KUNLUN ENERGY COMPANY LIMITED

(incorporated in Bermuda with limited liability)

昆 侖 能 源 有 限 公 司

(Stock Code: 00135.HK)

ANNOUNCEMENT OF RESULTS

HIGHLIGHTS OF THE FINANCIAL RESULTS OF THE GROUP

	Year ended 31 December		
	2015	2014	**Change**
	HK$'million	*HK$'million*	*%*
Revenue	**41,641**	48,044	(13.33)
Profit before income tax expense	**4,927**	11,956	(58.79)
Profit attributable to the owners of the Company	**137**	5,610	(97.56)
Adjusted EBITDA (note)	**12,284**	17,619	(30.28)
	HK cent	*HK cent*	
Earnings per share (Basic)	**1.70**	69.52	(97.55)
Earnings per share (Diluted)	**1.70**	69.49	(97.55)
Dividend per share – Final	**6.00**	20.00	(70.00)
	HK$'million	*HK$'million*	
(Loss)/profit attributable to the owners of the Company (by segment)			
– Exploration and Production	**(2,906)**	1,550	(287.48)
– Natural Gas Sales (including LNG Processing)	**(580)**	415	(239.76)
– LNG Terminal	**216**	401	(46.13)
– Natural Gas Pipeline	**4,030**	3,624	11.20
Adjusted EBITDA (by segment)			
– Exploration and Production	**(1,421)**	3,439	(141.32)
– Natural Gas Sales (including LNG Processing)	**1,630**	2,666	(38.86)
– LNG Terminal	**1,149**	1,591	(27.78)
– Natural Gas Pipeline	**11,611**	10,383	11.83

Note: Adjusted EBITDA is defined as (loss)/profit before income tax expense, excluding impairment loss on property, plant and equipment, interest, depreciation, depletion and amortisation.

FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015** **HK$'million**	2014 *HK$'million*
Revenue	*3*	**41,641**	48,044
Other gains, net		**391**	837
Interest income		**225**	217
Purchases, services and others		**(22,884)**	(26,354)
Employee compensation costs		**(2,029)**	(2,368)
Depreciation, depletion and amortisation		**(5,281)**	(5,392)
Impairment loss on property, plant and equipment	*5*	**(1,724)**	(2)
Selling, general and administrative expenses		**(2,545)**	(2,775)
Taxes other than income taxes		**(402)**	(737)
Interest expenses	*4*	**(577)**	(486)
Share of profits less losses of:			
– Associates		**(2,124)**	716
– Joint ventures		**236**	256
Profit before income tax expense	*5*	**4,927**	11,956
Income tax expense	*6*	**(2,607)**	(3,080)
Profit for the year		**2,320**	8,876
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of:			
– Subsidiaries		**(3,849)**	(1,283)
– Associates		**(310)**	(572)
– Joint ventures		**(18)**	(9)
– Fair value gain/(loss) on available-for-sale financial assets		**768**	(29)
Other comprehensive income, net of nil tax		**(3,409)**	(1,893)
Total comprehensive income for the year		**(1,089)**	6,983

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2015

	Note	**2015**	2014
		HK$'million	*HK$'million*
Profit for the year attributable to:			
– Owners of the Company		**137**	5,610
– Non-controlling interests		**2,183**	3,266
		2,320	8,876
Total comprehensive income for the year attributable to:			
– Owners of the Company		**(2,153)**	4,307
– Non-controlling interests		**1,064**	2,676
		(1,089)	6,983
Earnings per share for profit attributable to owners of the Company	*7*		
– Basic (HK cent)		**1.70**	69.52
– Diluted (HK cent)		**1.70**	69.49

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	**2015**	2014
		HK$'million	*HK$'million*
Assets			
Non-current assets			
Property, plant and equipment		**80,390**	86,442
Advanced operating lease payments		**3,205**	3,379
Investments in associates		**2,266**	4,775
Investments in joint ventures		**1,321**	1,451
Available-for-sale financial assets		**812**	83
Intangible and other non-current assets		**1,045**	1,509
Deferred tax assets		**586**	456
		89,625	98,095
Current assets			
Inventories		**916**	1,157
Accounts receivable	*9*	**1,837**	1,988
Prepaid expenses and other current assets		**3,932**	5,741
Cash and cash equivalents		**11,771**	10,729
		18,456	19,615
Total assets		**108,081**	117,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2015

	Note	2015 HK$'million	2014 HK$'million
Equity			
Capital and reserves attributable to owners of the Company			
Share capital		**81**	81
Retained earnings		**25,680**	27,765
Other reserves		**23,362**	25,042
		49,123	52,888
Non-controlling interests		**21,201**	21,426
Total equity		**70,324**	74,314
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*10*	**11,479**	14,776
Income tax payable		**582**	805
Other tax payable		**248**	262
Short-term borrowings		**7,721**	8,465
Obligations under finance leases		**208**	194
		20,238	24,502
Non-current liabilities			
Long-term borrowings		**15,418**	16,224
Deferred tax liabilities		**941**	1,414
Obligations under finance leases		**566**	649
Other long-term obligations		**594**	607
		17,519	18,894
Total liabilities		**37,757**	43,396
Total equity and liabilities		**108,081**	117,710
Net current liabilities		**(1,782)**	(4,887)
Total assets less current liabilities		**87,843**	93,208

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information set out in this announcement does not constitute the consolidated financial statements of Kunlun Energy Company Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2015, but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the consolidated financial statements:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

2. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is determined as the Executive Directors of the Company.

The Group organises its business around products and services. From the products and services perspective, the Group is engaged in a broad range of petroleum related activities and derives its revenue from its two operating segments: Exploration and Production and Natural Gas Distribution.

