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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)

## **MAJOR AND CONNECTED TRANSACTION IN RELATION TO HUAYOU CAPITAL INJECTION**

Reference is made to the announcement of the Company dated 19 December 2008 in respect of Shennan Oil Capital Injection and the announcement and circular of the Company dated 9 and 22 January 2009 respectively in respect of Xinjiang Xinjie Acquisitions.

### **HUAYOU CAPITAL INJECTION**

The Board announces that the Company has entered into the Huayou Capital Injection Agreement with Huayou and the Existing Shareholders of Huayou, namely Shenzhen Petroleum, China Huayou Group, Zhejiang Jindi, Hengchanglong and Xihu Golf dated 16 February 2009, pursuant to which the Company has conditionally agreed to subscribe for 177,000,000 shares of Huayou in consideration of RMB435,154,500 (equivalent to approximately HK\$493,596,000). The contribution is to be made in cash at two stages: no less than 30% of the total consideration shall be paid within 10 working days from the date on which the Certificate of Approval for the Establishment of Foreign-funded Enterprises in respect of Huayou is issued by the relevant PRC authorities and a foreign exchange capital account of Huayou is set up and the balance shall be paid within six months from the date on which the new Business License in respect of Huayou is issued by the relevant PRC authorities.

Huayou is owned as to 43.64%, 10.62%, 40.15%, 5.00% and 0.59% by Shenzhen Petroleum, China Huayou Group, Zhejiang Jindi, Hengchanglong and Xihu Golf respectively. Upon completion of Huayou Capital Injection, Huayou will be owned as to 51.01% by, and will become a non-wholly owned subsidiary, of the Company.

### **RELATIONSHIP AMONG THE PARTIES, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS**

CNPC, the ultimate shareholder of the Company, is deemed to be interested in 2,522,417,342 Shares, representing approximately 56.80% of the issued share capital of the Company as at the date of this announcement. Huayou is a non-wholly owned subsidiary of CNPC whereas Shenzhen Petroleum and China Huayou Group are wholly-owned subsidiaries of CNPC. Pursuant to the Listing Rules, each of CNPC, Huayou, Shenzhen Petroleum and China Huayou Group is a connected person of the Company and accordingly, Huayou Capital Injection constitutes a connected transaction of the Company.



During the 12-month period prior to the signing of the Huayou Capital Injection Agreement, the Company had entered into the following transactions:

- (i) Shennan Oil Capital Injection in respect of which the Company has entered into an agreement dated 19 December 2008 with Shennan Oil, Shenzhen Petroleum and Hainan Fushan Oilfield Exploration and Development Limited Liability Company (all being wholly-owned subsidiaries of CNPC as at the date of the agreement), pursuant to which the Company has conditionally agreed to subscribe for capital in Shennan Oil of RMB52,000,000, representing 50.98% of the shareholding interests of Shennan Oil upon completion; and
- (ii) Xinjiang Xinjie Acquisitions in respect of which the Company has entered into an agreement with each of PetroChina, Lead Source Limited, Xinjiang Tongyu Co., Ltd. and Xinjiang Tongyuan Co., Ltd. (collectively, the “Existing Shareholders of Xinjiang Xinjie”), each dated 9 January 2009, pursuant to which the Company has conditionally agreed to purchase and the Existing Shareholders of Xinjiang Xinjie have conditionally agreed to sell to the Company their respective shareholding interests in Xinjiang Xinjie. Upon completion of each of the Xinjiang Xinjie Acquisitions, Xinjiang Xinjie will be owned as to 97.26% by the Company.

Shennan Oil is indirectly wholly-owned by CNPC until the completion of Shennan Oil Capital Injection whereas Xinjiang Xinjie is indirectly owned by CNPC as to 44.76% until the completion of Xinjiang Xinjie Acquisitions. Further details of Shennan Oil Capital Injection are set out in the announcement of the Company dated 19 December 2008 and further details of Xinjiang Xinjie Acquisitions are set out in the announcement and the circular of the Company dated 9 and 22 January 2009 respectively.

