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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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.

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**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)**

**AMENDMENTS TO US\$100,000,000 AND  
US\$250,000,000 CONVERTIBLE DEBENTURES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening an Extraordinary General Meeting of South Sea Petroleum Holdings Limited to be held at Level 16, Man Yee Building, 68 Des Voeux Road Central, Hong Kong on 7 March 2012 at 11 a.m. (the "Meeting") is set out on pages 12 to 13 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 February 2012

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## **RESPONSIBILITY STATEMENT**

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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.

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## DEFINITIONS

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

|                           |   |
|---------------------------|---|
| “Amendment Agreement A”   | amendment agreement entered into between the Company and Investor A on 6 January 2012   |
| “Amendment Agreement B”   | amendment agreement entered into between the Company and Investor B on 6 January 2012   |
| “Board”/“Directors”       | the board of directors of South Sea Petroleum Holdings Limited  |
| “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 |
| “EGM”                     | an extraordinary general meeting to be held and convened at 11 a.m., Level 16, Man Yee Building, 68 Des Voeux Road Central, Hong Kong on 7 March 2012         |
| “Group”                   | the Company and its subsidiaries  |
| “Investors”               | Kelton Capital Group Limited and their subsequent debenture transferees; and RTM Financial Corp. and their subsequent debenture transferees                   |
| “Investor A”              | Kelton Capital Group Limited, a private company which subscribed an aggregate of US\$100,000,000 6% interest convertible debentures on 9 December 2009        |
| “Investor B”              | RTM Financial Corp., a private company which subscribed an aggregate of US\$250,000,000 3% interest convertible debentures on 4 April 2011                    |
| “Latest Practicable Date” | 26 January 2012   |
| “Listing Rules”           | Rules Governing the Listing of Securities on the Stock Exchange   |
| “Share(s)”                | the ordinary shares of the Company, with par value US\$0.001 each   |
| “Shareholder(s)”          | holder(s) of the existing shares of the Company   |
| “Stock Exchange”          | the Stock Exchange of Hong Kong Limited   |

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LETTER FROM THE BOARD

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**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. Guan Xinmin (*Chairman*)  
Ms. Lee Sin Pyung (*Managing Director*)  
Ms. Zhang Xue

*Registered Office:*

Suite 504, 5/F  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

*Independent Non-Executive Director:*

Mr. Lu Ren Jie  
Mr. Chai Woon Chew  
Mr. Ho Choi Chiu

16 February 2012

*To the Shareholders*

Dear Sir or Madam,

Reference is made to the announcement dated 6 January 2012, the Directors announced that the Company entered into two amendment agreements with Investor A and Investor B, and supplementary documents (the “Supplementary Documents”) were signed on 26 January 2012 to revise some terms in the amendment agreements.

The purpose of this circular is to provide you with information in relation to the Amendment Agreement A, the Amendment Agreement B (together, the “Agreements”) and the Supplementary Documents, and to seek approval from the Shareholders to approve the terms in the Agreements and the Supplementary Documents. No Shareholders have a material interest in the Agreements, therefore no Shareholders will be required to abstain from voting at the EGM.

**1. US\$100,000,000 6% CONVERTIBLE DEBENTURES**

**Background**

Reference is made to the announcements dated 9 December 2009 and 2 June 2010, and the circular dated 18 December 2009. On 9 December 2009, the Company entered into a subscription agreement with Investor A for an aggregate amount of US\$100,000,000 6% interest convertible debentures due 2015. Under the subscription agreement, the conversion price of the convertible debentures shall be HK\$3.875 (or

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## LETTER FROM THE BOARD

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US\$0.50, the then par value of the Company's Shares before the completion of capital reduction effective on 9 November 2011). As at the Latest Practicable Date, Investor A has invested approximately US\$41,460,294, and has converted approximately US\$41,283,653 debentures (and there is approximately US\$58,716,347 outstanding debentures).

### **Amendments**

Three amendments were made in the Amendment Agreement A:

- (1) the interest rate be changed from 6% to 3% per annum;
- (2) the conversion price shall be adjusted from HK\$3.875 (fixed price) to the market share price, i.e. 90% of the average closing price of the Shares of any five (5) consecutive trading days (as selected by the debenture holder(s)) within sixty (60) trading days immediately prior to the conversion date, but in any case the conversion price shall not be lower than HK\$0.10 per Share; and the total number of conversion Shares (for the whole US\$100,000,000 debentures) will not exceed 3,000,000,000 Shares (of which 83,100,000 Shares have been issued and allotted as at the Latest Practicable Date, therefore 2,916,900,000 new Shares can be issued and allotted under the Amendment Agreement A); and
- (3) be changed from flexible payment schedule to specific payment day, i.e. Investor A will complete the payment for US\$100,000,000 debentures (by one or more installments) on or before 31 December 2013.