The Exploration and Production segment is engaged in the exploration, development, production and sales of crude oil and natural gas. It is further evaluated on a geographic basis (the Peoples' Republic of China (the "PRC") and other territories).

The Natural Gas Distribution segment is engaged in the sales of natural gas, LNG processing, LNG terminal business and transmission of natural gas in the PRC. It is evaluated on a business basis, Natural Gas Distribution segment includes Natural Gas Sales, LNG Processing, LNG Terminal and Natural Gas Pipeline.

No sales between operating segments are undertaken. The Executive Directors assesses the performance of the operating segments based on each segment's profit/(loss) before income tax expense, share of profits less losses of associates and joint ventures ("segment results").

Total assets exclude deferred and current taxes, available-for-sale financial assets, investments in associates and joint ventures, all of which are managed on a central basis ("segment assets").

Corporate income and expenses, net, mainly refers to interest income earned from cash and cash equivalents, net exchange gains/losses and general and administration expenses incurred at corporate level.

Corporate assets mainly comprise cash and cash equivalents held at corporate level.

The segment information provided to the Executive Directors for the reportable segments for the years ended 31 December 2015 and 2014 are as follows:

	Exploration and Production			Natural Gas Distribution						Corporate	Inter-company adjustment	
	PRC	Others	Sub-total	Natural Gas Sales	LNG Processing	Natural Gas Sales and LNG Processing Sub-total	LNG Terminal	Natural Gas Pipeline	Sub-total			Total
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
For the year ended 31 December 2015												
Gross revenue	1,648	931	2,579	22,464	2,070	24,534	1,490	14,043	40,067	–	–	42,646
Less: Inter-company adjustment	–	–	–	(61)	(867)	(928)	(65)	(12)	(1,005)	–	–	(1,005)
Revenue from external customers	1,648	931	2,579	22,403	1,203	23,606	1,425	14,031	39,062	–	–	41,641
Segment results	(2,045)	153	(1,892)	357	(868)	(511)	403	9,380	9,272	(565)	–	6,815
Share of profits less losses of:												
– Associates	–	(2,249)	(2,249)	124	–	124	1	–	125	–	–	(2,124)
– Joint ventures	–	262	262	9	–	9	–	–	9	(35)	–	236
(Loss)/profit before income tax expense	(2,045)	(1,834)	(3,879)	490	(868)	(378)	404	9,380	9,406	(600)	–	4,927
Income tax expense												(2,607)
Profit for the year												2,320
Segment results included:												
– Interest income	86	4	90	104	6	110	1	33	144	436	(445)	225
– Depreciation, depletion and amortisation	(718)	(148)	(866)	(1,313)	(272)	(1,585)	(689)	(2,138)	(4,412)	(3)	–	(5,281)
– Impairment loss on property, plant and equipment	(1,679)	–	(1,679)	(45)	–	(45)	–	–	(45)	–	–	(1,724)
– Interest expenses	–	(3)	(3)	(118)	(370)	(488)	(57)	(126)	(671)	(348)	445	(577)
As at 31 December 2015												
Non-current assets	1,015	810	1,825	19,761	16,446	36,207	10,585	34,842	81,634	1,181	–	84,640
Current assets	718	416	1,134	9,475	692	10,167	250	590	11,007	6,251	–	18,392
Segment assets	1,733	1,226	2,959	29,236	17,138	46,374	10,835	35,432	92,641	7,432	–	103,032
Investments in associates	–	–	–	2,259	–	2,259	7	–	2,266	–	–	2,266
Investments in joint ventures	–	1,062	1,062	170	–	170	–	–	170	89	–	1,321
Sub-total	1,733	2,288	4,021	31,665	17,138	48,803	10,842	35,432	95,077	7,521	–	106,619
Available-for-sale financial assets												812
Deferred tax assets												586
Others												64
Total assets												108,081

	Exploration and Production			Natural Gas Distribution						Corporate	Inter-company adjustment	
	PRC	Others	Sub-total	Natural Gas Sales	LNG Processing	Natural Gas Sales and LNG Processing Sub-total	LNG Terminal	Natural Gas Pipeline	Sub-total			Total
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
For the year ended 31 December 2014												
Gross revenue	3,477	1,859	5,336	26,291	3,446	29,737	1,994	12,691	44,422	–	–	49,758
Less: Inter-company adjustment	–	–	–	–	(1,654)	(1,654)	(48)	(12)	(1,714)	–	–	(1,714)
Revenue from external customers	3,477	1,859	5,336	26,291	1,792	28,083	1,946	12,679	42,708	–	–	48,044
Segment results	837	341	1,178	1,303	(338)	965	805	8,141	9,911	(105)	–	10,984
Share of profits less losses of:												
– Associates	–	601	601	114	–	114	1	–	115	–	–	716
– Joint ventures	–	523	523	3	–	3	–	–	3	(270)	–	256
Profit/(loss) before income tax expense	837	1,465	2,302	1,420	(338)	1,082	806	8,141	10,029	(375)	–	11,956
Income tax expense												(3,080)
Profit for the year												8,876
Segment results included:												
– Interest income	140	8	148	86	6	92	2	61	155	245	(331)	217
– Depreciation, depletion and amortisation	(672)	(596)	(1,268)	(1,109)	(211)	(1,320)	(702)	(2,100)	(4,122)	(2)	–	(5,392)
– Impairment loss on property, plant and equipment	–	–	–	(2)	–	(2)	–	–	(2)	–	–	(2)
– Interest expenses	–	(17)	(17)	(212)	(142)	(354)	(85)	(203)	(642)	(158)	331	(486)
As at 31 December 2014												
Non-current assets	3,152	792	3,944	21,726	14,934	36,660	11,032	38,529	86,221	1,165	–	91,330
Current assets	1,028	1,233	2,261	9,475	1,241	10,716	475	2,476	13,667	3,679	–	19,607
Segment assets	4,180	2,025	6,205	31,201	16,175	47,376	11,507	41,005	99,888	4,844	–	110,937
Investments in associates	–	2,428	2,428	2,341	–	2,341	6	–	2,347	–	–	4,775
Investments in joint ventures	–	1,136	1,136	179	–	179	–	–	179	136	–	1,451
Sub-total	4,180	5,589	9,769	33,721	16,175	49,896	11,513	41,005	102,414	4,980	–	117,163
Available-for-sale financial assets												83
Deferred tax assets												456
Others												8
Total assets												117,710

Neither the Group's revenue is derived from nor the Group's non-current assets are located in the place of domicile of the Company.

