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POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
百田石油國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8011)

PROFIT WARNING

This announcement is made by Polyard Petroleum International Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

Reference is made to the Company’s interim report 2008 (the “Interim Report”) and the third quarterly report 2008 (the “Quarterly Report”) regarding the business and financial review of Xian Polyard Petroleum & Chemicals Ltd. (西安百田石油化工有限公司) (“Xian Polyard”).

The Board wishes to inform the shareholders of the Company and potential investors that the petroleum-related products trading business of the Group was adversely affected in the fourth-quarter of 2008 due to the occurrence of worldwide financial crisis and the fluctuation in crude oil price. Xian Polyard, the 51% subsidiary of the Company, commenced business on 1 May 2008 and generated revenue from sales of petroleum-related products of approximately HK\$20.4 million for the nine months ended 30 September 2008. As stated in the Quarterly Report, due to the recent occurrence of worldwide financial crisis as well as the fluctuation in crude oil price, the business volume for petroleum-related products trading business would undoubtedly be affected. For the three months ended 31 December 2008, this business segment generated minimal turnover for the Group.

As stated in the Interim Report, the Board estimated that the annual turnover of the petroleum-related products business would generate around RMB100 million for the first 12 months of operation (up to 30 April 2009). In view of the existing financial performance of Xian Polyard, the Directors anticipate that such estimation could not be achieved. However, given the stable need of petroleum-related products in the PRC, the Directors believe that the petroleum-related products trading business will soon revive.

Besides, due to the substantial drop in crude oil price, the Group’s earnings may also be affected by the revaluation of its investment in the oil project in Block M, Belait Reservoir in Brunei which is now being conducted.

The Group is principally engaged in (i) the exploration and exploitation of oil and natural gas business; (ii) the exploration and exploitation of coal business and (iii) the trading of petroleum-related products.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
Cheng Yun Sing
Company Secretary

Hong Kong, 15 January 2009

At the date of this announcement, the Board is comprised of Mr. Kuai Wei, Mr. Lin Zhang and Mr. Cao Xuejun as executive directors, and Mr. Wang Yanhui, Mr. Chan Kin Cheong and Mr. Zhang Xiaobao as independent non-executive directors.

This announcement, for which the Directors, including all independent non-executive 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:

- (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.*

This announcement will remain on the “Latest Company Announcement” page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication and the Company’s website at www.hklistco.com/8011.