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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SPT Energy Group Inc. you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SPT

SPT Energy Group Inc.

華油能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1251)

**SPECIFIC MANDATE TO ISSUE CONVERSION SHARES
IN RELATION TO THE CONVERTIBLE BONDS**

AND

**AMENDMENTS TO CERTAIN TERMS AND
CONDITIONS OF CONVERTIBLE BONDS**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of SPT Energy Group Inc. to be held at 8/F, Tower B, Desheng International Center, No. 83 Dewai Street, Xicheng District, Beijing, PRC on Tuesday, 5 February 2013 at 10:00 a.m. is set out on pages 16 to 17 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. Whether or not you intend to attend the extraordinary general meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and deliver it to the Hong Kong share registrar of SPT Energy Group Inc., Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude a shareholder from attending and voting in person at the extraordinary general meeting or any adjournment thereof if they so wish and in such event, the form of proxy shall be deemed to be revoked.

19 January 2013

* for identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the followings meanings:

“Amendment Deed”	means an amendment deed executed by the Company and the Bondholders and dated 31 December 2012 pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions to the Instrument;
“Articles of Association”	means the articles of association of the Company adopted on 1 December 2011 and became effective on 23 December 2011, and as amended from time to time;
“Board”	means the board of Directors;
“Bondholders”	means CSOF Inno and Everbright Inno, being the persons who are for the time being the holders of the Convertible Bonds and the term “ Bondholder ” means any one of them;
“Business Day”	means a day on which banks in Hong Kong and the Cayman Islands are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
“CB Amendments”	means the amendments to be made in respect of the Instrument, which are set out under the paragraph headed “The CB Amendments” in this circular;
“Company”	means SPT Energy Group Inc., the Shares of which are listed on the Stock Exchange;
“Conditions Precedent to the CB Amendments”	means the conditions precedent stated under the Amendment Deed, which are set out under the paragraph headed “Conditions Precedent to the CB Amendments” in this circular;
“Conversion”	means the exercise of the Conversion Rights attached to the Convertible Bonds and the issuance of the Conversion Shares accordingly;
“Conversion Notice”	means the notice of conversion for use in conversion of the Convertible Bonds;
“Conversion Price”	means the price at which each Conversion Share(s) will be issued upon Conversion, being HK\$1.65 per Conversion Share initially and subject to adjustment as described in this circular;
“Conversion Rights”	means the rights attached to the Convertible Bonds to convert the principal amount or a part thereof into Conversion Shares;

DEFINITIONS

“Conversion Share(s)”	means the Shares to be allotted and issued by the Company upon the exercise of the Conversion Rights attached to the Convertible Bonds;
“Convertible Bonds”	means the series of 3% unsecured non-redeemable convertible bonds in the aggregate principal amount of US\$15,000,000 with the benefit of and subject to the provisions of the Instrument and due on the Maturity Date and the term “ Convertible Bond ” shall be construed accordingly;
“CSOF Inno”	means CSOF Inno Investments Limited, a company incorporated in the British Virgin Islands;
“Director(s)”	means director(s) of the Company;
“Everbright Inno”	means Everbright Inno Investments Limited, a company incorporated in the British Virgin Islands;
“Extraordinary General Meeting”	means the extraordinary general meeting of the Company to be held at 8/F, Tower B, Desheng International Centre, No. 83 Dewai Street, Xicheng District, Beijing, PRC on Tuesday, 5 February 2013 at 10:00 a.m. or any adjournment thereof and notice of which is set out on pages 16 to 17 of this circular
“General Mandate”	means the general mandate granted to the Directors pursuant to a resolution passed by the Shareholders of the Company on 5 June 2012 for the allotment, issue and dealing with additional Shares not exceeding 20% of the issued share capital of the Company;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HK\$”	means Hong Kong dollar;
“IAS”	means the International Accounting Standards;
“Independent Third Party(ies)”	means party(ies) which is/are not connected person(s) of the Company (as defined in the Listing Rules) and is/are independent of the Company and its connected persons;
“Instrument”	means the instrument constituting the Convertible Bonds (with such amendments thereto as the Company and the Bondholders may agree) which was executed by the Company by way of a deed poll on 20 August 2012;
“Issue Date”	means the date of issue of the Convertible Bonds, which is 20 August 2012;