For the year ended 31 December 2015, revenue of approximately HK$20,341 million (2014: HK$14,431 million) are derived from two (2014: one) customers with whom transactions have exceeded 10% of the Group's revenues. The revenue is attributable to the Exploration and Production and Natural Gas Distribution segments.

3. REVENUE

Revenue mainly represents revenue from the sales of crude oil, the sales of natural gas, LNG processing, LNG terminal business and transmission of natural gas. Analysis of revenue by segment is shown in Note 2.

4. INTEREST EXPENSES

	2015	2014
	HK$'million	*HK$'million*
Interest expenses on:		
Bank loans	**184**	26
Senior notes	**167**	–
Debentures payable	**48**	29
Other loans, from:		
– An intermediate holding company	**280**	509
– An immediate holding company	**116**	35
– China Petroleum Finance Company Limited ("CP Finance")	**427**	850
– Fellow subsidiaries	**61**	64
Finance charges on obligations under finance leases, from:		
– A fellow subsidiary	**37**	1
– A third party	**17**	7
Less: Amounts capitalised	**(760)**	(1,035)
	577	486

Amounts capitalised are borrowing costs that are attributable to the construction of qualifying assets. The average interest rate used to capitalise such borrowing cost was 4.71% (2014: 5.08%) per annum for the year ended 31 December 2015.

5. PROFIT BEFORE INCOME TAX EXPENSE

Items charged in arriving at the profit before income tax expense include:

	2015	2014
	HK$'million	*HK$'million*
Amortisation of advanced operating lease payments and intangible assets	**90**	81
Auditors' remuneration:		
– audit services	**19**	20
– non-audit services	**1**	1
Cost of inventories recognised as expense	**24,194**	28,354
Depreciation and depletion of property, plant and equipment	**5,191**	5,311
Operating lease expenses	**279**	433
Impairment loss on property, plant and equipment	**1,724**	2
Impairment loss on available-for-sale financial assets	**6**	6
Impairment loss on other receivables	**83**	–

6. INCOME TAX EXPENSE

	2015	2014
	HK$'million	*HK$'million*
Current tax		
– PRC	**3,152**	3,101
– Overseas	**69**	481
	3,221	3,582
Deferred tax	**(614)**	(502)
	2,607	3,080

Hong Kong Profits Tax has not been provided for as the Group has no assessable profit for the year (2014: Nil).

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group's subsidiaries in the PRC is principally 25% (2014: 25%). The operations of the Group's certain regions in the PRC have qualified for certain tax incentives in the form of a preferential income tax rates ranging from 15% to 20% (2014: 15% to 20%).

Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

During the year ended 31 December 2014, included in overseas income tax expenses was withholding tax of approximately HK$217 million in respect of dividend received from an associate, CNPC-Aktobemunaigas Joint Stock Company ("Aktobe"), which was charged at 20%. During the year ended 31 December 2015, there is no withholding tax included in overseas income tax expense as there is no dividend received/receivable from Aktobe.

7. BASIC AND DILUTED EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of approximately HK$137 million (2014: HK$5,610 million) and weighted average number of ordinary shares in issue during the year of approximately 8,072 million shares (2014: 8,070 million shares).

(b) Diluted earnings per share is calculated based on the Group's profit attributable to owners of the Company of approximately HK$137 million (2014: HK$5,610 million) and the weighted average number of ordinary shares of approximately 8,072 million shares (2014: 8,073 million shares), calculated as follows:

	2015	2014
	million shares	*million shares*
Weighted average number of ordinary shares as at 31 December	**8,072**	8,070
Effect of deemed issue of shares, under the Company's share option scheme for nil consideration	**–**	3
Weighted average number of ordinary shares (diluted) as at 31 December	**8,072**	8,073

The effect of the Company's share options was anti-dilutive for the year ended 31 December 2015. Therefore, diluted earnings per share are the same as the basic earnings per share.

8. DIVIDEND ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2015	2014
	HK$'million	*HK$'million*
Proposed final dividend attributable to owners of the Company for 2015 *(note (a))*	**484**	–
Final dividend attributable to owners of the Company for 2014 *(note (b))*	**–**	1,614

Notes:

(a) At the meeting on 17 March 2016, the Board of Directors proposed final dividend attributable to owners of the Company in respect of 2015 of HK6 cents per share amounting to a total of approximately HK$484 million. The amount is based on approximately 8,072 million shares in issue as at 17 March 2016. This financial information does not reflect this dividend payable as the final dividends were proposed after the date of the statement of financial position and will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2016 when approved at the 2016 Annual General Meeting.

(b) Final dividend attributable to owners of the Company in respect of 2014 of HK20 cents per share amounting to a total of approximately HK$1,614 million were approved by the shareholders in the Annual General Meeting on 3 June 2015. The amount is based on approximately 8,072 million shares in issue as at 26 March 2015 which was paid on 19 June 2015.

