



POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

百田石油國際集團有限公司*

(Stock Code 股份代號: 8011)



2022 Interim Report

Unit 06, 4th Floor, Lu Plaza, No. 2 Wing Yip Street
Kwun Tong, Kowloon, Hong Kong

www.ppig.com.hk

**For identification purpose only.*



Interim Report

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This report, for which the directors (the “Directors”) of Polyard Petroleum International Group Limited (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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

Executive Directors

Mr. Zhao Zhiyong (resigned on 31 May 2022) (*Chairman*)
Mr. Lai Chun Liang
Mr. Lin Zhang
Mr. Qian Jie (appointed on 10 June 2022)

Non-Executive Director

Mr. Yang Changchun
Ms. Xie Qun

Independent Non-Executive Directors

Mr. Kwan King Chi George
Mr. Cheng Chak Ho
Mr. Wang Xiaoyu (resigned on 31 May 2022)
Mr. Chan Shiu Chung (appointed on 1 June 2022)

Compliance Officer

Mr. Lai Chun Liang

Company Secretary

Mr. Cheng Yun Sing *CPA*

Authorised Representatives

Mr. Lai Chun Liang
Mr. Cheng Yun Sing *CPA*

Audit Committee

Mr. Kwan King Chi George (*Chairman*)
Ms. Xie Qun
Mr. Cheng Chak Ho

Remuneration Committee

Ms. Xie Qun (*Chairman*)
Mr. Cheng Chak Ho
Mr. Wang Xiaoyu (resigned on 31 May 2022)
Mr. Chan Shiu Chung (appointed on 1 June 2022)

Nomination Committee

Mr. Cheng Chak Ho (*Chairman*)
Mr. Lin Zhang
Mr. Yang Changchun

Registered Office

Second Floor, Century Yard
Cricket Square
P.O. Box 902, Grand Cayman KY1-1103
Cayman Islands

Legal Adviser

Stevenson, Wong & Co.

Principal Place of Business in Hong Kong

Unit 06, 4th Floor, Lu Plaza
No. 2 Wing Yip Street
Kwun Tong, Kowloon
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Auditors

Confucius International CPA Limited
Certified Public Accountants
Room 1501-08, Tai Yau Building
181 Johnston Road, Wan Chai, Hong Kong

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

Company's Website Address

www.ppig.com.hk

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	Notes	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Turnover		—	—	—	—
Other Income		1	120	1	120
Administrative and other operating expenses		(1,720)	(7,622)	(3,160)	(9,877)
Finance costs	4	(1,900)	(10,101)	(3,870)	(11,506)
Impairment losses recognized on deferred exploration expenditure		—	—	—	—
Share of results of a joint venture		38	31	38	31
Gain on disposal of subsidiaries	15	—	—	—	—

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POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the six months ended 30 June 2022

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
LOSS BEFORE TAX	5	(3,641)	(17,634)	(6,990)	(21,263)
Income tax	6	—	—	—	—
LOSS FOR THE PERIOD		<u>(3,641)</u>	<u>(17,634)</u>	<u>(6,990)</u>	<u>(21,263)</u>
Attributable to:					
Owners of the Company		(3,641)	(17,558)	(6,886)	(21,167)
Non-controlling interests		—	(76)	(104)	(96)
		<u>(3,641)</u>	<u>(17,634)</u>	<u>(6,990)</u>	<u>(21,263)</u>
Loss per share	7				
— Basic (in HK cents)		<u>(0.095)</u>	<u>(0.458)</u>	<u>(0.179)</u>	<u>(0.557)</u>
— Diluted (in HK cents)		<u>(0.095)</u>	<u>(0.458)</u>	<u>(0.179)</u>	<u>(0.557)</u>
Dividend	8	—	—	—	—

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME***For the six months ended 30 June 2022*

