

**1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	Group			Group		
		3 months ended 30 September	3 months ended 30 September		9 months ended 30 September	9 months ended 30 September	
		2007	2006	+ / (-)	2007	2006	+ / (-)
		(Unaudited) RMB'000	(Unaudited) RMB'000	Change (%)	(Unaudited) RMB'000	(Unaudited) RMB'000	Change (%)
<b>Revenue</b>		<b>11,687</b>	<b>23,619</b>	<b>(51)</b>	<b>26,473</b>	<b>65,361</b>	<b>(59)</b>
Cost of sales		(4,571)	(2,342)	95	(8,405)	(11,027)	(24)
<b>Gross Profit</b>		<b>7,116</b>	<b>21,277</b>	<b>(67)</b>	<b>18,068</b>	<b>54,334</b>	<b>(67)</b>
Other income	1	202	-	n.m.	710	1,569	(55)
Research and development costs		(392)	(492)	(20)	(1,977)	(3,182)	(38)
Selling and distribution costs		(488)	(576)	(15)	(1,194)	(2,217)	(46)
Administrative expenses	2	(5,299)	(4,238)	25	(13,780)	(12,206)	13
Other operating expenses	3	(4,678)	(255)	1,735	(5,413)	(936)	478
Net finance income/(costs)		150	702	(79)	593	829	(28)
Share of loss of associate		(433)	-	n.m.	(592)	-	n.m.
<b>(Loss)/profit from continuing operations before taxation</b>		<b>(3,822)</b>	<b>16,418</b>	<b>n.m.</b>	<b>(3,585)</b>	<b>38,191</b>	<b>n.m.</b>
Income tax expense		-	(1,338)	n.m.	-	(1,338)	n.m.
<b>(Loss)/profit for the period</b>		<b>(3,822)</b>	<b>15,080</b>	<b>n.m.</b>	<b>(3,585)</b>	<b>36,853</b>	<b>n.m.</b>
<b>Attributable to:</b>							
Equity holders of the parent		(5,847)	15,163	n.m.	(4,561)	36,544	n.m.
Minority interest		2,025	(83)	n.m.	976	309	216
<b>(Loss)/profit for the period</b>		<b>(3,822)</b>	<b>15,080</b>	<b>n.m.</b>	<b>(3,585)</b>	<b>36,853</b>	<b>n.m.</b>

*n.m.: not meaningful*

**Notes:**

## 1. Other income comprises:

	<b>3 months ended 30 Sep 2007</b>	<b>3 months ended 30 Sep 2007</b>	<b>9 months ended 30 Sep 2007</b>	<b>9 months ended 30 Sep 2007</b>
	<b>(Unaudited) RMB'000</b>	<b>(Unaudited) RMB'000</b>	<b>(Unaudited) RMB'000</b>	<b>(Unaudited) RMB'000</b>
VAT refund *	-	-	508	1,569
Deferred income reversal	202	-	202	-
	202	-	710	1,569

\* The Group is entitled to a refund of value added tax (“VAT”) on the sales of standard software products. The VAT refund represents the amount of VAT paid in excess of 3% of software sales. The amount of VAT refund is recognized as other revenue when the relevant tax authorities approve the refund.

- On 5 January 2007, the Company granted options to senior executives and independent directors of the Group under the China Petrotech Employee Share Option Scheme (the “Scheme”) to subscribe for and be allotted an aggregate of 4.9 million ordinary shares in the Company at an exercise price of S\$0.45 per share. The fair value of options granted on 5 January 2007 was RMB 3,277,806 (S\$643,262), based on the Black-Scholes-Merton Option Pricing Model. Under FRS 102, RMB 2,388,000 was debited as employee expense, which was reflected in the administrative expense for the nine months ended 30 September 2007.
- On 6 August 2007, the Company signed a transfer agreement with Ms. Chen Xiao Ming (“Ms. Chen”), the minority shareholder of Shaanxi Long Top Technology Co. Ltd (“SLT”), to acquire the remaining 30% share equity of SLT. Under the agreement, the Company has transferred all liabilities, current assets (excluding cash and bank balances) and fixed assets of SLT to Ms. Chen. In addition, the Company has transferred fully all existing ERP business under SLT, their related obligations and contingent liabilities, including all related ERP staffs and their welfare to Ms. Chen. Upon completion of the transfer, SLT became a wholly owned subsidiary of the Company. The disposal of SLT’s business caused a loss of RMB4.57 million in 3Q2007.

