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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)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 together with the comparative figures in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

(Expressed in US\$'000)

	Notes	2014	2013
TURNOVER		82,379	370,507
Cost of sales		<u>(51,035)</u>	<u>(276,809)</u>
		31,344	93,698
Other income		1,645	2,461
General and administrative expenses		(33,574)	(23,276)
Drilling and operating expenses		(8,824)	(15,297)
Net (loss) gain in fair value of financial assets held for trading		(13,515)	22
Other taxes		<u>(405)</u>	<u>(611)</u>
(LOSS) PROFIT FROM OPERATING ACTIVITIES	3	(23,329)	56,997
Finance costs		<u>(147)</u>	<u>(423)</u>
(LOSS) PROFIT BEFORE TAX		(23,476)	56,574
Income tax	4	353	(15,532)
(LOSS) PROFIT FOR THE YEAR		(23,123)	41,042
Attributable to:			
Equity shareholders of the Company		(23,021)	40,816
Non-controlling interests		<u>(102)</u>	<u>226</u>
		(23,123)	41,042
(LOSS) EARNINGS PER SHARE (US Cents)	5		
– Basic		<u>(2.74)</u>	<u>5.32</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

(Expressed in US\$'000)

	2014	2013
(LOSS) PROFIT FOR THE YEAR	(23,123)	41,042
OTHER COMPREHENSIVE (EXPENSE) INCOME		
– Items that may be reclassified to profit or loss		
Exchange difference	(2,165)	1,354
Revaluation of land and building	542	(416)
	<hr/>	<hr/>
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR	(24,746)	41,980
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Equity shareholders of the Company	(24,530)	41,689
Non-controlling interests	(216)	291
	<hr/>	<hr/>
	(24,746)	41,980
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 December 2014**(Expressed in US\$'000)*

	<i>Notes</i>	2014	2013
NON-CURRENT ASSETS			
Fixed assets	7	28,838	29,600
Prepaid lease payments		5,359	5,624
Goodwill		537	537
Available-for-sale investments		293	293
Interest in an associate		(64)	–
Deferred tax assets		1,752	1,711
Long term portion of trade receivable	8	211,404	237,830
		248,119	275,595
CURRENT ASSETS			
Cash and bank balances		28,743	21,766
Financial assets at fair value held for trading	9	17,027	30,543
Trade and notes receivables	8	61,294	44,387
Inventories		22,467	20,019
Prepayments, deposits and other receivables		9,969	10,419
		139,500	127,134
CURRENT LIABILITIES			
Trade payables	10	13,359	11,064
Other payables and accrued expenses		17,799	16,508
Due to non-controlling interests		1,241	862
Finance lease-current portion		302	90
Taxation		15,500	15,710
		48,201	44,234
NET CURRENT ASSETS		91,299	82,900
TOTAL ASSETS LESS CURRENT LIABILITIES		339,418	358,495
NON-CURRENT LIABILITIES			
Finance lease		767	64
Provision		3,105	3,105
		3,872	3,169
NET ASSETS		335,546	355,326

	<i>Notes</i>	2014	2013
CAPITAL AND RESERVES			
Share capital	<i>12</i>	504,850	8,139
Share premium		–	478,568
Special capital reserve		–	12,037
		<hr/>	<hr/>
Share capital and other statutory capital reserve		504,850	498,744
Revaluation reserve		4,068	3,779
Translation reserve		7,710	9,508
Accumulated losses		(183,983)	(160,962)
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		332,645	351,069
		<hr/>	<hr/>
Non-controlling interests		2,901	4,257
		<hr/>	<hr/>
		335,546	355,326
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Years Ended 31 December	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	5,690	(56,119)
NET CASH USED IN INVESTING ACTIVITIES	(3,613)	(3,202)
CASH FLOW FROM FINANCING ACTIVITIES	5,811	54,382
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,888	(4,939)
Cash and cash equivalents at beginning of year	21,766	26,161
Effect of foreign exchange rates	(911)	544
CASH AND CASH EQUIVALENTS AT END OF YEAR	28,743	21,766
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	28,743	21,766

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 2014.

HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of assets on recoverable amount disclosures
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of derivatives
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011)	Consolidation for investment entities
HK(IFRIC)-Int 21	Levies

The effect of the adoption of the above amendments to standards beginning 1 January 2014 is not material to the Group’s results of operations or financial position and on the disclosures set out in these financial statements.

The Group has not applied any news standard or interpretation that is not yet effective for the current accounting year.