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the period	(3,641)	(17,634)	(6,990)	(21,263)
Other comprehensive expense: Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>(2,756)</u>	<u>(882)</u>	<u>128</u>	<u>296</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<u>(6,397)</u>	<u>(18,516)</u>	<u>(6,862)</u>	<u>(20,967)</u>
Attributable to:				
Owners of the Company	<u>(6,498)</u>	<u>(18,416)</u>	<u>(6,991)</u>	<u>(21,068)</u>
Non-controlling interests	<u>101</u>	<u>(100)</u>	<u>129</u>	<u>101</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<u>(6,397)</u>	<u>(18,516)</u>	<u>(6,862)</u>	<u>(20,967)</u>

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POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2022

		Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		102	114
Interests in joint ventures		488,258	487,126
		<u>488,360</u>	<u>487,240</u>
CURRENT ASSETS			
Other receivables	10	57,917	63,662
Cash and cash equivalents		214	54
		<u>58,131</u>	<u>63,716</u>
CURRENT LIABILITIES			
Other payables	11	(106,530)	(104,260)
Amounts due to directors		(14,075)	(13,342)
Bank borrowings		(1,421)	(1,421)
Convertible bonds		(75,000)	(75,000)
Promissory note payable		(2,000)	(2,000)
		<u>(199,026)</u>	<u>(196,023)</u>

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**As at 30 June 2022*

	<i>Notes</i>	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
NET CURRENT LIABILITIES		(140,895)	(132,307)
TOTAL ASSETS LESS CURRENT LIABILITIES		347,465	354,933
NON-CURRENT LIABILITIES			
Amount due to a shareholder		(32,557)	(32,639)
NET ASSETS		314,908	322,294
CAPITAL AND RESERVES			
Share capital	<i>12</i>	153,479	153,479
Reserves		72,295	79,915
Equity attributable to owners of the Company		225,774	233,394
Non-controlling interests		89,134	88,900
TOTAL EQUITY		314,908	322,294

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POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Unaudited									
	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 2021 (Audited)	134,168	1,056,346	985	23,559	(2,151)	2,810	(1,139,284)	76,433	24,105	100,538
Loss for the period	—	—	—	—	—	—	(21,167)	(21,167)	(96)	(21,263)
Other comprehensive expense for the period	—	—	—	—	99	—	—	99	197	296
Total comprehensive expense for the period	—	—	—	—	99	—	(21,167)	(21,068)	101	(20,967)
At 30 June 2021	<u>153,479</u>	<u>1,123,935</u>	<u>985</u>	<u>23,559</u>	<u>(2,052)</u>	<u>2,810</u>	<u>(1,160,451)</u>	<u>142,265</u>	<u>29,784</u>	<u>172,049</u>
At 1 January 2022 (Audited)	153,479	1,123,935	985	17,981	(984)	2,810	(1,064,812)	233,394	88,900	322,294
Loss for the period	—	—	—	—	—	—	(6,990)	(6,990)	—	(6,990)
Other comprehensive expense for the period	—	—	—	—	(630)	—	—	(630)	234	(396)
Total comprehensive expense for the period	—	—	—	—	(630)	—	(6,990)	(7,620)	234	(7,386)
At 30 June 2022	<u>153,479</u>	<u>1,123,935</u>	<u>985</u>	<u>17,981</u>	<u>(1,614)</u>	<u>2,810</u>	<u>(1,071,802)</u>	<u>225,774</u>	<u>89,134</u>	<u>314,908</u>

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Net cash used in operating activities	(3,741)	(48,751)
Net cash generated from investing activities	—	—
Net cash generated from financing activities	3,902	48,752
Net increase in cash and cash equivalents	161	1
Cash and cash equivalents at 1 January	53	57
Cash and cash equivalents at 30 June	214	58
Analysis of cash and cash equivalents:		
Cash and bank balances	214	58

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 6 March 2002 as an exempted company under the Companies Law of the Cayman Islands. The shares of the Company were listed on GEM on 12 July 2002.

