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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)**

**TERMINATION OF A DISCLOSEABLE TRANSACTION**

Reference is made to the announcements dated 12 May 2016 and 13 May 2016 in relation to the formation of a joint-investment graphite company.

On 12 May 2016 and 13 May 2016, the Company announced that GSL and MGL entered into an agreement to establish the Joint-Investment Company for producing graphite products. GSL will be holding 15% of the New Company while MGL will be holding 85%.

Since the prospect of graphite industry is optimistic, the Company decided to establish a wholly-owned subsidiary to develop the graphite business, integrating its graphite stock, human resources, sales networks and capital, to advance the production and the trading of graphite products in global markets and to raise profit from the graphite business. After discussing with MGL, both MGL and GSL agreed to unconditionally release each other from the joint-investment plan and a termination agreement was signed on 18 April 2017. The Company will use the US\$6 million as working capital for the new wholly-owned subsidiary.

Reference is made to the announcements dated 12 May 2016 and 13 May 2016 in relation to the formation of a joint-investment graphite company (the “Joint-Investment Company”).

On 12 May 2016 and 13 May 2016, the board of directors of South Sea Petroleum Holdings Limited (the “Company”) announced that on 12 May 2016, Global Select Limited (“GSL”), a wholly-owned subsidiary of the Company, and Madagascar Graphite Limited (“MGL”) entered into an agreement to establish a Joint-Investment Company for producing graphite products. MGL was to invest US\$34,000,000 which represented 85%

shareholding in the Joint-Investment Company, and GSL invested US\$6,000,000 for 15% shareholding.

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

Hong Kong, 18 April 2017

*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.*