9. ACCOUNTS RECEIVABLE

As of the end of the reporting period, the ageing analysis of accounts receivable, based on the invoice date (or date of revenue recognition, if earlier), is as follows:

	2015	2014
	HK$'million	*HK$'million*
Within 3 months	**933**	1,329
Between 3 to 6 months	**303**	254
Over 6 months	**601**	405
	1,837	1,988

The Group's revenue from sales of crude oil and rendering of terminal and pipeline services are generally collectable within a period ranging from 30 to 90 days from the invoice date while the sales of natural gas are made in cash or on credit terms no more than 90 days. As at 31 December 2015, accounts receivable of approximately HK$904 million (2014: HK$659 million) were past due but for which the Group has not provided for impairment loss. These accounts receivable relate to a number of independent customers that have a good track record with the Group. As of 31 December 2015 and 2014, there are no provision of impairment of accounts receivable. Accordingly, the ageing analysis of the accounts receivable which are past due but not impaired is disclosed in the above ageing analysis.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at 31 December 2015, included in the balance is accounts payable of HK$1,887 million (2014: HK$1,871 million).

As of the end of the reporting period, the ageing analysis of accounts payable, based on the invoice date, is as follows:

	2015	2014
	HK$'million	*HK$'million*
Within 3 months	**1,279**	1,278
Between 3 to 6 months	**161**	194
Over 6 months	**447**	399
	1,887	1,871

BUSINESS REVIEW

The Board of Directors (the "Board") of Kunlun Energy Company Limited ("the Company") is hereby report the annual result for the year ended 31 December 2015 of the Company and its subsidiaries (together, the"Group") to the shareholders of the Company. During the year, due to the significant decline of the international price of crude oil, the impairment in relation to the oil and gas properties, and the reform on exchange rate system in Kazakhstan, the exploration and production business incurred a loss which has dragged down the overall performance. Faced by the complex and tough economic situation, the Group held on tight to the development tune of "improvement in steadiness" and seriously implemented every measure to lower the cost and increase efficiency, actively promoted the adjustment of business structure and optimised the coordination in operation to control the overall operation. The Group's sales revenue was HK$41,641 million, representing a decrease of HK$6,403 million or 13.33% as compared with last year. The profit attributable to the owners of the Company was HK$137 million, representing a decrease of HK$5,473 million or 97.56%.

During the Year, the Group entered into an acquisition agreement with PetroChina Company Limited ("PetroChina"), pursuant to which the Company agreed to purchase the entire equity interest in PetroChina Kunlun Gas Co., Ltd. ("Kunlun Gas") owned by PetroChina for a consideration of approximately RMB14,827 million. The acquisition will help the Group become the only subsidiary of PetroChina engaging in investing, financing and operating natural gas distribution and comprehensive utilisation business and avoid the horizontal competition between the Company and PetroChina. It will also improve the Group's business structure, generate synergies among businesses, and enhance operational efficiency and competitiveness. The transaction has been approved at the Company's special general meeting and is expected to be completed in the first half of 2016 after obtaining approvals from the relevant government departments.

During the Year, the Group issued its senior notes in the total nominal amount of US$1 billion after it obtained, for the first time, an A+, A1 and A rating from Standard & Poor's, Moody's and Fitch respectively. To the Group, this issuance of bonds not only effectively optimised its debt financing and capital structure, but also successfully broadened its financing channels and investor's scope.

I. Exploration and Production

For the Year, the sales volume of crude oil in the Exploration and Production business was 16.75 million barrels, representing a decrease of 0.13 million barrels or 0.77% compared with last year. Revenue amounted to HK$2,579 million, representing a decrease of HK$2,757 million or 51.67% as compared to last year. Loss before income tax expense was HK$3,879 million, representing a decrease in profit of HK$6,181 million or 268.51% compared to last year. The decrease in revenue and profit before income tax expense was mainly due to the Group's average realised crude oil selling price was only US$43.01 per barrel for the Year, representing a substantial decrease of US$41.46 or 49.08% compared with US$84.47 per barrel for last year. It was also due to the share of exchange loss attributable to the owner of the Company of HK$1,881 million caused by the continuous depreciation of Tenge against US dollars under the floating exchange rate system adopted by the central bank of Kazakhstan. It was also attributable to the aggregate impairment for the two oil operations in the People's Republic of China (the "PRC") which amounted to approximately HK$1,679 million due to the decline of oil price.

During the Year, the Group encountered a sharp drop in oil prices, gradual decline in oil field production volume, increase in exploration cost and other adverse impacts. The Group adopted a scientific approach in running oil and gas production so as to keep the overall production volume stable; meanwhile, it efficiently deployed its workforce and strengthened the control over investment and costs resulting in a reduction of unit operating cost.

II. Natural Gas Pipeline

During the Year, the transmission volume of Natural Gas Pipeline business was 33,978 million cubic metres, representing an increase of 3,285 million cubic metres or 10.70% as compared with last year. Revenue for the Year was HK$14,043 million, representing an increase of HK$1,352 million or 10.65% as compared to last year. Profit before income tax expense was HK$9,380 million, representing an increase of HK$1,239 million or 15.22% as compared to last year.

During the Year, the transmission volume of PetroChina Beijing Gas Pipeline Co., Ltd. under the Group was 32,933 million cubic metres, representing an increase of 9.92% as compared with last year. Its Yongqing-Dagang transmission pipeline No. 3 (Bazhou distribution station to Dagang terminal station) successfully began operation, which further improved the Group's natural gas pipeline network in Beijing, Tianjin and Hebei regions, enhanced the safety of gas transmission pipeline network and increased the gas transmission capacity of the Group in those regions.

