



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\$200,000,000 NIL INTEREST CONVERTIBLE DEBENTURES DUE 2012 ANNOUNCEMENT

Reference is made to the Company's announcement dated 4 June 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 629,062,971 New Shares on 11 July 2007, 12 July 2007, 17 July 2007 and 18 July 2007 with respect to the conversion of HK\$188,670,000 (equiv. US\$24,126,598.44) Debentures, the cumulative amount of the New Shares issued accounted for 12.65 % of the issued share capital of the Company as at 29 June 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 4 June 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 from 11 July 2007 to 18 July 2007 respectively 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\$)
11 July 2007	240,000,000	0.300	72,000,000.00 (equiv. US\$9,207,161.12)	190,792,838.88
12 July 2007	232,166,666	0.300	69,650,000.00 (equiv. US\$8,906,649.61)	181,886,189.27
17 July 2007	90,671,140	0.298	27,020,000.00 (equiv. US\$3,455,242.96)	178,430,946.31
18 July 2007	66,225,165	0.302	20,000,000.00 (equiv. US\$2,557,544.75)	175,873,401.56
Total:	<u>629,062,971</u>	Total:	<u>188,670,000.00</u> (equiv. <u>US\$24,126,598.44</u>)	

Changes in the issued share capital of the Company for the period of 11 July 2007 – 18 July 2007:

	Issued share capital at par value of US\$0.01 each (US\$)	Number of Issued Shares
As at 29 June 2007	49,722,943.99	4,972,294,399
Total number of New Shares issued pursuant to conversions of the Debentures for the period of 11 July 2007 to 18 July 2007	<u>6,290,629.71</u>	<u>629,062,971</u>
As at 18 July 2007	<u>56,013,573.70</u>	<u>5,601,357,370</u>

Following the issue of an aggregate of 629,062,971 New Shares on 11 July 2007, 12 July 2007, 17 July 2007 and 18 July 2007 with respect to the conversion of HK\$188,670,000

(equiv.US\$24,126,598.44) Debentures, the cumulative amount of the New Shares issued accounted for 12.65 % of the issued share capital of the Company as at 29 June 2007, the date on which the resolution regarding the issue and allotment of the New Shares was approved 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 4 June 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 of directors
South Sea Petroleum Holdings Limited
Vivian Lam
Company Secretary

Hong Kong, 18 July 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.