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)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the "Board") of South Sea Petroleum Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 together with the comparative figures in 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011
(Expressed in US$'000)

	Notes	**2011**	2010
TURNOVER		**92,162**	61,677
Cost of sales		**(47,783)**	(42,027)
		44,379	19,650
Other income		**3,884**	3,016
General and administrative expenses		**(25,017)**	(20,957)
Drilling and operating expenses		**(12,025)**	(9,388)
Net gain (loss) in fair value of financial assets held for trading		**42,351**	(4,631)
Other taxes		**(500)**	(346)
Impairment loss on oil properties		**–**	(3,600)
Impairment loss on goodwill		**–**	(1,262)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	*3*	**53,072**	(17,518)
Finance costs		**(749)**	(674)
PROFIT (LOSS) BEFORE TAX		**52,323**	(18,192)
Income tax	*4*	**(3,479)**	(218)
PROFIT (LOSS) FOR THE YEAR		**48,844**	(18,410)

	Notes	**2011**	2010
Attributable to:			
Equity shareholders of the Company		**46,601**	(18,683)
Non-controlling interests		**2,243**	273
		48,844	(18,410)
EARNINGS (LOSS) PER SHARE (US Cents)	*5*		
– Basic		**14.19**	(7.52)
– Diluted		**14.18**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011
(Expressed in US$'000)

	2011	2010
PROFIT (LOSS) FOR THE YEAR	**48,844**	(18,410)
OTHER COMPREHENSIVE INCOME		
Exchange difference on translation of financial statements	**1,041**	47
Revaluation of land and building	**242**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**50,127**	(18,363)
Attributable to:		
Equity shareholders of the Company	**47,707**	(18,694)
Non-controlling interests	**2,420**	331
	50,127	(18,363)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2011

(Expressed in US$'000)

	Notes	**2011**	2010
NON-CURRENT ASSETS			
Fixed assets	*7*	**27,388**	22,375
Prepaid lease payments		**3,033**	–
Available-for-sale investments		**–**	771
Deferred tax assets		**1,114**	368
		31,535	23,514
CURRENT ASSETS			
Cash and bank balances		**33,122**	22,682
Financial assets at fair value held for trading	*8*	**58,525**	16,798
Trade and notes receivables	*9*	**26,771**	8,550
Other loan receivables		**2,700**	–
Inventories		**14,857**	10,747
Prepayments, deposits and other receivables		**77,512**	56,360
		213,487	115,137
CURRENT LIABILITIES			
Trade payables	*10*	**5,343**	5,035
Other payables and accrued expenses		**9,332**	4,502
Bank overdraft		**–**	1,091
Bank loan on discounted debtors		**1,314**	104
Finance lease-current portion		**225**	272
Taxation		**4,291**	472
		20,505	11,476
NET CURRENT ASSETS		**192,982**	103,661
TOTAL ASSETS LESS CURRENT LIABILITIES		**224,517**	127,175
NON-CURRENT LIABILITIES			
Finance lease		**109**	280
Provision		**2,605**	1,909
Convertible debentures	*11*	**1,023**	3,650
		3,737	5,839
NET ASSETS		**220,780**	121,336

	Notes	2011	2010
CAPITAL AND RESERVES			
Share capital	*12*	**602**	131,667
Revaluation reserve		**3,908**	3,710
Special capital reserve		**12,037**	12,037
Share premium		**380,711**	198,851
Convertible debentures equity reserve		**–**	1,478
Translation reserve		**6,807**	5,899
Accumulated losses		**(188,859)**	(235,460)
Total equity attributable to equity shareholders		**215,206**	118,182
Non-controlling interests		**5,574**	3,154
		220,780	121,336

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Years Ended 31 December, 2011 US$'000	2010 US$'000
NET CASH USED IN OPERATING ACTIVITIES	**(33,972)**	(4,340)
NET CASH USED IN INVESTING ACTIVITIES	**(2,895)**	(6,612)
CASH FLOW FROM FINANCING ACTIVITIES	**47,415**	12,327
INCREASE IN CASH AND CASH EQUIVALENTS	**10,548**	1,375
Cash and cash equivalents at beginning of year	**21,591**	19,814
Effect of foreign exchange rates	**983**	402
CASH AND CASH EQUIVALENTS AT END OF YEAR	**33,122**	21,591
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**33,122**	22,682
Bank overdraft	**–**	(1,091)
	33,122	21,591

NOTES TO THE ACCOUNTS

1. Basis of preparation and significant accounting policies

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The HKFRS is inclusive of all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the HKICPA. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The measurement basis in the preparation of the financial statements is historical cost, except for the measurement of financial assets at fair value through profit or loss, land and buildings and investment properties.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

In the current year, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2011.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The effect of the adoption of the above amendments to standards beginning 1 January 2011 is not material to the Group's results of operations or financial position and on the disclosures set out in these financial statements.

