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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)

**DISCLOSEABLE TRANSACTION
SUPPLEMENTARY ANNOUNCEMENT**

Reference is made to the announcement published by South Sea Petroleum Holdings Limited on 22 March 2018 (the “Announcement”) that, Liaoning Sinorth Resources Co., Ltd (“LSR”), the wholly-owned subsidiary of the Company, invests RMB10,100,000 for 25% equity interest of Shanghai Gou Xiong Investment and Development Co. Ltd. * (上海國雄投資發展有限公司). Supplementary information is disclosed hereunder. Unless otherwise defined, terms used herein shall bear the same meanings as defined in the Announcement.

1. Guo Xiong was incorporated in June, 2004 in Shanghai, China. The main business scope of which, is investment and investment consultant (not including finance and securities). Guo Xiong is interested in 70% of Qingdao Tian Tai Group (“Tian Tai Group”). Tian Tai Group is principally investing in residential and commercial projects in Shantung, China; their main target customers are corporations and individuals in China. Their completed and ongoing projects including Tian Tai Garden, Tian Tai Square, Tian Tai Estate, Tian Tai Tao Yuan, Tian Tai City, and Tian Tai Financial Square etc. The income of Tian Tai Group for the year of 2016 and 2017 was about RMB1.4 billion and RMB1.7 billion respectively. For after tax profit, it was about RMB150 million for 2016 and RMB260 million for 2017. Net asset value was recorded RMB1.16 billion in 2016 and RMB1.57 billion in 2017 (the above figures are not audited by Certified Public Accountant recognized in Hong Kong).
2. The final price RMB10,100,000 that the Company paid for Guo Xiong’s shares was the outcome of mutual discussion and negotiation. Both parties agreed to base on Guo Xiong’s after tax dividend income RMB6.6 million in 2017, with P/E ratio of 5, that LSR invest RMB10,100,000 for 25% of Gou Xiong’s equity interest. Other 75% shareholders are individual investors Ms. Wang Qing Jian and Mr. Zhao Jian.

3. The reason for the Company to invest in Gou Xiong is that the oil production business is now terminated, the Company needs new income sources. As a 25% shareholder, the Company is not required to directly involve in daily operation of Gou Xiong, and it is a good opportunity to set foot in a new business. It is estimated that in near future the Company can recoup the RMB10,100,000 initial investment by way of dividend, afterward comes the profit making period. Therefore the Directors consider the Contract is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 8 April 2018

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.

** for identification purpose only*