DEFINITIONS

“Latest Practicable Date”	means 16 January 2013 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	means the listing sub-committee of the board of directors of the Stock Exchange with responsibility for considering applications for listing and the granting of listing on the Main Board of the Stock Exchange;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Major Subsidiary”	means the subsidiary referred to in Rule 13.25(2) of the Listing Rules;
“Market Price”	means the average of the closing prices of one Share on the Stock Exchange for the five (5) consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on or as of which the market price is to be ascertained;
“Maturity Date”	means in respect of each Convertible Bonds, the date falling on the third anniversary of the Issue Date (both dates inclusive);
“New Certificate(s)”	means the new certificate(s) to be issued in respect of the Convertible Bonds pursuant to the Supplemental Deed Poll;
“PRC”	means The People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Share(s)”	means shares of US\$0.0001 each in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and a “Share” shall refer to each and any one of such shares;
“Shareholder(s)”	means holder(s) of the Share(s);
“Special Resolution”	means a resolution passed at a meeting of the Bondholders duly convened and held and carried a majority consisting of not less than three-fourths of the votes cast upon a show of hands, or if a poll is duly demanded, by a majority of not less than three-fourths of the votes cast on a poll;
“Specific Mandate”	means a specific mandate proposed to be granted at the Extraordinary General Meeting to allot and issue the Conversion Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Subscription”	means the subscription of the Convertible Bonds by the Bondholders pursuant to the terms of the Subscription Agreement;
“Subscription Agreement”	means the subscription agreement dated 7 August 2012 and entered into between the Company and the Bondholders in relation to the Subscription;
“Subsidiaries”	means the subsidiaries of the Company for the time being and from time to time and the term “Subsidiary” shall be construed accordingly;
“Supplemental Deed Poll”	means the supplemental deed poll in the form set out in the Amendment Deed, subject to such other amendments as may be mutually agreed by the Company and the Bondholders;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers, as amended from time to time; and
“US\$”	means United States dollar.



SPT Energy Group Inc.

華油能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1251)

Executive Directors:

Mr. Wang Guoqiang

Mr. Wu Dongfang

Mr. Liu Ruoyan

Non-executive Director:

Mr. Lin Yang

Independent non-executive Directors:

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Mr. Wu Kwok Keung Andrew

Mr. Wan Kah Ming

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PRC

Principal place of business in

Hong Kong:

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The Landmark

15 Queen's Road Central

Hong Kong

19 January 2013

To the Shareholders

Dear Sir or Madam

**SPECIFIC MANDATE TO ISSUE CONVERSION SHARES
IN RELATION TO THE CONVERTIBLE BONDS**

AND

**AMENDMENTS TO CERTAIN TERMS AND
CONDITIONS OF CONVERTIBLE BONDS**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to (i) the announcement dated 7 August 2012 of the Company on the issue of the Convertible Bonds and (ii) the announcement dated 31 December 2012 of the Company on the amendments to certain terms and conditions of the Convertible Bonds.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information in respect of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the CB Amendments and the Specific Mandate for the issue of the Conversion Shares.

The notice setting out the details of the resolution to be proposed at the Extraordinary General Meeting is set out on pages 16 to 17 of this circular.

BACKGROUND

On 7 August 2012, the Company entered into the Subscription Agreement with the Bondholders pursuant to which the Bondholders have severally subscribed for, and the Company has issued, the Convertible Bonds in an aggregate principal amount of US\$15,000,000. The Convertible Bonds will bear interest at the rate of 3% per annum and will be due on the third anniversary of the Issue Date. The Convertible Bonds are convertible into Shares at the initial Conversion Price of HK\$1.65 per Conversion Share (subject to adjustments).

