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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)

BUSINESS UPDATE

The board of directors of South Sea Petroleum Holdings Limited is pleased to inform the market of the latest business development of the Group.

This is an announcement made by South Sea Petroleum Holdings Limited (the “Company”) for keeping its shareholders and potential investors informed of the latest business development of the Company and its subsidiaries (together, the “Group”).

Reference is made to the announcements dated 16 May 2016 and 23 May 2016. The business disclosed in those two announcements is updated as follows:

1. the agreement dated 23 May 2016 entered into between Global Select Limited (“GSL”), the wholly owned subsidiary of the Company, and the independent third party buyer (the “Buyer”) for 80,000,000 tons large flake graphite ore which aggregates US\$928,000,000 is now under implementation. The Company has received HK\$10,000,000 irrevocable earnest money from the Buyer. The first batch of 43,600 tons graphite ore was delivered.
2. to ensure that GSL supplies 80,000,000 tons graphite ore in such time and in such quantity as required, a memorandum was signed between GSL and Madagascar Graphite Limited (MGL). GSL shall pay MGL US\$432,000,000 (the “Deposit”) as a partial purchase price for purchasing the large flake graphite ore within 3 years. The Deposit shall be used to offset against 90% of the graphite purchase price to be settled by GSL, until it is paid up.

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

Hong Kong, 3 August 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.