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 2014:

	Oil	Sale of minerals	Contract Electronic manufacturing	Others	Total
Revenue from external customers	<u>12,871</u>	<u>13,844</u>	<u>55,664</u>	<u>-</u>	<u>82,379</u>
Segment results	(1,310)	(3,058)	2,582	-	(16,352)
Unallocated income and expenses					<u>(6,977)</u>
Loss from operating activities					(23,329)
Finance costs		(112)	(35)		(147)
Taxation		200	153		<u>353</u>
Loss for the year					<u>(23,123)</u>

For the year ended 31 December 2013:

	Oil	Sale of minerals	Contract Electronic manufacturing	Others	Total
Revenue from external customers	<u>19,437</u>	<u>304,725</u>	<u>46,345</u>	<u>-</u>	<u>370,507</u>
Segment results	(2,691)	62,691	1,828	-	61,925
Unallocated income and expenses					<u>(4,928)</u>
Profit from operating activities					56,997
Finance costs		(381)	(20)	(22)	(423)
Taxation		(15,854)	322		<u>(15,532)</u>
Profit for the year					<u>41,042</u>

3. (Loss) profit from operating activities

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

	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
Depreciation:		
– owned fixed assets	3,799	4,303
– leased fixed assets	222	63
Operating lease rentals on		
– land and buildings	641	656
– plant and machinery	1,327	1,862
Costs of inventories sold	68,021	291,712
Fixed assets written off	5	–
Staff costs, including directors' remuneration	17,391	17,234
Auditors' remuneration		
– Audit fee	203	192
– other service	41	55
Net loss (gain) in fair value of financial assets at held for trading		
– unrealized	13,515	(22)
Provision for bad debts	–	116
Provision for plug and abandonment	–	500
Foreign exchange loss (gain), net	116	(289)

4. Tax

Income tax in the consolidated statement of profit or loss statement represents:

	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
Overseas tax charge		
– Current year	–	15,606
– Under provision in prior year	–	248
– Over provision in prior year	(205)	–
Deferred tax credited	(148)	(322)
Tax (credit) charge for the year	(353)	15,532

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 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. (Loss) earnings per share

The calculation of basic (loss) earnings per share is based on the net loss attributable to equity shareholders for the year of US\$23,021,000 (2013: US\$40,816,000) and weighted average of 840,518,356 (2013: 767,716,328) ordinary shares in issue during the year.

The number of ordinary shares in 2013 for the purposes of calculating the basic earnings per share has been retrospectively adjusted for the ten-to-one share consolidation which took place on 9 October 2014.

6. Dividend

The Directors have decided not to declare any dividend for the year ended 31 December 2014 (2013: Nil).

7. Fixed assets

During the year ended 31 December 2014, the Group acquired approximately US\$3,736,000 (2013: US\$2,620,000) of fixed assets.

8. Trade and note receivables

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

	2014 US\$'000	2013 US\$'000
0-30 days	9,419	35,217
31-60 days	5,461	4,241
61-90 days	2,245	4,211
Over 90 days	44,169	718
	<u>61,294</u>	<u>44,387</u>

Included in trade and note receivables an amount of US\$403,000 (2013: USD643,000) which was due from non-controlling interest.

Long term portion of trade receivable is repayable within 9 years.

9. Financial assets at fair value held for trading

	2014 US\$'000	2013 US\$'000
Hong Kong listed shares	527	543
Shares traded on the OTC Bulletin Board in United States	16,500	30,000
	<u>17,027</u>	<u>30,543</u>

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

10. Trade payables

The ageing analysis of the trade payables is as follows:

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
0-30 days	2,596	4,997
31-60 days	4,468	3,102
61-90 days	3,030	1,494
Over 90 days	3,265	1,471
	<u>13,359</u>	<u>11,064</u>

11. Convertible debentures

During the year, the Company issued the convertible debentures for approximately US\$6,410,000. Finder's fee of approximately US\$321,000 was paid or payable to the debenture holders. Conversion right was exercised to convert approximately US\$6,410,000 of the convertible debentures for 300,000,000 ordinary shares before 9 October 2014 and 35,335,689 ordinary shares after 9 October 2014.

12. Share capital

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Authorised:		
500,000,000,000 ordinary shares of US\$0.001 each	<u>N/A</u>	<u>500,000</u>
Issued and fully paid:		
879,241,817 ordinary shares with no par value (31.12.2013:		
8,139,061,280 ordinary shares of US\$0.001 each)	<u>504,850</u>	<u>8,139</u>

Under the new Hong Kong Companies Ordinance (Cap. 622), with effect from 3 March 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amounts standing to the credit of the share premium account and the capital redemption reserve on 3 March 2014 have become part of the company's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). There is no impact on the number of shares in issue or the relative entitlement of any of the members.