On 31 December 2012, the Company entered into the Amendment Deed with the Bondholders pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions of the Instrument constituting the Convertible Bonds.

Details of the principal terms of the Convertible Bonds and the Amendment Deed are summarized below.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer	The Company
Principal amount	US\$15,000,000
Interest	3% per annum payable semi-annually in arrears
Maturity	3 years
	Unless previously converted, each Convertible Bond will become due and payable at 100% of the principal amount outstanding together with all accrued but unpaid interest thereon on the Maturity Date.
Conversion Price	The initial Conversion Price is HK\$1.65 per Conversion Share.
	The Conversion Price will be subject to adjustment in certain events, including consolidation or subdivision, capitalization of profits or reserves, capital distribution, rights issues of Shares or granting options or warrants to subscribe for new Shares (at less than 90% of the Market Price per Share), issue securities convertible into or exchangeable for new Shares (at less than 90% of the Market Price per Share).

LETTER FROM THE BOARD

Conversion Shares

Prior to the taking effect of the CB Amendment, the number of Conversion Shares will be determined based on the rates of exchange quoted at the closing of the day immediately before the date of the Conversion Notice. Assuming full conversion of the Convertible Bonds, the Company will issue 70,909,090 Conversion Shares (based on the exchange rate of U.S. dollars to Hong Kong dollars at 1:7.8 for illustration purpose only), representing (i) approximately 4.65% of the Company's existing total issued share capital; and (ii) approximately 4.44% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

Conversion Restrictions

Conversion of the Convertible Bonds is subject to the following restrictions:

- (a) no Conversion Right shall be exercised if (i) it will result in a change of control within the meaning of the Takeovers Code or the relevant Bondholder whether alone or together with parties acting in concert with it would be obliged to make a general offer under the Takeovers Code; or (ii) insufficient public float of the Shares.
- (b) a Conversion Right may only be exercised in amounts of not less than US\$1,000,000 and integral multiples of US\$1,000,000 on each conversion.

Prior to the taking effect of the CB Amendments, in the situation where, upon receipt of a Conversion Notice, the Company cannot issue all of the Conversion Shares under the Conversion Notice (i) due to the full utilization of the allocated general mandate to issue shares granted by the shareholders of the Company; or (ii) because there is no listing approval granted by the Listing Committee to the Company in respect of the issuance of all or part of such Conversion Shares, the Company shall (a) notify the converting Bondholder promptly; (b) utilize the remaining general mandate and/or existing listing approval to issue the Conversion Shares under the Conversion Notice to the fullest extent permissible; and (c) convene a general meeting to approve the grant of a specific mandate or refreshment of such general mandate and/or obtain the requisite listing approval from the Listing Committee, and issue the balance of the Conversion Shares that had not been issued to such Bondholder within sixty (60) days after the date of the Conversion Notice in the case of the situation (i) above or within ten (10) days after the date of the Conversion Notice in the case of the situation (ii) above. If the Company could not issue such balance of Conversion Shares within the specified period, such Bondholder is entitled to request the Company to make cash payment in lieu of the issue of such balance of the Conversion Shares within five (5) Business Days from such request. In the exercise of the said cash settlement option, the amount of cash to be paid by the Company to such Bondholder shall be arrived at by multiplying (a) the number of the balance of the Conversion Shares otherwise deliverable upon the exercise of the Conversion Right in respect of the Convertible Bonds, and in respect of which such Bondholder has exercised the cash settlement option; and (b) the closing price of the Shares quoted on the Stock Exchange on the last trading day immediately preceding the date of such Conversion Notice.