III. LNG Terminal

During the Year, gasification volume of natural gas of Jiangsu LNG Terminal and Dalian LNG Terminal under the Group amounted to 3,968 million cubic metres, representing a decrease of 1,213 million cubic metres or 23.42% as compared to last year. Revenue for the Year amounted to HK$1,490 million, representing a decrease of HK$504 million or 25.28% as compared to last year. Profit before income tax expense was HK$404 million, representing a decrease of HK$402 million or 49.88% as compared to last year. The decrease in both revenue and profit was due to decline in LNG import volume compared to last year as an excessive supply in the natural gas market.

During the Year, Dalian LNG Terminal fully completed construction of its second phase project and commenced trial operation. Upon completion of construction and commencement of operation of Dalian LNG Terminal, its loading and unloading capacity can reach 6 million tons per year and the maximum supply capability can reach 8,500 million cubic metres per year. The trial operation of the second phase project of Jiangsu LNG Terminal was successful. Upon completion and commencement of operation of second phase project of Jiangsu LNG Terminal, its loading and unloading capacity can reach 6.5 million tons per year and the maximum supply capacity can reach 9,100 million cubic metres per year. The expansion of these two terminals will enable the Group to better cope with the demand for natural gas in the peak season and the demand for LNG.

IV. Sales of Natural Gas and LNG Processing

During the Year, the sales volume of natural gas was 7,256 million cubic metres, representing a decrease of 501 million cubic metres or 6.46% as compared with last year. Revenue for the Year amounted to HK$24,534 million, representing a decrease of HK$5,203 million or 17.50% as compared with last year. Loss before income tax expense was HK$378 million, representing a decrease in profit of HK$1,460 million or 134.94% as compared with last year. The decrease in revenue and profit before income tax expense was mainly due to international oil price remaining in a low range which reduced the economic advantage of using natural gas over diesel as a result of low international oil price.

During the Year, Hainan LNG storage tank which was invested and constructed by the Group began operation. Its loading and unloading capacity has reached 300,000 tons/year, and approximately 30,000 tons of LNG were successfully loaded and unloaded during the Year. The storage tank strongly secured the supply of LNG of the Group in Hainan Province.

During the Year, the Group strictly followed the market-oriented approach, closely coordinated the Group's production, transmission and marketing activities and secured resources through multiple channels for the "Gas In Substitution of Oil" business. Meanwhile, highlighting the highly efficient investment in marketing resources and leveraging on the sales network and channels of PetroChina, the construction of integrated oil and gas stations of the Group was accelerated. During the Year, the Group's sales volume of LNG was 2,941 million cubic metres, representing an increase of 25 million cubic metres or 0.86% as compared with last year.

BUSINESS PROSPECTS

2016 is the year in which the 13th 5-Year Plan begins. The China's economy is in a critical period of structural adjustment. Optimisation and adjustment of the structure of energy consumption on the national level and pollution governance will become the major driving forces of clean energy consumption. The rigid growth in demand for natural gas is likely to be maintained. The Group believes that the further deepening of natural gas market reform will strongly facilitate the fair competition of the industry, which will stimulate market vitality and the natural gas distribution and comprehensive utilisation business will have better development opportunities. In the future, the Group will focus on the natural gas distribution and comprehensive utilisation business and grasp suitable opportunities to steadily and gradually divest the exploration and production business. Especially upon the completion of the Acquisition of Kunlun Gas, the strategic positioning of the Group will be further be defined. As the sole platform for PetroChina in the investment, financing and operation of natural gas distribution and comprehensive utilisation business, the Group will undertake the important mission for PetroChina to develop the natural gas distribution market.

Based on its positioning and strategic guidelines, the Group will optimise the current the Group's and Kunlun Gas business into two aspects namely equity structure and management, to fully leverage the synergy effect and enhance the competitiveness by designing and coordinating market development, planning, investment, production, operation, logistics and information and tapping resources, integration was formed to enhance asset operation efficiency and optimise the allocation of human resources as well as further lower the consolidated management fee for sale; by further expanding and optimising the sales network and the integrating privilege customer from both parties and upward and downward channel, crossing selling is prompted and hence increase the volume; by utilising domestic and international resources and market, the advantages of the financing platform and trading entities are complemented.

Regarding the Natural Gas Pipeline business, the construction and operation of natural gas pipeline network will be coordinated, investment led by the PetroChina Beijing Gas Pipeline Co., Ltd. will be made in Shaanxi-Beijing Pipeline No. 4, the stable operation of the existing major pipelines, such as the Shaanxi-Beijing Pipeline will be maintained, and the transmission and distribution capability of the pipeline network will be increased. The leading position of the Group in the regional market will be further reinforced.

As for the LNG Terminal business, there will be further bridging of resources and market and strengthen cost control. Extending access of the Group's excess capacity of terminal facilities to third parties on a fair basis will be actively promoted, striving to enhance the Group's operation efficiency.

Regarding the Natural Gas distribution and comprehensive utilisation business, the Group will fully leverage on the advantage in security of resources upstream and mid-stream transmission and distribution of PetroChina. The city gas business has a key role in driving the branch pipeline market. It will speed up the development of pipeline radiation regional project with equal attention paid to quality, efficiency and size, and will innovate its marketing strategy and service approach. There will be further strategic co-operation with large gas enterprises to achieve centralised development of scale and efficiency, and the Group will also actively develop natural gas power generation and distributed energy resources. The

