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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)

PROFIT WARNING

This announcement is made by Kunlun Energy Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders and potential investors of the Company that, based on the Board's preliminary review of the unaudited consolidated management accounts of the Group, the Group is expected to record a significant decrease in profit attributable to owners of the Company for the year ended 31 December 2015 ("**FY2015**") as compared with the profit attributable to owners of the Company of approximately HK$5,610 million for the year ended 31 December 2014.

Such significant decrease in profit is principally attributable to (i) the significant drop in international crude oil price, which results in a significant decrease in our revenue from the sale of crude oil; (ii) the slowdown in China economic growth which results in the downturn of the growth in natural gas consumption; (iii) the continuously low international crude oil price undermines the economic advantage of substituting gasoline and diesel for natural gas, thus resulting in the difficulties in developing such new market; and (iv) the depreciation of Kazakhstani tenge and Reminbi against US dollar as a result of the introduction of a freely floating exchange rate for tenge by the National Bank of Kazakhstan and the reform of the RMB exchange rate quotation regime, respectively, in August 2015, which results in substantial exchange losses.

The Group is still in the process of finalising its consolidated financial statements for FY2015. The information contained in this announcement is only based on a preliminary assessment made by the Board with reference to the information currently available, which has not been reviewed or audited by the auditors of the Company and may be subject to change. Shareholders and potential investors of the Company are advised to refer to the announcement of the Group's financial results for FY2015, which is expected to be published in March 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By the Order of the Board
Wu Enlai
Chairman

Hong Kong, 20 January 2016

The Board of Directors as at the date of this announcement comprises of Mr Wu Enlai as the Chairman and Executive Director, Mr Zhao Yongqi as the Chief Executive Officer 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.