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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that it is expected that the Group will record a loss from its normal operations, which, albeit considerable, will be less than the loss for the same period of 2009. The decrease of loss was partly due to the significant increase of revenues generated from the Company's graphite business.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by **South Sea Petroleum Holdings Limited** (the "Company", and together with its subsidiaries, the "Group") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of directors of the Company (the "Board") wishes to inform the shareholders of the Company and potential investors that it is expected the Group will record a loss from its normal operations, which, albeit considerable, will be less than the loss for the same period of

2009. The decrease of loss is partly due to the significant increase of revenues generated from the Company's graphite business.

As the Company is still in the process of finalizing its results for the year ended 31 December 2010, the information contained in this announcement is a preliminary assessment by the Company according to the management accounts of the Group and is not based on any figures or information that has been audited or reviewed by the Company's auditor. The audited annual results of the Group for the financial year ended 31 December 2010 will be announced on 30 March, 2011.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 16 March 2011

As at the date of this announcement, the board of directors comprises of Mr. Zhou Ling, Ms. Lee Sin Pyung and Ms. Zhang Xue being executive directors, Mr. Lu Ren Jie, Mr. Chai Woon Chew and Mr. Ho Choi Chiu being independent non-executive director.