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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)**

**CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement dated 16 March 2017 (the “Previous Announcement”) in relation to the profit warning of the Group’s final results for the year ended 31 December 2016 (the “Year”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Previous Announcement.

The loss for the Year was primarily from the Group’s electronics manufacturing service operations in the United Kingdom (the “UK”), the revenues and net profit of which were considerably decreased due to the following three factors: (i) the depreciation of exchange rates when converting British pounds into US dollars because of the UK’s withdrawal from the European Union, (ii) a larger customer moved its purchase order to an Eastern European country for cheaper labour costs; and (iii) higher wage costs because of new government wage regulations. The Company expects that the loss is modestly larger in 2016, compared to the loss in 2015.

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

Hong Kong, 17 March 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.*