or Loss” and “Reconciled Consolidated Statement of Financial Position” in this announcement.

The board of Directors (the “**Board**”) of the Company announces the audited consolidated results of the Group for the year ended 31 December 2021, together with the comparative audited figures for the previous year, as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

		2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
	<i>Notes</i>		
Turnover	5	—	—
Other income	5	264	470
Administrative and other operating expenses		(9,800)	(15,535)
Finance costs	6	(26,023)	(28,482)
Impairment losses recognised on deferred exploration expenditure		—	(34)
Share of results of a joint venture		158,713	20,817
Gain on disposal of subsidiaries	15	9,801	4,129
		<hr/>	<hr/>
Profit/(loss) before tax	7	132,955	(18,635)
Taxation	8	—	—
		<hr/>	<hr/>
Profit/(loss) for the year		132,955	(18,635)
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) attributable to:			
Owners of the Company		74,472	(25,069)
Non-controlling interests		58,483	6,434
		<hr/>	<hr/>
		132,955	(18,635)
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share	9		
—Basic (HK cents)		1.95	(0.80)
		<hr/>	<hr/>
—Diluted (HK cents)		1.95	(0.80)
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year	<u>132,955</u>	<u>(18,635)</u>
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>134,856</u></u>	<u><u>(20,029)</u></u>
Total comprehensive income/(expense) attributable to:		
Owners of the Company	75,639	(26,175)
Non-controlling interests	<u>59,217</u>	<u>6,146</u>
	<u><u>134,856</u></u>	<u><u>(20,029)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		114	36
Interests in associates		—	—
Interests in a joint venture		487,126	289,980
		<u>487,240</u>	<u>290,016</u>
CURRENT ASSETS			
Amounts due from associates		—	—
Deposits and other receivables	<i>11</i>	63,662	43,978
Cash and cash equivalents		54	57
		<u>63,716</u>	<u>44,035</u>
CURRENT LIABILITIES			
Other payables	<i>12</i>	(104,260)	(71,053)
Amounts due to directors		(13,342)	(12,382)
Bank borrowings		(1,421)	—
Convertible bonds	<i>13</i>	(75,000)	(75,000)
Promissory note payable		(2,000)	(2,000)
		<u>(196,023)</u>	<u>(160,435)</u>
NET CURRENT LIABILITIES		<u>(132,307)</u>	<u>(116,400)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>354,933</u>	<u>173,616</u>

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

	2021	2020
	HK\$'000	HK\$'000
NON-CURRENT LIABILITY		
Amount due to a shareholder	<u>(32,639)</u>	<u>(73,078)</u>
NET ASSETS	<u>322,294</u>	<u>100,538</u>
CAPITAL AND RESERVES		
Share capital	<i>14</i> 153,479	134,168
Reserves	<u>79,915</u>	<u>(57,735)</u>
Equity attributable to owners of the Company	233,394	76,433
Non-controlling interests	<u>88,900</u>	<u>24,105</u>
TOTAL EQUITY	<u>322,294</u>	<u>100,538</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

Attributable to owners of the Company

	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	Total HK\$'000
At 1 January 2020	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	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	—	—	—	—	—	—	74,472	74,472	58,483	132,955
Other comprehensive income for the year	—	—	—	—	1,167	—	—	1,167	734	1,901
Total comprehensive income for the year	—	—	—	—	1,167	—	74,472	75,639	59,217	134,856
Issue of shares	19,311	67,589	—	—	—	—	—	86,900	—	86,900
Acquisition of non-controlling interests in subsidiaries	—	—	—	(5,578)	—	—	—	(5,578)	5,578	—
At 31 December 2021	153,479	1,123,935	985	17,981	(984)	2,810	(1,064,812)	233,394	88,900	322,294

NOTES

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 for oil and gas exploration and development.

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

The annual results set out in this announcement do not constitute the Group’s financial statement for the year ended 31 December 2021 but are extracted from those statements.

2. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Going concern

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that (i) the Group had net current liabilities of HK\$132,307,000 as at 31 December 2021 and (ii) the Group had cash and cash equivalents of approximately HK\$54,000 against the Group’s total debts (comprising other payables, amount due to directors, bank borrowings, convertible bonds and promissory note payable) amounted to approximately HK\$196,023,000, which will be due within twelve months after the year end date of 31 December 2021. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

In order to improve the liquidity of the Group and ensure the Group’s ability to operate as a going concern, the directors of the Company have implemented measures as follow:

- (i) The Company has planned and is in negotiation with potential investors to raise funds through fund-raising arrangement.
- (ii) East Asia Oil Engineering Group Limited (“East Asia”) had undertaken to take over the outstanding convertible bond of HK\$25,000,000 of convertible bond A (Note 13) from the original holder of the convertible bond not later than 15 July 2023.
- (iii) The Ultimate Controlling Party has undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations for the twelve months from the date of approval of these consolidated financial statements. The Ultimate Controlling Party has also undertaken not to demand the Company for repayment of the amount due to him until all other liabilities of the Group have been satisfied. In addition, The Ultimate Controlling Party has provided guarantees to the convertible bondholders for the repayment of the outstanding convertible bonds (details refer to Note 13) with aggregate principal amounts of HK\$75,000,000 together with the outstanding interests in the sum of HK\$65,925,000.
- (iv) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the date of this report taking into account the impact of the above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, the consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for future liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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 1 January 2021 for the preparation of the consolidated financial statements.

Amendments to HKFRS 16	COVID-19-Related Rent Concession
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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 statements.

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 ³
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 ⁴
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Noncurrent and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
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 ²
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments ²
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations ²
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9 ³

1 Effective for annual periods beginning on or after 1 April 2021.

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

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

4 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	(400)	(1,507)	—	(1,907)
Unallocated corporate expenses				(7,629)
Share of results of a joint venture	158,713			158,713
Unallocated interest expenses				(26,023)
Gain on disposal of subsidiaries	9,801			9,801
Profit before tax				132,955

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	62,779	886	—	63,665
Interests in a joint venture	487,126			487,126
Unallocated corporate assests				<u>165</u>
Total assets				<u><u>550,956</u></u>
Liabilities:				
Segment liabilities	625	17,057	—	17,682
Unallocated corporate liabilities				<u>210,980</u>
Total liabilities				<u><u>228,662</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 and interest in 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 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>
Philippines	—	—	487,126	289,980
Mainland China, including Hong Kong and Macau	<u>—</u>	<u>—</u>	<u>114</u>	<u>36</u>
	<u>—</u>	<u>—</u>	<u>487,240</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 overdraft	68	77
Late charges of interest expenses on convertible bonds	17,954	20,665
Interest expenses on convertible bonds	7,500	7,500
Interest expenses on promissory note payable	240	240
Interest expenses on bank borrowings	27	—
Interest expenses on amount due to a related party	234	—
	<hr/> 26,023 <hr/>	<hr/> 28,482 <hr/>

7. PROFIT/(LOSS) BEFORE TAX

Profit/(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	6,689	9,010
- Retirement scheme contributions	64	72
	<u>6,753</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	10	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
Earnings/(loss) for the year attributable to the owners of the Company	<u>74,472</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 earnings/(loss) per share does not assume the conversion of the outstanding convertible bonds since it would result in anti-dilutive effect on basic earnings/(loss) per share. Accordingly, the diluted earnings/(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. DEPOSITS AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Prepayments	2,034	1,488
Deposits and other debtors	1,451	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>)	5,212	4,438
Deposits paid for drilling service (<i>Note c</i>)	8,000	—
	<u>65,613</u>	<u>45,929</u>
Less: Allowance for credit losses	(1,951)	(1,951)
	<u><u>63,662</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 the joint venture.
- b. The amounts due from a joint venture are interest-free, unsecured and repayable on demand. The recoverability of the amounts has taken into account in the recoverable amount of interests in a joint venture.
- c. The amount represented the deposit paid to East Asia Oil Engineering Group Limited (“East Asia”) for provision of turnkey drilling services for oil production projects. The shareholder of East Asia has provided a guarantee to the Group that they will repay the amount if East Asia fails to perform such drilling services.

12. OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accrued charges	34,860	29,575
Interest payables	66,625	40,931
Other payables	775	547
Amount due to a related party	2,000	—
	<u>104,260</u>	<u>71,053</u>

13. CONVERTIBLE BONDS

	Convertible Bonds A <i>HK\$'000</i>	Convertible Bonds B <i>HK\$'000</i>	Convertible Bonds C <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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")
Principal amount:	HK\$25,000,000 in HKD settlement	HK\$50,000,000 in HKD settlement
Interest:	10% p.a. payable quarterly	10% p.a. payable semi-annually
Issue date:	21 July 2015	28 January 2016
Maturity date:	21 July 2017 (<i>Note a</i>)	28 January 2018 (<i>Note b</i>)
Conversion price per share:	HK\$0.40	HK\$0.18 (<i>Note b</i>)
Particulars of guarantee:	Personal guarantee given by Ultimate Controlling Party	Personal guarantee given by Ultimate Controlling Party
Survival of conversion right:	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 the Ultimate Controlling Party of the Company and the holder of CB A entered into the Deed of Undertaking to provide guarantee for the CB A; and the Company, the Ultimate Controlling Party 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. On 13 July 2020, this portion of CB A had been fully redeemed.

Pursuant to the subscription agreement entered into between the Company and East Asia on 28 June 2020, the amended and restated subscription agreement on 6 July 2020 and undertaking agreement on 26 June 2022, 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 not later than 15 July 2023.

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 the Ultimate Controlling Party of the Company, until its disposal. In view of the above arrangement with East Asia, 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.

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.

14. SHARE CAPITAL

	Number of shares		Amount	
	2021 '000	2020 '000	2021 HK\$'000	2020 HK\$'000
Authorised:				
Ordinary shares	<u>5,000,000</u>	<u>5,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
Ordinary shares	<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
Placement 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:

- During the year 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 HK\$16,666,000 and the share premium account of 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. The consideration was satisfied by capitalisation of (i) an amount due to the Ultimate Controlling Party of HK\$40,000,000 and (ii) trade payables due to East Asia of HK\$46,900,000.

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

During the year ended 31 December 2021, the Group disposed of its entire interest in Mexford Holdings Limited and its subsidiaries and associates which held 64% in Philippines San Miguel Coal Mine Project for a consideration of HK\$9,800,000 to a shareholder of the Company, 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>

RECONCILED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taking into account that the financial information contained in the 2021 Unaudited Annual Results Announcement was unaudited as at the date of its publication and subsequent adjustments have been made to such information, the Shareholders and potential investors of the Company are advised to pay attention to the differences between the unaudited annual results set out in the 2021 Unaudited Annual Results Announcement and the audited annual results disclosed in this announcement, the principal details and reasons are set out below:

For the year ended 31 December 2021

	Audited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Difference <i>HK\$'000</i>	<i>Note</i>
Turnover	—	—	—	
Other income	264	264	—	
Administrative and other operating expenses	(9,800)	(9,814)	14	<i>1</i>
Finance costs	(26,023)	(24,452)	(1,571)	<i>2</i>
Share of results of a joint venture	158,713	185,659	(26,946)	<i>3</i>
Gain on disposal of subsidiaries	9,801	9,801	—	
Loss on acquisition of non-controlling interests of subsidiaries	—	(5,578)	5,578	<i>4</i>
	132,955	155,880	(22,925)	
Profit before tax	—	—	—	
Taxation	—	—	—	
Profit for the year	132,955	155,880	(22,925)	

