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HANS ENERGY COMPANY LIMITED

漢思能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 554)

PROPOSED ISSUE OF UP TO HK\$100,000,000 8% UNSECURED CONVERTIBLE BOND UNDER GENERAL MANDATE

On 7 December 2015, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the Series A CB in the principal amount of up to HK\$50 million and the Series B CB in the principal amount of up to HK\$50 million.

CB Holders will be entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price, subject to adjustment in the manner provided in the CB instruments. Assuming exercise in full of the Conversion Rights at the initial Conversion Price of HK\$0.3802 per Share, an aggregate of 263,019,000 Conversion Shares will be issued, representing approximately 7.05% of the issued share capital of the Company as at the date of this announcement and approximately 6.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there was no repurchase of Shares or issue of other new Shares). The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 21 May 2015. The allotment and issue of the Conversion Shares is not subject to the approval of the Shareholders.

It is expected that net proceeds (net of fees, commissions and expenses) will be raised through the CB Issue, which will be used as general working capital.

Closing of the Subscription Agreement is subject to fulfillment and/or waiver of the conditions precedent under the Subscription Agreement. Accordingly, the CB Issue may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 7 December 2015, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the Series A CB in the principal amount of up to HK\$50 million and the Series B CB in the principal amount of up to HK\$50 million.

Details of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date

7 December 2015

Parties

1. The Company as issuer
2. The Subscriber as subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

The Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Series A CB in the principal amount of up to HK\$50 million and the Series B CB in the principal amount of up to HK\$50 million, at 100% of the principal amount of the Series A CB and the Series B CB respectively, subject to fulfilment and/or waiver of the Conditions.

Series A CB Conditions Precedent

The obligations of the Subscriber to subscribe for the Series A CB from the Company which are subject to the fulfilment (or waiver) of the following Series A CB Conditions Precedent on or before the Series A Closing Date, include but are not limited to:

- (a) all the Warranties being true, complete and accurate in all material respects and not misleading in any material respect under the Subscription Agreement;
- (b) the Subscriber having obtained all necessary internal approvals, in respect of the subscription of the Series A CB as set forth in the Subscription Agreement;

- (c) the approval for the listing of and the permission to deal in the Conversion Shares issuable upon the exercise of the conversion right under the Convertible Bonds (subject to conditions satisfactory to the Subscriber and the Company as may be imposed by the Stock Exchange) on the Main Board shall have been obtained;

provided, however, that the Subscriber may, at its absolute discretion, waive compliance with any or all of the Series A CB Conditions Precedent above (other than paragraph (c)) as the Subscriber may deem fit.

Closing of Series A CB Issue

The Series A Closing shall take place on the same Business Day as the Series A Closing Date at such place as may be agreed by the Parties. In any event, the Series A Closing Date shall not be later than the Series A Long Stop Date.

Series B CB Conditions Precedent

The obligations of the Subscriber to subscribe for the Series B CB from the Company which are subject to the fulfilment (or waiver) of the following Series B CB Conditions Precedent on or before the Series B Closing Date, include but are not limited to:

- (a) the Series A Closing being duly completed on the Series A Closing Date in all respects in accordance with the Subscription Agreement;
- (b) the repayment of the outstanding principal amount of around RMB50,000,000 under the CCB Loan to the satisfaction of the Subscriber;
- (c) all the Warranties being true, complete and accurate in all material respects and not misleading in any material respect under the Subscription Agreement to be performed on or before the Series B Closing Date;
- (d) the approval for the listing of and the permission to deal in the Conversion Shares issuable upon the exercise of the conversion right under the Convertible Bonds on the Main Board as referred to in the Subscription Agreement shall remain valid and shall not have been revoked;

provided, however, that the Subscriber may, at its absolute discretion, waive compliance with any or all of the Series B CB Conditions Precedent above as the Subscriber may deem fit.

Closing of Series B CB Issue

The Series B Closing shall take place on the same Business Day as the Series B Closing Date at such place as may be agreed by the Parties. In any event, the Series B Closing Date shall not be later than the Series B Long Stop Date.

Termination

If, at any time prior to Closing, there is a breach by the Company of any covenant or agreement in the Transaction Documents and/or any of the Conditions has not been fulfilled, or waived by the Subscriber on or before the respective Long Stop Date, the Subscriber may terminate the Subscription Agreement by giving notice in writing to the Company.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are arrived at arm's length negotiations between the Company and the Subscriber. Set out below is a summary of the principal terms of the Convertible Bonds:–

Principal amount: An aggregate of up to HK\$100 million of Convertible Bonds are to be issued, comprising:

- (a) Up to HK\$50 million principal amount of the Series A CB
- (b) Up to HK\$50 million principal amount of the Series B CB

Issue price: 100% of the principal amount of the Convertible Bonds, payable in cash

Interest: 8% per annum

Interest Payment Date: Every three (3) calendar months from the Issue Date

Maturity Date: The first anniversary of the Issue Date of the Series A CB

Initial Conversion Price: HK\$0.3802

The Initial Conversion Price represents:

