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

If you have sold or transferred all your shares in South Sea Petroleum Holdings Limited or both, you should at once hand this circular together with the enclosed form of proxy (for Shareholders only) to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of South Sea Petroleum Holdings Limited.

SSP  **南海石油**
SOUTH SEA PETROLEUM HOLDINGS LIMITED
南海石油控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 076)

(1) PROPOSED SHARE CONSOLIDATION
(2) ISSUE OF HK\$1,660,000,000 CONVERTIBLE DEBENTURES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an Extraordinary General Meeting of South Sea Petroleum Holdings Limited to be held at Unit 1, G/F., The Center, 99 Queen's Road Central, Hong Kong on 8 October 2014 at 11 a.m. (the "Meeting") is set out on pages 14 to 15 of this circular. Whether or not you are able to attend the Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 46/F., Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting if you so desire.

16 September 2014

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RESPONSIBILITY STATEMENT

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

DEFINITIONS

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

“Company”	South Sea Petroleum Holdings Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“Directors”	the board of directors of South Sea Petroleum Holdings Limited
“EGM”	an extraordinary general meeting to be held to seek the Shareholders’ approval of the Share Consolidation and the Agreement
“Latest Practicable Date”	10 September 2014
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	a maximum number of 2,000,000,000 Consolidated Shares to be converted under the Agreement
“Share(s)”	ordinary shares in the capital of the Company
“Share Consolidation”	every 10 existing Shares to be consolidated into one Consolidated Share
“Shareholder(s)”	holder(s) of the existing shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

The expected timetable of the proposed Share Consolidation is as follows:–

Despatch date of circular and Notice of EGM . . . On or before Tuesday, 16 September 2014

Latest time for lodging forms of proxy for
the EGM. 11 a.m. on Monday, 6 October 2014

EGM 11 a.m. on Wednesday, 8 October 2014

Announcement of EGM results On Wednesday, 8 October 2014

Effective date of the Share Consolidation. On Thursday, 9 October 2014

First day of free exchange of existing
share certificates for new share certificates for
the Consolidated Shares On Thursday, 9 October 2014

Original counter for trading in existing shares
in board lots of 4,000 Shares closes 9 a.m. on Thursday, 9 October 2014

Temporary counter for trading in Consolidated Shares
in board lots of 400 Consolidated Shares (in the
form of existing share certificates) opens 9 a.m. on Thursday, 9 October 2014

Original counter for trading in Consolidated Shares
in board lots of 4,000 Consolidated Shares (in the
form of new share certificates) re-opens 9 a.m. on Thursday, 23 October 2014

Designated broker starts to stand in the market
to provide matching services for odd lots of
Consolidated Shares 9 a.m. on Thursday, 23 October 2014

Parallel trading in Consolidated Shares
(in form of new share certificates and existing
share certificates) commences. 9 a.m. on Thursday, 23 October 2014

Designated broker ceases to stand in the market
to provide matching services for odd lots
of Consolidated Shares. 4 p.m. on Wednesday, 12 November 2014

Temporary counter for trading in Consolidated Shares
in board lots of 400 Consolidated Shares (in the form
of existing share certificates) ends 4 p.m. on Wednesday, 12 November 2014

EXPECTED TIMETABLE

Parallel trading in Consolidated Shares

(in form of new share certificates and existing
share certificates) ends.4 p.m. on Wednesday, 12 November 2014

Last day for free exchange of existing share certificates

for new share certificates for the Consolidated Shares. . . .On Friday, 14 November 2014

LETTER FROM THE BOARD

SSP  **南海石油**
SOUTH SEA PETROLEUM HOLDINGS LIMITED
南海石油控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 076)

Executive Directors:

Mr. Feng Zhong Yun (*Managing Director*)
Ms. Zhang Xue

Independent Non-Executive Director:

Mr. Han Zhi Jun (*Vice-Chairman*)
Mr. Lu Ren Jie
Mr. Chai Woon Chew
Mr. Ng Lai Po

Registered Office:

Unit 1002, 10/F.,
Euro Trade Centre,
21-23 Des Voeux Road
Central
Hong Kong

16 September 2014

To the Shareholders

Dear Sir or Madam,

Reference is made to the announcement dated 14 August 2014, the Directors announced that the Company

- (1) proposed to implement the Share Consolidation on the basis that every 10 existing Shares to be consolidated into one Consolidated Share, and
- (2) an issue of HK\$1,660,000,000 Debentures to the Subscriber.