#### Notes to Income Statement

	Group			Group		
	3 months ended 30 September	3 months ended 30 September	Change	9 months ended 30 September	9 months ended 30 September	Change
	(Unaudited) 2007	(Unaudited) 2006	+ / (-) %	(Unaudited) 2007	(Unaudited) 2006	+ / (-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest income	150	707	(79)	801	842	(5)
Finance costs	-	5	n.m.	208	13	1,500
Foreign exchange loss/(gain)	112	41	173	847	(2)	n.m.
Depreciation of property, plant and equipment	1,146	186	517	1,687	510	231
Amortization of intangible assets	408	1,649	(75)	2,680	4,934	(46)
Loss on disposal of property, plant and equipment	-	1	n.m.	-	1	n.m.
Loss on disposal of business of subsidiary	4,566	-	n.m.	4,566	-	n.m.

*n.m.: not meaningful*

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

		Group		Company	
		30 September 2007	31 December 2006	30 September 2007	31 December 2006
Non-current assets	Note	(Unaudited) RMB'000	(Audited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000
Property, plant and equipment	1	19,730	4,751	168	185
Intangible assets	2	1,495	156,315	-	-
Subsidiaries		-	-	132,420	188,716
Associate	3	50,923	-	50,923	-
		<b>72,148</b>	<b>161,066</b>	<b>183,511</b>	<b>188,901</b>
<b>Current assets</b>					
Inventories		2,691	2,549	1,884	1,884
Trade and other receivables	4	71,067	75,743	394	8,295
Amount due from subsidiary		-	-	2,200	-
Amount due from an associate		41,775	-	5,595	-
Cash and cash equivalents		109,097	100,760	26,640	24,884
		<b>224,630</b>	<b>179,052</b>	<b>36,713</b>	<b>35,063</b>
<b>Total assets</b>		<b>296,778</b>	<b>340,118</b>	<b>220,224</b>	<b>223,964</b>
<b>Equity attributable to equity holders of the parent</b>					
Share capital	5	148,195	109,330	148,195	109,330
Reserves		99,071	101,497	(19,884)	(18,157)
		<b>247,266</b>	<b>210,827</b>	<b>128,311</b>	<b>91,173</b>
Minority interests	2	5,186	51,049	-	-
<b>Total equity</b>		<b>252,452</b>	<b>261,876</b>	<b>128,311</b>	<b>91,173</b>
<b>Non-current liability</b>					
Deferred tax liability	2	390	41,169	-	-
<b>Total non-current liability</b>		<b>390</b>	<b>41,169</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables		35,173	35,641	17,655	18,666
Amount due to subsidiary		-	-	66,725	114,125
Amount due to director		7,533	-	7,533	-
Deferred income		1,230	1,432	-	-
<b>Total current liabilities</b>		<b>43,936</b>	<b>37,073</b>	<b>91,913</b>	<b>132,791</b>
<b>Total liabilities</b>		<b>44,326</b>	<b>78,242</b>	<b>91,913</b>	<b>132,791</b>
<b>Total equity and liabilities</b>		<b>296,778</b>	<b>340,118</b>	<b>220,224</b>	<b>223,964</b>

Notes:

