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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)**

**VOLUNTARY DISCLOSURE**

On 26 September 2011, Moderation, a company of which 19.4% equity interest was held by Global Select, a wholly owned subsidiary of the Company, entered into the Agreement with its shareholders, pursuant to which Moderation will repurchase 80.6% shares from Other Shareholders (shareholders other than Global Select) and such 80.6% shares will be cancelled. After the Share Repurchase, Moderation will become a wholly owned subsidiary of the Company.

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**Information of Moderation**

Moderation is a company incorporated in Hong Kong and, through its wholly-owned subsidiary Liaoning Sinorth Resources Co., Ltd., is principally engaged in processing and distribution of mineral products, primarily graphite products, in China.

## **Share Repurchase**

The authorized capital of Moderation is HK\$10,000 divided into 10,000 shares of which 31 shares have been issued and are fully paid. According to the Agreement, Moderation will repurchase 25 shares, being 80.6% of its equity interest, from Other Shareholders at HK\$25, Moderation will also pay back all the share premium to Other Shareholders within six months from the date of the Share Repurchase. Such 80.6% shares will be cancelled. After the Share Repurchase, Moderation will become a wholly owned subsidiary of the Company and its financial statements will be consolidated into the Group's accounts.

## **Effects of the Share Repurchase**

The Company believes that mineral resources are strategically valuable and worth investment over the long term. Moderation, through its wholly-owned subsidiary Liaoning Sinorth Resources Co., Ltd., has been engaging in processing and distribution of graphite products in China which provides a storage facility in the process of sales and marketing as well as a processing base.

## **GENERAL**

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 respectively, and provides electronics manufacturing services in the United Kingdom.

## **DEFINITION**

“Agreement”	an agreement entered into between Moderation and its shareholders on 26 September 2011
“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 the Company
“Global Select”	Global Select Limited, a wholly owned subsidiary of the Company

“Group”	the Company and its subsidiaries
“Moderation”	Moderation Limited, a company incorporated in Hong Kong, of which 19.4% equity interest was held by Global Select before the Share Repurchase
“Other Shareholders”	shareholders (other than Global Select) holding 80.6% equity interest of Moderation before the Share Repurchase
“Share Repurchase”	Moderation will repurchase 80.6% equity interest from Other Shareholders and cancelled such 80.6% shares according to the Agreement

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

Hong Kong, 26 September 2011

*As at the date of this announcement, the board of directors comprises of Mr. Guan Xinmin, 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 directors.*