The purpose of this circular is to provide you with information in relation to the Share Consolidation and the Debentures, and to seek approval from the Shareholders to approve the Share Consolidation and the issue of the Debentures. No Shareholders have a material interest in the Share Consolidation and the issue of Debentures; therefore no Shareholders will be required to abstain from voting at the EGM.

(1) SHARE CONSOLIDATION

The Directors proposed to implement the Share Consolidation on the basis that every 10 existing Shares to be consolidated into one consolidated share (the “Consolidated Share”).

LETTER FROM THE BOARD

Effect of the Share Consolidation

As at the Latest Practicable Date, 8,439,061,280 Shares of the Company are in issue and fully paid. After the Share Consolidation becoming effective, there will be 843,906,128 Consolidated Shares. Since the abolition of par value for the shares of all Hong Kong companies has become effective upon commencement of the new Companies Ordinance (Cap. 622) (the “New CO”) on 3 March 2014, under the New CO, as a result of migration to mandatory no-par, relevant concepts such as par value and requirement for authorised share capital are no longer necessary and are abolished. Therefore the Company does not has authorised capital, the share capital of the Company would be its issued share capital with no par value.

The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company’s articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (1) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
- (2) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares to be in issue.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the listed issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Since the trading prices of the Shares were recorded below HK\$0.10 for more than a year, RTM (reference is made to the announcements dated 4 April 2011, 6 January 2012, 3 October 2012 and 24 October 2012, and the circular dated 18 April 2011, 16 February 2012 and 5 November 2012.), after making subscription of US\$75,644,217 convertible debentures, has sent a notice to the Company informing their decision to terminate their investment in the Company due to the long low trading prices of the Shares which made conversion infeasible. Because the Company’s Share price has been lower than the conversion price for RTM over a long period of time, the Company believes that it would be difficult to force RTM to complete the entire subscription of US\$250 million that would not be profitable. In addition, the Company does not want to have a negative impact on its ability to raise funds in the future. Therefore, the Company does not intend to force RTM to complete the entire subscription of US\$250 million. There will be no issue of debentures

LETTER FROM THE BOARD

since the Company will not force RTM to complete the entire subscription. The low trading prices of the Shares are also unfavorable for any funding raising activity of the Company. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares. The Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Listing Application

Application will be made by the Company to the Listing Division of the Stock Exchange for granting the listing of and permission to deal in the Consolidated Shares. The Company has no convertible debentures which is outstanding, therefore no adjustment of any convertible debentures is needed.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Hong Kong Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Exchange of Share Certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the period from 9 October 2014 to 14 November 2014 submit share certificates for existing certificates for the Shares in green colour to the Company's share registrar, Computershare Hong Kong Investors Services Limited at Level 46, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates in red colour for the Consolidated Shares. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at any time at the expense of the Shareholders.

Board Lot Size and Trading Arrangement

The existing board lot size of 4,000 Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.063 per Share on the Latest Practicable Date, is HK\$252. Upon the Share Consolidation becoming effective, the expected value of each board lot of 4,000 Consolidated Shares, calculated based on the closing price of HK\$0.63 per Consolidated Share on the Latest Practicable Date, is HK\$2,520.

LETTER FROM THE BOARD

Upon the Share Consolidation becoming effective, the trading arrangements proposed for dealings in Consolidated Shares are set out as follows:

- (i) with effect from 9:00 a.m. on Thursday, 9 October 2014, the original counter for trading in Shares in board lots of 4,000 Shares will close temporarily. A temporary counter for trading in Consolidated Shares in the form of existing share certificates in board lots of 400 Consolidated Shares will be established; every 10 Shares in the form of existing share certificates will be deemed to represent one Consolidated Share. The existing share certificates for Shares can only be traded at this temporary counter;
- (ii) with effect from 9:00 a.m. on Thursday, 23 October 2014, the original counter will reopen for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares. Only new share certificates for the Consolidated Shares can be traded at this counter;
- (iii) with effect from 9:00 a.m. on Thursday, 23 October 2014 to 4:00 p.m. on Wednesday, 12 November 2014 (both dates inclusive), there will be parallel trading at the counters mentioned in (i) and (ii) above; and
- (iv) the temporary counter for trading in Consolidated Shares in the form of the existing share certificates in board lots of 400 Consolidated Shares will be removed after the close of trading on Wednesday, 12 November 2014. Thereafter, trading will only be in Consolidated Shares in the form of new share certificates in board lots of 4,000 Consolidated Shares and the existing share certificates for Shares will cease to be acceptable for trading and settlement purposes.

