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PetroAsian Energy Holdings Limited

中亞能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 850 & Warrant code: 344)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by PetroAsian Energy Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company that due to (1) the charging of fair value of the share-based payments to the employees of the Group arising from newly granted share options under the share option scheme of the Company; (2) the loss on disposal of subsidiaries; (3) impairment loss recognised on trade and other receivables; and (4) property, plant and equipment written off; and (5) the amortisation of oil exploitation rights, it is expected that a loss will be recorded by the Group in its financial statements for the year ended 31 March 2010.

This profit warning announcement is only based on the preliminary assessment by the management of the Company in accordance with the unaudited management accounts of the Group. The actual audited annual results of the Group for the year ended 31 March 2010 have not been finalised. Shareholders and investors are advised to read the results announcement carefully.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
PetroAsian Energy Holdings Limited
Poon Sum
Chairman

Hong Kong, 21 July 2010

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Poon Sum, Mr. Wong Kwok Leung and Mr. Poon Wai Kong; and (ii) three independent non-executive Directors, namely Mr. Chan Kam Ching, Paul, Mr. Chan Shu Kin and Mr. Cheung Kwan Hung.