2. Turnover and segment information

Turnover represents oil revenue from the sale of crude oil, assembly of electronic components for the contract electronics manufacturer and sales of mineral products.

An analysis of the Group's turnover and results for the year by business segments is as follows:

(Expressed in US$'000)

For the year ended 31 December 2011:

	Oil	Sale of minerals	Contract Electronic manufacturing	Trading securities	Others	Total
Revenue from external customers	15,901	45,413	30,741	–	107	92,162
Segment results	(2,310)	18,514	1,383	42,301	–	59,888
Unallocated income and expenses						(6,816)
Profit from operating activities						53,072
Finance costs			(276)		(473)	(749)
Taxation		(4,228)	749			(3,479)
Profit for the year						48,844

For the year ended 31 December 2010:

	Oil	Sale of minerals	Contract Electronic manufacturing	Trading securities	Others	Total
Revenue from external customers	11,006	23,044	27,561	–	66	61,677
Segment results	(8,569)	884	881	(3,460)	–	(10,264)
Unallocated income and expenses						(7,254)
Loss from operating activities						(17,518)
Finance costs			(287)		(387)	(674)
Taxation		(460)	242			(218)
Loss for the year						(18,410)

3. Profit (loss) from operating activities

The Group's profit (loss) from operating activities is arrived at after charging (crediting):

	2011	2010
	US$'000	*US$'000*
Depreciation:		
– owned fixed assets	**2,619**	2,130
– leased fixed assets	**194**	300
Operating lease rentals on		
– land and buildings	**1,401**	1,212
– plant and machinery	**1,763**	988
Costs of inventories sold	**60,170**	48,236
Fixed assets written off	**365**	498
Staff costs, including directors' remuneration	**13,502**	12,822
Auditors' remuneration		
– Audit fee	**191**	165
– other service	**44**	29
Net loss (gain) in fair value of financial assets at held for trading		
– realized	**760**	1,583
– unrealized	**(4,311)**	3,048
Provision for plug and abandonment	**696**	480
Foreign exchange losses, net	**(1)**	20

4. Tax

Income tax in the consolidated income statement represents:

	2011	2010
	US$'000	*US$'000*
Overseas tax charge		
– current year	**4,101**	463
– Overprovision in respect of prior year	**–**	(36)
Deferred tax credited	**(622)**	(209)
Tax charge for the year	**3,479**	218

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Deferred tax credit for the year represents, deferred tax assets provided (2010: reversed) in an England subsidiary.

No provision for Hong Kong profits tax has been made as, in the opinion of the Company's directors, the Group did not have any estimated assessable profits or have tax losses to set off current year's profits in Hong Kong for the year.

5. Earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the net profit attributable to equity shareholders for the year of US$46,601,000 (2010: loss of US$18,683,000) and weighted average of 328,425,171 (2010: 248,612,465) ordinary shares in issue during the year.

The diluted earnings per share for the year is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares arising from the convertible debentures at the date of issuing the potential ordinary shares to 328,763,108; and the adjusted profit attributable to equity shareholders of the Company of US$46,603,000, being the profit attributable to the shareholders of the Company of US$46,601,000 adjusted to eliminate the interest expense of US$2,000.

6. Dividend

The Directors have decided not to declare any dividend for the year ended 31 December 2011 (2010: Nil).

7. Fixed assets

During the year ended 31 December 2011, the Group acquired approximately US$7,788,000 (2010: US$6,842,000) of fixed assets.

8. Financial assets at fair value held for trading

	2011	2010
	US$'000	*US$'000*
Hong Kong listed shares	**13,525**	16,798
Shares traded on the OTC Bulletin Board in United States	**45,000**	–
	58,525	16,798

The Group is exposed to equity price risk through its investment in these equity securities.