Odd Lot Arrangements and Fractional Consolidated Shares

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

In order to facilitate the trading of odd lots of the Consolidated Shares, Kingston Securities Company Limited will be appointed by the Company to provide a matching service, on a “best effort” basis, to those Shareholders who wish to acquire or to dispose of their holding of odd lots of Consolidated Shares. Holders of odd lots of the Consolidated Shares who wish to take advantage of this trading facility should contact Ms. Rosita Kiu of Kingston Securities Limited at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (Tel: (852) 2298-6215 Fax: (852) 2295-0682) either directly or through their licensed securities dealers during the period from 23 October 2014 to 12 November 2014.

Expected Timetable

The expected timetable for the proposed Share Consolidation is set out on pages 2 to 3 of this circular.

LETTER FROM THE BOARD

(2) ISSUE OF HK\$1,660,000,000 CONVERTIBLE DEBENTURES

On 14 August 2014, the Company has entered into a subscription agreement (the “Agreement”) with the Subscriber which subscribes HK\$1,660,000,000 nil interest convertible debentures due 2018 (the “Debentures”).

Date of the Agreement

14 August 2014

Parties

- The Company
- The Subscriber

Unique Hero Development Limited (the “Subscriber”) is company incorporated in the British Virgin Islands with main business in financial and industrial investment.

The Company confirms that, to the best of the directors’ knowledge, information and belief, having made all reasonable enquiry, the Subscriber and its ultimate beneficial owner are third parties independent of the Group and connected persons (as defined under the Listing Rules) of the Group.

Principal Amount

HK\$1,660,000,000

Maturity Date

31 December 2018

Interest

Nil

Conditions of the Issue of the Debentures

The issue of the Debentures is subject to the following conditions:

- (a) the Shareholders’ approving the Agreement, the issue of the Debentures and the issue of the New Shares at the EGM;

LETTER FROM THE BOARD

- (b) the completion of the Share Consolidation;
- (c) the Listing Committee of the Hong Kong Stock Exchange has granted listing of and permission to deal in the New Shares.

Conversion

The Debenture Holder(s) shall have the right to convert the principal amount of the Debentures in whole or in part in multiples of HK\$100,000 into the New Shares at the prescribed Conversion Price within the Conversion Period. The New Shares will rank *pari passu* in all respects with the existing Shares in issue.

Conversion Price

The conversion price is tentatively fixed at HK\$0.83 per Consolidated Share.

Another option is the Adjusted Conversion Price. The price shall base on the average closing Share price of the five consecutive trading days from the date on which the Share Consolidation becomes effective. If the Adjusted Conversion Price is 10% higher or lower than HK\$0.83 (10% inclusive) i.e. be or higher than HK\$0.913; or be, or lower than HK\$0.747, the Adjusted Conversion Price prevails. Otherwise HK\$0.83 will be used as the conversion price. However, according to the Amendment to Subscription Agreement dated 4 September 2014 (the "Amendment"), the Adjusted Conversion Price shall under no circumstances be lower than HK\$0.50.

For the purpose of reference, HK\$0.083 (before the Share Consolidation is in effect) is used below:

- (1) a premium of approximately 31.75% over the closing price of HK\$0.063 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (2) a premium discount of approximately 29.69% over the average closing price of HK\$0.064 per Share as quoted on the Stock Exchange over the five consecutive trading days immediately prior to the Latest Practicable Date;
- (3) a premium discount of approximately 27.69% over the average closing price of HK\$0.065 per Share as quoted on the Stock Exchange over the ten consecutive trading days immediately prior to the Latest Practicable Date.

The parties mutually agreed that the conversion price should be reasonably close to the market price for the Company's Shares at the time when the proposed Share Consolidation becomes effective and subscription of the Debentures may begin. The Adjusted Conversion Price will kick in only if the market price for the Company's Shares at that time is more than 10% (inclusive) higher or lower than the original Conversion Price of HK\$0.83.

