2011 Annual Results Presentation

March 2012
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One of the Leading Chinese Non-state-owned Providers of Integrated Oilfield Services

Clear Market Leadership

- The largest Chinese non-state-owned provider of integrated oilfield services [1]
- Provides services and products covering the main process of oil/gas exploration and production. Revenue was RMB 1,321.3 million in 2011, increased by 25.8% from 2010; Net profit attribute to shareholders was RMB 181.8 million in 2011
- One of the fastest growing Chinese non-state-owned providers of integrated oilfield services [2]
- Revenue growth at a CAGR of 25.8% from 2008 to 2011; net profit attributable to shareholders growth at a CAGR of 24.0% from 2008 to 2011
- One of the most experienced Chinese non-state-owned oilfield services provider in overseas operations
- Revenue generated from foreign operations amounted RMB 886.8 million in 2011, representing 67.1% of total revenue, increased by 45.7% from 2010
- Strong focus on R&D to ensure market leadership position and future growth
- 2011 R&D expense reached RMB 20.5 million; Plans to invest around RMB 200 million on R&D and manufacturing centers in Tianjin and Singapore; We will make great efforts in developing the R&D and manufacturing sector for the coming 3 to 5 years
- Superior operational capability and investment returns
- 2011 average return on assets reached 13.8%; 2011 average return on equity reached 24.1%

Global Production and Sales Network

- Regions where Company has operations
- Company’s regional office
- Manufacturing Facilities
- Research and Development offices
- Sales and Marketing offices

Notes
1. According to Spears and Associates’ research, based on revenue generated in 2010, in the market segments served by the Company in China
2. Fastest in terms of revenue and net profit growth from 2008 to 2010 compared to other Chinese non-state-owned companies providing similar integrated oilfield services and of comparable size
As the global economy is recovering, the price of international crude oil futures in 2011 continuously remains high and the investment in exploration and development by oil companies is still on the rise; the oilfield services industry keeps promising.

In 2011, we continued to adhere to the principle of “providing integrated solutions & serving our customers”, strengthened our capabilities in the relevant services and technologies regarding the reservoir research, drilling and well completion, production enhancement technology and oil production technology. In particular, the Group achieved a significant breakthrough in the core technologies of exploration and development of unconventional gas with great potential, such as shale gas and coal bed methane (“CBM”).

In 2011, we successfully provided the drilling fluid services and fracturing services for 1 well in the first batch of horizontal shale gas wells of CNPC in Sichuan, and CBM turnkey drilling operations for 1 well in Indonesia, which marked that the Group has achieved a substantial progress in the exploration and development technologies of unconventional gas.

In 2011, we achieved progress in both domestic and foreign markets.

- Further consolidated and enhanced overseas market share, such as Southeast Asia and the Middle East. During the year, the revenue generated from overseas operations amounted RMB 886.8 million, representing 67.1% of our total revenue. The income generated from overseas market increased by 45.7% as compared to last year, which continued to maintain its leading edges in scale.

- The operations in the Tarim Oilfield market continuously maintained stable, and the scale in other markets increased significantly as compared to that of 2010. Especially, the main business revenue generated from Changqing Market amounted to RMB 56.0 million, representing an increase of 123.9% as compared to 2010, and there still exists a huge space for growth.

Due to the growth of drilling and reservoir business and cost control, revenue in 2011 increased 25.8% compared with 2010; the net profit attribute to shareholders increased 52.1% compared with last year.
Financial Highlights
Rapid Growth in Revenue

2008 – 2011 Revenue Growth

**Revenue (RMB MM)**

- **2008**: 664
  - Drilling: 111
  - Well Completion: 245
  - Oil Reservoir: 308

- **2009**: 912
  - Drilling: 310
  - Well Completion: 268
  - Oil Reservoir: 333

- **2010**: 1,050
  - Drilling: 344
  - Well Completion: 324
  - Oil Reservoir: 383

- **2011**: 1,321
  - Drilling: 451
  - Well Completion: 355
  - Oil Reservoir: 516

**CAGR: 25.8%**
Steady Growth in EBITDA

EBITDA Split by Business Segment

EBITDA (RMB MM)

CAGR: 27.8%

<table>
<thead>
<tr>
<th>Year</th>
<th>Drilling</th>
<th>Well Completion</th>
<th>Oil Reservoir</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>25</td>
<td>125</td>
<td>192</td>
</tr>
<tr>
<td>2009</td>
<td>100</td>
<td>52</td>
<td>134</td>
</tr>
<tr>
<td>2010</td>
<td>99</td>
<td>58</td>
<td>142</td>
</tr>
<tr>
<td>2011</td>
<td>111</td>
<td>101</td>
<td>187</td>
</tr>
</tbody>
</table>
Tremendous Growth in Net Profit

2008 – 2011 Net Profit Growth

Net Profit Attributable to Equity Owners (RMB MM)

CAGR: 24.0%

Note: Excluding share-based payment
Investment Return Grew Steadily

Superior Investment Returns

Average Return on Assets (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Return on Assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11.7&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>2011</td>
<td>13.8&lt;sup&gt;(2)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Average Return on Equity (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Return on Equity (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>22.8&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>2011</td>
<td>24.1&lt;sup&gt;(3)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Notes
1. Including share-based Payments
2. ROAA=net profit attributable to shareholders/average of 2010 and 2011 total assets
3. ROAE=net profit attributable to shareholders/average of 2010 and 2011 total equity
2010 – 2011 EPS Growth