9. Trade and note receivables

The ageing analysis of the trade and note receivables is as follows:

	2011	2010
	US$'000	*US$'000*
0-30 days	**8,921**	4,424
31-60 days	**11,827**	1,997
61-90 days	**3,244**	1,518
Over 90 days	**2,779**	611
	26,771	8,550

Included in trade and note receivables an amount of USD1,148,000 (2010: US$1,631,000) which was due from non-controlling interest.

10. Trade payables

The ageing analysis of the trade payables is as follows:

	2011	2010
	US$'000	*US$'000*
0-30 days	**1,595**	1,714
31-60 days	**2,442**	2,156
61-90 days	**805**	969
Over 90 days	**501**	196
	5,343	5,035

11. Convertible debentures

During the year, the Company issued the convertible debentures for approximately US$47,063,000. Finder's fee of US$2,443,000 was paid or payable to the debenture holders. Before share consolidation effective on 9 November 2011, conversion right was exercised to convert US$41,284,000 of the convertible debentures for 83,100,000 shares of US$0.5 each. After the share consolidation effective on 9 November 2011, conversion right was exercised to convert US$11,309,000 of the convertible debentures for 255,100,966 shares of US$0.001 each.

12. Share capital

	2011	2010
	US$'000	*US$'000*
Authorised:		
500,000,000,000 ordinary shares of US$0.001 each (31.12.2010: 1,000,000,000 ordinary shares of US$0.50)	**500,000**	500,000
Issued and fully paid:		
601,534,730 ordinary shares of US$0.001 each (31.12.2010: 263,333,744 ordinary shares of US$0.50 each)	**602**	131,667

Pursuant to an special resolution passed on 8 November 2011, the authorised share capital of the Company be reduced from US$500,000,000 divided into 1,000,000,000 existing shares of US$0.500 each to US$1,000,000 divided into 1,000,000,000 reduced shares of US$0.001 each and that such reduction be effective on 9 November 2011 by cancelling share capital paid up or credited as paid up to the extent of US$0.499 per Existing Share upon each of the shares in issue and by reducing the nominal value of all the issued and unissued Existing Shares in the share capital of the Company from US$0.500 to US$0.001 per Reduced Share.

Pursuant to an ordinary resolution passed on 8 November 2011,the authorised share capital of the Company be increased from US$1,000,000 (divided into 1,000,000,000 Reduced Shares of US$0.001 each) to US$500,000,000 (divided into 500,000,000,000 Reduced Shares of US$0.001 each) by the creation of 499,000,000,000 unissued Reduced Shares of US$0.001 each effective on 9 November 2011 and that each such Reduced Share, upon issue, shall rank pari passu in all respects with the existing Reduced Shares.

Pursuant to an ordinary resolution passed on 8 January 2010, the Company's authorized share capital was increased to US$500,000,000 from 14,000,000,000 ordinary shares of US$0.01 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

As at 2 June 2010, the Company effected a share consolidation on the basis that every fifty (50) existing issued and unissued Shares of US$0.01 each in the capital of the Company be consolidated into one (1) consolidated share of US$0.50.

The share consolidation was approved by the board of directors of the Company and by a majority of the Company's shareholders at its Extraordinary General Meeting held on 1 June 2010.

During the year before share consolidation effective on 9 November 2011, 83,100,000 shares of US$0.5 each were issued by exercising the convertible debentures for an aggregate consideration of approximately US$41,284,000. After the share consolidation effective on 9 November 2011, 255,100,966 shares of US$0.001 each were issued by exercising the convertible debentures for an aggregate consideration of approximately US$11,309,000.

In 2010, 2,194,447,870 ordinary shares of US$0.01 each were issued by exercising the convertible debentures for an aggregate consideration of approximately US$21,804,000.

13. Related party transactions

During the year, the Group entered into the following transactions with related party:

	2011	2010
	US$'000	*US$'000*
Sales to non-controlling interest	**8,374**	12,814
Purchases from non-controlling interest	**800**	1,755

14. Approval of the Annual Audited Accounts

The Board of Directors of the Company approved the Annual Audited Accounts on 29 March 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this review, all the "$" refers to the legal currency of the United States of America, unless otherwise specified)

For the year ended 31 December 2011, the turnover of the Group was $92.162 million, representing an increase of $30.485 million, or 49.43%, as compared to $61.677 million for the prior year. The net profit attributable to shareholders was $46.601 million, or 14.19 cents per share, as compared to net loss of $18.683 million, or 7.52 cent per share, for the same period of 2010. On the balance sheet, at 31 December 2011 the total assets of the Group were $245.022 million, as compared $138.651 million at 31 December 2010, and the net assets of the Group were $220.140 million at 31 December 2010, as compared $121.336 million at 31 December 2010.

