

**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: 076)*

**ISSUE OF US\$100,000,000 NIL INTEREST  
 CONVERTIBLE DEBENTURES DUE 2012  
 ANNOUNCEMENT**

Reference is made to the Company's announcement dated 28 February 2007. The Company made this announcement as per the requirements of the listing approval granted by the Stock Exchange in respect of the New Shares to be issued and allotted upon the conversion of the Debentures. Following the issue of an aggregate of 110,405,224 New Shares on 22 March 2007, 23 March 2007 and 26 March 2007 with respect to the conversion of HK\$28,850,000 (equiv. US\$3,692,444.36) Debentures, the cumulative amount of the New Shares issued accounted for 5.59% of the issued share capital of the Company as at 21 March 2007, the date on which the resolution regarding the issue and allotment of the New Shares was approved by the Shareholders at the EGM.

Reference is made to the Company's announcement dated 28 February 2007 (the "Announcement"). The Company made this announcement as per the requirements of the listing approval granted by the Stock Exchange in respect of the New Shares to be issued and allotted upon the conversion of the Debentures. Unless the context herein otherwise requires, terms used in this announcement shall have the same meanings as in the Announcement.

The Company would like to report that conversions of the Debentures were made by the Debenture Holders on 22 March 2007, 23 March 2007 and 26 March 2007 respectively with details as follows:

<b>Date of issue and allotment of New Shares</b>	<b>No. of New Shares issued</b>	<b>Conversion Price per Share (HK\$)</b>	<b>Amount of Debentures Converted (HK\$)</b>	<b>Outstanding Debentures after the conversion (US\$)</b>
22 March 2007	35,018,727	0.267	9,350,000.00 (equiv. US\$1,196,229.56)	98,803,770.44
23 March 2007	31,417,625	0.261	8,200,000.00 (equiv. US\$1,050,000.00)	97,753,770.44
26 March 2007	43,968,872	0.257	11,300,000.00 (equiv. US\$1,446,214.80)	96,307,555.64
<b>Total:</b>	<b>110,405,224</b>		<b>28,850,000.00</b> <b>(equiv. US\$3,692,444.36)</b>	

**Changes in the issued share capital of the Company for the period of 21 March 2007 – 26 March 2007:**

	<b>Issued share capital at par value of US\$0.01 each (US\$)</b>	<b>Number of Issued Shares</b>
As at 21 March 2007	19,723,076.36	1,972,307,636
Total number of New Shares issued pursuant to conversions of the Debentures for the period of 22 March 2007 to 26 March 2007	<u>1,104,052.24</u>	<u>110,405,224</u>
As at 26 March 2007	<u><u>20,827,128.60</u></u>	<u><u>2,082,712,860</u></u>

Following the issue of an aggregate of 110,405,224 New Shares on 22 March 2007, 23 March 2007 and 26 March 2007 with respect to the conversion of HK\$ HK\$28,850,000 (equiv.US\$3,692,444.36) Debentures, the cumulative amount of the New Shares issued accounted for 5.59 % of the issued share capital of the Company as at 21 March 2007, the date on which the resolution approving the issue and allotment of the New Shares was passed by the Shareholders at the EGM.

With reference to the Announcement in relation to the “Effect of Conversion and Substantial Shareholder”, the Debenture Holders confirmed that, pursuant to the Subscription Agreement dated 28 February 2007, they are not holding 5% or more of the Company’s issued share capital as enlarged by the issue of the New Shares at any time, whether directly or indirectly, both before and after such conversions of the Debentures.

This announcement is only released through the web-site of The Stock Exchange of Hong Kong Limited and no publication in the newspaper is made.

By Order of the Board  
**South Sea Petroleum Holdings Limited**  
**Lam Lee Yu**  
*Company Secretary*

Hong Kong, 29 March 2007

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