As (1) each of Shennan Oil, Xinjiang Xinjie and Huayou was and/or is majority owned by CNPC; and (2) Shennan Oil Capital Injection, Xinjiang Xinjie Acquisitions and Huayou Capital Injection were entered into within a short period of time, pursuant to Rules 14.22 and 14A.25 of the Listing Rules, the Stock Exchange has requested that Huayou Capital Injection, Shennan Oil Capital Injection and Xinjiang Xinjie Acquisitions be aggregated for the purposes of Chapters 14 and 14A of the Listing Rules.

Both Shennan Oil Capital Injection and Xinjiang Xinjie Acquisitions were connected transactions of the Company. Each of the applicable ratios for Shennan Oil Capital Injection was more than 0.1% but less than 2.5%; and the applicable ratios for Xinjiang Xinjie Acquisitions were more than 2.5% but less than 25%.

The applicable percentage ratios referred to in Chapters 14 and 14A of the Listing Rules for Huayou Capital Injection by itself is more than 5% but less than 25%, and when aggregated with Shennan Oil Capital Injection and Xinjiang Xinjie Acquisitions, the applicable percentage ratios referred to in Chapters 14 and 14A of the Listing Rules are more than 25% but less than 100% and thus constitutes a major transaction and a connected transaction of the Company and is subject to, among other things, the approval by the Independent Shareholders at the SGM by way of poll.



As CNPC is considered to have a material interest in Huayou Capital Injection, CNPC and its associates shall abstain from voting on the resolution approving Huayou Capital Injection. As far as the Company is aware of, none of Shenzhen Petroleum, China Huayou Group, Zhejiang Jindi, Hengchanglong and Xihu Golf has any shareholding in the Company. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders, among other things, in relation to Huayou Capital Injection. Guangdong Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

PetroChina, which is owned as to 86.29% by CNPC, is our controlling shareholder indirectly holding 56.61% of the issued share capital of the Company. Currently, several subsidiaries of PetroChina supply natural gas and provide natural gas-related services to Huayou. Upon the completion of Huayou Capital Injection, the transactions between Huayou and the subsidiaries of PetroChina will constitute continuing connected transactions of the Company. The Company will comply with the relevant reporting, announcement and other applicable requirements in Chapter 14A of the Listing Rules as soon as the details of the transactions have been ascertained.

A circular containing, among other things, (i) further details of the Huayou Capital Injection Agreement; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Huayou Capital Injection Agreement; (iii) the recommendation of the Independent Board Committee regarding the Huayou Capital Injection Agreement to the Independent Shareholders; (iv) financial information about Huayou; (v) property valuation on the properties of Huayou; (vi) summary of assets valuation report of Huayou; and (vii) the notice of the SGM will be despatched by the Company to the Shareholders as soon as practicable.

## **1. HUAYOU CAPITAL INJECTION AGREEMENT**

(a) **Date:** 16 February 2009

(b) **Parties:** The Company, Huayou, Shenzhen Petroleum, China Huayou Group, Zhejiang Jindi, Hengchanglong and Xihu Golf

### **(c) Capital Injection**

As at the date of this announcement, the registered capital of Huayou is RMB170,000,000 (equivalent to approximately HK\$192,831,000) and its equity holders are as follows:

Shenzhen Petroleum	43.64%
China Huayou Group	10.62%
Zhejiang Jindi	40.15%
Hengchanglong	5.00%
Xihu Golf	0.59%

Subject to satisfaction or waiver of the conditions precedent under the Huayou Capital Injection Agreement, the Company has agreed to subscribe for 177,000,000 shares of Huayou in consideration of RMB435,154,500 (equivalent to approximately HK\$493,596,000). The contribution is to be made in cash at two stages: no less than 30% of the total consideration shall be paid within 10 working days from the date on which the Certificate of Approval for the Establishment of Foreign-funded