LETTER FROM THE BOARD

Dilution Effect of Conversion and Substantial Shareholder

The New Shares will be issued under the special mandate granted by the Shareholders at the EGM of the Company. Pursuant to the Agreement, a maximum number of 2,000,000,000 New Shares will be issued and allotted, which represent 236.99% of the existing shares in issue of the Company as of the date of the Agreement (supposed the Share Consolidated became effective, the total number of Shares in issue became 843,906,128), and represent 70.33% of the issued shares as enlarged by the issue of the New Shares. Should 2,000,000,000 New Shares are issued and allotted at HK\$0.83, the net price for each Share is HK\$0.83. According to the Amendment, under no circumstances shall the total number of New Shares to be allotted and issuable to the Subscriber upon conversion shall exceed 2,000,000,000 Consolidated Shares.

Pursuant to the Agreement, none of the Debenture Holder shall be allowed to own, directly or indirectly, 5% or more of Shares in the Company's issued share capital from time to time under any circumstances. If any Debenture Holder's Shares in the Company shall have exceeded 5% or more of the Company's issued share capital as enlarged by the issue of the New Shares after any conversion of New Shares, they are obliged to sell their Shares to independent third parties or sell the Shares in the open market before they convert any Debentures into additional New Shares, to maintain their shareholding level always below 5% in the Shares of the Company after conversion. In each conversion, Debenture Holder is required to provide an undertaking letter to the Company informing the Company of their shareholding immediate before and after such conversion, and undertaking that they will be holding less than 5% of the Company's Shares after such conversion. Therefore no substantial shareholder, as defined under the Listing Rules, will be introduced to the Company as a result of the conversion of the New Shares.

An application for the listing of and permission to deal in the New Shares will be made to the Stock Exchange.

LETTER FROM THE BOARD

Shareholding Structure of the Company Before and After the Exercise of Conversion Rights Attached to the Debentures (supposed the Share Consolidation becomes effective)

	Assuming Debenture Holders of HK\$1,660,000,000 Debentures elect to fully convert their Debentures			
	Immediately before the Debentures be converted into any New Shares		Number of	
	<i>Number of</i>	<i>Shares</i>	<i>Shares</i>	<i>%</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Public:				
1. Debenture Holders of the outstanding HK\$1,600,000,000 Convertible Debentures	0	0	2,000,000,000	70.33
2. Other Public	<u>843,906,128</u>	<u>100</u>	<u>843,906,128</u>	<u>29.67</u>
Total	<u><u>843,906,128</u></u>	<u><u>100.00</u></u>	<u><u>2,843,906,128</u></u>	<u><u>100.00</u></u>

Voting Rights of Debenture Holder

Debenture Holder does not have any voting rights in Shareholders' meetings of the Company.

Transfer of Debentures

The Debentures will not be listed on the Stock Exchange or any other stock exchanges outside Hong Kong. It may only be assigned or transferred to associates of the Subscriber or such other transferees approved in advance by the Company. The Company will disclose to the Stock Exchange should any Debentures be transferred to any connected persons (as defined under the Listing Rules) of the Group immediately upon the Company becoming aware of such transfer.

Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that the Company will disclose to the Stock Exchange any dealings in the Debentures made by any connected persons of the Group (as defined under the Listing Rules) immediately upon the Company becoming aware of such dealing.

History of Fund Raising Activities in the Past Twelve Months

There was no fund raising activity held by the Company in the past twelve months.

LETTER FROM THE BOARD

Reasons for Issue of Debentures

Axiom Manufacturing Services Limited (“Axiom”), the wholly owned subsidiary of the Company, will be starting the mass production of “Piece of Cake Box” (《小意思》盒子), a newly-designed internet access home electronic device. The total gross proceeds from the issue of the Debentures amount to HK\$1,660,000,000. After deducting related expenses such as finder’s fee, printing, legal and administrative, etc., the net proceeds amount to approximately HK\$1,577,000,000. 80% of the net proceeds will be used as working capital for the manufacturing and selling of the “Piece of Cake Box”; the rest will be reserved for the Company as working capital.

The Piece of Cake Box is an improved Internet access home electronic device with multiple functions, including medical diagnosis, entertainment, television viewing and Internet surfing.

The target customers are home-based Internet users. The product will initially be introduced in Asia. After its initial launch, the Company intends to expand its market to Europe, America and other parts of the world. The Company plans to sell the product through distributors and over the Internet. Because more and more people are using the Internet, there seems to be market potential for mass production.