Suppose a debenture holder elects from 16 January 2012 to 20 January 2012 as the five consecutive trading days to convert the Shares and 90% of the average of the closing price of the Shares of the five consecutive trading days will be HK\$0.226, which is:

- (i) a discount of approximately 16.29% over the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on 26 January 2012, being the Latest Practicable Date;
- (ii) a discount of approximately 9.96% over the average closing price of HK\$0.251 per Share as quoted on the Stock Exchange over the five consecutive trading days immediately prior to the Latest Practicable Date;
- (iii) a discount of approximately 4.64% over the average closing price of HK\$0.237 per Share as quoted on the Stock Exchange over the ten consecutive trading days immediately prior to the Latest Practicable Date.

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## LETTER FROM THE BOARD

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Suppose a debenture holder converts the debenture at the floor price of HK\$0.10 per Share, which is:

- (i) a discount of approximately 62.96% over the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on 26 January 2012, being the Latest Practicable Date;
- (ii) a discount of approximately 60.16% over the average closing price of HK\$0.251 per Share as quoted on the Stock Exchange over the five consecutive trading days immediately prior to the Latest Practicable Date;
- (iii) a discount of approximately 57.80% over the average closing price of HK\$0.237 per Share as quoted on the Stock Exchange over the ten consecutive trading days immediately prior to the Latest Practicable Date.

Suppose debenture holders convert the outstanding debentures of US\$58,716,347 into Shares at HK\$0.10, with 2,916,900,000 new Shares are converted, approximately US\$37,396,153 debentures will be converted into new Shares and the remaining principal of approximately US\$21,320,194 will be returned to Investor A or any subsequent debenture holders within ten days from the maturity date of 9 December 2015.

### **Terms that remain unchanged**

Save for the above, the terms in the subscription agreement of 9 December 2009 remain unchanged, including (but not limited to):

### ***Conversion***

Debenture holder(s) shall have the right to convert the principal amount of the convertible debentures in whole or in part in multiples of HK\$10,000 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.

### ***Voting rights of debenture holder(s)***

Debenture holder(s) do(es) not have any voting rights in Shareholders' meetings of the Company.

### ***Payment terms of convertible debentures***

Pursuant to the subscription agreement dated 9 December 2009, no early redemption is allowed. The Company shall pay back the remaining principal amount after conversion to the debenture holders within ten (10) days from the maturity date.

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## LETTER FROM THE BOARD

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### *Transfer of convertible debentures*

The convertible 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 Investor A or such other transferees approved in advance by the Company. The Company will disclose to the Stock Exchange should any convertible debentures are transferred to any connected persons (as defined under the Listing Rules) of the Group immediately upon the Company becoming aware of such transfer.

## 2. US\$250,000,000 3% CONVERTIBLE DEBENTURES

### **Background**

Reference is made to the announcement dated 4 April 2011 and the circular dated 18 April 2011. On 4 April 2011, the Company entered into a subscription agreement with Investor B for US\$250,000,000 3% interest 10-year convertible debentures due 2021. Shareholders gave a special mandate on 11 May 2011 that a maximum number of 500,000,000 new Shares that can be issued and allotted. The calculation was based on the then par value of US\$0.50 of the Company's Shares. As of the Latest Practicable Date, Investor B has invested approximately US\$12,803,846 and has converted approximately US\$11,308,974 debentures and there is approximately US\$238,691,026 outstanding debentures.

### **Amendments**

Three amendments were made in the Amendment Agreement B:

- 1) the conversion price remains the same that it should be 90% of the average closing price of the Shares of any five (5) consecutive trading days (as selected by the debenture holder(s)) within sixty (60) trading days immediately prior to the conversion date, and a new condition was added that the conversion price shall in any case not be lower than HK\$0.10 per Share; and
- (2) the total number of conversion Shares (for the whole US\$250,000,000 debentures) will not exceed 7,500,000,000 Shares (of which 255,100,986 Shares have been issued and allotted as at the Latest Practicable Date, therefore 7,244,899,014 new Shares can be issued and allotted under the Amendment Agreement B); and
- (3) be changed from flexible payment schedule to specific payment day, i.e. the Investor B will complete the payment for US\$250,000,000 debentures (by one or more installments) on or before 31 December 2014.