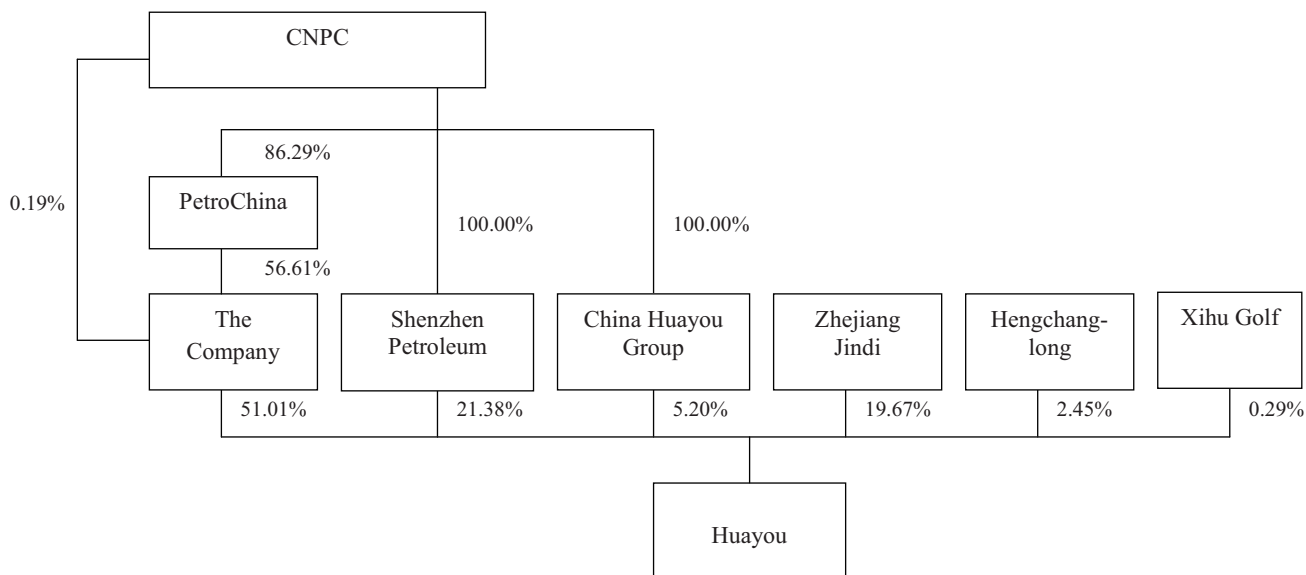
Enterprises in respect of Huayou is issued by the relevant PRC authorities and a foreign exchange capital account of Huayou is set up and the balance shall be paid within six months from the date on which the new Business License in respect of Huayou is issued by the relevant PRC authorities. The PRC legal counsel to the Company, Kaiwen Law Firm, advised that according to the PRC laws and regulations and the requirements of the relevant PRC authorities, among other things, the Company's internal approval (including the Independent Shareholders' approval) is required prior to the issue of the certificate and the foreign exchange capital account of Huayou can only be set up after the issue of the certificate. The Company intends to make payment of its capital injection out of its internal resources.

Upon completion of Huayou Capital Injection, the registered capital of Huayou will become RMB347,000,000 (equivalent to approximately HK\$393,602,000) and the equity holding of Huayou will be as follows:

The Company	51.01%
Shenzhen Petroleum	21.38%
China Huayou Group	5.20%
Zhejiang Jindi	19.67%
Hengchanglong	2.45%
Xihu Golf	0.29%

Huayou will become a non-wholly owned subsidiary of the Company and its results will be consolidated into the financial statements of the Company.