1. The increase in property, plant and equipment was mainly attributed to the development expenditures for Shaanbei oil production in Shaanxi during the period.
2. On 1 July 2007, Power Unicorn Investment Ltd, holder of 27% equity interest in CPHL Cambodia Energy Co. Ltd (“CPHLC”) (formerly China Zhenrong (Cambodia) Energy Co. Ltd), decided to take back the Power Attorney earlier granted to the Company. Consequently, CPHLC has been reclassified from subsidiary to associate of the Company from 1 July 2007. As a result of the reclassification, the balance sheet items of intangible assets, associates, minority interests and deferred tax liability have changed accordingly. It is noted that the Company remains as the main operator of the Cambodia Oil Field Block D PSC.
3. On 21 July 2006, the Company acquired 48% equity interest in CPHLC for US\$5.8 million (RMB45.9 million). The Company invested US\$0.48 million representing 48% of the additional share capital of CPHLC as at 30 September 2007. On 25 April 2007, the Company formed a joint venture company, named PT. Kamundan Energy Co. Ltd (“PT Kamundan”), with an Indonesian partner, PT Remaja Bangun Kencana in Indonesia. PT Kamundan has signed a KSO agreement with Indonesia’s national oil company, Pertamina, for a 20-year exploration and production rights at a gas field in Kamundan, East Indonesia. PT Kamundan has an authorized capital of US\$4.0 million and initial paid-in capital of US\$1.0 million. The Company invested US\$0.42 million for a 42% interest in PT Kamundan as at 30 September 2007.
4. Trade receivables and other receivables amounted to RMB63.5 million and RMB7.5 million respectively. Other receivables comprised a prepayment of RMB2.2 million for the acquisition of a 11.1km<sup>2</sup> working area in Shaanbei with 40 existing production wells.
5. Please refer to 1d (ii)

**1(b)(ii) Aggregate amount of group’s borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 30/09/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
(Unaudited) RMB’000	(Unaudited) RMB’000	(Audited) RMB’000	(Audited) RMB’000
Nil	Nil	Nil	Nil

**Amount repayable after one year**

As at 30/09/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured

(Unaudited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
Nil	Nil	Nil	Nil

**Details of any collateral:**

Not applicable.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	Group		Group	
		3 months ended 30 September 2007	3 months ended 30 September 2006	9 months ended 30 September 2007	9 months ended 30 September 2006
		(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>Operating activities</b>					
(Loss)/profit from ordinary activities before taxation		(3,822)	16,418	(3,585)	38,191
Adjustments for :					
Depreciation and amortization		1,554	1,835	4,367	5,444
Finance costs		-	-	208	13
Interest income		(150)	(707)	(801)	(842)
Share based payment transfer to equity reserve		812	-	2,388	-
Loss on disposal of property, plant and equipment		-	1	-	1
Loss on disposal assets, liabilities and business of subsidiary		4,566	-	4,566	-
Deferred income reversal		(202)	-	(202)	
Share of losses of associate		433	-	592	-
<b>Operating profit before working capital changes</b>		<b>3,191</b>	<b>17,552</b>	<b>7,533</b>	<b>42,807</b>
Changes in working capital:					
Inventories		(141)	(215)	(143)	(85)
Trade and other receivables		3,309	(8,844)	2,885	(23,903)
Amount due from associate		(4,267)	-	(23,288)	-

Trade and other payables		13,943	34	343	(2,158)
Amount due to director		7,533	-	7,533	
Cash generated from/(used in) operations		<b>23,568</b>	<b>8,527</b>	<b>(5,137)</b>	<b>16,661</b>
<b>Cash flows from operating activities</b>					
Interest received		150	707	801	842
Interest paid		-	(5)	(208)	(13)
<b>Cash flows from operating activities</b>		<b>23,718</b>	<b>9,229</b>	<b>(4,544)</b>	<b>17,490</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		(16,899)	(141)	(17,346)	(591)
Purchase of intangible assets		(8)	(120)	(8)	(416)
Proceeds from sales of property, plant and equipment		-	34	-	34
Investment in associate		-	-	(8,491)	-
Net cash outflow on acquisition of subsidiary		-	(28,346)	-	(28,065)
<b>Cash flows from investing activities</b>		<b>(16,907)</b>	<b>(28,573)</b>	<b>(25,845)</b>	<b>(29,038)</b>
<b>Financing activities</b>					
Net Proceeds from shares issued under convertible notes		-	-	38,865	-
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>	<b>38,865</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>6,811</b>	<b>(19,344)</b>	<b>8,476</b>	<b>(11,548)</b>
<b>Cash and cash equivalents at beginning of the period</b>					
Cash and cash equivalents at beginning of the period		99,497	132,086	100,760	124,290
Effect of foreign exchange rates changes		2,789	-	(139)	-
<b>Cash and cash equivalents at end of the period</b>		<b>109,097</b>	<b>112,742</b>	<b>109,097</b>	<b>112,742</b>

**1d(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) Change in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