Suppose debenture holders convert the outstanding debentures of US\$238,691,026 into Shares at HK\$0.10, with 7,244,899,014 new Shares are converted, approximately US\$92,883,320 debentures will be converted into new Shares and the remaining principal of approximately US\$145,807,706 will be returned to Investor B or any subsequent debenture holders anytime before the maturity date of 4 April 2021.



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## LETTER FROM THE BOARD

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### **Terms that remain unchanged**

Save for the above, the terms in the subscription agreement of 4 April 2011 remain unchanged, including (but not limited to):

### *Conversion*

Debenture holder(s) shall have the right to convert the principal amount of the convertible debentures in whole or in part in multiples of HK\$10,000 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.

### *Voting rights of debenture holders*

Debenture holders do not have any voting rights in Shareholders' meetings of the Company.

### *Payment terms of convertible debentures*

The Company may at any time between the issue date of the convertible debentures and the maturity date to redeem whole or any part of debenture. The amount to be paid by the Company shall be 112% of the outstanding principal amount of the convertible debentures.

### *Transfer of convertible debentures*

The convertible 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 Investor B or such other transferees approved in advance by the Company. The Company will disclose to the Stock Exchange should any convertible debentures are transferred to any connected persons (as defined under the Listing Rules) of the Group immediately upon the Company becoming aware of such transfer.

Completion of the Amendment Agreements is subject to:

1. the Shareholders granting their special mandates to the Directors to issue the new Shares;
2. the Listing Committee of the Stock Exchange granting approval for listing of, and permission to deal in, the new Shares.

Pursuant to the Amendment Agreements, no long stop date is set as a condition precedent.

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## LETTER FROM THE BOARD

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### 3. SIGNIFICANT RESTRICTIONS FOR DEBENTURE HOLDERS

There are two significant restrictions for Investors and any subsequent debenture holders:

1. Under the Agreements, the Investors and their subsequent transferees of the debentures shall not hold more than 5% of the Shares of the Company. If any debenture holders holding more than 5% after any conversion, they have to sell part of their shares in the open market or transfer the same to third parties to ensure their shareholding remain below 5%. Therefore, no substantial shareholders (as defined under the Listing Rules) will be introduced to the Company.
2. A conversion restriction has been added to the Supplementary Documents that the Investors and their subsequent transferees of the debentures are prohibited from exercising their conversion rights if any conversion will cause the public float of the Company fall below 25%, in order that the Company must maintain its minimum public float at all time.

### 4. DILUTION EFFECT BASED ON THE ASSUMPTION THAT THE INVESTORS FULLY CONVERT THE DEBENTURES INTO SHARES WITHOUT THE 5% SHAREHOLDING LIMITATION

For the whole US\$100,000,000 debentures, the Shares to be issued and allotted will not exceed 3,000,000,000 Shares (of which 83,100,000 Shares have been issued and allotted as at the Latest Practicable Date, therefore 2,916,900,000 new Shares can be issued and allotted under the Amendment Agreement A). Assuming the debentures are fully exercised and converted, 2,916,900,000 new Shares to be issued will represent 484.90% of the existing issued share capital of the Company as of the Latest Practicable Date, and represent 82.90% of the issued shares as enlarged by the issue of the 2,916,900,000 new Shares.

For the whole US\$250,000,000 debentures, the Shares to be issued and allotted will not exceed 7,500,000,000 (of which 255,100,986 Shares have been issued and allotted as at the Latest Practicable Date, therefore 7,244,899,014 new Shares can be issued and allotted under the Amendment Agreement B). Assuming the debentures are fully exercised and converted, 7,244,899,014 new Shares to be issued will represent 1,204.40% of the existing issued share capital of the Company as of the Latest Practicable Date, and represent 92.33% of the issued shares as enlarged by the issue of the 7,244,899,014 new Shares.

Despite there will be a dilution effect to existing Shareholders, the dilution impact will be reflected in a progressive way over a long period of time, i.e. different debenture holders will elect to sell their Shares in open market in different time in different amount over several years of time. Issue of convertible debentures is the most convenient way to obtain cash funding in the current financial situation.

The following tables are assumptions without the 5% shareholding limitation for illustrative purpose only. In any case, the Company will maintain the 25% minimum public float requirement under the Listing Rules.

