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**KUNLUN ENERGY COMPANY LIMITED**

*(incorporated in Bermuda with limited liability)*

昆 侖 能 源 有 限 公 司

**(Stock Code: 00135.HK)**

## **PROPOSED CHANGE IN AUDITOR**

The board of directors (the “Board”) of Kunlun Energy Company Limited (the “Company”), with the recommendation of the Audit committee of the Company, has resolved to appoint KPMG as the auditor of the Company for the year 2013, which is subject to the approval of the shareholders at the upcoming annual general meeting of the Company (the “AGM”).

According to the relevant regulations issued by the Ministry of Finance of the People’s Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), there are restrictions in respect of the number of years of audit services that an accounting firm can continuously provide to a state-owned enterprise and its subsidiaries. PricewaterhouseCoopers will retire as the international auditor of PetroChina Company Limited, the controlling shareholder of the Company and a subsidiary of China National Petroleum Corporation (a state-owned enterprise under the control of SASAC) with effect from the close of the forthcoming annual general meeting of PetroChina Company Limited and will not offer themselves for re-appointment due to the relevant requirement. The board of directors of PetroChina Company Limited resolved to appoint KPMG as its international auditor for the year 2013.

As the Company is the subsidiary of PetroChina Company Limited and KPMG is proposed to be appointed as the international auditor for PetroChina Company Limited for the year 2013, the Board considers that it would be more efficient and cost effective for KPMG to be appointed as the auditor of the Company. Accordingly, the Board, with the recommendation of Audit Committee of the Company, has resolved to appoint KPMG as the auditor of the Company for the year 2013 (the “Proposal”) in place of PricewaterhouseCoopers, which is subject to the approval by the shareholders of the Company at the AGM.

PricewaterhouseCoopers confirmed that there were no matters or circumstances connected with the Proposal that should be brought to the attention to the Board and the Audit Committee of the Company. The Board also confirmed that there were no relevant matter regarding the Proposal that should be brought to the attention to the shareholders of the Company. The Board and the Audit Committee of the Company further confirmed that there were no disagreements or unresolved matters between the Company and PricewaterhouseCoopers regarding the Proposal.

A circular containing further detail of the Proposal, together with a notice of the AGM will be despatched to the shareholders of the Company as soon as practicable.

The Board would like to express its appreciation for the services of PricewaterhouseCoopers provided to the Company in the past years.

By the Order of the Board  
**Kunlun Energy Company Limited**  
**Lau Hak Woon**  
*Company Secretary*

Hong Kong, 21 March 2013

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