Business Review

The Group is engaged in the business of developing and producing crude oil in Indonesia, minerals in China, and provision of electronic manufacturing services in the United Kingdom.

Through its wholly-owned subsidiary, Kalrez Petroleum (Seram) Limited, the Company operates oilfields in Indonesia under the Bula Petroleum Production Sharing Contract ("Bula PSC"), which the Group entered into with BPMIGAS, Department of Petroleum of Indonesia, on 22 May 2000. The Bula PSC will expire in 2019.

Through its partly-owned subsidiary, South Sea Graphite (Luobei) Co., Limited ("SSG"), the Company is engaged in the business of production and sale of graphite products in Luobei, Heilongjiang Province of China. Through its wholly-owned subsidiary, Axiom Manufacturing Services Ltd. ("Axiom") in the United Kingdom, the Company provides electronics manufacturing services in the business-to-business or business-to-industry sectors and to original equipment manufacturers in the following market sectors:

- Medical devices
- Industrial control equipment
- Domestic appliances
- Computer and related products
- Testing and instrumentation products
- Ministry of Defense products

As a result of efficiently managing costs and assets, Axiom is able to offer its customers an outsourcing solution that represents a lower total cost of acquisition than that typically provided by the OEM's own manufacturing operation. OEMs contract with Axiom to build their products or to obtain services related to product development and prototyping, volume manufacturing or aftermarket support.

In many cases Axiom builds products that carry the brand names of its customers and substantially all of Axiom's manufacturing services are provided on a turnkey basis where Axiom purchases customer specific components from suppliers, assembles the components onto printed circuit boards, performs post production testing and provides customers with production process and test documentation. Axiom also provides manufacturing services on a consignment basis where materials are provided by the customers for Axiom to build into finished printed circuit boards or products. Axiom offers its customers flexible just-in-time delivery programs which allow product shipments to be closely coordinated with the customers' inventory requirements. Additionally, Axiom completes the assembly of final products for its customers by integrating the manufactured printed circuit boards into the customers' finished products. Most of Axiom's customers are located within the United Kingdom.

Prospects

The Company believes that mineral resources are strategically valuable and worth investment over the long term, and the Company deems it strategically important to procure a steady supply of graphite raw materials to ensure sustainable operation and growth of its graphite business. If financing is available on terms acceptable to the Company, the Company intends to acquire additional graphite mineral resources, increase oil production, and develop or acquire hi-technology to support and complement its existing electronics hardware business in the UK, supported by an e-commence platform, thereby enhancing high-tech contents in its electronics and other products. The Company believes that these endeavors will enable it to strengthen earnings and profitability, and deliver more value to its shareholders.

Results of Operations

For the year ended 31 December 2011, the Group's turnover was $92.162 million, an increase of $30.485 million, or 49.43%, as compared to $61.677 million for the prior year. Specifically, for the year ended 31 December 2011, the turnover of the Group's crude oil operation was $15.901 million as compared to $11.006 million for the year of 2010, representing an increase of 44.48%. The increase in oil revenue was primarily due to increased production and increased average sales price of crude oil. For the same period, the Group's graphite operation generated revenues of $45.413 million, or an increase of 97.1%, as compared to $23.044 million for the year ended 31 December 2010. The revenue increase of the Group's graphite operation was due primarily to the increase in customer orders, solicitating of additional new customers as well as general income in mineral selling price. For the year ended 31 December 2011, the turnover of the Group's electronics manufacturing service operation was $30.741 million, representing an increase of $3.18 million, or 11.5%, as compared to $27.561 million for the prior year. The turnover increase in the Group's electronics manufacturing service operation was largely due to an increase in sales orders and new customers.

Liquidity and Capital Resources

The Group's operations are primarily funded by cash flows from its operations, and to a small extent, from issuance of the Company's ordinary shares and convertible debentures.

