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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.HK)

ADJUSTMENT TO CONVERSION PRICE OF THE BONDS

The Company announces that the Conversion Price of the Bonds will be adjusted from HK\$7.05 per Share to HK\$6.80 per Share with effect from 5 June 2018 as a result of the payment of the Final Dividend.

Reference is made to (i) the announcement of Kunlun Energy Company Limited (the "**Company**") dated 14 July 2016 (the "**Issue Announcement**") in relation to, among other things, the issue of RMB3,350,000,000 1.625% USD settled convertible bonds due 2019 by the Company; and (ii) the announcement of the Company dated 14 June 2017 (the "**2017 Adjustment Announcement**") in relation to the adjustment of the conversion price to HK\$7.05 per share. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Issue Announcement. The Bonds are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 5690.HK).

Reference is also made to the announcement of the Company dated 24 May 2018 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 RMB21.0 cents per ordinary share of the Company for the year ended 31 December 2017 (to be paid in Hong Kong dollars at HK25.8 cents per ordinary share of the Company) (the "**Final Dividend**") as recommended by the Board was approved by the Shareholders. The Final Dividend to Shareholders will be paid on or before 30 June 2018 to Shareholders whose names appear on the register of Shareholders of the Company on 4 June 2018.

Notice is hereby given that, based on the adjustment provisions stipulated under condition 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 was HK\$7.13 per Share (the "**Original Conversion Price of the Bonds**") as at the issue date of the Bonds. Immediately after the adjustment as set out in the 2017 Adjustment Announcement, the Original Conversion Price of the Bonds was adjusted to HK\$7.05 per Share (the "**Existing Conversion Price of the Bonds**"). As a result of the Final Dividend as set out in this announcement, the Existing Conversion Price of the

Bonds will be further adjusted to HK\$6.80 per Share (the "**Adjusted Conversion Price of the Bonds**") with effect from 5 June 2018.

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 Original Conversion Price of the Bonds and the Adjusted Conversion Price of the Bonds are 544,748,663 Shares and 571,184,995 Shares, respectively (at the fixed exchange rate of RMB0.8625 = HK\$1.00), representing an increase of 26,436,332 Shares (the "**Additional Conversion Shares**") issuable under the Bonds.

The Additional Conversion Shares will be issued pursuant to the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the general meeting of the Company held on 12 May 2016. An application will be made to the Hong Kong Stock Exchange for the listing of, permission to deal in, those Additional Conversion Shares that will be issued upon conversion of all the outstanding Bonds at the Adjusted Conversion Price of the Bonds.

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
Zhao Yongqi
Chief Executive Officer and Executive Director

Hong Kong, 6 June 2018

As at the date of this announcement, the Board comprises Mr. Ling Xiao as the Chairman and Executive Director, Mr. Zhao Yongqi as the Chief Executive Officer and Executive Director, Mr. Zhao Zhongxun as Executive Director, Mr. Zhou Yuanhong as Executive Director, Mr. Miao Yong as Executive Director, and Mr. Li Kwok Sing Aubrey, Dr. Liu Xiao Feng and Mr. Sun Patrick as Independent Non-Executive Directors