- i. a premium of approximately 18.8% of the closing price of HK\$0.3200 per Share as quoted on the Stock Exchange on 7 December 2015, being date of the Subscription Agreement;
- ii. a premium of approximately 17.3% of the average closing price of HK\$0.3240 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of the Subscription Agreement; and
- iii. a premium of approximately 10.0% of the average closing price of HK\$0.3457 per Share as quoted on the Stock Exchange for the last 20 days immediately before the date of the Subscription Agreement;

The initial Conversion Price is subject to adjustments from time to time on the occurrence of certain events in accordance with the provisions of the CB Instruments, including, consolidation or subdivision, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares, rights issues of securities, issues at less than the current market price or modification of rights of conversion.

- Conversion Period: The period beginning on the date on which the Closing Price of the Shares reaches 140% Conversion Price and ending at the close of business on the Maturity Date
- Conversion Rights: Each CB Holder has the right to convert all or any part (which shall be an integral multiple of the authorised denomination) of the principal amount of the Convertible Bonds into Shares at any time during the Conversion Period.
- Ranking of the Convertible Bonds: The Convertible Bonds shall constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* in all respects and without any preference or priority among themselves.
- Conversion Shares: The Conversion Shares issued upon conversion of the Convertible Bonds shall be fully paid, with full legal title and beneficial ownership, free and clear of all Encumbrances and will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date.
- Transferability: The Convertible Bonds are non-transferrable in whole or in part.
- Listing: No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. The Company shall apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

CB Holders will be entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price, subject to adjustment in the manner provided in the CB Instruments. Assuming exercise in full of the Conversion Rights at the initial Conversion Price of HK\$0.3802 per Share, an aggregate of 263,019,000 Conversion Shares will be issued, representing approximately 7.05% of the issued share capital of the Company as at the date of this announcement and approximately 6.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there was no repurchase of Shares or issue of other new Shares).

REASONS FOR THE CB ISSUE AND THE USE OF PROCEEDS

Pursuant to the Subscription Agreement, the Company shall use the proceeds raised through the CB Issue as general working capital.

It is expected that net proceeds (net of fees, commissions and expenses) will be raised through the CB Issue in full.

The Directors (including independent non-executive Directors) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue and the allotment and issue of the Conversion Shares) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of only the Series A CB Conversion Shares upon full conversion of the Series A CB at the initial Conversion Price; and (iii) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Series A CB and the Series B CB at the initial Conversion Prices (assuming that there is no other change in the issued share capital of the Company from the date of this announcement and up to the Closing Date are set out below:

	(i) As at the date of this announcement		(ii) Immediately after the allotment and issue of only the Series A CB Conversion Shares upon full conversion of the Series A CB at the initial Conversion Price		(iii) Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Series A CB and the Series B CB at the initial Conversion Prices	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
An David (<i>Note 1</i>)	2,766,593,980	74.12	2,766,593,980	71.60	2,766,593,980	69.24
Dubai World Corporation	370,000,000	9.91	370,000,000	9.57	370,000,000	9.26
Sub-total:	3,136,593,980	84.03	3,136,593,980	81.87	3,136,593,980	78.50
The Subscriber	–	–	131,509,500	3.40	263,019,000	6.58
Original public Shareholders	596,044,020	15.97	596,044,020	15.43	596,044,020	14.92
Sub-total:	596,044,020	15.97	727,553,520	18.83	859,063,020	21.50
Total:	3,732,638,000	100.00	3,864,147,500	100.00	3,995,657,000	100.00

Note:

- Mr. David An is the Chairman and Chief Executive of the Company. The shares held directly as to 218,390,000 shares by Mr. An personally and deemed interests in 2,766,593,980 shares by virtue of the SFO.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a limited liability company incorporated under the laws of Hong Kong. It is directly and wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated with limited liability in the Cayman Islands. The Group is a leading midstream player in the energy sector. The Group is mainly engaged in the oil related businesses in China: (i) Providing full range of specialized terminalling, storage and logistic service for petroleum products, liquid chemicals and gases; (ii) Offering value-added services in port and harbour area.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

There had not been any equity fund raising activity conducted by the Group in the past 12 months immediately preceding the date of this announcement.

GENERAL

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 21 May 2015. Under the General Mandate, a maximum of 746,527,600 new Shares may fall to be allotted and issued. The General Mandate has not been previously utilised prior to the date of this announcement. As such, the General Mandate will be sufficient for, and no further Shareholders' approval is required for, the allotment and issue of the Conversion Shares.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights.