#### Statement of Changes in Equity

The Group	Share capital	Share premium	Merger reserve	Statutory /equity reserves	Foreign exchange reserve	Accumulated profits/(loss)	Total attributable to equity holders of the parents	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	47,425	61,905	5,055	5,788	7	77,736	197,916	6,528	204,444
Acquisition of subsidiary	-	-	-	-	-	-	-	600	600
Profit for the period	-	-	-	-	-	21,381	21,381	392	21,773
Transfer of share premium	61,905	(61,905)	-	-	-	-	-	-	-
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	(61)	-	(61)	-	(61)
At 30 June 2006	109,330	-	5,055	5,788	(54)	99,117	219,236	7,520	226,756
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	(129)	-	(129)	-	(129)
Acquisition of subsidiary	-	-	-	-	-	-	-	49,760	49,760
Profit for the period	-	-	-	-	-	15,163	15,163	(83)	15,080
Dividend declared	-	-	-	-	-	(12,178)	(12,178)	-	(12,178)



At 30 September 2006	109,330	-	5,055	5,788	(183)	102,102	222,092	57,197	279,289
At 1 January 2007	109,330	-	5,055	5,788	(1,102)	91,756	210,827	51,049	261,876
Net proceed of issued shares under convertible notes	38,865	-	-	-	-	-	38,865	-	38,865
Profit for the period	-	-	-	-	-	1,286	1,286	(1,049)	237
Transfer of SBP to equity reserve	-	-	-	1,576	-	-	1,576	-	1,576
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	(2,974)	-	(2,974)	(1,674)	(4,648)
Acquisition of subsidiary	-	-	-	-	-	-	-	3,958	3,958
At 30 June 2007	148,195	-	5,055	7,364	(4,076)	93,042	249,580	52,284	301,864
Disposal of subsidiary	-	-	-	-	-	-	-	(49,123)	(49,123)
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	2,721	-	2,721	-	2,721
Transfer of SBP to equity reserve	-	-	-	812	-	-	812	-	812
Loss for the period	-	-	-	-	-	(5,847)	(5,847)	2,025	(3,822)

At 30 September 2007	148,195	-	5,055	8,176	(1,355)	87,195	247,266	5,186	252,452
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The Company	Share capital	Share premium	Statutory/ equity reserve	Accumulated (losses)/profits	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>At 1 January 2006</b>	<b>47,425</b>	<b>61,905</b>	-	<b>1,573</b>	<b>110,903</b>
Transfer of share premium	61,905	(61,905)	-	-	-
Profit for the period	-	-	-	15,248	15,248
<b>At 30 June 2006</b>	<b>109,330</b>	-	-	<b>16,821</b>	<b>126,151</b>
Loss for the period	-	-	-	(1,487)	(1,487)
Dividend declared	-	-	-	(12,178)	(12,178)
<b>At 30 September 2006</b>	<b>109,330</b>	-	-	<b>3,156</b>	<b>112,486</b>
<b>At 1 January 2007</b>	<b>109,330</b>	-	-	<b>(18,157)</b>	<b>91,173</b>
Net proceed of issued shares under convertible notes	38,865	-	-	-	38,865
Profit for the period	-	-	-	14,987	14,987
Transfer of SBP to equity reserve	-	-	1,576	-	1,576
<b>At 30 June 2007</b>	<b>148,195</b>	-	<b>1,576</b>	<b>(3,170)</b>	<b>146,601</b>
Transfer of SBP to equity reserve	-	-	812	-	812
Loss for the period	-	-	-	(19,102)	(19,102)
<b>At 30 September 2007</b>	<b>148,195</b>	-	<b>2,388</b>	<b>(22,272)</b>	<b>128,311</b>

**1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. Stated also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 3 January 2007, the Company entered into a subscription agreement with Pacific Capital Investment Management Limited ("PCIM"), whereby the Company issued unsecured non-interest bearing convertible notes, each with a principal value of S\$50,000 amounting in aggregate to a sum of up to S\$8,000,000. By 31 March 2007, PCIM had converted the notes in full.

As a result of the Conversions, as at 30 September 2007, the issued and paid-up capital of the company was S\$30,302,912 (RMB148,195,000) comprising 266,540,400 ordinary shares.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation in the financial statements have been consistently applied by the Group for the periods presented.

