



South Sea Petroleum Holdings Limited (hereafter "South Sea Petro") (Stock Code: 076) announced that the company signed an exclusive worldwide distribution agreement in Beijing on 1st August 2004 with 海菲泰投資控股有限公司 whereby South Sea Petro is appointed as the exclusive worldwide distributor of 海菲泰's fuel oil purifier for gasoline and diesel.

望都海菲泰科技化工有限公司, a wholly owned subsidiary of 海菲泰投資控股有限公司, is located in Hebei province of China. The fuel oil purifier produced by the 望都海菲泰科技化工有限公司 can enhance the energy efficiency and reduce air pollution caused by emission. 望都海菲泰科技化工有限公司's annual production capacity is 40,000 metric tons.

South Sea Petro will be exclusively responsible for the worldwide distribution of the fuel oil purifier (including all existing clients of 海菲泰 within/outside China). The Agreement has an initial term of five years, which is automatically renewable for additional five-year terms, unless terminated by either party with written notice.