

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
 MONTHLY 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. During the month of May 2007, HK\$378,090,000 (equiv. US\$48,353,055.10) Debentures were converted and 1,420,649,482 New Shares issued pursuant to such conversions. The cumulative amount of the New Shares issued during the month of May 2007 is accounted for 39.99% of the issued share capital of the Company as at 1 May 2007.

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 during the month of May 2007 with details as follows:

Date of issue and allotment of New Shares	No. of New Shares issued	Conversion Price per Share (HK\$)	Amount of Debentures Converted (HK\$)	Outstanding Debentures after the conversion (US\$)
4 May 2007	172,000,000	0.250	43,000,000.00 (equiv. US\$5,497,877.60)	44,946,090.30
7 May 2007	172,000,000	0.250	43,000,000.00 (equiv. US\$5,500,690.80)	39,445,399.50
18 May 2007	192,000,000	0.250	48,000,000.00 (equiv. US\$6,139,756.20)	33,305,643.30
21 May 2007	192,000,000	0.250	48,000,000.00 (equiv. US\$6,139,756.20)	27,165,887.10
22 May 2007	192,000,000	0.250	48,000,000.00 (equiv. US\$6,139,756.20)	21,026,130.90

Date of issue and allotment of New Shares	No. of New Shares issued	Conversion Price per Share (HK\$)	Amount of Debentures Converted (HK\$)	Outstanding Debentures after the conversion (US\$)
25 May 2007	223,484,848	0.264	59,000,000.00 (equiv. US\$7,542,635.10)	13,483,495.80
30 May 2007	65,000,000	0.300	19,500,000.00 (equiv. US\$2,493,606.10)	10,989,889.70
31 May 2007	212,164,634	0.328	69,590,000.00 (equiv. US\$8,898,976.90)	2,090,912.80
Total:	1,420,649,482	Total:	378,090,000.00 (equiv. US\$48,353,055.10)	

Changes in the issued share capital of the Company for the month of May 2007:

	Issued share capital at par value of US\$0.01 each (US\$)	Number of Issued Shares
As at 1 May 2007	35,516,449.17	3,551,644,917
Total number of New Shares issued pursuant to conversions of the Debentures for the month of May 2007	14,206,494.82	1,420,649,482
As at 31 May 2007	<u>49,722,943.99</u>	<u>4,972,294,399</u>

During the month of May 2007, HK\$378,090,000 (equiv. US\$48,353,055.10) Debentures were converted and 1,420,649,482 New Shares issued pursuant to such conversions. The cumulative amount of the New Shares issued during the month of May 2007 is accounted for 39.99% of the issued share capital of the Company as at 1 May 2007.

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, 31 May 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 director.