Group will focus on coordinating resources allocation for its LNG/CNG business, thereby improving business structure, optimising existing layout of plants and sales network, strengthening market development, coordinating the processing and refilling of LNG, integrating CNG primary station and substation, and constantly enhancing the operation efficiency and integrated efficiency of existing LNG plants, CNG primary stations and refilling terminals. The LPG business will mainly leverage on the stable supply of oil from refinery and oil field enterprises in China, develop new import channels, maintain regional resources advantage, implement the layout and construction of LPG sales network, strengthen the development of end-user sales business, and further improve the quality and efficiency of sales network. Meanwhile, the Group will further optimise the value chain of natural gas and LPG sales, strive to increase new business growth points and realise the effective coordination, sustainable and healthy development of various businesses.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK6 cents per share (2014: HK20 cents per share) to Shareholders whose names appear on the Company's register of members (the "Shareholders Register") on 20 May 2016 (Friday), subject to the approval at the annual general meeting of the Company (the "2016 AGM"). The payment will be made on or before 17 June 2016. The proposed 2015 final dividend amounts to a total of approximately HK$484 million and 2014 dividend of HK$1,614 million was paid in 2015, which represents a payout ratio (dividend per share divided by basic earnings per share) of approximately 352.94% or 26.04% (excluding the impairment of HK$1,724 million) (2014: 28.77%).

CLOSURE OF SHAREHOLDERS REGISTER

For the purposes of determining Shareholders' eligibility to attend and vote at the 2016 AGM, and entitlement to the final dividend, the Shareholders Register will be closed. Details of such closures are set out below:

(i) For determining eligibility to attend and vote at the 2016 AGM:

Latest time to lodge transfer documents for registration	4:00 p.m. on 9 May 2016 (Monday)
Closure of shareholders register	from 10 May 2016 (Tuesday) to 11 May 2016 (Wednesday) (both dates inclusive)
Record date	11 May 2016 (Wednesday)

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:00 p.m. on 18 May 2016 (Wednesday)
Closure of shareholders register	from 19 May 2016 (Thursday) to 20 May 2016 (Friday) (both dates inclusive)
Record date	20 May 2016 (Friday)

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2016 AGM, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The 2016 AGM will be held on 12 May 2016 (Thursday). The Notice of the 2016 AGM, which constitutes part of the circular to Shareholders, will be sent together with the 2015 Annual Report. The Notice of the 2016 AGM and the proxy form will also be available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

MANAGEMENT DISCUSSION AND ANALYSIS

Kunlun Energy Company Limited (the "Company") and its subsidiaries (together, the "Group") continued to develop its natural gas business segment during the year ended 31 December 2015 (the "Year"). The profit before income tax expense from the Natural Gas Distribution business segment contributed about 190.91% (2014: 83.88%) of the Group's profit before income tax expense for the Year.

Operating results

Profit before income tax expense of the Group for the Year was approximately HK$4,927 million, representing a decrease of 58.79% as compared with HK$11,956 million for the last year. Profit attributable to owners of the Company for the Year was approximately HK$137 million, representing a decrease of 97.56% as compared with HK$5,610 million for the last year.

Revenue

Revenue for the Year was approximately HK$41,641 million, representing a decrease of 13.33% as compared with amount of HK$48,044 million for the last year. The decrease was mainly due to the decrease in realised crude oil selling price compared to the last year.

Revenue from the Exploration and Production segment accounted for 6.19% (2014: 11.11%) of the Group's total revenue amounting to approximately HK$2,579 million (2014: HK$5,336 million) while revenue from the Natural Gas Distribution business segment accounted for 93.81% (2014: 88.89%) of the Group's total revenue amounting to approximately HK$39,062 million (2014: HK$42,708 million).

The table below sets out the sales volume and revenue of different segments of the Group for the year 2015 and 2014, and percentages of change across these two years.

	Sale volume (Group's portion) for the year ended 31 December			**Revenue (Per segment information) for the year ended 31 December**		
	2015	2014	Change	**2015**	2014	Change
	('000 Barrel)	*('000 Barrel)*	*%*	***HK$'million***	*HK$'million*	*%*
Exploration and Production business (by geographic locations)						
The People's Republic of China (the "PRC")	**5,258**	5,368	(2.05)	**1,648**	3,477	(52.60)
South America *(note (1))*	**622**	653	(4.75)	**515**	1,004	(48.71)
Central Asia	**617**	646	(4.49)	**220**	465	(52.69)
South East Asia *(note (2))*	**512**	545	(6.06)	**196**	390	(49.74)
Sub-total	**7,009**	7,212	(2.81)	**2,579**	5,336	(51.67)
Share of an associate in Central Asia	**5,471**	5,773	(5.23)	**–**	–	N/A
Share of a joint venture in Middle East	**4,267**	3,892	9.64	**–**	–	N/A
Total of Exploration and Production	**16,747**	16,877	(0.77)	**2,579**	5,336	(51.67)

	Revenue (Per segment information) for the year ended 31 December		
	2015	2014	Change
	HK$'million	*HK$'million*	*%*
Natural Gas Distribution business (by segments)			
Natural Gas Pipeline (note (3))	**14,043**	12,691	10.65
LNG Terminal	**1,490**	1,994	(25.28)
Natural Gas Sales	**22,464**	26,291	(14.56)
LNG Processing	**2,070**	3,446	(39.93)
Sub-total	**24,534**	29,737	(17.50)
Less: Inter-company adjustment	**(1,005)**	(1,714)	(41.37)
Total of Natural Gas Distribution	**39,062**	42,708	(8.54)
Total revenue	**41,641**	48,044	(13.33)

	Sale/processing volume for the year ended 31 December		
	2015	2014	Change
	('000 cubic metre)	*('000 cubic metre)*	*%*
Natural Gas Distribution business (by activities)			
Natural Gas Pipeline	**33,978,095**	30,692,548	10.70
LNG Terminal	**3,967,649**	5,181,003	(23.42)
Natural Gas Sales	**6,576,776**	6,845,316	(3.92)
LNG Processing	**679,207**	911,771	(25.51)
Sub-total	**7,255,983**	7,757,087	(6.46)
Less: Inter-company adjustment	**(642,974)**	(724,460)	(11.25)
Total of Natural Gas Distribution	**44,558,753**	42,906,178	3.85

Notes:

(1) Only the Group's 50% share of sales volume from an oilfield in South America is stated while its revenue is shown as 100% per consolidation requirement.

