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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

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.

Reference is made to the announcement dated 12 and 13 May 2016 in relation to GSL and MGL to establish a new graphite company for producing graphite products.

Graphite Ore Supply Agreement

The Board is pleased to announce that, on 16 May 2016, GSL and MGL entered into a Graphite Ore Supply Agreement, pursuant to which MGL shall exclusively supply large flake graphite ore to GSL at a preferential price for 20 years.

This announcement is made by South Sea Petroleum Holdings Limited (the “Company”) pursuant to 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 12 and 13 May 2016 in relation to Global Select Limited (“GSL”), a wholly owned subsidiary of the Company, and Madagascar Graphite Limited (“MGL”) to establish a new graphite company for producing graphite products

The board of directors of the Company (the “Board/ Directors”) is pleased to announce that on 16 May 2016, GSL and MGL entered into a Graphite Ore Supply Agreement, pursuant to which MGL shall exclusively supply large flake graphite ore to GSL at a preferential price for 20 years.

Main terms of the Graphite Ore Supply Agreement

- 1) For the next 20 years, MGL shall exclusively supply large flake graphite ore to GSL at a preferential price. The exploration scheme of MGL shall match and satisfy the demand from GSL.
- 2) GSL shall provide MGL technology know-how and assist MGL to develop global market.

Reason for Entering into the Graphite Ore Supply Agreement

MGL is the owner of one of the largest and the best large flake graphite mines in Madagascar. Since the Nobel Prize awarded to the scientists who performed the first experiments on graphene (which is the thinnest among the known materials with extraordinary high conductivity of heat and electricity), in recent years, there is a great demand for graphite as a kind of strategic industrial material, similar to the rare earth products. Graphite is named one of 14 critical materials along with the rare earth elements. Graphite is used extensively in aeronautics, iron and steel industry, automobile, electric motors, batteries, lubricants, etc.

The Company believes that the cooperation with MGL will uplift the results and income of the Company.

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

Hong Kong, 16 May 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.