LETTER FROM THE BOARD

Events of default

Each of the following events is an event of default under the Instrument:

- (a) Non-payment: the Company fails to pay the principal of or any interest on any of the Convertible Bonds when due and such failure continues for a period of fourteen (14) days; or
- (b) Breach of Other Obligations: the Company fails to perform or comply with any of its other obligations under the Convertible Bonds or the Instrument which default is not remedied within thirty (30) days after notice requiring the same to be remedied is served by any Bondholder; or
- (c) Cross-Default: (i) any other present or future indebtedness of the Company or any Major Subsidiary for or in respect of moneys borrowed or raised through a bank or financial institution is declared or becomes due and payable prior to its stated maturity by reason of an event of default (however called or described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any Major Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such moneys borrowed or raised through a bank or financial institution; PROVIDED THAT any single amount or the aggregate amount of the indebtedness becoming due and payable under (i) above, and/or any single amount or aggregate amount of the indebtedness not paid when due, or as the case may be, within any applicable grace period under (ii) above and/or any single amount or the aggregate amount not paid when due under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised under (iii) above, equals or exceeds HK\$25,000,000 and HK\$50,000,000 respectively; or
- (d) Enforcement Proceedings: a distress, attachment, execution or other legal process (the “**Actions**”) is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Company or any Major Subsidiary which, in the reasonable opinion of the Bondholders, has or would have a material adverse effect on the Company or such Major Subsidiary and is not discharged or stayed within forty five (45) days (or such longer period as the Bondholders may consider to be reasonably appropriate) unless, but only so long as, the Bondholders are satisfied that the Actions are being contested in good faith, diligently and with a reasonable prospect of success. For the avoidance of doubt, the reference to the opinion or decision of the Bondholders in this paragraph refers to the opinion or decision of the Bondholders duly resolved at the meeting of the Bondholders convened in the manner set out in the Subscription Agreement; or

LETTER FROM THE BOARD

- (e) Insolvency: the Company or any Major Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when they fall due; stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts; makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due); or
- (f) Winding-up: an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Major Subsidiary, or the directors of the Company or any Major Subsidiary request any person to appoint an administrator (or equivalent person), or the Company ceases or threatens to cease to carry on all or a material part of its business or operations; except in any case, however, for the purpose of or in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved by a Special Resolution of the Bondholders, or (ii) in the case of a Major Subsidiary, whereby the undertaking and assets of the Major Subsidiary are transferred or distributed to or otherwise vested in the Company or another one or more of its Subsidiaries, or by way of a voluntary winding up or dissolution where there are surplus assets in such Major Subsidiary and such surplus assets which are attributable to the Company and/or any other Subsidiaries are distributed to the Company and/or such other Subsidiaries; or
- (g) Appointment of Receiver: an administrative or other receiver or any manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary or the directors of the Company or any Major Subsidiary request any person to appoint such an administrative or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties, unless it is in the opinion of the Bondholders (which shall be duly resolved at the meeting of the Bondholders convened in the manner set out in Schedule C of Schedule 1 to the Subscription Agreement) that, in the case only of such action having been commenced by a creditor of the Company or any Major Subsidiary, as the case may be, it is discharged within thirty (30) days of the commencement of such proceedings or the appointment as aforesaid; and
- (h) Suspended Trading: the listing of the Company on the Stock Exchange is at any time terminated, or its Shares suspended for trading for a period of more than twenty (20) consecutive trading days and the Company is unable to provide a reason therefor.

LETTER FROM THE BOARD

Listing

No application will be made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application was made to the Stock Exchange on 8 August 2012 for the listing of, and permission to deal in the Shares to be issued pursuant to the General Mandate upon the exercise of the Conversion Rights attached to the Convertible Bonds. On 10 August 2012, the Stock Exchange granted a conditional listing approval for any Conversion Shares which the Company may issue on exercise of the Conversion Rights attached to the Convertible Bonds pursuant to the General Mandate. An application will be made to the Stock Exchange for the listing of, and permission to deal in the Shares to be issued pursuant to the Specific Mandate upon the exercise of the Conversion Rights attached to the Convertible Bonds.