Earnings per Share (RMB yuan)

- 2010: 0.12
- 2011: 0.18

50% Growth Rate
Business Highlights
Drilling Services

Business Scope

- Offers a wide range of integrated and specialized drilling services, including turnkey drilling, vertical drilling, directional drilling, cementing, drilling fluid, sidetracking, FMPD and well workover

Revenue Growth

- In 2011, the Group recorded a revenue of RMB 450.8 million from drilling services, representing an increase of 31.1% as compared to 2010
- Successfully provided the shale gas drilling fluid technical services for 1 well in Sichuan Oilfield of CPNC and successfully completed CBM turnkey drilling operations for 1 well in Indonesia, which enabled the Group to grasp more opportunities in such huge market of unconventional gas.
- In 2011, the Group achieved great progress in drilling and well work over services in the market of Kazakhstan. As at the end of 2011, the Group had 17 well-drilling and repairing rigs under its actual control
Well Completion Services

Business Scope

- Provides an integrated well completion solutions for customers, offering services covering the overall process, including project design, equipment and tools preparation and project operation.

Revenue Growth

- 2008: RMB 245.0 million
- 2009: RMB 268.4 million
- 2010: RMB 323.8 million
- 2011: RMB 354.9 million

CAGR: 13.2%

2011 Business Highlights

- In 2011, the Group recorded a revenue of RMB 354.9 million from the well completion services, representing an increase of 9.6% as compared to the corresponding period last year.

- For well completion string services, the Group continued to maintain its leading position of high-grade oil and gas well completion services in Tarim Oilfield in West China and strengthened its business expansion efforts in some major gas fields in Changqing and Xichuan, etc; the Group also successfully completed the sectional reconstruction operations for 5 wells in Kazakhstan.

- For acid fracturing services, the Group obtained a fracturing service contract in respect of 2 shale gas horizontal wells of the first batch of shale gas horizontal wells of CNPC that acquired through a successful tender in that year, and successfully completed the fracturing services for 1 well. The Group completed the fracturing services for 3 wells in Turpan-Hami oilfield in the west of China, and as a result, the oil production was enhanced apparently.
Oil Reservoir

Business Scope

- Provides a range of technical services involving well testing, dynamic monitoring and downhole operations on the basis of reservoir research during exploration and production to improve output and efficiency
- Owned 20 oil reservoir and geographic experts as at the end of 2011

Revenue Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>RMB (MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>308.3</td>
</tr>
<tr>
<td>2009</td>
<td>332.9</td>
</tr>
<tr>
<td>2010</td>
<td>382.8</td>
</tr>
<tr>
<td>2011</td>
<td>515.6</td>
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</table>

CAGR: 18.7%

2011 Business Highlights

- In 2011, the Group recorded a revenue of RMB 515.6 million from our reservoir services, representing an increase of 34.7% compared to 2010
- In overseas markets, apart from a rapid development of dynamic monitoring and oil testing services, the newly expanded annual maintenance service for the compressors in Kazakhstan grew rapidly in 2011. The Group developed a new technology of oil production, i.e. the negative pressure pneumatic lifting method, and successfully applied such technology in an overseas oilfield. This new technology solves a major scientific problem that it enables the old wells to always maintain a stable oil production through pneumatic lifting in case the conventional pneumatic lifting method fails to work
- The Group accumulated experience in respect of oil production technology for heavy oil wells and monitoring technology
In 2011, R&D expenses amounted to RMB 20.5 million.

Planned to spend around RMB 200 million in next three years on R&D and manufacturing centers in Tianjin and Singapore.

Will focus on the R&D of related completion tools, down hole testing equipments, directional drilling tools and fracturing materials.
Future Outlook
Explore appropriate acquisition opportunities and keep improving and enhancing the Company’s products and services.

Continue to increase the efforts in expanding overseas business.

Increase its efforts in R&D so as to support the Group’s subsequent technological development.

Further foster the relationship with clients, intensify service scope and strengthen the Group’s capacity in integrated services.

To improve the technological ability of key projects as well as preparing related technology reserves.
Looking ahead for 2012, the oil companies must pay greater efforts in oilfield exploration and exploitation for the sake of accelerating the exploration and confirmation process for oil and gas reservoirs and securing stable supply for increasing demand in oil and gas. The prospect of the overall industry is positive. Gas exploitation, including exploitation of unconventional gas, is still a popular area for the investment in the industry. Central Asia, the Middle East and Southeast Asia, which are the areas with rich in oil and gas, will be the popular regions with the fastest growth in investment.

— Because our products and services have covered the main process of oilfield exploration and production, we can satisfy the need of integrated services. In particular, our proven track record in the high-end market in China enabled us to enhance our competitive edge for integrated oil and gas project in sophisticated geological conditions

— The Group has completed its strategic planning for major target markets in overseas and will enter into a fast-growing period in 2012. Other than the Central Asia markets maintaining a strong growth, various markets in Southeast Asia and the Middle East are expected to develop scale operations

— The successful preparation and expansion of unconventional gas business may turn out to be a new highlight for the Company in 2012, and hold an increasingly important strategic position in the subsequent development

— Strong development in the R&D and production not only improve and upgrade the relevant products and services but also improve cost structure of the Group and further increase the profitability

As discussed above, with the favorable external environment, the Group may achieve better results in 2012 and further promote the increasing trend in the coming three to five years.