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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)**

## **NOTICE OF CEASING PERFORMANCE OF CONTRACTS FROM GRAPHITE ORE SUPPLIER**

Reference is made to the announcements dated 16 May 2016, 23 May 2016, 3 August 2016 and 5 September 2016 in relation to the entering into agreements and memorandums between Global Select Limited, the wholly owned subsidiary of South Sea Petroleum Holdings Limited, and Madagascar Graphite Limited, that Global Select Limited purchases large flakes graphite ore from Madagascar Graphite Limited.

On 19 September 2016, the Company received a notice from Madagascar Graphite Limited. Madagascar Graphite Limited claimed that due to the repeated changes of the terms and delays in the performance of the contracts, Madagascar Graphite Limited decided to cease the performance of the contracts.

Reference is made to the announcements dated 16 May 2016, 23 May 2016, 3 August 2016 and 5 September 2016 in relation to the entering into agreements and memorandums between Global Select Limited (“GSL”), the wholly owned subsidiary of South Sea Petroleum Holdings Limited (the “Company”), and Madagascar Graphite Limited (“MGL”), that GSL purchases large flakes graphite ore from MGL.

On 19 September 2016, the Company received a notice from MGL. MGL claimed that due to repeated changes of the terms and delays in the performance of the contracts between MGL and Global Select Limited, MGL’s business plan has been materially affected. MGL cannot afford to wait any longer. As a result, MGL decided to cease the performance of the contracts and hope that an amicable agreement will be reached as soon as possible to discontinue the contracts. The board of directors of the Company will publish related announcement in due course.

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

Hong Kong, 19 September 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.*