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If you are in any doubt as to any aspect of this circular or as to the action to be taken you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in South Sea Petroleum Holdings Limited or both, you should at once hand this circular together with the enclosed form of proxy (for Shareholders only) to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

PROPOSED SHARE CONSOLIDATION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an Extraordinary General Meeting of South Sea Petroleum Holdings Limited to be held at Unit 1, G/F., The Center, 99 Queen's Road Central, Hong Kong on 1 June 2010 at 11:30 a.m. (the "Meeting") is set out on pages 8 to 9 of this circular. Whether or not you are able to attend the Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting if you so desire.

3 May 2010

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EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Share Consolidation. The timetable is subject to the results of the EGM. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

2010

Despatch date of circular	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 for new share certificates for the Consolidated Shares	Wednesday, 2 June
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

EXPECTED TIMETABLE

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

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”/“Directors”	the board of directors of the Company
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“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 Shares”	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 US\$0.50 each
“EGM”	an extraordinary general meeting to be held and convene to obtain the Shareholders’ approval of the Share Consolidation on 1 June 2010
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	28 April 2010, being the latest practicable date for ascertaining certain information in this circular before printing of this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“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
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Zhou Ling (*Chairman*)
Ms. Lee Sin Pyung (*Managing Director*)
Ms. Zhang Xue

Registered Office:

Unit 6605, 66/F.
The Center
99 Queen's Road Central
Hong Kong

Independent Non-Executive Directors:

Mr. Lu Ren Jie
Mr. Chai Woon Chew
Mr. Ho Choi Chiu

3 May 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated 21 April 2010 that the Board put forward to the Shareholders a proposal of 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 purpose of this circular is to provide you with information relating to the Share Consolidation and the notice of the EGM.

PROPOSED SHARE CONSOLIDATION

As at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

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.

Listing Application

Application will be made by the Company to the Listing Division of the Stock Exchange for granting the listing of and permission to deal in the Consolidated Shares and the Consolidated Shares which will fall to be issued upon conversion of the convertible debentures.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Hong Kong Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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 the Shareholders may be entitled. The Consolidated Shares shall rank *pari passu* in all respects with each other.

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

LETTER FROM THE BOARD

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.

Share Structure of the Company before and after the Share Consolidation

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

	Before Share Consolidation	After Share Consolidation
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 Shares	1,000,000,000 Consolidated Shares
Issued share capital	US\$114,722,393	US\$114,722,393
No. of issued shares	11,472,239,359 Shares	229,444,787 Consolidated Shares
Unissued share capital	US\$385,277,606	US\$385,277,606
No. of unissued shares	38,527,760,641 Shares	770,555,213 Consolidated Shares

Possible Adjustment to the Convertible Debentures

As at the Latest Practicable Date, 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 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 the Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Board lot size and trading arrangement

The existing board lot size of 2,000 Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.037 per Share on the Latest Practicable Date, is HK\$74. Upon the Share Consolidation becoming effective, the expected value of each board lot of 2,000 Consolidated Shares, calculated based on the closing price of HK\$1.850 per Consolidated Share on the Latest Practicable Date, is HK\$3,700.

Upon the Share Consolidation becoming effective, the trading arrangements proposed for dealings in Consolidated Shares are set out as follows:

- (i) with effect from 9:30 a.m. on Wednesday, 2 June 2010, the original counter for trading in Shares in board lots of 2,000 Shares will close temporarily. A temporary counter for trading in Consolidated Shares in the form of existing share certificates in board lots of 40 Consolidated Shares will be established; every 50 Shares in the form of existing share certificates will be deemed to represent one Consolidated Share. The existing share certificates for Shares can only be traded at this temporary counter;
- (ii) with effect from 9:30 a.m. on Thursday, 17 June 2010, the original counter will reopen for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares. Only new share certificates for the Consolidated Shares can be traded at this counter;
- (iii) with effect from 9:30 a.m. on Thursday, 17 June 2010 to 4:00 p.m. on Thursday, 8 July 2010 (both dates inclusive), there will be parallel trading at the counters mentioned in (i) and (ii) above; and
- (iv) the temporary counter for trading in Consolidated Shares in the form of the existing share certificates in board lots of 40 Consolidated Shares will be removed after the close of trading on Thursday, 8 July 2010. Thereafter, trading will only be in Consolidated Shares in the form of new share certificates in board lots of 2,000 Consolidated Shares and the existing share certificates for Shares will cease to be acceptable for trading and settlement purposes.

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.

LETTER FROM THE BOARD

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 at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (Tel: (852) 2298-6215 Fax: (852) 2295-0682) either directly or through their licensed securities dealers during the period from 17 June 2010 to 8 July 2010. Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is on a best effort basis and successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot facility, is recommended to consult his/her/its own professional advisers.

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, 17th 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 Branch Registrar 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.

EGM

The notice of EGM to be held at Unit 1, G/F., The Center, 99 Queen’s Road Central, Hong Kong on 1 June 2010 at 11:30 a.m. is set out on pages 8 to 9 of this circular.

The EGM is convened to be held for the purpose of considering and, if thought fit, approving the ordinary resolution by way of poll in respect of the Share Consolidation. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution approving the Share Consolidation at the EGM. There is a form of proxy for use at the EGM accompanying this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

LETTER FROM THE BOARD

The resolution proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company on the results of the EGM.

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.

RECOMMENDATION

The Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of EGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement contained herein misleading.

By order of the board of directors
South Sea Petroleum Holdings Limited
Zhou Ling
Chairman

NOTICE OF EGM

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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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of South Sea Petroleum Holdings Limited (the “Company”) will be held at 11:30 a.m. on 1 June 2010 at Unit 1, G/F., The Center, 99 Queen’s Road Central, Hong Kong for the purpose of considering and if thought fit, passing, with or without modifications, the following resolution which will be proposed as ordinary resolution:

ORDINARY RESOLUTION

“**THAT**

- (a) every 50 existing issued and unissued ordinary shares of par value US\$0.01 each in the share capital of the Company be consolidated into one ordinary share of par value US\$0.50 (“Consolidated Share”) and such consolidation shall take effect on the next business day, being any day (other than Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours, immediately following the date on which this resolution is passed;
- (b) the Consolidated Shares shall rank *pari passu* in all respects with each other;
- (c) all fractional Consolidated Shares will be disregarded and not be issued to the holders of the existing ordinary shares of the Company but all fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company; and
- (d) the directors of the Company be and are generally authorised to do all such acts and things and execute all such documents, including under the seal of the Company, where applicable, as they consider necessary or expedient to implement and give effect to the arrangements set out in this resolution.”

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

Hong Kong, 3 May 2010

NOTICE OF EGM

Notes:

- (i) A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (ii) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at 46/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the Meeting.
- (iv) Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjournment thereof if he so desires. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.