



CHINA PETROTECH HOLDINGS LIMITED

Press Release

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CHINA PETROTECH ACHIEVED NET PROFIT OF RMB 15.2 MILLION IN THIRD QUARTER FY2006

	3Q2005	1Q2006	2Q2006	3Q2006
Revenue (RMB mn)	24.2	19.5	22.3	23.6
Gross Profit (RMB mn)	20.5	14.1	18.9	21.3
Net Profit (RMB mn)	20.9	8.9	12.5	15.2
EPS (RMB cents)	8.5	3.7	5.1	6.2

Singapore, 14 November 2006 - China Petrotech Holdings Limited (“CPHL”) registered net profit attributable to shareholders of RMB 15.2 million in the third quarter of FY2006, up from RMB 12.5 million in 2Q2006. Revenue rose slightly to RMB 23.6 million from RMB 22.3 million in 2Q2006. Earnings per share was RMB 6.2 cents compared with RMB 5.1 cents for 2Q2006.

Group revenue for 3Q2006 eased marginally to RMB 23.6 million compared to RMB 24.2 million in 3Q2005. The decline was in line with the Group’s strategy to shift its business focus from mainly software sales to the provision of oilfield services based on its software solutions. Software and software related sales were significantly lower at RMB 3.9 million compared to RMB 19.0 million in 3Q2005. In 3Q2005, revenue from new software sales was RMB 8.2 million and revenue from software upgrades was RMB 10.8 million. In comparison, there was no revenue from software upgrades in 3Q2006 and new software sales registered RMB 3.9 million.

Oilfield services accounted for 83% of total revenue at RMB 19.7 million in 3Q2006. This represented a 490% increase compared to 3Q2005 and a 4% increase over 2Q2006. Revenue from oilfield services compared to 2Q2006 was higher as the group continued its strategic shift from pure software solutions sales to the provision of oilfield services. Consequently, total revenue from oilfield services was RMB 52.9 million for the first nine months of 2006, compared to RMB 4.3 million in the corresponding period in 2005. As announced in October 2006, the group currently has nine logging teams deployed in Ta Zhi Oil Field and Yanchang Oil Fields, as compared to two teams as at the end of 31

December 2006, contributing to the change in revenue composition this year from largely software sales to mainly oilfield services revenue.

Research and development costs declined 60% from 3Q2005 to RMB 0.5 million as a large part of R&D activities had been carried out in 1H2006. Selling and distribution expenses rose 11% to RMB 0.6 million while administrative expenses rose 73% to RMB 4.2 million. The significant increase in administrative expenses can be attributed to new subsidiaries and new acquisitions in the year, which included business development activities in Cambodia and Indonesia. The Group also made a tax provision of RMB 1.3 million following the expiry of tax exemption for its wholly owned subsidiary, Xi'an Cenozoic Petro Tech Co., Ltd.

Group balance sheet was enlarged as total assets of the group increased by 49% to RMB 323.1 million as at 30 September 2006 mainly due to the consolidation of China Zhen Rong Cambodia Energy Co., Ltd (“CZRCE”) accounts. Trade and other receivables stood at RMB 89.0 million in line with higher revenue. The group remains debt free with cash of RMB 112.7 million or RMB 46.1 cents per share. Net asset value per share as at 30 September 2006 was RMB 90.8 cents.

“The Group has made exciting headway in our core operations in oilfield services. We have registered sequential growth in revenue from oilfield services in the last three quarters. Our work program schedule with regards to our direct investment in the Cambodia Offshore Oil Block is also progressing well. We will be embarking on the 3D seismic data acquisition program on approximately 360 sq km area of the oil block in the third week of November 2006” said Mr. William Chan, executive chairman of CPHL.

With regards to its core technological solutions platform, the Group has registered two new software solutions, “Production Testing Engineering Management and Application System” and “Drilling Engineering Design Integrated Software System”. Three other software solutions involving logging workflow management, complex situations monitoring and diagnosis and 3D borehole visualization work are also pending registration.

About China Petrotech Holdings Limited

China Petrotech Holdings Limited is a leading technology-based oilfield services company providing services such as technical advisory, E & P project management as well as specialized upstream oil and gas software solutions. The Group also has direct investment in an offshore oil and gas project in Cambodia.

Formed in 2001 by a group of geologists and research engineers well versed with the technological challenges of the China oil and gas industry, its management and staff are mainly from the oil fields with strong industry knowledge in oil and gas exploration, development and production processes. As an integral part of the Group’s business, China Petrotech 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.

China Petrotech 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 at two oil fields in China in late 2005. The scope of service includes well logging, scanning of core samples and digitization of old logging charts. It has also entered into partnership agreement with the EOR Research Center of the PetroChina Group to engage in enhance oil recovery projects outside China. In 2006, the Group acquired a stake in a Cambodia offshore oil and gas block.

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

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