

CHINA PETROTECH HOLDINGS LIMITED

Press Release

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CHINA PETROTECH FIRST QUARTER NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS ROSE 14%

- **Sees maiden contribution from oilfield services**
- **Cambodian oilfield service to start contributing in second half**
- **Balance sheet remains strong with net cash holding of RMB131.8 million**

Singapore, 15 May 2006 - China Petrotech Holdings Limited (“CPHL”) posted a 14% increase in net income attributable to shareholders to RMB 8.9 million for its first quarter 2006, achieved on the back of a 70% increase in revenue to RMB 19.5 million. This translated to earnings per share of 3.7 RMB cents in 1Q2006 versus 3.2 RMB cents in the previous corresponding quarter.

The strong growth in group revenue was attributable mainly to maiden contributions of RMB 11.2 million from the two China oilfield service contracts secured in 2005. The balance was from its traditional software sales and software-related services and, equipment sales. The group also recorded Other Income of RMB 1.6 million due to refunds from the value-added tax paid in the previous year.

The significant increase in expenses was due mainly to costs incurred in preparation for its expansion in oilfield service business in both China and overseas markets. Research and development costs rose 51% to RMB 1.3 million as the group continued to invest in R&D to maintain its competitive edge. Selling, distribution and administrative expenses rose 76.0% to RMB 4.9 million collectively due to an increase in staff strength, costs incurred in the new subsidiaries of Shaanxi Long Top Technology, Ba Zhou Zhong You Yang Guang Oil & Gas Technology Company and Xi’an Cenozoic Oilfield Information Engineering.

The group’s balance sheet remains strong with group total assets at RMB 223.9 million as at 31 March 2006. The group also has no debt and a cash holding of RMB131.8 million or 53.9 RMB cents per share. Trade and other receivables stood relatively unchanged at RMB64.3 million.

“We are happy to report that we are on track to bring the Group to the next level of growth with maiden income from oilfield services. This marks an important milestone for us. Our efforts in pursuing new strategic directions and, the patience of our shareholders, have been rewarded as contributions from the higher value added oilfield services and

related activities start to come on stream.” said William Chan, executive chairman of CPHL.

The outlook for the global oil and gas industry remains rosy and demand from China is expected to be sustained to fuel economic growth.

The group’s management remains optimistic on its business prospects. Cenozoic, the wholly owned subsidiary of CPHL has also recently clinched a 3-year software service contract in China worth RMB 3 million annually. For its new engine of growth in oilfield services, the group also expects its Cambodia oilfield service contract to start to contribute to its income from the second half of 2006.

About China Petrotech Holdings Limited

CPHL is a leading technology-based oilfield services provider operating mainly in China. The group was founded by a group of experienced geologists and research engineers well versed with the technological challenges in the China oil and gas industry. Its management and staff are mainly from the oil fields in China with strong domain knowledge in oil and gas exploration, development and production processes.

From its inception as a developer of software solutions for mud logging and data management in August 2001, CPHL has grown rapidly and now provides a comprehensive suite of software products. They are used in different stages of oil exploration like drilling engineering design and control, analysis of geophysical and geochemical properties of drill cuttings and subsurface fluid and gas, comparison of inter-well structural formation, 3-D modeling and estimation of oil reservoir, etc.

Its software products have achieved recognition by the three oil majors in China: the PetroChina Group, the Sinopec Group and the CNOOC Group. These three oil majors have adopted the Cenozoic Logging Data Organisation System as their standard software for gathering and sorting logging data.

In 2005, CPHL started the provision of oilfield services at two oil fields in China. The scope of service includes well logging, scanning of core samples and digitization of old well drawings. It has also entered into partnership agreement with the EOR Research Center of the PetroChina Group to engage in enhanced oil recovery projects outside China.

The company was listed on the Mainboard of the Singapore Exchange on 9 June 2004.

For more information regarding CPHL, please access:
<http://www.china-petrotech.com> or, contact:

Edwin Tay (edwin@ferrington.com.sg)
Maggie Low (maggie@ferrington.com.sg)
Ferrington Consultants Pte Ltd
Tel: (65) 6536 5831 / (65) 6536 5863
E-mail: info@ferrington.com.sg