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**CNPC (HONG KONG) LIMITED**

(incorporated in Bermuda with limited liability)

**中國(香港)石油有限公司\***

(Stock Code: 0135)

## **POSSIBLE DISCLOSEABLE AND CONNECTED TRANSACTION**

This announcement is made by the Company on voluntary basis.

The Board announces that the Company is the successful bidder in the open tender of 89,525,100 shares, representing 44.76% interest in Xinjiang Xinjie (the “Xinjie Interest”).

On 5 December 2008, PetroChina has arranged to sell the Xinjie Interest at the base price of RMB 150,975,100 (equivalent to approximately HK\$171,100,000) through open tender on the China Beijing Equity Exchange (北京產權交易所) pursuant to the relevant PRC laws and regulations governing disposal of State-owned assets. The Company submitted an application to acquire and bid for the Xinjie Interest on 4 January 2009. The open tender was closed on 4 January 2009 and the Company was informed that it is the sole bidder. The Company and PetroChina are in the course of finalising the terms of a conditional share transfer agreement to be entered into in respect of the transfer of the Xinjie Interest at a consideration of RMB150,975,100 (equivalent to approximately HK\$171,100,000), which is equal to the base price. A refundable deposit of RMB40,000,000 (equivalent to approximately HK\$45,332,000) (the “Deposit”) was paid by the Company on 30 December 2008 which will be deducted from the total consideration payable. In the event that the share transfer agreement relating to the Xinjie Interest has not been entered into within 5 working days from the expiry date of the open tender, PetroChina may deduct 20% from the Deposit as penalty and the balance thereof will be refunded to the Company.

PetroChina indirectly owns approximately 56.66% of the issued share capital of the Company. CNPC, the ultimate shareholder of PetroChina and the Company, is interested/deemed to be interested in approximately 56.86% of the issued share capital of the Company. Both CNPC and PetroChina are the controlling shareholders of the Company. As the Company and PetroChina are still in the course of finalising the terms of the conditional share transfer agreement and no formal agreement has been entered into by the parties, disclosure obligations under Chapter 14 and Chapter 14A of the Listing Rules will only be triggered upon the entering into of the conditional share transfer agreement. The Company expects that the entering into of the aforesaid conditional share transfer agreement will constitute a discloseable and connected transaction of the Company and will therefore be subject to the disclosure and Independent Shareholders’ approval requirements under the Listing Rules. Further announcement will be made by the Company when the Company has entered into the aforesaid conditional share transfer agreement.

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Xinjiang Xinjie, a company incorporated in the PRC, is currently owned as to 44.76% by PetroChina and 55.24% by independent third parties. It is principally engaged in the operation of natural gas stations, transmission and storage of refined products, the transmission of natural gas as well as the development of the technology of natural gas utilisation in the PRC. On 5 December 2008, PetroChina has arranged to sell the Xinjie Interest at the base price of RMB150,975,100 (equivalent to approximately HK\$171,100,000) through open tender on the China Beijing Equity Exchange (北京產權交易所) pursuant to the relevant PRC laws and regulations governing disposal of State-owned assets. The Company submitted an application to acquire and bid for the Xinjie Interest on 4 January 2009. The open tender was closed on 4 January 2009 and the Company was informed that it is the sole bidder. The Company and PetroChina are in the course of finalising the terms of a conditional share transfer agreement to be entered into in respect of the transfer of the Xinjie Interest at a consideration of RMB150,975,100 (equivalent to approximately HK\$171,100,000), which is equal to the base price. A refundable deposit of RMB 40,000,000 (equivalent to approximately HK\$45,332,000) was paid by the Company on 30 December 2008 which will be deducted from the total consideration payable. In the event that the share transfer agreement relating to the Xinjie Interest has not been entered into within 5 working days from the expiry date of the open tender, PetroChina may deduct 20% from the Deposit as penalty and the balance thereof will be refunded to the Company.

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## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	means the board of directors of the Company
“CNPC”	means 中國石油天然氣集團公司 (China National Petroleum Corporation*), a State-owned enterprise established under the laws of the PRC
“Company”	means CNPC (Hong Kong) Limited, a company incorporated with limited liability in Bermuda and the shares of which are listed on the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposit”	a refundable deposit of RMB40,000,000 (equivalent to approximately HK\$45,332,000)
“Director(s)”	means directors of the Company
“Independent Shareholders”	means the Shareholders other than CNPC, PetroChina and their respective associates
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PetroChina”	means PetroChina Company Limited, a joint stock limited company incorporated in the PRC under the laws of the PRC, and listed on the Shanghai Stock Exchange and the Stock Exchange with American Depositary Shares listed on the New York Stock Exchange
“PRC”	means the People’s Republic of China
“Share(s)”	means ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means holder(s) of Shares of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Xinjiang Xinjie”	means 新疆新捷股份有限公司 (Xinjiang Xinjie Co., Ltd.*), a company established under the PRC laws

“Xinjie Interest” means 89,525,100 shares, representing 44.76% in Xinjiang Xinjie  
% per cent

By the Order of the Board  
**CNPC (Hong Kong) Limited**  
**Lau Hak Woon**  
Company Secretary

Hong Kong, 5 January 2009

\* *For identification only*

*For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1.00=HK\$1.1333 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged.*

*As at the date of this announcement, the board of directors of the Company comprises Mr. Li Hualin as Chairman, Mr. Zhang Bowen as the Chief Executive Officer, Mr. Cheng Cheng as Executive Director and Dr. Lau Wah Sum, Mr. Li Kwok Sing Aubrey and Dr. Liu Xiao Feng as Independent Non-Executive Directors.*