Below illustrates a simplified structure of Huayou upon completion of Huayou Capital Injection:



#### (d) Consideration

The consideration payable in respect of Huayou Capital Injection was determined after arm's length negotiation among the Company, Huayou and the Existing Shareholders of Huayou and was based on the appraised net asset value of Huayou as at the Valuation Date, being 31 August 2008, of RMB379,952,800 (equivalent to approximately HK\$430,980,000) as set out in a valuation report of



Huayou prepared by an independent qualified PRC valuer. The valuation was prepared by reference to the audited consolidated net asset value of Huayou (based on PRC GAAP) as at 31 August 2008, amounted to approximately RMB419,940,000 (equivalent to approximately HK\$476,338,000). The appraised net asset value of Huayou was computed based on the asset-based approach. Other than the net asset value of Huayou as at the Valuation Date, the Company has also considered a number of other factors including Huayou's compressed natural gas station network and the growth potential of Huayou in agreeing to the consideration of Huayou Capital Injection.

The unaudited consolidated net asset value of Huayou (based on the Hong Kong Financial Reporting Standards) as at 31 December 2008 was approximately RMB447,613,000 (equivalent to approximately HK\$507,727,000).

The unaudited net profit before and after tax of Huayou for the two years ended 31 December 2008 were as follows:

	Year ended 31 December	
	2008	2007
	(RMB)	(RMB)
Net profit before tax	85,235,000 or HK\$96,682,000)	51,162,000 or HK\$58,033,000)
Net profit after tax	71,901,000 or HK\$81,557,000)	41,870,000 or HK\$47,493,000)

**(e) Conditions Precedent**

Completion of Huayou Capital Injection is subject to the satisfaction or waiver by the Company of certain conditions precedent, including:

- (i) the Company, Huayou and the Existing Shareholders of Huayou having obtained all necessary governmental and internal authorisations, consents and approvals and having completed all registrations and/or filings required by laws in relation to Huayou Capital Injection;
- (ii) none of the governmental authorities in the PRC has taken any pending actions or steps or will take any possible actions or steps which might restrict or prohibit the completion of any transactions contemplated under Huayou Capital Injection Agreement or any transactions ancillary to the aforesaid transactions, or might obstruct or restrict the operation of Huayou Capital Injection;
- (iii) none of the governmental authorities in the PRC has enacted any laws, rules or regulations which might render the completion of Huayou Capital Injection unlawful;
- (iv) the Company being satisfied with the results of the due diligence carried on in respect of Huayou (including but not limited to legal, financial or taxation aspects);
- (v) the Company having obtained the approval at the general meeting of the Shareholders pursuant to the Listing Rules (if required); and



- (vi) the representations, warranties and undertakings given by Huayou and the Existing Shareholders of Huayou in Huayou Capital Injection Agreement remaining true and accurate from the date of Huayou Capital Injection Agreement to the date on which the consideration is fully settled by the Company.

## **2. COMPLETION**

Completion of Huayou Capital Injection shall take place on the date on which all the conditions precedent of Huayou Capital Injection Agreement are satisfied, or waived by the Company (as the case may be).

## **3. REASONS FOR HUAYOU CAPITAL INJECTION**

The Board considers that Huayou Capital Injection is in line with the development strategies of the Group as a whole. The Company will explore new business growth opportunities in city gas, vehicle fuel gas and related businesses following the restructuring pursuant to which PetroChina has become the controlling shareholder of the Company since 18 December 2008. Further details of the restructuring of the Company are set out in the joint announcements published by the Company and PetroChina dated 27 August 2008 and 18 December 2008.

The Board believes that Huayou Capital Injection would enable the Company to further leverage on its economy of scale, improve its efficient allocation of resources, enhance its competitiveness, bring new development opportunities and strengthen the ability to generate yield to Shareholders.

## **4. RELATIONSHIP AMONG THE PARTIES, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS**

CNPC, the ultimate shareholder of the Company, is deemed to be interested in 2,522,417,342 Shares, representing approximately 56.80% of the issued share capital of the Company as at the date of this announcement. Huayou is a non-wholly owned subsidiary of CNPC whereas Shenzhen Petroleum and China Huayou Group are wholly-owned subsidiaries of CNPC. Pursuant to the Listing Rules, each of CNPC, Huayou, Shenzhen Petroleum and China Huayou Group is a connected person of the Company and accordingly, Huayou Capital Injection constitutes a connected transaction of the Company. Each of Zhejiang Jindi, Hengchanglong and Xihu Golf are third parties independent of the Company and its connected persons.