The principal activity of the Company is investment holding. The subsidiaries of the Group are principally engaged in the exploration, exploitation and development of oil and natural gas and provision of technical services for oil and gas exploration and development.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies adopted for preparing the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared on the historical cost.

The accounting policies and method of computation used in preparing the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those used in the audited financial statements for the year ended 31 December 2021 except for the adoption of the revised standards effective as of 1 January 2022. The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

In the period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are mandatorily effective for the period.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)**For the six months ended 30 June 2022***3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Amendments to HKFRS 3	Reference to the conceptual framework
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021
Amendments to HKAS 16	Property, plant and equipment – proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, illustrative examples accompanying HKFRS 16 and HKAS 41

The application of the amendments to HKFRSs in the period 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 condensed consolidated financial statements.

4. FINANCE COSTS

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Imputed interest on convertible bonds and overdue expense	1829	10,017	3,719	11,343
Interest on promissory note payable	60	60	120	120
Bank overdraft interest	1	24	11	43
Interest expenses on bank borrowings	10	—	20	—
	1,900	10,101	3,870	11,506

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** (Continued)

For the six months ended 30 June 2022

5. LOSS BEFORE TAX

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Staff costs (including directors' emoluments)				
–Salaries, allowances and benefits in kind	975	1,723	1,890	3,269
–Retirement scheme defined contributions	81	13	92	28
Depreciation of property, plant and equipment	12	2	13	5

6. INCOME TAX

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Current tax				
–Hong Kong profits tax	—	—	—	—
–PRC enterprise income tax	—	—	—	—
–Other jurisdictions	—	—	—	—
Income tax expense for the period	—	—	—	—

No Hong Kong profits tax has been provided as the Group had no assessable profits in Hong Kong for the period (2021: Nil).

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)**For the six months ended 30 June 2022***6. INCOME TAX** *(Continued)*

Under the Law of the PRC on Enterprises Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the applicable PRC enterprises income tax rate of the Group’s PRC subsidiaries is 25% for the period. Taxation arising on other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No deferred tax assets 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 utilized (2021: Nil).

7. LOSS PER SHARE

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Loss for the period attributable to owners of the Company	<u>(3,641)</u>	<u>(17,558)</u>	<u>(6,886)</u>	<u>(21,167)</u>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares	<u>3,836,982</u>	<u>3,817,142</u>	<u>3,836,982</u>	<u>3,796,973</u>

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.

8. DIVIDENDS

The Board decided not to declare the payment of interim dividend for the period (2021: Nil).

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

9. 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 six months ended 30 June 2022, 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 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.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For the six months ended 30 June 2022

9. SEGMENT INFORMATION (Continued)**(a) Reportable Segment****Segment revenues and results**

	Unaudited Six months ended 30 June 2022				Unaudited Six months ended 30 June 2021			
	Exploration of oil and natural gas HK\$'000	Provision of technical services HK\$'000	Elimination HK\$'000	Total HK\$'000	Exploration of oil and natural gas HK\$'000	Provision of technical services HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue from external customers	—	2	—	2	—	—	—	—
Inter-segment revenue	—	—	—	—	—	447	(447)	—
Reportable segment revenue	—	2	—	2	—	447	(447)	—
Reportable segment profit/(loss) before tax	(93)	(102)	—	(195)	4	(726)	—	(722)
Unallocated corporate expenses				(2,925)				(3,457)
Impairment losses recognised on deferred exploration expense				—				—
Share of results of a joint venture				—				—
Unallocated interest expenses				(3,870)				(11,506)
Gain on disposal of subsidiaries				—				—
Loss on acquisition of non-controlling interests in subsidiaries				—				(5,578)
Loss before tax				<u>(6,990)</u>				<u>(21,263)</u>

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POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

9. SEGMENT INFORMATION (Continued)

(a) Reportable Segment (Continued)