RECONCILED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Audited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Difference <i>HK\$'000</i>	<i>Note</i>
NON-CURRENT ASSETS	487,240	522,187	(34,947)	3, 5
CURRENT ASSETS	<u>63,716</u>	<u>55,715</u>	8,001	5
Total assets	<u><u>550,956</u></u>	<u><u>577,902</u></u>	<u><u>(26,946)</u></u>	
 CURRENT LIABILITY				
Other payables	(104,260)	(102,689)	(1,571)	2
Amounts due to directors	(13,342)	(13,356)	14	1
Bank borrowings	(1,421)	(1,421)	—	
Convertible bonds	(75,000)	(75,000)	—	
Promissory note payable	<u>(2,000)</u>	<u>(2,000)</u>	<u>—</u>	
	<u>(196,023)</u>	<u>(194,466)</u>	<u>(1,557)</u>	
 NON-CURRENT LIABILITY				
Amounts due to a shareholder	<u>(32,639)</u>	<u>(32,639)</u>	<u>—</u>	
Total liabilities	<u><u>(228,662)</u></u>	<u><u>(227,105)</u></u>	<u><u>(1,557)</u></u>	
NET CURRENT LIABILITIES	<u><u>(132,307)</u></u>	<u><u>(138,751)</u></u>	<u><u>6,444</u></u>	
 TOTAL ASSETS LESS				
CURRENT LIABILITIES	<u><u>354,933</u></u>	<u><u>383,436</u></u>	<u><u>(28,503)</u></u>	
NET ASSETS	<u><u>322,294</u></u>	<u><u>350,797</u></u>	<u><u>(28,503)</u></u>	

Notes:

1. The difference represented an adjustment of overstated expenses of HK\$14,000.
2. The difference represented an adjustment for interest expenses and late charges on outstanding convertible bonds.
3. The difference mainly represented a reversal of impairment loss on interest in a joint venture based on valuation provided by the professional valuer.
4. The difference represented an adjustment for accounting classification in the amount of HK\$5,578,000 to capital reserve.
5. The difference represented accounting classification adjustment between non-current assets and current assets.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2021.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements for the year ended 31 December 2021 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 2 to the consolidated financial statements which indicates that the Group had net current liabilities of approximately HK\$132,307,000 as at 31 December 2022. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

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\$74,472,000 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\$158,713,000 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\$9,800,000 representing a decrease of approximately HK\$5,735,000 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\$26,023,000 (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\$322.3 million (2020: approximately HK\$100.5 million) and net current liabilities amounted to approximately HK\$132.3 million (2020: approximately HK\$116.4 million). The current ratio was 33% (2020: 27%). The gearing ratio of the Group based on the net debt to the total equity was 71% (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 the Ultimate Controlling Party of the Company and the holder of CB A entered into the Deed of Undertaking to provide guarantee for the CB A; and the Company, the Ultimate Controlling Party 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 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. On 13 July 2020, this portion of CB A had been fully redeemed.

Pursuant to the subscription agreement entered into between the Company and East Asia on 28 June 2020, the amended and restated subscription agreement on 6 July 2020 and undertaking agreement on 26 June 2022, 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 not later than 15 July 2023.

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 the Ultimate Controlling Party of the Company, until its disposal. In view of the above arrangement with East Asia, the Directors anticipate that the Remaining CB A will not be called for repayment in the foreseeable future.

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 report, the Company and the holder of CB B are still in the process of negotiation regarding the settlement arrangement of CB B.

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 Company’s announcement dated 20 January 2021.

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 Group's unaudited quarterly and interim results and audited annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosure have been made.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, Confucius International CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited on the preliminary announcement.

PUBLICATION OF 2021 ANNUAL REPORT

The 2021 Annual Report containing all the information required by the GEM Listing Rules will be despatched to the Shareholders and will also be published on the website of the Company at www.ppig.com.hk and the website of HKEXnews at www.hkexnews.hk in due course on or before 30 June 2022.

For and on behalf of the Board
Polyard Petroleum International Group Limited
Lai Chun Liang
Chairman

Hong Kong, 30 June 2022

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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