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If you have sold or transferred all your shares in CNPC (Hong Kong) Limited (the “Company”), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

**RE-ELECTION OF DIRECTOR
GENERAL MANDATES
TO REPURCHASE SHARES AND ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice of Annual General Meeting to be held at Annapurna Room, Pacific Place Conference Centre, Level 5 One Pacific Place, 88 Queensway, Hong Kong on Tuesday 12 May 2009 at 11:00 a.m. is set out on Appendix III of this circular. A proxy form for use by the Shareholders at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the principal office of the Company at Room 3907-3910, 39/F., 118 Connaught Road West, Hong Kong as soon as practicable but in any event not later than 48 hours before the time for holding the Annual General Meeting or adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

* For identification purpose only

CONTENTS

Page

Letter from the Board

1. Introduction	1
2. Re-election of Director.	1
3. General mandate to repurchase shares	2
4. General mandate to issue shares	2
5. Responsibility statement	2
6. Proxy	2
7. Recommendation	3

Appendix I – Explanatory Statement on Repurchase of Shares.	4
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Appendix II – Details (including Biographies) of Director offering himself for Re-election.	9
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Appendix III – Notice of Annual General Meeting	10
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LETTER FROM THE BOARD



CNPC (HONG KONG) LIMITED

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中國(香港)石油有限公司*

(Stock Code: 0135)

Directors:

Mr. Li Hualin (*Chairman*)
Mr. Zhang Bowen (*Chief Executive Officer*)
Mr. Cheng Cheng
Dr. Lau Wah Sum, GBS, LLD, DBA, JP[#]
Mr. Li Kwok Sing Aubrey[#]
Dr. Liu Xiao Feng[#]

[#] *Independent Non-executive Directors*

Registered office:

Clarendon House
Church Street
Hamilton HM11
Bermuda

Principal office in Hong Kong:

Rooms 3907-3910
39th Floor
118 Connaught Road West
Hong Kong

3 April 2009

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTOR
GENERAL MANDATES
TO REPURCHASE SHARES AND ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange (“the Share Buy Back Rules”).

The purpose of this circular is to provide you with information relating to the proposals: (i) to re-elect a Director and (ii) to grant the general mandate to repurchase shares and issue shares with effect from the date of the annual general meeting of the Company to be held on Tuesday 12 May 2009 (the “Annual General Meeting”).

2. RE-ELECTION OF DIRECTORS

In accordance with Articles 97 of the Company’s Bye-laws, Mr. Li Hualin shall retire by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-election. Biographical details of Mr. Li Hualin is set out in Appendix II hereto.

* *For identification purpose only*

LETTER FROM THE BOARD

3. GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the Annual General Meeting to grant the directors of the Company (the “Directors”) a general mandate to exercise the powers to repurchase the Company’s shares of HK\$0.01 each (the “Shares”) up to 10% of the issued and fully paid-up share capital of the Company as at the date of passing such resolution (the “Repurchase Proposal”). An explanatory statement required under the Share Buy Back Rules to provide the requisite information of the general mandate to repurchase Shares is set out in Appendix I hereto.

4. GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of passing the resolution (excluding Shares to be issued pursuant to options that may be granted under the Company’s Executive Share Option Scheme) and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of passing the ordinary resolutions. As at 31 March 2009 (the “Latest Practicable Date”) prior to the printing of this circular for ascertaining certain information contained herein, the issued share capital comprised 4,456,423,512 Shares. Subject to the passing of the relevant ordinary resolution and on the basis that no further shares are issued or repurchased prior to the Annual General Meeting on Tuesday, 12 May 2009, the Company will be allowed under the issue mandate to issue a maximum of 891,284,702 Shares. The granting will ensure flexibility and discretion to the Directors in the event it becomes desirable to issue any shares of the Company.

5. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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, statements of fact expressed herein are true, accurate and not misleading, statements of opinion expressed herein have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

6. PROXY

A proxy form for use at the Annual General Meeting is enclosed with the circular. If you intend to appoint proxy to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the Company’s principal office at Rooms 3907-3910, 39th Floor, 118 Connaught Road West, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting (as the case may be). Completion and return of the proxy form will not prevent you from attending and voting at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors believe that the proposed general mandate on repurchase of Shares and the proposed general mandate for Directors to issue new Shares are all in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that all shareholders should vote in favour of the ordinary resolutions nos. 5 to 7 set out in the Notice of Annual General Meeting.