Segment assets and liabilities

	Unaudited 30 June 2022				Audited 31 December 2021			
	Exploration of oil and natural gas HK\$'000	Provision of technical services HK\$'000	Elimination HK\$'000	Total HK\$'000	Exploration of oil and natural gas HK\$'000	Provision of technical services HK\$'000	Elimination HK\$'000	Total HK\$'000
Assets								
Segment assets	56,908	2,119	—	59,027	62,779	886	—	63,665
Interests in joint ventures	488,258			488,258	487,126			487,126
Unallocated corporate assets				(794)				165
Total assets				<u>546,491</u>				<u>550,956</u>
Liabilities:								
Segment liabilities	3,962	16,985	—	20,947	625	17,057	—	17,682
Unallocated corporate liabilities				210,636				210,980
Total liabilities				<u>231,583</u>				<u>228,662</u>

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)***For the six months ended 30 June 2022***9. SEGMENT INFORMATION (Continued)****(a) Reportable Segment (Continued)****Other segment information**

	Unaudited Six months ended 30 June 2022				Unaudited Six months ended 30 June 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>	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	—	3	10	13	1	3	2	6
Additions to non-current assets	—	—	—	—	—	—	—	—

(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, intangible assets, goodwill and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at 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, the location of the operations to which they are allocated in the case of intangible and goodwill, and the location of the operations in the case of interests in associates and joint ventures.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

9. SEGMENT INFORMATION *(Continued)*

(b) Geographical information *(Continued)*

	Revenue from external customer		Specified non-current assets	
	Unaudited Six months ended 30 June 2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Mainland China, including Hong Kong and Macau	—	—	102	114
Philippines	—	—	488,258	487,126
	—	—	488,360	487,240

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)***For the six months ended 30 June 2022***10. OTHER RECEIVABLES**

	Unaudited 30 June	Audited 31 December
	2022 HK\$'000	2021 HK\$'000
Prepayment	1,925	2,034
Deposits and other receivables	2,897	1,451
Amounts due from parties to a joint venture (Note a)	49,174	48,916
Amounts due from a joint venture (Note b)	5,872	5,212
Deposits paid for drilling service (Note c)	—	8,000
	<u>59,868</u>	<u>65,613</u>
Less: Allowance for credit losses	<u>(1,951)</u>	<u>(1,951)</u>
	<u><u>57,917</u></u>	<u><u>63,662</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.
- 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.

11. OTHER PAYABLES

	Unaudited 30 June	Audited 31 December
	2022 HK\$'000	2021 HK\$'000
Other payables and accrued interest and charges	<u><u>(106,530)</u></u>	<u><u>(104,260)</u></u>

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)***For the six months ended 30 June 2022***12. SHARE CAPITAL**

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.04 each	<u>5,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.04 each	<u>3,836,982</u>	<u>153,479</u>
	Number of ordinary shares in issue '000	Issued capital HK\$'000
At 31 December 2020 and 1 January 2021	3,354,204	134,168
Placement of shares (<i>Note a</i>)	<u>482,778</u>	<u>19,311</u>
At 31 December 2021 (Audited)	<u>3,836,982</u>	<u>153,479</u>
At 1 January 2022 and 30 June 2022 (Unaudited)	<u>3,836,982</u>	<u>153,479</u>

Notes:

- a. 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.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For the six months ended 30 June 2022

13. CAPITAL COMMITMENTS

The capital commitments outstanding contracted for but not provided for are as follows:

	Unaudited 30 June	Audited 31 December
	2022 HK\$'000	2021 HK\$'000
Contributions to a power plant project	1,480	1,474
Contributions to an oil and gas project in South Cebu of the Philippines	<u>36,025</u>	<u>38,129</u>
	<u>37,505</u>	<u>39,603</u>

14. RELATED PARTY TRANSACTION

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
<i>Note</i>	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Office rentals	<u>59</u>	<u>88</u>	<u>118</u>	<u>220</u>

Note:

The Group paid office rentals to a company controlled by Mr. Lam Nam, the controlling shareholder of the Company.

