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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)

**QUARTERLY UPDATE
ON
DEVELOPMENT OF RESUMPTION PROGRESS**

This announcement is made by South Sea Petroleum Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 1 April 2019, 16 April 2019, 30 April 2019, 22 May 2019 and 27 May 2019 in relation to, among others, (i) the delay in publication of annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2018 (the “**Annual Results**”) and postponement of board meeting; and (ii) the suspension of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 1 April 2019 (collectively, the “**Announcements**”) and (iv) the change of auditor. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Further to the Announcements, the Board would like to provide more information about the delay in publication of the Annual Results to shareholders and investors.

CONDITIONS FOR RESUMPTION OF TRADING OF SHARES

The Stock Exchange has notified the Company that the following conditions would apply before the grant of any request by the Company for the resumption of trading of the shares in the Company:

- (a) publish all outstanding financial results and address any audit modifications; and

(b) announce all material information for the Company's shareholders and other investors to appraise the Company's position.

The Company is also required to comply with the Hong Kong Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption.

In addition, the Company was reminded of its primary responsibility to devise its action plan for resumption. The abovementioned resumption conditions may be modified or supplemented by Stock Exchange if the Company's situation changes.

UPDATE ON RESUMPTION PLAN

The Board is taking appropriate actions to work with BDO Limited, the Company's auditor, on the four outstanding matters mentioned in the announcement dated 22 May 2018 and the Company's audited annual results for the year ended 31 December 2018. The Company will issue an announcement on the progress of the audit as and when appropriate. The Group will give priority to the unpublished results and fulfill the resumption conditions wherever practicable .

Based on the current process, the Board currently estimates that the annual results, as agreed with BDO, will be published no later than 31 August 2019. For details, please refer to announcement dated 27 May 2019.

BUSINESS OPERATIONS

After disposing of its Indonesia based crude oil operations in March 2018, the Group's businesses consist of three business segments: (i) production and trading of minerals, primarily graphite products, worldwide, (ii) provision of electronic manufacturing services in the United Kingdom, and (iii) multi-media development and motion picture production. Since suspension of trading in the Company's shares and up to date, the Group's businesses have been operating as usual. The Company is of the view that the business operations of the Group have not been adversely affected by the suspension of trading of the Shares.

Based on the Board's preliminary review of the relevant unaudited management accounts (where applicable) and the information currently available, for the year ended 31 December 2018, the total revenue of the Group was approximately US\$118 million, representing an increase of approximately 90% compared to the prior year. Please note this figure has not been confirmed or reviewed by the Company's auditor. Therefore, the information in this announcement may be subject to change and is for reference only.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended since 9:00 a.m. on 1 April 2019 and will remain suspended until further notice.

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

Hong Kong, 28 June 2019

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.