(2) Only the Group's 96.11% share of sales volume from an oilfield in South East Asia is stated while its revenue is shown as 100% per consolidation requirement.

(3) Under the Natural Gas Pipeline segment, it included the following natural gas sales:

	Sales volume for the year ended 31 December			**Revenue for the year ended 31 December**		
	2015	2014	Change	**2015**	2014	Change
	('000 cubic metre)	*('000 cubic metre)*	*%*	***HK$'million***	*HK$'million*	*%*
Natural Gas Sales	**47,608**	55,627	(14.42)	**174**	208	(16.35)

Other gains, net

Other gains, net for the Year was approximately HK$391 million, representing a decrease of 53.29% as compared with amount of HK$837 million for the last year. The decrease was mainly due to volatile exchange rate during the Year.

Interest income

Interest income for the Year was approximately HK$225 million, representing an increase of 3.69% as compared with amount of HK$217 million for the last year. The increase was mainly due to an increase in average balance of cash and cash equivalents.

Purchases, services and others

Purchases, services and others were approximately HK$22,884 million for the Year, representing a decrease of 13.17% as compared with amount of HK$26,354 million for the last year. This was mainly due to the decrease in purchase price and volume of natural gas which is in line with the decrease in sales of natural gas business.

Employee compensation costs

Employee compensation costs of the Group was approximately HK$2,029 million for the Year, representing a decrease of 14.32% as compared with amount of HK$2,368 million for the last year. This decrease was mainly due to the decrease in the number of headcount during the Year.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for the Year was approximately HK$5,281 million, representing a decrease of 2.06% as compared with amount of HK$5,392 million for the last year. This was mainly due to the revision of oil reserve in Exploration and Production business in South East Asia during the Year.

Impairment loss on property, plant and equipment

Impairment loss on property, plant and equipment was HK$1,724 million (2014: HK$2 million). This was mainly due to the drop in realised crude oil selling price which affect the recoverability of property, plant and equipment.

Selling, general and administrative expenses

Selling, general and administrative expenses for the Year were approximately HK$2,545 million, representing a decrease of 8.29% as compared with amount of HK$2,775 million for the last year. This was mainly due to the decrease in royalty expense in Exploration and Production business as a result of the decrease in realised crude oil selling price.

Taxes other than income taxes

Taxes other than income taxes for the Year was approximately HK$402 million, representing a decrease of 45.45% as compared with amount of HK$737 million for the last year. This was mainly due to the decrease in levy on petroleum as a result of the decrease in realised crude oil selling price in the Group's Exploration and Production business in the PRC.

Interest expenses

Interest expenses for the Year was approximately HK$577 million, representing an increase of 18.72% as compared with amount of HK$486 million for the last year. The increase was mainly due to the issuance of two senior notes in the total nominal amount of US$1 billion in May 2015 of interest rates 2.875% for 5 years' senior note and 3.750% for 10 years' senior note.

Total interest expenses for the Year was approximately HK$1,337 million of which HK$760 million was capitalised under construction-in-progress.

Share of profits less losses of associates

Share of profits less losses of associates for the Year decreased by 396.65% to loss of approximately HK$2,124 million (2014: profit of HK$716 million). This was mainly due to the decrease in realised crude oil selling price and the depreciation of the Kazakhstan Tenge which resulted in the exchange loss of HK$3,136 million during the Year that in turn led to the decrease in the shared operating result from CNPC-Aktobemunaigas Joint Stock Company.

Share of profits less losses of joint ventures

Share of profits less losses of joint ventures for the Year was decreased by 7.81% to approximately HK$236 million (2014: HK$256 million). The decrease in the shared operating result from Oman project was approximately HK$261 million due to decrease in realised crude oil selling price in 2015.

Profit before income tax expense

Profit before income tax expense for the Year was approximately HK$4,927 million, representing a decrease of 58.79% as compared with amount of HK$11,956 million for the last year.

The table below sets out the (loss)/profit before income tax expense and percentage of change of different segments of the Group for the year 2015 and 2014.

	(Loss)/profit before income tax expense for the year ended 31 December		
	2015	2014	Change
	HK$'million	*HK$'million*	*%*
Exploration and Production business			
The PRC	**(2,045)**	837	(344.32)
South America	**163**	423	(61.47)
Central Asia	**(21)**	(70)	(70.00)
South East Asia	**11**	(12)	191.67
Sub-total	**(1,892)**	1,178	(260.61)
Share of an associate in Central Asia	**(2,249)**	601	(474.21)
Share of a joint venture in Middle East	**262**	523	(49.90)
Total of Exploration and Production	**(3,879)**	2,302	(268.51)
Natural Gas Distribution business			
Natural Gas Pipeline	**9,380**	8,141	15.22
LNG Terminal	**404**	806	(49.88)
Natural Gas Sales	**490**	1,420	(65.49)
LNG Processing	**(868)**	(338)	156.80
Sub-total	**(378)**	1,082	(134.94)
Total of Natural Gas Distribution	**9,406**	10,029	(6.21)
	5,527	12,331	(55.18)

Income tax expense

Income tax expense for the Year was approximately HK$2,607 million, representing a decrease of 15.36% as compared with amount of HK$3,080 million for the last year. The effective tax rate (excluding joint ventures and associates) for the Year increased to 38.25% (2014: 28.04%).

