

THE CONTENT OF THIS ANNOUNCEMENT HAS BEEN PUBLISHED USING EQUITY STOCK CODE (STOCK CODE: 00135.HK) ON 14 JUNE 2017 AND IS NOW RE-PUBLISHED USING DEBT STOCK CODE (STOCK CODE: 5690) FOR THE DEBT HOLDERS INFORMATION

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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)

**RMB3,350,000,000 1.625% USD SETTLED CONVERTIBLE BONDS
DUE 2019 (THE "BONDS")
(Stock Code: 5690)**

ADJUSTMENT TO CONVERSION PRICE OF THE BONDS

The Company announces that the Conversion Price of the Bonds will be adjusted from HK\$7.13 per Share to HK\$7.05 per Share with effect from 15 June 2017 as a result of the payment of the Final Dividend.

Reference is made to the announcement of Kunlun Energy Company Limited (the "**Company**") dated 14 July 2016 (the "**Announcement**") in relation to the Bonds issued by the Company. The Bonds are listed on The Stock Exchange of Hong Kong Limited. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Reference is also made to the announcement of the Company dated 2 June 2017 in relation to the poll results of the annual general meeting held on the same date (the "**AGM**"). At the AGM, the payment of a final dividend of HK7.40 cents per Share for the year ended 31 December 2016 (the "**Final Dividend**") as recommended by the Board was approved by the Shareholders. The Final Dividend to Shareholders will be paid on 30 June 2017 to Shareholders whose names appear on the register of Shareholders of the Company on 14 June 2017.

Notice is hereby given that, based on the adjustment provisions stipulated under article 6(C)(3) of the terms and conditions of the Bonds, an adjustment will be made to the Conversion Price as a result of the Final Dividend.

The Conversion Price of the Bonds, currently HK\$7.13 per Share (the "**Existing Conversion Price of the Bonds**"), will be adjusted to HK\$7.05 per Share (the "**Adjusted Conversion Price of the Bonds**") with effect from 15 June 2017.

With reference to the total outstanding principal amount of the Bonds of RMB3,350,000,000 at the date of this announcement, the maximum number of Shares that will be issued upon conversion of all the outstanding Bonds at the Existing Conversion Price of the Bonds and the Adjusted Conversion Price of the Bonds are 544,748,663 Shares and 550,930,208 Shares, respectively (at the fixed exchange rate of RMB0.8625 = HK\$1.00).

Any holder of the Bonds who is in doubt as to the action to be taken should consult his/her/its stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

By order of the Board
Kunlun Energy Company Limited
Huang Weihe
Chairman and Executive Director

Hong Kong, 14 June 2017

As at the date of this announcement, the Board comprises 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. Zhao Zhongxun as Executive Director, Mr. Ding Shilu as Executive Director, Mr. Zhang Yaoming as Executive Director, and Mr. Li Kwok Sing Aubrey, Dr. Liu Xiao Feng and Mr. Sun Patrick as Independent Non-executive Directors.