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## LETTER FROM THE BOARD

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Assumption 1: Holders of US\$100,000,000 convertible debentures fully convert their debentures into Shares:

|  | Immediately before the<br>debentures be converted into<br>any new Shares |                      | Assuming Investor A (or any of<br>its subsequent transferees) fully<br>convert the outstanding<br>US\$58,716,347 out of an<br>aggregate of US\$100,000,000<br>convertible debentures |                      |
|--|--|----------------------|--|----------------------|
|  | <i>Number of<br/>Shares</i>  | %                    | <i>Number of<br/>Shares</i>  | %                    |
| 1. Investor A (or any of its subsequent transferees) of the outstanding US\$58,716,347 out of an aggregate of US\$100,000,000 convertible debentures | 0  | 0                    | 2,916,900,000  | 82.90                |
| 2. Public  | <u>601,534,730</u>   | <u>100.00</u>        | <u>601,534,730</u>   | <u>16.71</u>         |
| <b>Total</b>   | <b><u>601,534,730</u></b>  | <b><u>100.00</u></b> | <b><u>3,518,434,730</u></b>  | <b><u>100.00</u></b> |

Assumption 2: Holders of US\$250,000,000 convertible debentures fully convert their debentures into Shares:

|   | Immediately before the<br>debentures be converted into<br>any new Shares |                      | Assuming Investor B (or any of<br>its subsequent transferees) fully<br>convert the outstanding<br>US\$238,691,026 out of an<br>aggregate of US\$250,000,000<br>convertible debentures |                      |
|---|--|----------------------|---|----------------------|
|   | <i>Number of<br/>Shares</i>  | %                    | <i>Number of<br/>Shares</i>   | %                    |
| 1. Investor B (or any of its subsequent transferees) of the outstanding US\$238,691,026 out of an aggregate of US\$250,000,000 convertible debentures | 0  | 0                    | 7,244,899,014   | 92.33                |
| 2. Public   | <u>601,534,730</u>   | <u>100.00</u>        | <u>601,534,730</u>  | <u>7.67</u>          |
| <b>Total</b>  | <b><u>601,534,730</u></b>  | <b><u>100.00</u></b> | <b><u>7,846,433,744</u></b>   | <b><u>100.00</u></b> |

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## LETTER FROM THE BOARD

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Assumption 3: Both holders of US\$100,000,000 and US\$250,000,000 convertible debentures fully convert their debentures into Shares:

|   | Immediately before the<br>debentures be converted into<br>any new Shares |        | Assuming Investor A (or any of<br>its subsequent transferees) and<br>Investor B (or any of its<br>subsequent transferees) fully<br>convert the outstanding<br>US\$58,716,347 and<br>US\$238,691,026 convertible<br>debentures |        |
|---|--|--------|---|--------|
|   | <i>Number of<br/>Shares</i>  | %      | <i>Number of<br/>Shares</i>   | %      |
| 1. Investor A (or any of its subsequent transferees) of the outstanding US\$58,716,347 out of an aggregate of US\$100,000,000 convertible debentures  | 0  | 0      | 2,916,900,000   | 27.10  |
| 2. Investor B (or any of its subsequent transferees) of the outstanding US\$238,691,026 out of an aggregate of US\$250,000,000 convertible debentures | 0  | 0      | 7,244,899,014   | 67.31  |
| 3. Public   | 601,534,730  | 100.00 | 601,534,730   | 5.59   |
| <b>Total</b>  | 601,534,730  | 100.00 | 10,763,333,744  | 100.00 |

### 5. REASON FOR ENTERING INTO THE AMENDMENT AGREEMENTS

#### *Regarding conversion price*

Investor A raised that the fixed conversion price of HK\$3.875 is far too high than the recent market share price of the Company and is unfair to investors even though Investor A still has confident in the future of the Company and has performed its obligation under the subscription agreement in good faith. Investor A expressed a lack of interest to continue subscription.

Under the current economic environment, the Company hopes that both Investor A and Investor B continue to invest in the Company. Whether it is Investor A, Investor B or any subsequent debenture holders, the Company welcome their conversion of the debentures into Shares and then place out in open market, which ultimately turn liability to capital. Therefore the Company agrees that debenture holders convert the debentures into Shares based on the market price.

For the floor price, the Investors insisted the current par value of US\$0.001, after arm's length negotiation both the Company and the Investors agreed to take HK\$0.10 as a compromised floor price between HK\$0.235 (the average closing price of five consecutive trading days immediate prior to the date of the Agreements) and US\$0.001.