Yours faithfully,
Zhang Bowen
Chief Executive Officer

SHARE BUY BACK RULES

Under the Share Buy Back Rules, any share repurchased by a company with a primary listing on the Stock Exchange has to comply with certain provisions, including:

(a) Shareholders' Approval

The Share Buy Back Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to specific transactions.

(b) Source of Funds

Repurchase must be funded out of funds which are legally available for such purpose in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company's incorporated or otherwise established.

REASONS FOR SHARE BUY BACK

The Directors believe that the flexibility afforded by the Repurchase Proposal would be in the best interest of the Company and its shareholders. Such repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Company, its assets and/or its earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company.

SHARE CAPITAL

As at the Latest Practicable Date, being 31 March 2009, the issued share capital of the Company comprised 4,456,423,512 Shares.

Subject to the passing of the ordinary resolution No. 5 at the Annual General Meeting, the Company would be allowed under the buy back mandate to repurchase a maximum of 445,642,351 Shares representing 10% of the issued share capital of the Company on the date of passing the resolution (on the assumption that no further shares will be issued or repurchased from the Latest Practicable Date up to the date of the Annual General Meeting).

FUNDING OF REPURCHASES

The Directors propose that repurchases of Shares under the buy back mandate would be financed by the Company's internal resources or existing banking facilities. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Bye-Laws of the Company and laws of Bermuda.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 31 December 2008) in the event that the buy back mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the buy back mandate to such extent as

would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

MARKET PRICES

The highest and lowest prices for Shares traded on the Stock Exchange during each of the previous 12 months were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2008		
April	4.09	3.33
May	4.66	3.75
June	4.17	3.41
July	3.84	3.33
August	3.52	2.50
September	3.53	2.90
October	3.37	1.82
November	2.68	2.17
December	2.80	2.30
2009		
January	2.74	2.10
February	2.93	2.13
March (ended on the Latest Practicable Date)	3.43	2.47

DISCLOSURE OF INTEREST

The Directors have undertaken to the Stock Exchange that they will exercise the buy back mandate in accordance with the Listing Rules and the laws of Bermuda and in accordance with the regulations set out in the Memorandum of Association and the Bye-Laws of the Company.

If as a result of share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rules 26 and 32 of The Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

APPENDIX I**EXPLANATORY STATEMENT ON
REPURCHASE OF SHARES**

As at the Latest Practicable Date, the register of substantial shareholders of the Company maintained under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital.

Name	Number of Shares		Percentage of the total number of Shares in issue
	Direct Interest	Indirect Interest	
Sun World Limited ⁽¹⁾	2,513,917,342(L)	–	56.41%
PetroChina Hong Kong (BVI) Ltd. ⁽¹⁾	–	2,513,917,342(L)	56.41%
PetroChina Hong Kong Ltd. ⁽¹⁾	–	2,513,917,342(L)	56.41%
PetroChina Company Limited ("PetroChina") ⁽¹⁾	–	2,513,917,342(L)	56.41%
CNPC Finance (HK) Ltd. ⁽²⁾	8,500,000 (L)	–	0.19%
China Petroleum Finance Company Ltd. ⁽²⁾	–	8,500,000 (L)	0.19%
China National Petroleum Corporation ("CNPC") ⁽¹⁾⁽²⁾	–	2,522,417,342(L)	56.60%

Notes:

- (1) Sun World Limited is a wholly-owned subsidiary of PetroChina Hong Kong (BVI) Ltd., which in turn is wholly owned by PetroChina Hong Kong Ltd. PetroChina Hong Kong Ltd. is wholly owned by PetroChina. PetroChina (Stock Code: 857) is listed on the Main Board of the Stock Exchange and is owned as to 86.71% by CNPC. Accordingly, CNPC is deemed to have interest in the 2,513,917,342 Shares held by Sun World Limited.
- (2) CNPC Finance (HK) Ltd. is a wholly-owned subsidiary of China Petroleum Finance Company Ltd., which is in turn owned as to 98.97% by CNPC. Accordingly, CNPC is deemed to have interest in the 8,500,000 Shares held by CNPC Finance (HK) Ltd.