THE AMENDMENT DEED

Date: 31 December 2012

Parties: (a) the Company as the issuer; and

(b) CSOF Inno and Everbright Inno as the bondholders

The CB Amendments

Pursuant to the Amendment Deed, subject to the fulfillment of the Conditions Precedent to the CB Amendments, the Company and the Bondholders agree that the Instrument shall be amended and supplemented as follows, which shall be deemed to be taken effect from 20 August, 2012, being the date of the Instrument:

- (a) the following cash settlement option (the “**Cash Settlement Option**”) shall be deleted in its entirety:

“In the situation where, upon receipt of a Conversion Notice, the Company cannot issue all of the Conversion Shares under the Conversion Notice (x) due to the full utilization of the allocated general mandate to issue shares granted by the shareholders of the Company; or (y) because there is no listing approval granted by the Listing Committee to the Company in respect of the issuance of all or part of such Conversion Shares, the Company shall (a) notify the converting Bondholder promptly; (b) utilize the remaining general mandate and/or existing listing approval to issue the Conversion Shares under the Conversion Notice to the fullest extent permissible; and (c) convene a general meeting to approve the grant of a specific mandate or refreshment of such general mandate and/or obtain the requisite listing approval from the Listing Committee, and issue the balance of the Conversion Shares that had not been issued to such Bondholder within sixty (60) days after the date of the Conversion Notice in the case of the situation (x) above or within ten (10) days after the date of the Conversion Notice in the case of the situation (y) above. If the Company could not issue such balance of Conversion Shares within the specified period, such Bondholder is entitled to request the Company to make cash payment in lieu of the issue of such balance of the Conversion Shares within five (5) Business Days from such request. In the exercise of the Cash Settlement Option, the amount of cash to be paid by the Company to such Bondholder shall be arrived at by multiplying (a) the number of the balance of the Conversion Shares otherwise deliverable upon the exercise of the Conversion Right in respect of the Convertible Bonds, and in respect of which such Bondholder has exercised the Cash Settlement Option; and (b) the closing price of the Shares quoted on the Stock Exchange on the last trading day immediately preceding the date of such Conversion Notice.”

LETTER FROM THE BOARD

- (b) the conversion formula (the “**Conversion Formula**”) of the Conversion Shares shall be amended, so that the number of Conversion Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Convertible Bond being converted by the Conversion Price in effect as at the Conversion Date based on a fixed exchange rate of US\$1.00 equal to HK\$7.80 instead of the average of the spot rates of exchange quote by Hongkong and Shanghai Banking Corporation Limited for sale and purchase of United States dollar against Hong Kong dollar at the closing of the day immediately before the date of the Conversion Notice as provided under the Instrument; and
- (c) any Conversion Notice delivered shall become irrevocable save and except in the situation where, upon receipt of a Conversion Notice, the Company cannot issue all of the Conversion Shares under the Conversion Notice (a) due to the full utilization of the allocated general mandate to issue shares granted by the shareholders of the Company; or (b) because there is no listing approval granted by the Listing Committee to the Company in respect of the issuance of all or part of such Conversion Shares, and in such situation, the Conversion Notice is revocable at the option of the converting Bondholder.

Conditions Precedent to the CB Amendments

The CB Amendments are subject to the approval of the Stock Exchange and the New Certificate(s) in the form set out in the Supplemental Deed Poll duly issued in favour of each of the Bondholders.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE

To the best knowledge of the Company, assuming that there is no change in the issued share capital of the Company prior to the Conversion, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full conversion of the Convertible Bonds by the Bondholders to the extent allowed will be as follows:

