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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)

CHANGE IN AUDITOR

The Board announces that Elite Partners has resigned as auditor of the Group with effect from 22 May 2019, and the Board has resolved to appoint BDO as the auditor of the Group to fill the casual vacancy following the resignation of Elite Partners and to hold office until the conclusion of the next annual general meeting of the Company.

This announcement is made by the board of directors (the “**Board**”) of South Sea Petroleum Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board announces that Elite Partners CPA Limited (“Elite Partners”) has resigned as auditor of the Group with effect from 22 May 2019. The Board resolved to appoint BDO Limited (“BDO”) as the new auditor of the Group with effect from 22 May 2019 to fill the casual vacancy following the resignation of Elite Partners and to hold office until the conclusion of the next annual general meeting of the Company.

As stated in Elite Partners’ letter of resignation to the Board and the audit committee of the Company dated 22 May 2019 that, the incompleteness of the audit of the Financial Statements for the year ended 31 December 2018 on schedule was due to the supporting documents cannot be furnished in time addressing the outstanding matters below:

- (i) the provision of additional information in support of the inventories on semi-processed graphite as at 31 December 2018;
- (ii) details of management’s assessment on implication of the accounting treatment on initial recognition of convertible debentures for the year ended 31 December 2017;

- (iii) the provision of additional information in support of the uncertainty of release date of the film, additional information and supporting documents of the payments in film production, and
- (iv) details of management's assessment on the tax implication on carrying out of business in Madagascar.

Elite Partners and the Company could not reach a consensus as to when the outstanding matters could be resolved as well as the timetable of completing the audit of the Financial Statements for the year ended 31 December 2018. As such, Elite Partners agreed to resign and the Company to appoint a new auditor.

Save as disclosed above, the Board is not aware of any other matter in relation to the change of auditor that needs to be brought to the attention of the shareholders and creditors of the Company.

Elite Partners has confirmed in writing that there are no circumstances connected with their resignation which they consider should be brought to the attention of the members or creditors of the Company pursuant to section 424 of the Hong Kong Companies Ordinance.

The Board is taking appropriate actions to get the Company's audited annual results for the year ended 31 December 2018 completed as soon as possible.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended since 9:00 a.m. on 1 April 2019 and will remain suspended until further notice.

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

Hong Kong, 22 May 2019

As at the date of this announcement, the board of directors comprises of Mr. Feng Zhong Yun and Ms. Zhang Xue being executive directors; Mr. Han Zhi Jun, Mr. Lu Ren Jie, Mr. Chai Woon Chew and Mr. Ng Lai Po being independent non-executive directors.