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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)

## FORMATION OF JOINT VENTURE

The board of CNPC (Hong Kong) Limited is pleased to announce that on 10 June 2009, CNPC (Hong Kong) Limited (the “**Company**”) entered into a joint venture agreement with 中國新疆循環能源有限公司 (China Xinjiang Recycle Energy Company Limited\*) and China Hainan Hiran Hi-tech Energy Co., Ltd. (中國海南海然高新能源有限公司) for formation of Xing Jing Bridge Energy Limited (新疆博瑞能源有限公司) in the PRC.

### A. FORMATION OF THE BORUI JV

The board of the Company is pleased to announce that on 10 June 2009, the Company entered into a joint venture agreement (the “**Borui JV Agreement**”) with 中國新疆循環能源有限公司 (China Xinjiang Recycle Energy Company Limited\*) (“**Party A**”) and China Hainan Hiran Hi-tech Energy Co., Ltd. (中國海南海然高新能源有限公司) (“**Party B**”), in respect of the formation of Xing Jing Bridge Energy Limited (新疆博瑞能源有限公司) (the “**Borui JV**”) in the PRC. Borui JV will engage in the collection of associated gas generated from oilfields, which will be utilised for the production of compressed natural gas, liquefied natural gas and hydrocarbon for sale in the PRC.

### B. MAJOR TERMS OF THE BORUI JV AGREEMENT

The total investment amount and the registered capital of the Borui JV are RMB668,000,000 (equivalent to approximately HK\$757,646,000) and RMB500,000,000 (equivalent to approximately HK\$567,100,000) respectively.

The Company, Party A and Party B shall contribute RMB375,000,000, RMB75,000,000 and RMB50,000,000 respectively (equivalent to approximately HK\$425,325,000, HK\$85,065,000 and HK\$56,710,000 respectively), representing 75%, 15% and 10% of the registered capital of the Borui JV, respectively. The contribution to be made by the Company will be in cash, to be satisfied by its internal resources while the contributions to be made by Party A and Party B will be both in cash and in kind.

The difference between the total investment amount and the registered capital, if required, is expected to be financed by the Borui JV, shareholders' loan and/or other means. Should the difference between the total investment amount and the registered capital be financed by shareholders' loan in full, the loan to be advanced by the Company to the Borui JV in proportion to its 75% equity interest will amount to approximately RMB126,000,000 (equivalent to approximately HK\$142,909,000).

The term of the Borui JV is 20 years from the date on which the business license of the Borui JV is issued, and is subject to extension upon the approval of the governmental authorities in the PRC.

### **C. REASONS FOR ENTERING INTO THE BORUI JV AGREEMENT**

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "**Group**") 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. The Group is also engaged in the city gas, vehicle fuel gas and related businesses.

Party A is engaged in, among other things, collection of associated gas generated from oilfields whereas Party B is engaged in, among other things, the processing of natural gas and the production and sale of liquefied natural gas, compressed natural gas, liquefied petroleum and hydrocarbon products.

The board of the Company considers that the formation of the Borui JV is in line with the development strategies of the Group in exploring new business growth opportunities in city gas, vehicle fuel gas and related businesses and would enable the Group 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.

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

Hong Kong, 11 June 2009

\* *For identification only*

*For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1.00=HK\$ 1.1342 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 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.*