The Company plans to complete research and development of a prototype by the end of 2014. Thereafter, the Company plans to produce and sell a total of 1 million units of the product over a period of 3 years. It is estimated that each unit will need working capital of HK\$1,000, and 1 million units will need working capital of HK\$1 billion. Besides, the Company plans to spend HK\$260 million on R&D and marketing.

The Directors consider that it is positive that the Company’s subsidiary develops, manufactures and markets the “Piece of Cake Box”. It is a conformity to the trend of internet development; investor is willing to invest in the “Piece of Cake Box” project by way of subscribing nil interest Debentures, and the Conversion Price is close to the market price. The conversion will inevitably dilute the existing Shareholders’ interest though, it brings in large investment to the Company. The Company leaves the decision to the Shareholders.

The Subscriber has the obligation to fully subscribe the HK\$1,660 million Debentures within two years. Pursuant to the Amendment, in the event the Subscriber fails to complete subscription of the entire HK\$1,660,000,000 within two (2) years from the date of the Shareholders of the Company grant their special mandate to the Directors to issue the Conversion Shares, the Company reserves the right to commence legal actions against the Subscriber to enforce its rights under the Subscription Agreement.

The Directors (including the independent non-executive directors of the Company) consider the issue of HK\$1,660,000,000 nil interest Debentures and the Agreement is appropriate, fair, reasonable and in the best interest of the Company and its Shareholders as a whole, because the cost for raising fund by issue of convertible debentures is low; the company need not pay any interest and debt will become capital if Debentures are converted into Shares.

LETTER FROM THE BOARD

Payment Terms and Conversion Period

The Subscriber has the right to make subscription of the Debentures one-off or by stages within two years from the day the special mandate is given to the Company by the Shareholders at the EGM. Conversion can be made on or before 31 December 2018.

Information of the Company

The principal activities of the Company are investment holding, and through its subsidiaries, the Company develops, explores and produces crude oil and graphite in Indonesia and China, and provides electronics manufacturing services in United Kingdom.

(3) EGM

The notice of EGM is set out on pages 14 to 15 of this circular. There is a form of proxy for use at the EGM accompanying this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

The resolutions proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company on the results of the EGM.

(4) RECOMMENDATION

The Directors consider that the Share Consolidation and the issue of HK\$1,660,000,000 Debentures are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of EGM.

For and on behalf of
South Sea Petroleum Holdings Limited
Feng Zhong Yun
Managing Director

NOTICE OF EGM

SSP  **南海石油**
SOUTH SEA PETROLEUM HOLDINGS LIMITED
南海石油控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 076)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of South Sea Petroleum Holdings Limited (the “Company”) will be held at 11 a.m. on 8 October 2014 at Unit 1, G/F., The Center, 99 Queen’s Road Central, Hong Kong for the purpose of considering and if thought fit, passing, with or without modifications, the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) every 10 existing issued ordinary shares in the capital of the Company be consolidated into one ordinary share (“Consolidated Share”) and such consolidation shall take effect on the next business day, being any day (other than Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours, immediately following the date on which this resolution is passed;
- (b) the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the articles of association of the Company;
- (c) all fractional Consolidated Shares will be disregarded and not be issued to the holders of the existing ordinary shares of the Company but all fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company; and
- (d) the directors of the Company be and are generally authorised to do all such acts and things and execute all such documents, including under the seal of the Company, where applicable, as they consider necessary or expedient to implement and give effect to the arrangements set out in this resolution.”

NOTICE OF EGM

2. **“THAT**

- (a) the Agreement (as defined in the circular of the Company dated 16 September 2014 (the “Circular”) despatched to shareholders of the Company) dated 14 August 2014 in relation to the issue of HK\$1,660,000,000 nil interest convertible debentures due 31 December 2018 be and is hereby approved, confirmed and ratified;
- (b) the Amendment (as defined in the Circular) dated 4 September 2014 be and is hereby approved, confirmed and ratified; and
- (c) the directors of the Company be and are hereby authorized to take all steps necessary or expedient in their opinion to implement and/or give effect to the terms of the Agreement including (without limitations) the issue of the maximum of 2,000,000,000 New Shares (as defined in the Circular).”

By Order of the Board of
South Sea Petroleum Holdings Limited
Vivian Lam
Company Secretary

Hong Kong, 16 September 2014

Notes:

- (i) A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (ii) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited at 46/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the Meeting.