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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: 76)

ANNOUNCEMENT

The board of directors of South Sea Petroleum Holdings Limited noted an increase in the trading volume of the shares in the Company today. The Board wishes to state that, save for a U.S based financial company which express their intention to acquire no less than 40% equity shares of South Sea Petroleum (Philippines) Corporation, a wholly owned subsidiary of the Company which operates the oilfields in the Philippines, the Board is not aware of any reasons for such increase.

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

We have noted the recent increase in trading volume of the shares of the Company and wish to state that we are not aware of any reasons for such increase.

The Company is in negotiation with a U.S. based financial company which express their intention to acquire no less than 40% equity shares of South Sea Petroleum (Philippines) Corporation, a wholly owned subsidiary of the Company which operates the oilfields in the Philippines. The negotiation is in an initial stage, and no agreements have been reached. The Company will make further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") if there is further development. Should any agreement will be reached, it will constitute a notifiable transaction under the Listing Rules.

Save as the above, we confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23, 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.

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

Hong Kong, 25 May 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.

"Please also refer to the published version of this announcement in The Standard"