**5. There any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended 30 September 2007	3 months ended 30 September 2006	9 months ended 30 September 2007	9 months ended 30 September 2006
<b>(Loss)/earnings per ordinary share for the period based on net profit attributable to shareholders:</b>				
<b>Basic and fully diluted (RMB cents) (Note 1)</b>	<b>(2.19)</b>	<b>6.20</b>	<b>(1.74)</b>	<b>14.94</b>
Note 1:				
Basic and fully diluted (loss)/earnings per share				

were based on:				
<b>Net (loss)/profit for the period (RMB'000)</b>	<b>(5,847)</b>	<b>15,163</b>	<b>(4,561)</b>	<b>36,544</b>
	<b>No. of shares</b>	<b>No. of shares</b>	<b>No. of shares</b>	<b>No. of shares</b>
Shares outstanding at beginning of the period	266,540,400	244,535,400	244,535,400	244,535,400
Weighted average number of new shares issued during the period	-	-	17,095,271	-
<b>Weighted average number of shares issued during the period (basic and fully diluted)</b>	<b>266,540,400</b>	<b>244,535,400</b>	<b>261,630,671</b>	<b>244,535,400</b>

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>30 September 2007</b>	<b>31 December 2006</b>	<b>30 September 2007</b>	<b>31 December 2006</b>
<b>Net asset value per ordinary shares (RMB cents)</b>	<b>92.77</b>	<b>86.22</b>	<b>48.14</b>	<b>37.28</b>
<b>Net asset value (RMB'000)</b>	<b>247,266</b>	<b>210,827</b>	<b>128,311</b>	<b>91,173</b>
<b>Issued and fully paid ordinary shares</b>	<b>266,540,400</b>	<b>244,535,400</b>	<b>266,540,400</b>	<b>244,535,400</b>

**8. A review of the performance for the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for current financial period reported on, including ( where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Revenue Analysis**

Revenue (RMB'000)	3 months ended 30 September 2007	3 months ended 30 September 2006	+/(-) % change	9 months ended 30 September 2007	9 months ended 30 September 2006	+/(-) % change
Oil Production Contracts	3,200	-	-	4,100	-	-
Oilfield services	7,802	19,689	(60)	13,582	52,896	(74)
Software & related services	-	3,930	n.m	8,106	11,858	(32)
Others	685	-	n.m	685	607	13
<b>Total</b>	<b>11,687</b>	<b>23,619</b>	<b>(51)</b>	<b>26,473</b>	<b>65,361</b>	<b>(59)</b>

As mentioned in our 2Q07 results announcement, the Group is in a phase of transition as software sales and oilfield services (mud logging, etc) decline while exploration and production (“E&P”) activities are being actively developed through its oil production contracts and concessions.

In 3Q07, Group revenue was down 44% to RMB11.0 million from RMB19.7 million in 3Q06, due mainly to significantly less contribution from mud logging and other oilfield services, as well as an absence of revenue from software sales and services.

The reasons for the continuous decline in oilfield services and software sales were clearly stated in 2Q07 results announcement. These include measures to halt further business with customers that have long outstanding receivables and reallocation of resources to the Group’s Shaanbei oil production contract project which started production in June 2007. In addition, there was lower mud-logging services business in Ta Zhi Oil Field in Xinjiang.

In 3Q07, the Company focused on consolidating and growing of its E&P business which include our oil production contracts as well as our concession in oilfields. These encompass our Shaanbei oil production contract, the Cambodia Block D PSC, the Kamundan Gas Block and the EOR services business in Indonesia. There were also ongoing negotiations for new oil production contracts, and one such contract – a third project in Shaanbei - was successfully secured in September, with 40 existing production wells.

In Shaanbei, the Company is now working on a total contract area of 33 km<sup>2</sup>. Drilling and production work in Shaanbei has been progressing well, and has exceeded the Company’s expectations. As at end of October 2007, there was a total of 83 wells drilled (inclusive of 40 production wells acquired) and a total of 69 wells already in production. This has exceeded our target stated in our 2Q07 results announcement to drill up to 50 wells by end of 2007.

Revenue from Shaanbei oil production contract jumped from its maiden contribution of RMB0.9m in 2Q07 to RMB3.2m in 3Q07.

