
Press Release

Embargoed till 5.05 p.m.

CHINA PETROTECH RECORDS 65% INCREASE IN SECOND QUARTER EARNINGS TO RMB12.5 MILLION

- **Strategic expansion of business rewarded with strong growth in oilfield service business**
- **Interim tax-exempt dividend of one Singapore cent per share proposed**

	2Q2005	1Q2006	2Q2006
Revenue (RMB mn)	13.4	19.5	22.3
Gross Profit (RMB mn)	11.2	14.1	18.9
Net Profit (RMB mn)	7.5	8.9	12.5
EPS (RMB cts)	3.09	3.65	5.09

Singapore, 14 August 2006 - China Petrotech Holdings Limited (“CPHL”) posted a significant 65.0% increase in net profit attributable to equity holders of the Company to RMB 12.5 million in the second quarter of 2006 compared with the second quarter of 2005. EPS for 2Q2006 was 5.09 RMB cents compared with 3.65 RMB cents in 1Q2006 and 3.09 RMB cents in 2Q2005. The group has proposed an interim tax-exempt (one-tier) dividend of one Singapore cent per ordinary share.

In 2Q2006, group revenue rose 66.4% to RMB 22.3 million, buoyed by contributions from oilfield services which continued to grow. Oilfield services from logging, core sample scanning and digitization of old drawings accounted for approximately 85% or RMB 18.9 million of total group revenue. Revenue from software and software-related services fell 40% to RMB 3.4 million following the group’s strategic shift to oilfield services which provides a greater level of recurrent income.

Group expenditure rose in line with the higher level of business activity. Research and development (R&D) costs rose 60.2% to RMB 1.4 million as a result of R&D projects undertaken by new subsidiaries. Selling and distribution expenses increased 248.5% to RMB 1.1 million as costs for the oilfield service business were higher relative to software business. Administrative expenses were unchanged at RMB 3.6 million.

The financial health of the Group remains strong with Group total assets rising 9.9% to RMB 238.8 million from December 2005. The Group remains debt free with a cash

holding of RMB 132.1 million. Trade and other receivables increased from RMB63.8 million in December 2005 to RMB 80.2 million, in line with the increase in revenue.

“The Group’s revenue and income continues to grow. But, perhaps even more importantly, we have made the successful leap to oilfield services and expanded beyond China.” said Mr William Chan, the executive chairman of CPHL.

In China, CPHL currently has six logging teams in the Ta Zhi Oil Field, Xinjiang, against two as at the end of 2005. In addition the group also provides services in the Yanchang oil field.

Ms Zhao Ying, CEO of CPHL said, “We have successfully managed to leverage on our established technology platform and proprietary software to expand into oilfield services in China. We will continue to extend our presence in this area by increasing the number of work teams and widening the depth of services provided.”

Software solutions is the technology platform on which China Petrotech leverages to grow its business in sales of software products, oilfield field services and other related businesses. The Group will continue to invest in the R&D of software solutions for oil and gas exploration to maintain its leadership position in China. In this respect, the Group is in the process of registering a new major software product for production testing. This software product is expected to be launched before end of this financial year. CPHL had also announced earlier that it had clinched a 3-year software service contract in China worth RMB 3 million annually.

In Cambodia, CPHL announced on 26 July 2006 that it had acquired a 48% stake in China Zhen Rong Cambodia Energy Co., Ltd (“CZRCE”) in Cambodia for US\$5.76 million. CZRCE is the owner and sole operator of Cambodian Offshore Block D Production Sharing Contract. It has the sole exploration rights for 7 years and production rights for 30 years. CZRCE plans to undertake a 200 sq km 3D seismic acquisition program in the next few months before deciding on the follow-up exploration well drilling program. This seismic program is expected to take about one year to complete. The group has also been appointed technical advisor and project manager by CZRCE and it expects to start recognizing contribution from these services in the second half of 2006.

About China Petrotech Holdings Limited

China Petrotech Holdings Limited is a leading technology-based upstream oilfield services company providing services such as technical advisory, E & P project management as well as specialized oil and gas software solutions. With software solutions serving as the technology platform, the Group continues to grow its business in sales of software products, oilfield services and other related businesses. It also has direct investments in oil and gas projects.

Formed in 2001 by a group of geologists and research engineers well versed with the technological challenges of the China oil and gas industry, China Petrotech’s management and staff are mainly from the oil fields in China with strong domain

knowledge in oil and gas exploration, development and production processes. As an integral part of the group's business, the Group's software solutions provide its customers with the technological standards and platform to organize and optimize their exploration and development activities in the oil and gas industry. 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 formations, 3-D modeling and estimation of oil reservoirs. China Petrotech's software products have achieved recognition by the three oil majors in China: the PetroChina Group, the Sinopec Group and the CNOOC Group, which have adopted the "Cenozoic Logging Data Organization System" as their standard software for gathering and sorting logging data.

Evolving from a pure software solutions provider, China Petrotech started the provision of oilfield services utilizing its proprietary software in China in 2005. 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. In 2006, the group acquired a stake in a Cambodia offshore oil and gas block.

China Petrotech was listed on the Mainboard of the Singapore Exchange on 9 June 2004.

For more information regarding China Petrotech Holdings Limited, 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