In the event that the Directors exercise in full the buy back mandate to be granted pursuant to the ordinary resolution to be proposed at the Annual General Meeting, the shareholding of the substantial shareholders of the Company will be as follows:

- (i) the shareholding of each of Sun World Limited, PetroChina Hong Kong (BVI) Ltd., PetroChina Hong Kong Ltd. and PetroChina in the Company would be increased to approximately 62.67%;
- (ii) the shareholding of each of CNPC Finance (HK) Ltd. and China Petroleum Finance Company Ltd. in the Company would be increased to approximately 0.21%; and

- (iii) the shareholding of CNPC in the Company would be increased to approximately 62.89%.

The Directors consider that such repurchase would not give rise to an obligation for the above substantial shareholders to make a mandatory offer under Rule 26 of the Code. The Directors have no intention to exercise the buy back mandate to such extent that the public shareholding in the Company would reduce below 25% of the issued share capital of the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in Listing Rules) presently intend to sell Shares to the Company under the buy back mandate in the event that the buy back mandate is approved by the shareholders of the Company.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the buy back mandate is approved by the shareholders of the Company.

SHARE PURCHASES MADE BY THE COMPANY

Since the last annual general meeting of the Company held on 26 May 2008, the Company had repurchased a total of 415,570,000 Shares on the Stock Exchange. Details of such repurchase during the six months' period prior to the Latest Practicable Date were as follows:

Date	Number of Shares repurchased	Price per share	
		Highest price HK\$	Lowest price HK\$
2008			
2 October	2,300,000	3.37	3.28
3 October	4,000,000	3.27	3.21
6 October	5,100,000	3.15	3.07
8 October	9,200,000	2.67	2.52
9 October	12,000,000	2.85	2.64
10 October	3,760,000	2.51	2.47
13 October	4,500,000	2.58	2.50
14 October	10,330,000	2.80	2.64
15 October	9,000,000	2.70	2.65
16 October	5,000,000	2.52	2.43
17 October	4,730,000	2.50	2.43
20 October	4,000,000	2.70	2.60
22 October	13,000,000	2.55	2.41
23 October	11,000,000	2.42	2.26
24 October	14,000,000	2.39	2.18

APPENDIX I**EXPLANATORY STATEMENT ON
REPURCHASE OF SHARES**

Date	Number of Shares repurchased	Price per share	
		Highest price HK\$	Lowest price HK\$
27 October	16,000,000	2.22	1.85
28 October	8,000,000	2.20	1.96
29 October	7,000,000	2.31	2.28
31 October	550,000	2.31	2.30
4 November	3,430,000	2.37	2.33
5 November	3,140,000	2.45	2.43
6 November	9,440,000	2.48	2.34
7 November	6,610,000	2.50	2.37
11 November	2,280,000	2.58	2.57
12 November	3,830,000	2.61	2.53
13 November	8,000,000	2.55	2.51
14 November	8,500,000	2.67	2.59
17 November	10,000,000	2.68	2.57
18 November	7,500,000	2.55	2.50
19 November	12,000,000	2.52	2.43
20 November	5,380,000	2.32	2.28
21 November	8,500,000	2.35	2.20
24 November	8,000,000	2.31	2.27
25 November	17,000,000	2.35	2.25
26 November	7,040,000	2.38	2.29
27 November	3,220,000	2.42	2.40
28 November	1,540,000	2.43	2.41
4 December	4,780,000	2.50	2.42
5 December	4,710,000	2.55	2.52
8 December	1,000,000	2.58	2.57
	<u>279,370,000</u>		

Save for the foregoing, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the said six month's period. All of the Shares repurchased were cancelled.

APPENDIX II DETAILS (INCLUDING BIOGRAPHIES) OF DIRECTOR OFFERING HIMSELF FOR RE-ELECTION

The following is the particulars of the Director proposed to be re-elected at the AGM.