Name	Shareholding as at the Latest Practicable Date		Shareholding upon full conversion of the Convertible Bonds by the Bondholders to the extent allowed	
	<i>Number of issued Shares</i>	%	<i>Number of issued Shares</i>	%
Credit Suisse Trust Limited (note 1)	899,476,000	58.98%	899,476,000	56.36%
Other non-public shareholders (note 2)	64,500,000	4.23%	64,500,000	4.04%
Public Shareholders				
— CSOF Inno	14,048,000	0.92%	61,854,909	3.88%
— Everbright Inno	6,790,000	0.45%	29,892,181	1.87%
— other public shareholders	<u>540,186,000</u>	<u>35.42%</u>	<u>540,186,000</u>	<u>33.85%</u>
Total	<u>1,525,000,000</u>	<u>100%</u>	<u>1,595,909,090</u>	<u>100%</u>

Notes:

- Credit Suisse Trust Limited is the trustee of the Widescope Trust, the True Harmony Trust, the Truepath Trust, the Jumbo Wind Trust and the Windsorland Trust which are discretionary trusts holding the shares in the Company on trust for Widescope Holdings Limited, Elegant Eagle Investments Limited, True Harmony Limited, Best Harvest Far East Limited, Magic Flute Holdings Limited, Truepath Limited, Red Velvet Holdings Limited, Jumbo Wind Limited, Starshine Investments Limited, Windsorland Limited and Tarkin Investments Limited respectively. Therefore, Credit Suisse Trust Limited is deemed to be interested in shares of the Company held by the said companies.

Widescope Holdings Limited holds 135,872,000 Shares. It is wholly owned by Elegant Eagle Investments Limited and therefore Elegant Eagle Investments Limited is deemed to be interested in 135,872,000 Shares.

True Harmony Limited holds 152,200,000 Shares. It is owned as to 73.3% by Best Harvest Far East Limited and therefore Best Harvest Far East Limited is deemed to be interested in 152,200,000 Shares. Best Harvest Far East Limited is wholly owned by Magic Flute Holdings Limited and therefore Magic Flute Holdings Limited is deemed to be interested in 152,200,000 Shares.

Truepath Limited holds 487,012,000 Shares. It is wholly owned by Red Velvet Holdings Limited and therefore Red Velvet Holdings Limited is deemed to be interested in 487,012,000 Shares.

Jumbo Wind Limited holds 78,850,000 Shares. It is wholly owned by Starshine Investments Limited and therefore Starshine Investments Limited is deemed to be interested in 78,850,000 Shares. Mr. Wang Jinbo and his family members are the beneficiaries of Jumbo Wind Trust and therefore he is deemed to be interested in 78,850,000 Shares held by Jumbo Wind Limited.

Windsorland Limited holds 45,542,000 Shares. It is wholly owned by Tarkin Investments Limited and therefore Tarkin Investments Limited is deemed to be interested in 45,542,000 Shares.

- Other non-public shareholders include Skycharm Limited and Heroic Time Investments Limited, and they respectively hold 49,500,000 Shares and 15,000,000 Shares.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has not received any Conversion Notice from the Bondholders to convert any Convertible Bonds into the Shares and the total outstanding principal amount of the Convertible Bonds is US\$15,000,000.

The Company issued share options to subscribe for a total of 26,500,000 Shares as disclosed in the Company's announcement dated 20 February 2012, of which part of the said share options lapsed pursuant to the terms of the share option scheme. As at the Latest Practicable Date, the number of Shares, which may be issued pursuant to the said share options, is 22,750,000 Shares.

The Company issued share options to subscribe for a total of 7,300,000 Shares as disclosed in the Company's announcement dated 29 March 2012. As at the Latest Practicable Date, the number of Shares, which may be issued pursuant to the said share options, is 7,300,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

REASONS FOR THE CB AMENDMENTS AND GRANT OF SPECIFIC MANDATE

CB Amendments

Upon the issue of the Convertible Bonds on 20 August 2012, the Conversion Formula and the Cash Settlement Option started to bring volatility risk to the Company and the Bondholders following the changes in the share price of the Company and of the exchange rate of United States dollar against Hong Kong dollar.