At 31 December 2011, the Group's cash and cash equivalents were $33.122 million as compared to $21.591 million as at 31 December 2010. For the year ended 31 December 2011, the Group's operating activities used net cash of $33.972 million. By comparison, net cash used in operating activities was $4.340 million for the year of 2010. During the same period, the Group's investing activities used net cash of $2.895 million, primarily due to purchase of property and equipment. By comparison, net cash provided by the Group's investing activities in 2010 was $6.612 million. For the year ended 31 December 2011, the Group's financing activities generated net cash of $47.415 million, primarily from issuance of convertible debentures of the Company. By comparison, net cash provided in financing activities was $12.327 million for the year of 2010.

On 4 April 2011, the Company entered into a Subscription Agreement with a US based institutional investor for an aggregate of US$250 million 3% interest Convertible Debentures due April 2021. The net proceeds were intended to be used as funding for potential acquisitions of graphite mineral resources and capital reserve to increase oil production in the Bula Oilfields, Indonesia, and to develop or acquire hi-technology to support and complement its existing electronics hardware business in the UK, thereby enhancing high-tech contents in its electronics products.

At the extraordinary general meeting held on 8 November 2011, a capital reorganization (the "Capital Reorganization") was proposed to the shareholders of the Company that that the Company's authorized share capital be reduced from US$500,000,000 divided into 1,000,000,000 shares existing shares of US$0.500 each to US$1,000,000 divided into 1,000,000,000 reduced shares of US$0.001 each. The credit arising from the capital reduction was credited to the share premium account of the Company. Upon such capital reduction being effective, the authorised share capital of the Company be increased from US$1,000,000 (divided into 1,000,000,000 reduced shares of US$0.001 each) to US$500,000,000 (divided into 500,000,000,000 reduced shares of US$0.001 each) by the creation of 499,000,000,000 unissued Reduced Shares of US$0.001 each, and that each such Reduced Share, upon issue, shall rank pari passu in all respects with the existing reduced shares. The Capital Reorganization was approved by the shareholders of the Company at the meeting and was effective on 9 November 2011.

At 31 December 2011, the Group had no contingent liabilities. The Group believes that its cash balance and the cash generated from operations are adequate to meet its operating expenses and capital expenditure for the next twelve months. However, the Group's continuing operating and investing activities may require it to obtain additional sources of financing. In that case, the Group may seek financing from institutional investors, banks, or other sources of financing. There can be no assurance that any necessary additional financing will be available to the Group at that time.

Off Balance Sheet Arrangements

At 31 December 2011, the Group had no off balance sheet arrangements.

Employees and Remuneration Policies

At 31 December 2011, the Group had a total of 902 employees in Indonesia, the United Kingdom, China and Hong Kong. The Group believes that its relationship with its employees is satisfactory.

From time to time, the Group may also use the services of independent consultants and contractors to perform various professional services. The remuneration of each employee of the Group is determined on the basis of his or her performance and responsibility.

Material Uncertainties

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Foreign Exchange Exposure

The Group's principal operating subsidiaries earn revenues and incur costs in US dollars, Chinese Renminbi and British pounds, respectively. For the year ended 31 December 2011, the Group did not engage in any hedging activities. The Group will continue to monitor the risk of foreign exchange fluctuation on the Group's results of operations, financial conditions and cash flow, and when appropriate to hedge its currency risks.

Legal Proceedings

The Group is not aware of any pending or threatened legal proceeding that, if determined in a manner adverse to us, could have a material adverse effect on the business and operations of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2011, the Company had complied with all the applicable code provisions as set forth in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, except for deviation of the code provision A.4.1 of the Code as mentioned below.

Under the code provision A.4.1 of the Code, non-executive Directors (including independent non-executive directors) shall be appointed for a specific term and subject to re-election. None of the Company's existing independent non-executive Directors was appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by its Directors. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2011, neither the Company, nor any of its subsidiaries, has purchased, sold, or redeemed any of the Company's securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters, including a review of the audited Annual Accounts for the year ended 31 December 2011.

On the date of this announcement, the Audit Committee consists of the following independent non-executive directors: Mr. Ho Choi Chiu (Chairman), Mr. Lu Ren Jie, and Mr. Chai Woon Chew.

PUBLICATION OF RESULTS

This announcement of results containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published in due course on website of the Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and website of the Company (http://www.southseapetro.com.hk) (together, the "Websites"). The Company's Annual Report 2011 will also be published on the Websites and dispatched to shareholders who elected to receive the printed version of the corporate communication of the Company before 20 April 2012.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors comprised 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.

On behalf of the Board
Lee Sin Pyung
Managing Director

Hong Kong, 29 March 2012