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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)

INSIDE INFORMATION

MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, on 6 April 2016, the Company and the Vendor entered into a memorandum of understanding in relation to a Proposed Acquisition.

As at the date of this announcement, no definitive and binding agreement in relation to the acquisition is entered into between the Company and the Vendor. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by South Sea Petroleum Holdings Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “SFO”).

Reference is made to the announcement dated 23 February 2016 in relation to the negotiation between the Company and an independent third party (as defined under the Listing Rules) to acquire large flakes graphite mines (the “Proposed Acquisition”).

The Board of Directors of the Company (the “Board”) announce that on 6 April 2016, the Company entered into a memorandum of understanding (the “MOU”) with Madagascar Graphite Limited (the “Vendor”) in relation to the Proposed Acquisition whereby both parties reached the following understandings:

1. Whereas all of the precedent conditions are fulfilled, the Company shall consider to acquire the large flakes graphite mines from the Vendor;
2. The consideration will primarily be determined based on the valuation of the mines conducted by a qualified valuer, with a discount agreed by both parties;
3. Both parties agreed that the Company will settle the consideration by stages.

The MOU may or may not lead to the entering into of definitive and binding agreement for the Proposed Acquisition. Since the Proposed Acquisition may or may not materialise or eventually be consummated, shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the shares of the Company.

Should the Proposed Acquisition materialise, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 6 April 2016

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.