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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)**

### **PROPOSED SHARE CONSOLIDATION**

The Board wishes to put forward to the Shareholders a proposal of Share Consolidation on the basis that every fifty (50) issued and unissued Shares of US\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of US\$0.50. The Share Consolidation is conditional upon the approval of the Shareholders at the EGM.

A circular containing further details on the Share Consolidation together with a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

### **PROPOSED SHARE CONSOLIDATION**

As at the date of this announcement, the authorized share capital of the Company is US\$500,000,000, divided into 50,000,000,000 Shares of par value US\$0.01 each, of which 11,472,239,359 Shares are in issue and fully paid. The Board proposes that every fifty (50) 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. Upon the Share Consolidation becoming effective, the authorized capital of the Company will become US\$500,000,000 divided into 1,000,000,000 Consolidated Shares of par value US\$0.50 each.

## **Conditions**

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
  
- (ii) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

## **Effects of Share Consolidation**

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or result in any change in the rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled. The Consolidated Shares shall rank *pari passu* in all respects with each other.

## **Listing Application**

An application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

## **Reason for Share Consolidation**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the recent trading price of the Shares and at the request of the Stock Exchange, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares. The Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

### **Possible Adjustment to the Convertible Debentures**

As at the date of this announcement, the Company has outstanding convertible debentures in the aggregate principal amount of HK\$907,250,000 entitling the holder thereof to subscribe for up to an aggregate of 11,694,447,871 Shares.

The Share Consolidation may cause adjustments to the conversion price and the number of Consolidated Shares to be issued pursuant to the terms and conditions of the convertible debentures. Further details of such adjustment, if required to be made, will be disclosed in the further announcement(s).

Save for the convertible debentures, there are no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convertible or exchangeable into Shares as at the date of this announcement.

### **Board Lot Size**

Currently, the Shares are traded on the Stock Exchange in board lot size of 2,000 Shares. After the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 2,000 Consolidated Shares.

### **Odd Lot Arrangements and Fractional Consolidated Shares**

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

In order to facilitate the trading of odd lots of the Consolidated Shares, Kingston Securities Company Limited will be appointed by the Company to provide a matching service, on a “best effort” basis, to those Shareholders who wish to acquire or to dispose of their holding of odd lots of Consolidated Shares. Holders of odd lots of the Consolidated Shares who wish to take advantage of this trading facility should contact Ms. Rosita Kiu of Kingston Securities Limited by telephone at (852) 2298-6215 or by fax at (852) 2295-0682 either directly or through their licensed securities dealers during the period from 17 June 2010 to 8 July 2010. Details of such arrangement will be set out in the circular in relation to, among other things, the Share Consolidation to be despatched to the Shareholders as soon as practicable.

### **Exchange of Share Certificates**

Should the Share Consolidation become effective, Shareholders may, during the period from 2 June 2010 to 12 July 2010, submit existing certificates for the Shares in yellow color to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange, at the expense of the Company, for new share certificates in blue colour for Consolidated Shares. It is expected that the new certificates for the Consolidated Shares will be available for collection within 10 business days after the submission of the existing share certificates to the share registrar of the Company for exchange. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued for Consolidated Shares. Existing certificates for the Shares will cease to be good for delivery but will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time at the expense of the Shareholders.

### **Expected Timetable**

The expected timetable of the proposed Share Consolidation is as follows:-

|   | <i>2010</i>                    |
|---|--------------------------------|
| Despatch date of circular   | on or before Monday, 3 May     |
| Latest time for lodging forms of proxy for the EGM  | 11:30 a.m. on Sunday, 30 May   |
| EGM   | 11: 30 a.m. on Tuesday, 1 June |
| Effective date of the Share Consolidation   | Wednesday, 2 June              |
| Dealings in Consolidated Shares commences   | Wednesday, 2 June              |
| Original counter for trading in existing shares in board lots of 2,000 Shares closes  | 9:30 a.m. on Wednesday, 2 June |
| Temporary counter for trading in Consolidated Shares in board lots of 40 Consolidated Shares (in the form of existing share certificates) opens | 9:30 a.m. on Wednesday, 2 June |
| First day of free exchange of existing share certificates   | Wednesday, 2 June              |

for new share certificates for the Consolidated Shares

Original counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens 9:30 a.m. on Thursday, 17 June

Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares 9:30 a.m. on Thursday, 17 June

Parallel trading in Consolidated Shares (in form of new share certificates and existing share certificates) commences 9:30 a.m. on Thursday, 17 June

Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares 4:00 p.m. on Thursday, 8 July

Temporary counter for trading in Consolidated Shares in board lots of 40 Consolidated Shares (in the form of existing share certificates) ends 4:00 p.m. on Thursday, 8 July

Parallel trading in Consolidated Shares (in form of new share certificates and existing share certificates) ends 4:00 p.m. on Thursday, 8 July

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares Monday, 12 July

### **Share Structure of the Company before and after the Share Consolidation**

The following table sets out the effect on the share capital structure immediately before and after the Share Consolidation:

|                          | <b>Before<br/>Share Consolidation</b> | <b>After<br/>Share Consolidation</b> |
|--------------------------|---------------------------------------|--------------------------------------|
| Nominal value per share  | US\$0.01                              | US\$0.50                             |
| Authorized share capital | US\$500,000,000                       | US\$500,000,000                      |
| No. of authorized shares | 50,000,000,000<br>Shares              | 1,000,000,000<br>Consolidated Shares |
| Issued share capital     | US\$114,722,393                       | US\$114,722,393                      |

|                        |                          |                                    |
|------------------------|--------------------------|------------------------------------|
| No. of issued shares   | 11,472,239,359<br>Shares | 229,444,787<br>Consolidated Shares |
| Unissued share capital | US\$385,277,606          | US\$385,277,606                    |
| No. of unissued shares | 38,527,760,641<br>Shares | 770,555,213<br>Consolidated Shares |

### **EGM**

The EGM will be convened to obtain Shareholders' approval of the Share Consolidation. A circular together with an EGM notice will be despatched to the Shareholders as soon as practicable.

### **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**

|                         |   |
|-------------------------|---|
| “Board”/“Directors”     | 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   |
| “Consolidated Share(s)” | every fifty (50) existing issued and unissued Shares of US\$0.01 each in the capital of the Company be consolidated into one (1) Share of par value US0.50 each |
| “Directors”             | the board of directors of the Company   |
| “EGM”                   | an extraordinary general meeting to be held and convene to obtain the Shareholders' approval of the Share Consolidation   |
| “Group”                 | the Company and its subsidiaries  |

|                       |   |
|-----------------------|---|
| “Hong Kong”           | the Hong Kong Special Administrative Region of the PRC  |
| “Last Trading Day”    | 20 April 2010, being the last trading day before the release of this announcement   |
| “Listing Rules”       | Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                 | the People’s Republic of China  |
| “Share(s)”            | ordinary share(s) of US\$ 0.01 each in the share capital of the Company   |
| “Share Consolidation” | 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. |
| “Shareholder(s)”      | holder(s) of the Share(s) or Consolidated Share(s), as the context requires   |
| “The Stock Exchange”  | the Stock Exchange of Hong Kong Limited   |

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

21 April 2010, Hong Kong,

*As at the date of this statement, 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 directors.*