As at 9 October 2014, the company effected a share consolidation on the basis that every ten (10) issued shares in the capital of the company be consolidated into one (1) consolidated share.

During the year before 9 October 2014, 300,000,000 ordinary shares were issued by exercising the convertible debentures for an aggregate consideration of HK\$30,000,000.

From 9 October 2014 to 31 December 2014, 20,000,000 ordinary shares issued by exercising the convertible debentures for an aggregate consideration of HK\$20,000,000.

13. Related party transactions

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

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Sales to non-controlling interest	3,169	10,621
Rental income from non-controlling interest	566	–

14. Fair value measurement of financial instrument

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair values measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair values measurement are those derived from inputs other than quoted prices include within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair values measurement are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1 <i>US\$'000</i>	Level 2 <i>US\$'000</i>	Level 3 <i>US\$'000</i>	31 December 2014 Total <i>US\$'000</i>
Financial assets at fair value held for trading	17,027	–	–	17,027

	Level 1 <i>US\$'000</i>	Level 2 <i>US\$'000</i>	Level 3 <i>US\$'000</i>	31 December 2013 Total <i>US\$'000</i>
Financial assets at fair value held for trading	30,543	–	–	30,543

15. Approval of the Annual Audited Accounts

The Board of Directors of the Company approved the Annual Audited Accounts on 31 March 2015.

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

(In this report, all the “\$” refers to the legal currency of the United States of America, unless otherwise specified)

For the year ended 31 December 2014, the turnover of the Group was \$82.379 million, representing a decrease of \$288.128 million, or 77.77%, as compared to \$370.507 million for the prior year. The net loss attributable to shareholders was \$23.021 million, or 2.74 cents per share, as compared to net profit of \$40.816 million, or 5.32 cent per share, for the same period of 2013. On the balance sheet, at 31 December 2014 the total assets of the Group were \$387.619 million, as compared to \$402.729 million at 31 December 2013, and the net assets of the Group were \$335.546 million at 31 December 2014, as compared to \$355.326 million at 31 December 2013.

Business Review

The Group is primarily 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 wholly owned subsidiaries, South Sea Graphite (Luobei) Co., Ltd., Liaoning Sinorth Resources Co., Ltd., and majority owned subsidiary, Luo Bei Xin Long Yuen Graphite Productions Co., Ltd., the Company is engaged in the business of production and sale of graphite products worldwide, mostly in China.

Through its majority owned subsidiary, Axiom Manufacturing Services Ltd. in the United Kingdom (“Axiom”), the Company provides electronics manufacturing services to companies in the following industrial market sectors:

- Medical
- Defense
- Transport
- Aerospace
- Security
- Marine
- Oil and Gas, and
- Other industrial markets

Generally, 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. Most of Axiom’s customers are located within the United Kingdom and North America.

During 2014, the Company took the following new initiatives as below.

Piece of Cake Products

In 2014, the Company, through its wholly owned subsidiary Cityhill Limited, started to develop a line of Piece of Cake (POC) products in different forms, such as mobile phones, tablets and set top boxes. The devices have multiple functions, including medical diagnosis, entertainment, television viewing and Internet surfing. The target customers are home-based Internet users. The products will initially be introduced in Asia. If successful, the Company intends to expand its market to Europe, North America and other parts of the world. By the end of 2014, the POC prototypes were completed.

As a promotional tool for marketing of the POC products, Union Arts Limited, the Company's wholly owned subsidiary, is producing an infomercial film by the name of Pegasus to promote the POC products.

Goldpay Joint Venture

On 5 November 2014, Cityhill Limited, a wholly owned subsidiary of the Company, entered into an agreement with Goldpay International Limited to establish a joint venture Goldpay Limited, whose main business is based on barter trade concept, and through its website, to issue and circulate electronic receipt of gold ("Goldpay") within Goldpay website, to provide online payment method for global internet trading of commodities, technology services and services of intellect property. The Company owns 50% of the capital shares of Goldpay Limited.

Share Consolidation

A low trading price of the shares is unfavorable for any financing activities of the Company. Therefore, at the extraordinary general meeting held on 8 October 2014, the majority shareholders of the Company approved a share consolidation proposal, by which every ten (10) existing issued ordinary shares in the capital of the Company would be consolidated into 1 (one) consolidated ordinary share. The proposed share consolidation was completed on 9 October 2014.