15. GAIN ON DISPOSAL OF SUBSIDIARIES

On 31 December 2019, a wholly-owned subsidiary of the Company entered into a legally binding MOU with an independent third party pursuant to which the subsidiary of the Company has agreed to dispose of the entire interest in Modern Lucky International Limited and its subsidiaries which held 89% equity interest in Central Luzon Gas Project at the consideration of HK\$1. On 19 June 2020, the Disposal Transaction had been completed.

Interim Report

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED **MANAGEMENT DISCUSSION AND ANALYSIS**

For the six months ended 30 June 2022

Business and Financial Review

The Group did not generate any turnover for the period ended 30 June 2022 (2021: Nil).

The Group recorded a net loss attributable to owners of the Company of approximately HK\$6,886,000 for the period as compared to a net loss attributable to owners of the Company of approximately HK\$21,167,000 for the corresponding period last year.

Administrative and other operating expenses for the period amounted to approximately HK\$3,160,000 representing a decrease of approximately HK\$6,717,000 or 68%, 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 period amounted to approximately HK\$3,870,000 (2021: approximately HK\$11,506,000). The decrease in interest costs was mainly resulted from conversion of convertible bonds in 2021.

Liquidity, Financial Resources, Capital and Gearing

As at 30 June 2022, the Group had net assets amounted to approximately HK\$315 million (31 December 2021: approximately HK\$322.3 million) and net current liabilities amounted to approximately HK\$140.9 million (31 December 2021: approximately HK\$132.3 million). The current ratio was 29.2% (31 December 2021: 33%). As at 30 June 2021, the gearing ratio of the Group based on net debt to the shareholders' equity was 73.5% (31 December 2021: 71%).

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.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

For the six months ended 30 June 2022

On 3 January 2020, the Company had entered into a legally binding memorandum of understanding (“MOU”) with East Asia Oil Engineering Group Limited (“East Asia”) in which 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 bonds 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 the 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 report, 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.

Interim Report

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

For the six months ended 30 June 2022

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.

On 15 January 2021, the Company completed a connected transaction in respect of loan capitalisation involving the issue of shares of the Company to two subscribers under specific mandate. A total of 222,222,223 shares of the Company and 260,555,556 shares of the Company, at the subscription price of HK\$0.18 per subscription share, were allotted and issued by the Company to Mr. Lam Nam and East Asia Oil Engineering Group Limited (“East Asia”), respectively. Please refer to the announcements of the Company dated 27 November 2020, 30 November 2020 and 15 January 2021 and the circular of the Company dated 21 December 2020 for details.

As a result of the above issue of shares of the Company at the subscription price of HK\$0.18 per subscription share, the Company adjusted the conversion price of the convertible bonds issued to CCB International Overseas Limited in the aggregate principal amount of HK\$50,000,000 (“CCBI CB”) from HK\$0.414 per share to HK\$0.18 per share in accordance with the terms and conditions of CCBI CB, with effect from 20 January 2021. Please refer to the announcement of the Company dated 20 January 2021 for details.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

For the six months ended 30 June 2022

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.

Employee Information

The Group had a total number of staff of 39 (31 December 2021: 39). Remuneration packages are reviewed on a periodical basis. Bonus is awarded to employees according to the assessment of individual performance. In Hong Kong, the Group provides staff benefits including mandatory provident fund scheme. In overseas, the Group provides staff welfare for its employees in accordance with the prevailing labor legislations. Staff cost was approximately HK\$3,300,000 for the six months ended 30 June 2022 as compared with the corresponding period of approximately HK\$5,600,000 in 2021.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED **BUSINESS REVIEW AND OUTLOOK**

For the six months ended 30 June 2022

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 report. 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 opening 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.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

BUSINESS REVIEW AND OUTLOOK *(Continued)*

For the six months ended 30 June 2022

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.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
OTHER INFORMATION