Pursuant to the current Conversion Formula under the Instrument, the number of Conversion Shares to be issued on exercise of a Conversion Right is subject to changes from time to time due to the fluctuation of exchange rate of United States dollar against Hong Kong dollar, which will not result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. Therefore, according to IAS 32, the conversion option of the Convertible Bonds is classified as a derivative liability which should be measured at fair value at the end of each reporting period. Any change in the fair value of the derivative liability will be recognized in profit or loss.

Pursuant to the Cash Settlement Option, the converting Bondholder is entitled to request the Company to make cash payment in lieu of the issue of the Conversion Shares if such Conversion Shares cannot be issued by the Company due to the full utilization of the allocated general mandate to issue shares granted by the shareholders of the Company or there is no listing approval granted by the Listing Committee to the Company in respect of the issuance of all or part of such Conversion Shares. According to IAS 32, since the Convertible Bonds contains such Cash Settlement Option, the conversion option is a derivative liability, with changes in fair value recognized in profit or loss.

Nevertheless, such volatility was neither party's intention and expectation. Therefore, the Company and the Bondholders agreed to proceed with the CB Amendments to remove the Cash Settlement Option and amend the Conversion Formula by replacing the average of the spot rates of exchange quoted by Hongkong and Shanghai Banking Corporation Limited with a fixed exchange rate of US\$1.00 equal to HK\$7.80 to clarify both parties' intention and expectation and eliminate future volatility risk in relation to the Convertible Bonds.

LETTER FROM THE BOARD

Based on the above, the Directors consider that it is in the best interests of the Company and the shareholders of the Company as a whole to make the CB Amendments.

Specific Mandate

After removal of the Cash Settlement Option pursuant to the CB Amendments, if any of the Bondholders issues the Conversion Notice to the Company but the Company cannot issue all of the Conversion Shares under the Conversion Notice due to the full utilization of the allocated General Mandate to issue shares and the relevant Bondholder does not choose to revoke the Conversion Notice, then the Company will commit a breach of the terms and conditions of the Instrument which will constitute an event of default as set out in the above paragraph headed “Event of default” in this circular. In this connection, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the grant of Specific Mandate at the Extraordinary General Meeting by an ordinary resolution to eliminate the risk of the Company not being able to issue all of the Conversion Shares under the General Mandate.

LISTING RULES IMPLICATION

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied for the approval of the Stock Exchange in respect of the CB Amendments.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares under the Specific Mandate.

UNDERTAKINGS OF THE COMPANY

In support of the above application to the Stock Exchange pursuant to Rule 28.05 of the Listing Rules, the Company agrees to provide the following undertakings to the Stock Exchange:

- (1) the Company shall convene a general meeting to approve the grant of a specific mandate and apply for the requisite listing approval from the Listing Committee for the issuance of the Conversion Shares on or before 20 February 2013; and
- (2) prior to obtaining the specific mandate and the listing approval as mentioned in paragraph (1) above, the Company will ensure that the remaining general mandate to issue shares granted by the shareholders of the Company will be sufficient to satisfy the exercise of the Conversion Rights in full by the Bondholders.

EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting will be convened and held for the Shareholders to consider and, if thought fit, approve the CB Amendments and the issue and allotment of the Conversion Shares under Specific Mandate of the Company.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, as at the Latest Practicable Date, each of the Bondholders and its associates (as such term is defined in the Listing Rules) are Independent Third Party. In view of the Bondholders' interest in the Convertible Bonds, the CB Amendments and the Conversion Shares to be issued under the Specific Mandate, the Bondholders who are Shareholders will abstain from voting in respect of the proposed ordinary resolution at the Extraordinary General Meeting. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save for the Bondholders, no Shareholder had any material interest in Convertible Bonds, the CB Amendments and the Conversion Shares to be issued under the Specific Mandate and is required to abstain from voting in respect of the proposed ordinary resolution at the Extraordinary General Meeting. To the best knowledge, information and belief of the company, as at the Latest Practicable Date, the Bondholders are CSOF Inno and Everbright Inno who are holding 14,048,000 Shares (which represent 0.92% of the total issued Shares) and 6,790,000 Shares (which represent 0.45% of the total issued Shares) respectively.