Results of Operations

For the year ended 31 December 2014, the Group's total turnover was \$82.379 million, a decrease of \$288.128 million, or 77.77%, as compared to \$370.507 million for the same period of the prior year. Specifically, for the year ended 31 December 2014, the turnover of the Group's crude oil operation was \$12.871 million as compared to \$19.437 million for the same period of 2013, representing a decrease of 33.78%. The decrease in oil revenue was primarily due to the significant drop in oil price on the world markets during the year. For the year of 2014, the Group's graphite operation generated revenues of \$13.844 million, representing a decrease of 95.46%, as compared to \$304.725 million for the same period of last year. The decrease in the Group's sale of graphite was primarily due to the circumstance that the revenue generated in 2013 was mainly attributable to the sale of the graphite ore inventory. For the year ended 31 December 2014, the turnover of the Group's electronics manufacturing service operation was \$55.664 million, an increase of \$9.319 million, or 20.11%, as compared to \$46.345 million for the same period of the prior year.

Liquidity and Capital Resources

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

At 31 December 2014, the Group's cash and cash equivalents were \$28.743 million as compared to \$21.766 million as at 31 December 2013. For the year of 2014, the Group's operating activities generated net cash of \$5.690 million. By comparison, net cash used in operating activities was \$56.119 million for the same period of 2013.

For the year ended 31 December 2014, the Group's investing activities used net cash of \$3.613 million, primarily due to purchase of property and equipment and prepaid lease premium. By comparison, net cash used by the Group's investing activities in 2013 was \$3.202 million. For the year months ended 31 December 2014, the Group's financing activities generated net cash of \$5.811 million, primarily from issuance of convertible debentures of the Company. By comparison, net cash provided in financing activities was \$54.382 million for the same period of 2013.

On 14 August 2014, the Company entered into a subscription agreement with an investor for an aggregate of HK\$1.66 billion nil interest convertible debenture due 31 December 2018. After deducting related expenses, 80% of the net proceeds will be used as working capital for the manufacturing and selling of the "Piece of Cake Products", and the rest will be reserved for the Company as working capital.

At 31 December 2014, the Group had no contingent liabilities. The Group believes that its cash balance and the cash generated from operations and from financing activities 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 2014, the Group had no off balance sheet arrangements.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2014, the Group had approximately 785 employees in Indonesia, the United Kingdom, China and Hong Kong. The Group believes that its relationship with its employees is satisfactory.

The remuneration policy of the Group employees is set by the Remuneration Committee on the basis of the employees' merit, qualifications and competence. The emoluments of the Directors of the Company are decided by the Remuneration Committee. From time to time, the Group may also use services of independent consultants and contractors to render various professional services. No share option scheme is in operation.

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 2014, the Group has not engaged 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.

Compliance with the Code on Corporate Governance Practices and Corporate Governance Code

For the year ended 31 December 2014, the Company has complied with all the 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 two deviations as below:

Code Provision A.4.1: Non-executive directors should be appointed for a specific term

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, the Company's Articles of Association stipulate that all independent non-executive directors shall retire and be re-elected at least once every three years, which is an adequate measure to ensure that the Company's corporate governance complies with the same level to that required under the Code on Governance Practices and Corporate Governance Code.

Code Provision A.6.7: Independent non-executive directors and non-executive directors should attend general meeting

Mr. Lu Ren Jie and Mr. Chai Woon Chew, all being non-executive directors, were not able to attend the annual general meeting of the Company held on 27 May 2014 due to other business engagements.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of 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 all directors have complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2014, neither the Company, nor any of its subsidiaries, has purchased, sold, or redeemed any of the Company's securities.

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.

Appointment of Auditor

On 16 January 2015, the Board appointed UC CPA (Practising) Limited as auditors of the Company and its subsidiaries with effect from 16 January 2015 to fill the vacancy following the resignation of JP Union & CO., and to hold office until the conclusion of the next annual general meeting of the Company. The reason for JP Union's resignation was that the Company could not reach a consensus with JP Union on the audit fees for the year ending 31 December 2014.

Review by the 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 financial statements for the year ended 31 December 2014.

On the date of this announcement, the Audit Committee consists of the following independent non-executive directors: Mr. Ng Lai Po (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 2014 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 in due course.

BOARD OF DIRECTORS

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

On behalf of the Board
Feng Zhong Yun
Managing Director

Hong Kong, 31 March 2015