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**SSP**  **南海石油**  
**SOUTH SEA PETROLEUM HOLDINGS LIMITED**  
**南海石油控股有限公司**  
(Incorporated in Hong Kong with limited liability)  
(Stock code: 76)

**ANNOUNCEMENT**

This statement is made at the request of the Stock Exchange of Hong Kong Limited.

The Board has noted the increase in price and trading volume of the shares of the Company today, save as the following information, the Board wishes to state that it does not aware of any reasons for such increase.

Since 1994, the Company developed, explored and produced crude oil in the Limau Oilfields in Indonesia under a 15-year EOR Contract with Pertamina, the Indonesian state-owned petroleum organization. The EOR Contract was expired on 31 December 2004. On 8 May 2004, the Company and Pertamina signed a HOA regarding setting up a JVC to continue the Limau project. On 27 November 2006, there is negotiation between the Company and Pertamina based on the HOA. **Shareholders and prospective investors of the Company should exercise caution when dealing in the Company's shares.**

Trading in the shares of the Company has been suspended at the request of the Company with effect from 3:56 p.m. on 27 November 2006 pending the release of this announcement. An application has been made to the Stock Exchange for resumption in trading of the shares with effect from 9:30 a.m. 28 November 2006.

This statement is made at the request of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The board of directors (the "Board") of South Sea Petroleum Holdings Limited (the "Company") has noted the increase in price and trading volume of the shares of the Company today, save as the following information, the Board wishes to state that it does not aware of any reasons for such increase.

Since 1994, the Company developed, explored and produced crude oil in the Limau Oilfields in Indonesia under a 15-year Enhanced Oil Recovery Contract (the "EOR Contract") with Pertamina (a third party independent of the Company and connected persons, as defined under the Listing Rules, of the Company), the Indonesian state-owned petroleum organization. The EOR Contract was expired on 31 December 2004. On 8 May 2004, the Company and Pertamina signed a Head of Agreement (the "HOA") regarding setting up a joint venture company (the "JVC") to continue the Limau project after the expiry of the EOR Contract. Under the HOA, the Company and Pertamina will hold 50% equity interest in the JVC. On 27 November 2006, there is negotiation between the Company and Pertamina based on the HOA. The negotiation is in early stage. Limau Oilfields are located at South Sumatra, Indonesia. According to Pertamina, the annual oil production of Limau Oilfields last year was approximately 2,000,000 barrels. Should any agreement will be reached between the Company and Pertamina regarding the exploration of the Limau Oilfields, it will bring revenue and has positive impact on the group. However, **no assurance will be given that a new contract will be reached. Shareholders and prospective investors of the Company should exercise caution when dealing in the Company's shares.**

We confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23. Save as the above information, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

Made by the order of the Board of South Sea Petroleum Holdings Limited, the directors of which individually and jointly accept responsibility for the accuracy of this statement.

Trading in the shares of the Company has been suspended at the request of the Company with effect from 3:56 p.m. on 27 November 2006 pending the release of this announcement. An application has been made to the Stock Exchange for resumption in trading of the shares with effect from 9:30 a.m. 28 November 2006.

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

Hong Kong, 27 November 2006

As at the date of this announcement, the executive directors of the Company are Mr. Zhou Ling, Ms. Lee Sin Pyung and Ms. Sit Mei. The independent non-executive directors are Mr. Lu Ren Jie, Mr. Chai Woon Chew and Mr. Ho Choi Chiu.