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**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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF A SUBSIDIARY**

The Board announces that on 5 March 2018, the Vendor and the Purchaser entered into the Agreement. Pursuant to which the Purchaser agreed to acquire the entire share of the Target Company at a consideration of US\$600,000.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The board of directors (the “Board”) of South Sea Petroleum Holdings Limited (the “Company”) announces that on 5 March 2018, the Vendor and the Purchaser entered into an agreement (the “Agreement”). Pursuant to which the Purchaser agreed to acquire the entire share of the Target Company at a consideration of US\$600,000 (the “Disposal”).

**SALE AND PURCHASE AGREEMENT (THE “AGREEMENT”)**

Date: 5 March 2018

Contracted Parties: (i) Global Select Limited (the “Vendor ”), a wholly owned subsidiary of the Company

(ii) PT Hana Mandiri Global (the “Purchaser”)

Target Company: Kalrez Petroleum (Seram) Limited

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

### **The Target Company to be disposed of**

Pursuant to the Agreement, 100% of the equity interest of Kalrez Petroleum (Seram) Limited (the “Target Company”) to be sold by the Vendor to the Purchaser.

### **Consideration**

The total consideration is US\$600,000 (the “**Consideration**”) payable by the Purchaser to Vendor by way of cash within 7 (seven) days after the signing of the Agreement.

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser, with reference to the net book value of the Target Company. The Board believes the Consideration is fair and reasonable.

### **The Completion of the Agreement**

Completion of the Disposal (the “**Completion**”) shall take place upon the paying up of the full Consideration and the registration of the transfer of share.

### **INFORMATION RELATING TO THE GROUP AND THE PURCHASER**

The Company is an investment holding company through its subsidiaries involves in the development and production of crude oil in Indonesia; production and trading of minerals in China and Madagascar; provision of electronic manufacturing services in the United Kingdom, and in China trading, and multi-media production.

The Purchaser is an Indonesian company, the main business of which is energy investments.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a wholly owned subsidiary of the Vendor. Under the Target Company, the Company operates oilfields in Indonesia under a 20-year Bula Petroleum Production Sharing Contract (“Bula PSC”), which the Company entered into with BPMIGAS, Department of Petroleum of Indonesia, in May 2000. When the Bula PSC expires in 2019, all the remaining assets of the Target Company will belong to the Indonesian Government

For the year ended 31 December 2017, the profit and the net asset of the Target Company were recorded negative figures. They were approximately -US\$1,500,000 and -US\$5,100,000 respectively.

## **FINANCIAL EFFECT OF THE DISPOSAL**

The Disposal can cut the current and future loss of the Group.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the results and assets and liabilities of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Group.

Proceeds of the Disposal are intended for general working capital purposes of the Group.

## **REASONS FOR THE DISPOSAL**

The Target Company was having negative net worth business; and because the consistent low oil prices, the performance of the Target Company had a negative impact on the Group’s results. Apart from the Bula oilfields operation, the Target Company has no other business and assets. When the Bula PSC expires in 2019, all the remaining assets will belong to the Indonesian Government. Pursuant to Bula PSC ,the Target Company would be responsible for the full severance payment and the plug and abandonment liabilities. In view of these, the Directors consider the disposal of the Target Company is a reasonable decision.

Accordingly, the Directors consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, which is on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of

the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

Hong Kong, 5 March 2018

*As at the date of this announcement, the board of directors comprises of Mr. Feng Zhong Yun and Ms. Zhang Xue being executive directors; Mr. Han Zhi Jun, Mr. Lu Ren Jie, Mr. Chai Woon Chew and Mr. Ng Lai Po being independent non-executive directors.*