The notice of the Extraordinary General Meeting is set out on pages 16 to 17 of this circular. In compliance with the Listing Rules, the ordinary resolution will be voted by way of poll and the results of the Extraordinary General Meeting will be published after the Extraordinary General Meeting.

FORM OF PROXY

A form of proxy is enclosed for use at the Extraordinary General Meeting. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you intend to attend the Extraordinary General Meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and deliver it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Extraordinary General Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Extraordinary General Meeting if they so wish and in such event, the form of proxy shall be deemed to be revoked.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the proposed resolution for the granting of the Specific Mandate is in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully
By order of the Board
SPT Energy Group Inc.
Mr. Wang Guoqiang
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



SPT Energy Group Inc.

華油能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1251)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Extraordinary General Meeting**”) of SPT Energy Group Inc. (the “**Company**”) will be held at 8/F, Tower B, Desheng International Center, No. 83 Dewai Street, Xicheng District, Beijing, PRC on Tuesday, 5 February 2013 at 10:00 a.m. for the following purpose:

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (i) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to exercise powers of the Company to allot and issue such number of new shares (the “**Conversion Shares**”) in the capital of the Company as may be required to be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds due in 2015 in the aggregate principal amount of US\$15,000,000 (the “**Convertible Bonds**”) with terms and conditions modified under the amendment deed executed by the Company, CSOF Inno Investments Limited and Everbright Inno Investments Limited and dated 31 December 2012 (the “**Amendment Deed**”); the specific mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution;
- (ii) the terms and conditions of the Amendment Deed in relation to amendments to certain terms and conditions of the instrument constituting the Convertible Bonds and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (iii) any one Director (or if execution under the common seal of the Company is required, any two Directors) be and is hereby authorised to sign, seal, execute, perfect, deliver all such documents and to do all such things and acts as he may in his discretion consider necessary, expedient or desirable to give effect to or in connection with the Instrument as amended by the Amendment Deed, the Amendment Deed, the Convertible Bonds, the new certificates for the Convertible Bonds and the issue of Conversion Shares and all the transactions in connection therewith.”

By order of the Board
SPT Energy Group Inc.
Mr. Wang Guoqiang
Chairman

Hong Kong, 19 January 2013

* for identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

<i>Registered office:</i>	<i>Corporate Headquarters:</i>	<i>Principal place of business in Hong Kong:</i>
Floor 4, Willow House	7–8/F, Tower B	33/F, Edinburgh Tower
Cricket Square	Desheng International Center	The Landmark
P O Box 2804	No. 83 Dewai Street	15 Queen's Road Central
Grand Cayman KY1-1112	Xicheng District	Hong Kong
Cayman Islands	Beijing 100088	
	PRC	

Notes:

- (i) A shareholder entitled to attend and vote at the above Extraordinary General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of 2 or more Shares may appoint more than one proxy to represent him and vote on his/her behalf at the above Extraordinary General Meeting. A proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders of any Share, any one of such persons may vote at the above Extraordinary General Meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the above Extraordinary General Meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof. The completion and deposit of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the Extraordinary General Meeting (or any adjourned meeting thereof) if they so wish.

As at the date of this notice, the executive directors are Mr. Wang Guoqiang, Mr. Wu Dongfang and Mr. Liu Ruoyan, the non-executive director is Mr. Lin Yang, and the independent non-executive directors are Ms. Chen Chunhua, Mr. Wu Kwok Keung Andrew and Mr. Wan Kah Ming.