During the 12-month period prior to the signing of the Huayou Capital Injection Agreement, the Company had entered into the following transactions:

- (i) Shennan Oil Capital Injection in respect of which the Company has entered into an agreement dated 19 December 2008 with Shennan Oil, Shenzhen Petroleum and Hainan Fushan Oilfield Exploration and Development Limited Liability Company (all being wholly-owned subsidiaries of CNPC as at the date of the agreement), pursuant to which the Company has conditionally agreed to subscribe for capital in Shennan Oil of RMB52,000,000, representing 50.98% of the shareholding interests of Shennan Oil upon completion; and
- (ii) Xinjiang Xinjie Acquisitions in respect of which the Company has entered into an agreement with each of PetroChina, Lead Source Limited, Xinjiang Tongyu Co., Ltd. and Xinjiang Tongyuan Co., Ltd. (collectively, the “Existing Shareholders of Xinjiang Xinjie”), each dated 9 January 2009, pursuant to which the Company has conditionally agreed to purchase and the Existing Shareholders



of Xinjiang Xinjie have conditionally agreed to sell to the Company their respective shareholding interests in Xinjiang Xinjie. Upon completion of each of the Xinjiang Xinjie Acquisitions, Xinjiang Xinjie will be owned as to 97.26% by the Company.

Shennan Oil is indirectly wholly-owned by CNPC until the completion of Shennan Oil Capital Injection whereas Xinjiang Xinjie is indirectly owned by CNPC as to 44.76% until the completion of Xinjiang Xinjie Acquisitions. Further details of Shennan Oil Capital Injection are set out in the announcement of the Company dated 19 December 2008 and further details of Xinjiang Xinjie Acquisitions are set out in the announcement and the circular of the Company dated 9 and 22 January 2009 respectively.

As (1) each of Shennan Oil, Xinjiang Xinjie and Huayou was and/or is majority owned by CNPC; and (2) Shennan Oil Capital Injection, Xinjiang Xinjie Acquisitions and Huayou Capital Injection were entered into within a short period of time, pursuant to Rules 14.22 and 14A.25 of the Listing Rules, the Stock Exchange has requested that Huayou Capital Injection, Shennan Oil Capital Injection and Xinjiang Xinjie Acquisitions be aggregated for the purposes of Chapters 14 and 14A of the Listing Rules.

Both Shennan Oil Capital Injection and Xinjiang Xinjie Acquisitions were connected transactions of the Company. Each of the applicable ratios for Shennan Oil Capital Injection was more than 0.1% but less than 2.5%; and the applicable ratios for Xinjiang Xinjie Acquisitions were more than 2.5% but less than 25%.

The applicable percentage ratios referred to in Chapters 14 and 14A of the Listing Rules for Huayou Capital Injection by itself is more than 5% but less than 25%, and when aggregated with Shennan Oil Capital Injection and Xinjiang Xinjie Acquisitions, the applicable percentage ratios referred to in Chapters 14 and 14A of the Listing Rules are more than 25% but less than 100% and thus constitutes a major transaction and a connected transaction of the Company and is subject to, among other things, the approval by the Independent Shareholders at the SGM by way of poll.

As CNPC is considered to have a material interest in Huayou Capital Injection, CNPC and its associates shall abstain from voting on the resolution approving Huayou Capital Injection. As far as the Company is aware of, none of Shenzhen Petroleum, China Huayou Group, Zhejiang Jindi, Hengchanglong and Xihu Golf has any shareholding in the Company. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders, among other things, in relation to Huayou Capital Injection. Guangdong Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

PetroChina, which is owned as to 86.29% by CNPC, is our controlling shareholder indirectly holding 56.61% of the issued share capital of the Company. Currently, several subsidiaries of PetroChina supply natural gas and provide natural gas-related services to Huayou. Upon the completion of Huayou Capital Injection, the transactions between Huayou and the subsidiaries of PetroChina will constitute continuing connected transactions of the Company. The Company will comply with the relevant reporting, announcement and other applicable requirements in Chapter 14A of the Listing Rules as soon as the details of the transactions have been ascertained.

