

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

Reference is made to the announcement dated 25 May 2006. On 8 June 2006, the Company has entered into a Memorandum of Understand with a U.S. based financial company, which proposed to acquire 55% equity shares of South Sea Petroleum (Philippines) Corporation, a wholly owned subsidiary of the Company which operates oilfields in the Philippines, for an aggregate consideration of US\$55,000,000.

The Board of the Company noted an increase in the trading volume of the shares in the Company today. The Board wishes to state that, save for the above, is not aware of any reasons for such increase.

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

The board of directors (the “Board”) of South Sea Petroleum Holdings Limited (the “Company”) 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.

Reference is made to the announcement dated 25 May 2006. On 8 June 2006, the Company has entered into a Memorandum of Understand with a U.S based financial company (the “Investor”) with details as shown below:

- 1) the Investor has proposed to acquire 55% equity shares of South Sea Petroleum (Philippines) Corporation, a wholly owned subsidiary of the Company which operates oilfields in the Philippines, for an aggregate consideration of US\$55,000,000;
- 2) the Company and the Investor has agreed to complete due diligence before the end of August of 2006;
- 3) Whether the acquisition will be completed will depend on the result of the due diligence, the approvals obtained from the Board and shareholders of the Company (if necessary).

The Investor and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

It is no guarantee that a final agreement will be made. 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, the Board confirms 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
South Sea Petroleum Holdings Limited
Vivian Lam
Company Secretary

Hong Kong, 8 June 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”