



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)

**CONVERSION OF SECURITIES IN RELATION TO
THE 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 1,621,743,117 New Shares during the month of December, 2007 with respect to the conversion of HK\$176,770,000 (equiv.US\$22,662,820.51) Debentures, the cumulative amount of the New Shares issued accounted for 17.34 % of the issued share capital of the Company as at 30 November 2007. The maximum of 6,000,000,000 New Shares were nearly fully issued and allotted. Under the Subscription Agreement, the Company will return the principal to the Debenture Holders to make the Debentures zero. No more New Shares will be issued.

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 during the month of December, 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\$)
24 December 2007	652,110,090	0.109	71,080,000 (equiv. US\$9,112,820.51)	71,989,841.41
27 December 2007	969,633,027	0.109	105,690,000(equiv. US\$13,550,000.00)	58,439,841.41
Total:	<u>1,621,743,117</u>	Total:	<u>176,770,000(equiv. US\$22,662,820.51)</u>	

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

	Issued share capital at par value of US\$0.01 each (US\$)	Number of Issued Shares
As at 1 December 2007	93,504,962.42	9,350,496,242
Total number of New Shares issued pursuant to conversions of the Debentures for the month of December, 2007	16,217,431.17	1,621,743,117
As at 31 December 2007	<u>109,722,393.59</u>	<u>10,972,239,359</u>

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principal to the Debenture Holders to make the Debentures zero. No more New Shares will be issued.

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.

By order of the board of directors
South Sea Petroleum Holdings Limited
Vivian Lam
Company Secretary

Hong Kong, 3 January 2008

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.