For the six months ended 30 June 2022

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, the interests and short positions of persons, other than Directors or chief executive of the Company, in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED**OTHER INFORMATION** *(Continued)**For the six months ended 30 June 2022*

Name of person	Number of shares held L <i>(Note 1)</i>	Capacity	Approximate percentage of interest
Silver Star Enterprises Holdings Inc.	1,865,935,931 (L) <i>(Note 2)</i>	Beneficial owner	48.63%
Lam Nam	1,865,935,931 (L) <i>(Note 2)</i>	Interest of a controlled corporation	48.63%
	270,702,223 (L)	Beneficial owner	7.06%
Guoxiang Holdings (Hong Kong) Limited	444,000,000 (L) <i>(Note 3)</i>	Beneficial owner	11.57%
He Rongguo	444,000,000 (L) <i>(Note 3)</i>	Interest of a controlled corporation	11.57%
East Asia Oil Engineering Group Limited	260,555,556 (L) <i>(Note 4)</i>	Beneficial owner	6.79%
Inwood Support Limited	260,555,556 (L) <i>(Note 4)</i>	Interest of a controlled corporation	6.79%
Li Suiqing and He Rongguo	260,555,556 (L) <i>(Note 4)</i>	Interest of a controlled corporation	6.79%
CCB International Overseas Limited	277,777,777 (L) <i>(Note 5)</i>	Beneficial owner	7.24%
China Construction Bank Corporation	277,777,777 (L) <i>(Note 5)</i>	Interest of a controlled corporation	7.24%
Central Huijin Investment Ltd.	277,777,777 (L) <i>(Note 5)</i>	Interest of a controlled corporation	7.24%

Interim Report

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

OTHER INFORMATION *(Continued)*

For the six months ended 30 June 2022

Notes:

- 1 The letter “L” denotes long positions in shares or underlying shares.
- 2 The entire issued share capital of Silver Star Enterprises Holdings Inc. is beneficially owned by Mr. Lam Nam. Mr. Lam Nam is deemed to be interested in 1,865,935,931 shares held by Silver Star Enterprises Holdings Inc.
- 3 The entire issued share capital of Guoxiang Holdings (Hong Kong) Limited is beneficially owned by Mr. He Rongguo. Mr. He Rongguo is deemed to be interested in 444,000,000 shares held by Guoxiang Holdings (Hong Kong) Limited.
- 4 The entire issued share capital of East Asia Oil Engineering Group Limited is owned by Inwood Support Limited and Inwood Support Limited is owned as to 68% by Ms. Li Suiqing and 32% by Guoxiang Holdings (Hong Kong) Limited. The entire issued share capital of Guoxiang Holdings (Hong Kong) Limited is beneficially owned by Mr. He Rongguo. Accordingly, Ms. Li Suiqing and Mr. He Rongguo are deemed to be interested in 260,555,556 shares.
- 5 These shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds issued by the Company to CCB International Overseas Limited, which has matured on 31 March 2019. The entire issued share capital of CCB International Overseas Limited is owned by China Construction Bank Corporation and China Construction Bank Corporation is owned as to 57.11% by Central Huijin Investment Ltd. The Company and CCB International Overseas Limited are in the process of negotiation regarding the settlement arrangement.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

OTHER INFORMATION *(Continued)*

For the six months ended 30 June 2022

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period were rights to acquire benefits by means of acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors, their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under 18 years of age to acquire such rights in the Company or any other body corporate.

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. The Company was not aware of any non-compliance with the code of conduct and the required standard of dealings regarding securities transactions throughout the period ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

COMPETING INTERESTS

During the period, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period, 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.

Interim Report

POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED

OTHER INFORMATION *(Continued)*

For the six months ended 30 June 2022

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

The condensed consolidated financial statements of the Group for the period have been reviewed by the Audit Committee, which is of the opinion that such condensed consolidated financial statements complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 15 August 2022