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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**

**ACQUISITION OF 17% EQUITY INTEREST IN A SUBSIDIARY**

The Board announces that on 12 July 2012, the Purchaser (a wholly owned subsidiary of the Company) entered into an Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire from the Vendor 17% equity interest in the Target Company for a cash consideration of US\$2.05 million. Before the Acquisition, the Purchaser was holding 83% equity interest in the Target Company; after the Acquisition, the Target Company will become a wholly owned subsidiary of the Purchaser and the Company.

**IMPLICATIONS UNDER THE LISTING RULES**

As the relevant percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Board announces that on 12 July 2012, the Purchaser (a wholly owned subsidiary of the Company) entered into an Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire from the Vendor and the Vendor has agreed to sell 17% equity interest in the Target Company, with principal terms as follows:

## **THE AGREEMENT**

Date: 12 July 2012

Purchaser: China Resources Development Group Limited, a wholly owned subsidiary of the Company

Vendor: Heilongjiang Bridgestone Graphite Co. Limited

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, and after having made all reasonable enquires, the Vendor is third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

### **Assets to be acquired**

Before the Acquisition, 83% of the Target Company was held by the Purchaser while the remaining 17% was held by the Vendor. Pursuant to the Agreement, the Purchaser has agreed to acquire from the Vendor and the Vendor has agreed to sell to the Purchaser 17% equity interest in the Target Company. After the Acquisition, the Target Company will become a wholly owned company of the Purchaser and the Company.

### **Consideration and payment term**

The consideration for the Acquisition is US\$2.05 million (or equivalent amount in Renminbi) in cash and will be paid by the Purchaser to the Vendor within 30 days after the date of the Agreement. The Consideration of US\$2.05 million was arrived at after arm's length negotiations between the Purchaser and the Vendor based on the 17% of registered capital of the Target Company.

### **Conditions precedent**

Completion is conditional upon the following conditions precedent:

- (1) both the Purchaser and the Vendor confirm to each other that the signed agreements are duly delivered and received;
- (2) the Purchaser receiving the share transfer documents in relation to the transfer of 17% interest in the Target Company.

### **Completion**

After the Acquisition, the Purchaser will hold 100% of the equity interest in the Target Company and the Target Company will become a wholly owned subsidiary of the Company.

## **Information of the Target Company**

The principal business of the Target Company is to produce graphite in Heilongjiang Province of China. Before the Acquisition, the Target Company has been consolidated in the Group's financial statements as shown in the 2011 annual report of the Company.

## **Reasons for the acquisition**

The Company believes that mineral resources are strategically valuable and worth investment over the long term. The Company also believes that the whole ownership will further enhance the effectiveness of the management of the Target Company.

## **Implication under the Listing Rules**

As the relevant percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **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.

## **DEFINITIONS**

“Acquisition”	the Purchaser acquired from the Vendor the remaining 17% equity interest in the Target Company
“Agreement”	The Share Transfer Agreement entered into between the Purchaser and the Vendor on 12 July 2012 in relation to the transfer of 17% equity interest in the Target Company
“Board”	the board of directors of the Company
“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
“Group”	the Company and its subsidiaries
“Purchaser”	China Resources Development Group Limited, a wholly owned subsidiary of the Company
“Target Company”	South Sea Graphite (Luobei) Co. Limited, a company incorporated in

China. Before the Acquisition, 83% of its equity interest was held by the Purchaser while the remaining 17% was held by the Vendor

“Vendor”

Heilongjiang Bridgestone Graphite Co. Limited, a company incorporated in China

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

Hong Kong, 12 July 2012

*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 director.*