Mr. Li Hualin (Chairman)

Age 46, after graduated from South West Petroleum University in 1983 with Bachelor's Degree in Oil and Gas Exploration and Prospecting Engineering, Mr. Li joined China National Petroleum Corporation ("CNPC") in the same year. He was the Deputy Director of CNPC office at Houston in the U.S.A.; Chairman & General Manager of CNPC Canada Ltd in Canada and Deputy General Manager of China National Oil and Gas Exploration and Development Corporation. In 2000, Mr. Li was awarded the degree of Master of Business Administration from The University of Nebraska. He joined the Company as Executive Vice-Chairman & Managing Director in January 2001 and become the Chief Executive Officer in 2005. Mr. Li was re-designated as the Chairman of the Company in January 2007. Mr. Li is also a director of several subsidiaries of the Company. Mr. Li was appointed by PetroChina Company Limited (Stock Code: 857), a company listed on the Main Board of the Stock Exchange, as Vice-President in November 2007.

Mr. Li has entered a service contract with the Company that could be terminated by giving the other party three months advance notice. Mr. Li is subject to retirement by rotation at least once every three years and re-election at an annual general meeting of the Company in accordance with the Company's Bye-Laws.

Mr. Li is entitled to an annual director fee of HK\$3,500,000, bonus and share options with reference to his and the Company's performance, profitability and remuneration benchmarked in the industry and the prevailing market conditions.

In the last three years, Mr. Li has not held any other directorship in any listed public company.

Mr. Li is not connected with any director, the senior management nor any substantial shareholder of the Company save that he is also a director of Sun World Limited, which is a substantial shareholder of the Company.

Pursuant to Part XV of the SFO, Mr. Li is interested in 48,200,000 share options of the Company, attaching thereto the rights to subscribe for 48,200,000 shares of the Company, representing 1.08% of the issued share capital of the Company.

Save as disclosed above, he does not have any other interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of The Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders relating to his re-election.

**CNPC (HONG KONG) LIMITED**

(incorporated in Bermuda with limited liability)

中國(香港)石油有限公司*

(Stock Code: 0135)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be convened at the Annapurna Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday 12 May 2009 at 11:00 a.m. for the following purposes:—

1. To receive, consider and adopt the Financial Statements and the Reports of Directors and of the Auditors for the year ended 31 December 2008,
2. To declare dividend,
3. To elect a director and to authorise directors to fix the remuneration of the directors,
4. To appoint auditors for the ensuing year and to authorise directors to fix their remuneration,
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution by way of special business:

“THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) of this resolution) of all the powers of the Company to purchase shares of HK\$0.01 each in the capital of the Company be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of the shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until the earlier of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held; or

* For identification purpose only

(iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. To consider and, if thought fit, pass with or without amendment, the following resolution as ordinary resolution by way of special business:–

“**THAT** there be granted to the directors of the Company an unconditional general mandate to allot, issue and deal with additional shares in the capital of the Company, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:–

- (a) such mandate shall not extend beyond the Relevant Period save that the directors may during the Relevant Period (as defined in paragraph (d) of this resolution) make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors otherwise than pursuant to a Rights Issue (as defined in this resolution) or the Company’s Executive Share Option Scheme (the “Share Option Scheme”), shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution;
- (c) such mandate shall be additional to the authority to be given to the directors to grant options under the Share Option Scheme and, at any time, to allot and issue additional shares in the capital of the Company arising from the exercise of subscription rights under such options; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until the earlier of:–
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held; or
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors made to holders of shares on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having

regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong and Bermuda).”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution by way of special business:

“**THAT** the general mandate granted to the directors of the Company to exercise the powers of the Company to issue, allot and dispose of shares pursuant to resolution 6 above be and is hereby extended by the addition to the total nominal amount of share capital and any shares which may be issued, allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate an amount representing the total nominal amount of shares in the capital of the Company which has been purchased by the Company since the granting of such general mandate pursuant to Resolution 5 above, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this resolution.”

By Order of the Board
Lau Hak Woon
Company Secretary

Hong Kong, 3 April 2009

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. **Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting should he so wish.**
2. To be valid, the form of proxy, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's principal office at Room 3907-3910, 39/F., 118 Connaught Road West, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be). The form of proxy must be completed strictly in accordance with the instructions set out therein.
3. Concerning item 3 above, in accordance with Articles 97 of the Company's Bye-laws, Mr. Li Hualin, shall retire at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election at the forthcoming Annual General Meeting.
4. Concerning item 6 above, the directors presently have no intention to issue any new shares of the Company other than shares which may fall to be issued pursuant to the exercise of options under the Executive Share Option Scheme of the Company.