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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.

**FORMATION OF NEW GRAPHITE COMPANY**

MGL and GSL, a wholly owned subsidiary of the Company, entered into the Agreement to establish a new company for producing graphite products. GSL will be holding 15% of the new company while MGL will be holding 85%.

**FORMATION OF A NEW GRAPHITE COMPANY**

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”).

The board of directors of the Company (the “Board/ Directors”) is pleased to announce that on 12 May 2016, MGL and GSL, a wholly owned subsidiary of the Company, entered into a cooperation agreement (the “Agreement”) to establish a new company for producing graphite products.

**The Agreement**

**Date**

12 May 2016

## **Parties**

1. Global Select Limited (“GSL”), a wholly-owned subsidiary of the Company; and
2. Madagascar Graphite Limited (“MGL”), a company which principally engaged in investment, mining and energy.

(together, the “Parties”)

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, MGL and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **Principal terms of the Agreement**

### **1. Capital**

The paid up capital of the new company shall be US\$40,000,000. MGL shall invest US\$34,000,000 which represents 85% shareholding in the new company, and GLS shall invest US\$6,000,000 which represents 15% shareholding.

### **2. Principal Business**

The business of the new company shall be exploration, development, producing and marketing of large flake graphite products in Madagascar.

### **3. Responsibilities of the Parties**

MGL is responsible for sufficient supply of graphite ore to the new company; while GLS is responsible for technical knowhow of graphite production and global sales of graphite products.

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

Hong Kong, 12 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.*