Closing of the Subscription Agreement is subject to fulfilment and/or waiver of the conditions precedent under the Subscription Agreement. Accordingly, the CB Issue may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Applicable Laws”	with respect to any Person, any laws, regulations, rules, notices, guidelines, treaties, orders and other legislative decisions, executive, judicial decisions or pronouncements of any Governmental Authority or the Stock Exchange that is applicable to such Person
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are generally open for banking business in Hong Kong
“CB Holders”	holders(s) of the Convertible Bonds, including all subsequent transferee(s) of the Convertible Bonds
“CB Instrument(s)”	collectively, the Series A CB Instrument and the Series B CB Instrument
“CB Issue”	the issue of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“CCB Loan”	the loan facility in the principal amount of RMB800,000,000 granted by CCB Nansha Branch (中國建設銀行股份有限公司廣東自貿試驗區分行) to Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. (粵海(番禺)石油化工儲運開發有限公司) pursuant to the loan agreement dated 13 May 2010 entered into between CCB Nansha Branch and Guangdong (Panyu) Petrochemical Storage & Transportation Ltd.; or any part thereof and for the time being outstanding
“Closing”	the closing of the subscription of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“Closing Date”	in respect of the Series A CB, the Series A Closing Date; and in respect of the Series B CB, the Series B Closing Date
“Closing Price”	for the Shares for any Trading Day, the price per Share published in the Daily Quotation Sheet published by the Stock Exchange for such day

“Company”	Hans Energy Company Limited (漢思能源有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consolidated Net Asset Value”	the aggregate amount of current and non-current assets less the consolidated total liabilities (including current and non-current liabilities) of the Group as at the Relevant Financial Date
“Conversion Period”	in respect of the conversion of the Convertible Bonds, the period beginning on the date on which the Closing Price of the Shares reaches 140% Conversion Price and ending at the close of business on the Maturity Date
“Conversion Price”	HK\$0.3802 per Share, subject to adjustment in the manner provided in the CB Instruments
“Conversion Right(s)”	the right(s) of the CB Holder(s) to convert the all or any part of the principal amount of the Convertible Bonds into Conversion Shares, subject to the terms of the CB Instruments
“Conversion Share(s)”	the Conversion Shares issuable upon conversion of the Convertible Bonds
“Convertible Bond(s)”	the Series A CB and the Series B CB, or either of them, as the case may be
“Convertible Bond Certificate(s)”	the certificate(s) (in registered form) in respect of the Convertible Bonds to be issued and executed in the form or substantially in the form shown in the CB Instruments, as from time to time modified in accordance with the CB Instruments
“Directors”	the directors of the Company
“Governmental Authority”	any national, provincial, municipal or local government, administrative or regulatory body or department, commission, agency, court, tribunal, arbitrator or any body that exercises the function of a regulator, including, but not limited to, the Stock Exchange, and the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong
“Issue Date”	in respect of the Series A CB, the Series A Issue Date; and in respect of the Series B CB, the Series B Issue Date

“Long Stop Date”	in respect of the Series A CB, the Series A Long Stop Date; and in respect of the Series B CB, the Series B Long Stop Date
“Registration Date”	the date from which the holder(s) of record of the number of Shares issuable upon conversion is/are registered as such in the Company’s register of members
“Relevant Jurisdiction”	in relation to the Company and the Group Companies: <ul style="list-style-type: none"> (a) its jurisdiction of incorporation; and (b) any jurisdiction where any of its asset is situated; and (c) any jurisdiction where it conducts its business;
“Series A Issue Date”	the date of Series A CB Instrument
“Series A Long Stop Date”	24 December 2015 or any other dates as agreed in writing between the Subscriber and the Company
“Series B Issue Date”	the date of Series B CB Instrument
“Series B Long Stop Date”	15 December 2016 or any other dates as agreed in writing between the Subscriber and the Company
“Share(s)”	the ordinary shares of par value HK\$0.1 each of the Company or shares of any class or classes resulting from any subdivision or consolidation of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Subscriber”	CCB International Overseas Limited, a company incorporated under the laws of the Hong Kong and a directly and wholly-owned subsidiary of CCB International (Holdings) Limited
“Subscription Agreement”	the subscription agreement entered into by, among others, the Company and the CCB International Overseas Limited dated 7 December 2015 pursuant to which, among other matters, the Company agreed to issue the Convertible Bonds to CCB International Overseas Limited

“Trading Day”	a day when the Stock Exchange is open for dealing business, provided that, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days
“Transaction Documents”	the Subscription Agreement, the CB Instruments, and any other documents relating to the transactions which may be entered into from time to time
“Warranties”	the warranties and covenants given or procured to be given by the Company as set out in the Subscription Agreement, and each a “ Warranty ”
“%”	per cent.

By Order of the Board
Hans Energy Company Limited
Mr. David An
Chairman

Hong Kong, 7 December 2015

As at the date of this announcement, the executive directors of the Company are Mr. David An, Mr. Fung Chi Kwan, Nicholas, Ms. Liu Zhijun and Mr. Zhang Lei; and the independent non-executive directors of the Company are Mr. Li Wai Keung, Mr. Chan Chun Wai, Tony and Miss. Cheung Siu Yuen, Rose.