A circular containing, among other things, (i) further details of the Huayou Capital Injection Agreement; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Huayou Capital Injection Agreement; (iii) the recommendation of the Independent Board Committee regarding the Huayou Capital Injection Agreement to the Independent Shareholders;



(iv) financial information about Huayou; (v) property valuation report of Huayou; (vi) summary of assets valuation report of Huayou; and (vii) the notice of the SGM will be despatched by the Company to the Shareholders as soon as practicable.

The Directors, excluding the independent non-executive Directors who will express their views after having considered the advice from the Independent Financial Adviser, are of the view that the terms of the Huayou Capital Injection Agreement are fair and reasonable and in the interest of the Shareholders and the Group as a whole.

## **5. INFORMATION ON THE COMPANY AND OTHER PARTIES**

### **(a) Information on the Company**

The Company acts as an investment holding company. The principal activities of its subsidiaries, the associate and jointly controlled entities are the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, the Kingdom of Thailand, the Azerbaijan Republic and the Republic of Indonesia.

### **(b) Information on PetroChina**

PetroChina and its subsidiaries are mainly engaged in petroleum and natural gas-related activities, including:

- (i) the exploration, development, production and sale of crude oil and natural gas;
- (ii) the refining, transportation, storage and marketing of crude oil and petroleum products;
- (iii) the production and sale of basic petrochemical products, derivative chemical products and other petrochemical products; and
- (iv) the transmission of natural gas, crude oil and refined products, and the sale of natural gas.

### **(c) Information on Huayou**

Huayou, its subsidiaries and associates are principally engaged in the city gas related businesses, production and distribution of natural gas and the operation of compressed natural gas stations in the PRC. It is a non-wholly owned subsidiary of CNPC. Huayou, its subsidiaries and associates mainly provide natural gas for vehicular uses. They operate around 60 compressed natural gas stations in the Sichuan, Shandong, Shaanxi, Inner Mongolia and Hebei regions of the PRC.



**(d) Information on Shenzhen Petroleum**

Shenzhen Petroleum is principally engaged in the exploration and development of natural gas, the development of city gas and compressed natural gas vehicle projects in the PRC. Shenzhen Petroleum is a wholly-owned subsidiary of CNPC.

**(e) Information on China Huayou Group**

China Huayou Group is principally engaged in the sales and production of oil and gas related products, development, exploration and utilisation of natural gas, development of oilfield and petrochemical in the PRC. It is also engaged in the production of construction materials, property development and operation of hotels in the PRC. China Huayou Group is a wholly-owned subsidiary of CNPC.

**(f) Information on Zhejiang Jindi**

Zhejiang Jindi is principally engaged in property development in the PRC. It is also engaged in property management and retailing businesses in the PRC.

**(g) Information on Hengchanglong**

Hengchanglong is principally engaged in property development in the PRC.

**(h) Information on Xihu Golf**

Xihu Golf is principally engaged in the operation of a golf club in the PRC.

**6. 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
“China Huayou Group”	means 中國華油集團公司 (China Huayou Group Company*), a company established under the PRC laws, one of the Existing Shareholders of Huayou and a wholly-owned subsidiary of CNPC
“CNPC”	means 中國石油天然氣集團公司 (China National Petroleum Corporation*), a State-owned enterprise established under the PRC laws
“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
“connected persons”	has the meaning ascribed to it under the Listing Rules