#### Cost and Earnings Analysis

Continuing streamlining of oilfield services and software business activities has resulted in the control and reduction of selling and distribution costs and research and development cost. Administrative expense increased RMB1.1m to RMB5.3 million in 3Q07. The increase was mainly attributed to the Employee Share Option expense of RMB0.81 million.

Other operating expenses comprised mainly a one-off expense of RMB4.57 million which arose from the disposal of Shaanxi Long Top's entire ERP business (please refer to note 3 of Profit and Loss Statement).

As a result of significantly lower revenue, and lower gross profit achieved from the new E&P business as compared to software business as well as other one-off costs, the Group recorded a loss attributable to shareholders of RMB5.8 million in 3Q07.

#### Financial Position and Liquidity

As of 30 September 2007, trade receivables stood at RMB63.5 million versus RMB 63.7m as of 30 June 2007, and other receivables amounted to RMB7.5 million. Other receivables included a prepayment of RMB2.2 million related to the acquisition of 11.1 km<sup>2</sup> area with 40 existing production wells at a new working area in Shaanbei (please refer to SGX announcement dated 11 September 2007).

It is noted that outstanding trade receivables arose mainly from oilfield services and software business done in previous years. Despite actively stepping up collection efforts in the past nine months, collection has been disappointing. With regards to these concerns, the Company noted in its 2Q07 results announcement that some write-off of receivables were expected in due course. **As at 30 September 2007, trade receivables that were more than 6 months past due stood at RMB54m. In view of the unsatisfactory collection experience to date, the Company would like to advise investors to factor in the likelihood that a large portion of these receivables might be written off. The Company will effect the appropriate write-off in the current financial year after discussion with our auditors.**

The group had a cash balance of RMB109.1 million as at end September 2007.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group did not make any forecast statement in the last results announcement dated 14 August 2007. However, as mentioned in Note 8 of the results announcement for 2Q07, the group had noted that some receivables had been more than 12 months past due and there would be some write-offs in due course but the amount could not be quantified then as collection efforts were continuing.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As highlighted in many instances of our announcements, the group has slowed down our oilfield services (mud logging, etc) and software business due to the poor trade receivables history. Contributions from these areas will become less significant as we channel our resources into projects with better returns and collections nature.

Our reallocation of resources to Shaanbei oil production contract business is expected to reap more noticeable results in 4Q07, and is expected to contribute positively in FY2008. Currently, progress in the Shaanbei oil production contract has exceeded management's internal target and expectations. As at end of October 2007, we have a total of 83 wells, including the 40 existing wells that were acquired. Out of the 83 wells, 69 wells are in production while the remaining wells are being prepared for production. The group hopes to hit a target of 100 wells by the end of FY2007.

For our Cambodia Offshore Oil Block D PSC, workflow is progressing according to our timeline and commitment to the project. We have received the final structure report from Petroleum Geo-Services ("PGS"), one of the world's leading geophysical and seismic survey services companies, and our team is in the midst of working on the exploratory drilling design plan, which is expected to take a few months.

In Indonesia, the Group owns a 42% stake in PT Kamundan Energy, which holds a 20-years exploration and production concession ("KSO contract") in a gas field in Kamundan, East Indonesia. The Company has recently received the official approval from Pertamina and BPMIGAS to commence geophysics and geophysical studies in the area. In addition, our wholly-owned subsidiary, Petroservices Engineering Inc has embarked on a Joint Study Agreement for two areas of interests with Pertamina on potential Enhanced Oil Recovery ("EOR") projects in Kalimantan Selatan.

#### **11. Dividend**

##### **(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None

##### **(b) Corresponding Period of the immediately preceding financial year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

##### **(c) Date payable**

Not applicable.

##### **(d) Book Closure Date**

Not applicable.

**12. If no dividend has been declared/recommend, a statement to that effect.**

No dividend was declared for the 9 months ended 30 September 2007.

## **STATEMENT BY DIRECTORS**

### **Pursuant to SGX Listing Rule 705(4)**

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Third Quarter Results of the Group for the financial period ended 30 September 2007 to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group of, and for, the period presented in this report.

### **By Order of the Board**

**William Chan Shut Li**  
**Chairman of the Board**

**Zhao Ying**  
**Director & CEO**

**13 November 2007**