Profit for the Year and profit attributable to owners of the Company

The profit for the Year of the Group was approximately HK$2,320 million, representing a decrease of 73.86% as compared with amount of HK$8,876 million for the last year. The profit attributable to owners of the Company for the Year was approximately HK$137 million, representing a decrease of 97.56% as compared with amount of HK$5,610 million for the last year.

Liquidity and capital resources

As at 31 December 2015, the carrying value of total assets of the Group was approximately HK$108,081 million, representing a decrease of HK$9,629 million or 8.18% as compared with HK$117,710 million as at 31 December 2014.

The gearing ratio of the Group was 25.38% as at 31 December 2015 compared with 25.57% as at 31 December 2014, representing a decrease of 0.19%. It is computed by dividing the sum of interest bearing borrowings and obligations under finance leases of HK$23,913 million (2014: HK$25,532 million) by the total equity, interest bearing borrowings and obligations under finance leases of HK$94,237 million (2014: HK$99,846 million).

Adjusted (loss)/profit before income tax expense, after deduction of interest, taxation depreciation and profit before amortisation, excluding impairment loss on property, plant and equipment, interest, depreciation, depletion and amortisation for the year was approximately HK$12,284 million, representing a decrease of 30.28% as compared with the amount of HK$17,619 million for the last year.

During the Year, the Company has issued two senior notes to improve the debt profile:

Items	**Date of Issue**	**Nominal Amount** *US$'million*	**Tenor** *year*	**Annual Interest** *%*
Senior notes due 2020 (Stock code: 5510)	13 May 2015	500	5	2.875
Senior notes due 2025 (Stock code: 5511)	13 May 2015	500	10	3.750

Note: Please refer to the announcements on the issue of Senior Notes published by the Company on the websites of The Stock Exchange of Hong Kong Limited and the Company in April and May 2015.

The Group raised new borrowings and obligations under finance leases of HK$19,737 million including the net amount of the senior notes of US$988 million (equivalent to HK$7,692 million) mentioned above. The Group repaid borrowings and obligations under finance leases in the total amount of HK$21,007 million resulting a net decrease of HK$1,270 million during the Year.

The Group received a dividend of HK$341 million (2014: HK$401 million) from a joint venture in Middle East and no dividend (2014: HK$1,041 million) from an associate in Central Asia during the Year.

During the Year, no share option (2014: 9.9 million shares exercised and HK$32 million received) has been exercised by the senior executives of the Company as the exercise price of HK$10.32 was above the market price of HK$7.36 on the share option expiry date and certain share options were lapsed.

As at 31 December 2015, the Group had net current liabilities of HK$1,782 million. Notwithstanding the net current liabilities of the Group at 31 December 2015, the Group's consolidated financial statements have been prepared on a going concern basis because the directors of the Company (the "Directors") are of the opinion that the Group would have adequate funds to meet its obligation, as and when they fall due, having regard to the following:

(i) the Group has certain undrawn facilities which include an undrawn facility provided by the Company's immediate holding company amounting to HK$2,300 million;

(ii) the Group expects to generate positive operating cash flows in the future; and

(iii) the Directors consider that the Group could obtain financing from various sources of funding.

Consequently, the consolidated financial statements have been prepared on a going concern basis.

Use of proceeds

The Group paid interest of HK$1,221 million (2014: HK$1,486 million) during the Year.

2014 final dividend of HK20 cents per share amounting to HK$1,614 million (2013: HK23 cents per share amounting to HK$1,857 million) was distributed to owners of the Company during the Year.

Pledge of assets

As at 31 December 2015 and 31 December 2014, no short-term or long-term borrowings were secured by property, plant and equipment or advanced operating lease payment.

New investment in major projects

The Company entered into an acquisition agreement dated 28 December 2015 with PetroChina Company Limtied ("PetroChina"), pursuant to which PetroChina has conditionally agreed to sell and the Company has conditionally agreed to purchase the entire equity interest in PetroChina Kunlun Gas Co., Ltd. at a consideration of approximately RMB14,827 million. The acquisition was approved by the Shareholders in the Company's special general meeting held on 18 February 2016.

Employee

On 31 December 2015, the Group had approximately 19,696 staff globally (excluding the staff under entrustment contracts) (2014: 21,751 staff). Remuneration package and benefits were determined in accordance with market terms, industry practice as well as the duties, performance, qualifications and experience of the staff.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted written guidelines on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of conduct regarding Directors' securities transaction.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company is committed to the maintenance of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain high corporate governance standard. The Board is of the view that the Company has complied with all the code provisions in the Code on Corporate Governance Practices during the Year.

Pursuant to paragraph 45(6) of Appendix 16 to the Listing Rules, the Board wishes to confirm that the Audit Committee of the Company has reviewed with the management the accounting policies and standards adopted by the Company and its subsidiaries and discussed the internal control and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2015. The Audit Committee of the Company has also reviewed the annual results in conjunction with the Company's external auditor.

AUDIT COMMITTEE

Pursuant to the Listing Rules, the Audit Committee of the Company, currently comprising four Independent Non-executive Directors, was established in December 1998.

Three meetings were held during the Year.

Written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted by the Board. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The financial figures in respect of the preliminary announcement of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

RELEASE OF DETAILED RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report containing all the information required by Appendix 16 to the Listing Rules and other applicable requirements will be published on the Company's and the Stock Exchange's websites in due course.

By the Order of the Board
KUNLUN ENERGY COMPANY LIMITED
Huang Weihe
Chairman and Executive Director

Hong Kong, 17 March 2016

The Board of Directors as at the date of this announcement comprises of Mr Huang Weihe as Chairman and Executive Director, Mr Wu Enlai as Executive Director, Mr Zhao Yongqi as 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, Dr Liu Xiao Feng and Mr Sun Patrick as Independent Non-executive Directors.