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## LETTER FROM THE BOARD

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### *Regarding flexible payment schedule*

Since entering into the subscription agreements in 2009 and 2011, the Company has yet to receive full payments of the convertible debentures from the Investors. The Investors said in view of the economic environment, they could only either pay in installments or stop the investment. The Company wishes the Investors pay for the convertible debentures as soon as possible, but in considering of the using of proceeds in a) increasing the oil production, it is a long-term investment and can be flexible in time span; b) increasing of graphite reserve, the Company's existing graphite reserve can supply the market until 2014; and c) that the Company is in search of opportunities of enhancing high-tech contents of the electronic products, the capital need is also flexible. If the Company receives full payment from the Investors in or before 2014, it is still a better way to obtain funding than the Investors stop investing in the Company.

### *Regarding the number of conversion Shares*

#### (i) For US\$100,000,000 convertible debentures

One of the amendment has been made in the Amendment Agreement A that the total number of conversion Shares (for the whole US\$100,000,000 debentures) will not exceed 3,000,000,000 Shares. As at the Latest Practicable Date, Investor A and their subsequent debenture holders converted 83,100,000 Shares, therefore 2,916,900,000 new Shares can be issued and allotted under the Amendment Agreement A. The new number of 3,000,000,000 Shares was determined with reference to the market price, i.e. the principal amount of US\$100,000,000 over the average closing price of five consecutive trading days immediate prior to the date of the Agreements (HK\$0.235). If in the worst case scenario that Investor A converts the outstanding of US\$58,716,347 at the floor price of HK\$0.10, approximately 4,579,875,066 conversion Shares should be issued and allotted. Therefore the Company regards 3,000,000,000 conversion Shares is acceptable, especially under the current uncertain economic environment and the capital need of the Company. The amendment was negotiated in arm's length between the Company and Investor A as a mutual beneficial measure to strike a balance between the interest of the Company and the interest of Investor A.

#### (ii) For US\$250,000,000 convertible debentures

For the US\$250,000,000 convertible debentures 7,500,000,000 conversion Shares is also determined with reference to the market price, i.e. the principal amount of US\$250,000,000 over the average closing price of five consecutive trading days immediate prior to the date of the Agreements (HK\$0.235). As at the Latest Practicable Date, there is an outstanding debentures of approximately US\$238,691,026. Since 95% of the debentures has not been converted, Investor B and the subsequent debenture holders will convert the Shares with reference to market price and the introduction of a new floor price of HK\$0.10, the Company believes that it is fair to both the Company and Investor B and a balance of interest is struck between the parties.

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## LETTER FROM THE BOARD

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### LISTING APPROVAL

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

### 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 convertible debentures made by any connected persons of the Group (as defined under the Listing Rules) immediately upon the Company becoming aware of such dealing.

### 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.

### EGM

The notice of EGM is set out on pages 12 to 13 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.

### RECOMMENDATION

The Directors consider that the Amendments Agreement 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**  
**Guan Xinmin**  
*Chairman*

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NOTICE OF EGM

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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)**

**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 7 March 2012 at Level 16, Man Yee Building, 68 Des Voeux 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) the Amendment Agreement A (as defined in the circular of the Company dated 16 February 2012 (the “Circular”) dispatched to shareholders of the Company) dated 6 January 2012 in relation to the amended terms of an aggregate of US\$100,000,000 convertible debentures due 9 December 2015, together with the terms set out in the Supplementary Documents (as defined in the Circular) dated 26 January 2012, be and is hereby approved, confirmed and ratified; and
- (b) 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 Amendment Agreement A and the Supplementary Documents including (without limitations) the issue of not exceeding 3,000,000,000 conversion shares (for the whole US\$100,000,000 convertible debentures in the subscription agreement dated 9 December 2009).”

2. **“THAT**

- (a) the Amendment Agreement B (as defined in the Circular) dated 6 January 2012 in relation to the amended terms of an aggregate of US\$250,000,000 convertible debentures due 4 April 2021, together with the terms set out in the Supplementary Documents (as defined in the Circular) dated 26 January 2012, be and is hereby approved, confirmed and ratified; and

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## NOTICE OF EGM

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- (b) 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 Amendment Agreement B and the Supplementary Documents including (without limitations) the issue of not exceeding 7,500,000,000 conversion shares (for the whole US\$250,000,000 convertible debentures in the subscription agreement dated 4 April 2011).”

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

Hong Kong, 16 February 2012

*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.