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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 DISCLOSABLE 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 49% interest in Zhongyou Zhongtai (the “**Zhongtai Interest**”).

Zhongyou Zhongtai, a company incorporated in the PRC, is currently owned as to 49% by CNPC Pipeline Bureau and 51% by independent third parties. It is principally engaged in the construction, operation and management of city gas pipeline network and ancillary facilities, comprehensive development and utilisation and sale of liquefied petroleum gas, and provision of safety testing, maintenance and emergency repair of the city gas transportation and distribution equipment and other services in the PRC. On 10 August 2009, CNPC Pipeline Bureau has arranged to sell the Zhongtai Interest at the base price of RMB615,536,824 (equivalent to approximately HK\$695,556,611) 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 Zhongtai Interest on 21 August 2009. The open tender was closed on 4 September 2009 and the Company was informed that it is the sole bidder. The Company and CNPC Pipeline Bureau are in the course of finalising the terms of a conditional equity transfer agreement in respect of the transfer of the Zhongtai Interest at a consideration of RMB615,536,824 (equivalent to approximately HK\$695,556,611), which is equal to the base price. A refundable deposit of RMB184,660,000 (equivalent to approximately HK\$208,665,800) was paid by the Company on 28 August 2009 which will be deducted from the total consideration payable. In the event that the equity transfer agreement relating to the Zhongtai Interest has not been entered into within 15 working days from the expiry date of the open tender, CNPC Pipeline Bureau may deduct 20% from the Deposit as penalty and the balance thereof will be refunded to the Company.

CNPC, the ultimate controlling shareholder of the Company, is deemed to be interested in, directly and indirectly, approximately 58.01% of the issued share capital of the Company. CNPC Pipeline Bureau is a wholly owned subsidiary of CNPC. As the Company and CNPC Pipeline Bureau are still in the course of finalising the terms of the conditional equity 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 equity transfer agreement. The Company expects that the entering into of the aforesaid conditional equity transfer agreement will constitute a disclosable and connected transaction of the Company subject to the disclosure and independent

shareholders' approval requirements under the Listing Rules. Further announcement will be made by the Company when the aforesaid conditional equity transfer agreement is entered into.

DEFINITIONS

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

“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
“CNPC Pipeline Bureau”	means 中國石油天然氣管道局 (China Petroleum Pipeline Bureau), a company established under the PRC laws, a wholly owned subsidiary of CNPC
“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 RMB184,660,000 (equivalent to approximately HK\$208,665,800)
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	means the People's Republic of China
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Zhongyou Zhongtai”	means 中油中泰燃氣有限責任公司 (China Oil and Gas Co., Ltd.*), a company established under the PRC laws

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

Hong Kong, 4 September 2009

* *For identification only*

For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1.00=HK\$1.13 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.