“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	means directors of the Company
“Existing Shareholders of Huayou”	means Shenzhen Petroleum, China Huayou Group, Zhejiang Jindi, Hengchanglong and Xihu Golf collectively
“Existing Shareholders of Xinjiang Xinjie”	means PetroChina, Lead Source Limited, Xinjiang Tongyu Co., Ltd. and Xinjiang Tongyuan Co., Ltd. collectively
“Group”	means the Company and its subsidiaries
“Hengchanglong”	means 江陰市恆昌隆房地產有限公司 (Jiangyin City Hengchanglong Real Estates Co., Ltd.*), a company established under the PRC laws and one of the Existing Shareholders of Huayou
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Huayou”	means 華油天然氣股份有限公司 (China Natural Gas Co., Ltd.), a company established under the PRC laws and a non-wholly owned subsidiary of CNPC
“Huayou Capital Injection”	means the capital injection of Huayou by the Company
“Huayou Capital Injection Agreement”	means the agreement entered into among the Company, Huayou, Shenzhen Petroleum, China Huayou Group, Zhejiang Jindi, Hengchanglong and Xihu Golf dated 16 February 2009 in respect of Huayou Capital Injection
“Independent Financial Adviser” or “Guangdong Securities”	means Guangdong Securities Limited, a licensed corporation carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of Huayou Capital Injection
“Independent Shareholders”	means the Shareholders other than CNPC and its associates in relation to the Huayou Capital Injection Agreement
“Independent Board Committee”	means the independent committee of the Board, comprising Dr. Lau Wah Sum, Mr. Li Kwok Sing Aubrey and Dr. Liu Xiao Feng, the independent non-executive Directors of the Company, established for the purpose of, among other things, making recommendation to the Independent Shareholders in respect of the Huayou Capital Injection Agreement
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited



“PetroChina”	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, one of the Existing Shareholders of Xinjiang Xinjie and a non-wholly owned subsidiary of CNPC
“PRC”	means the People’s Republic of China
“PRC GAAP”	means the generally accepted accounting principles in the PRC
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	means a special general meeting of the Company to be held to approve, among other things, the Huayou Capital Injection Agreement
“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
“Shennan Oil”	means 海南中油深南石油技術開發有限公司 (CNPC Shennan Oil Technology Development Co., Ltd.), a limited liability company established under the PRC laws and a wholly-owned subsidiary of CNPC
“Shennan Oil Capital Injection”	means the capital injection in respect of which the Company has entered into an agreement dated 19 December 2008 with Shennan Oil, Shenzhen Petroleum and Hainan Fushan Oilfield Exploration and Development Limited Liability Company (all being wholly-owned subsidiaries of CNPC), pursuant to which the Company has conditionally agreed to subscribe for capital in Shennan Oil of RMB52,000,000, representing 50.98% of the shareholding interests of Shennan Oil upon completion
“Shenzhen Petroleum”	means 深圳石油實業有限公司 (CNPC Shenzhen Petroleum Industrial Co., Ltd.), a company established under the PRC laws, one of the Existing Shareholders of Huayou and a wholly-owned subsidiary of CNPC
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Valuation Date”	means 31 August 2008
“Xihu Golf”	means 杭州西湖國際高爾夫鄉村俱樂部有限公司 (Hangzhou Xihu International Golf Club Co., Ltd.*), a company established under the PRC laws and one of the Existing Shareholders of Huayou



“Xinjiang Xinjie”	means 新疆新捷股份有限公司, a company established under the PRC laws
“Xinjiang Xinjie Acquisitions”	means the acquisitions in respect of which the Company has entered into an agreement with each of the Existing Shareholders of Xinjiang Xinjie, each dated 9 January 2009, pursuant to which the Company has conditionally agreed to purchase and the Existing Shareholders of Xinjiang Xinjie has conditionally agreed to sell to the Company their respective shareholding interests in Xinjiang Xinjie. Upon completion of each of the Xinjiang Xinjie Acquisitions, Xinjiang Xinjie will be owned as to 97.26% by the Company
“Zhejiang Jindi”	means 浙江金帝集團公司 (Zhejiang Jindi Group Company*), a company established under the PRC laws and one of the Existing Shareholders of Huayou

By the Order of the Board  
**CNPC (Hong Kong) Limited**  
**Li Hualin**  
*Chairman*

Hong Kong, 16 February 2009

\* For identification only

*For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1.00=HK\$1.1343 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.*