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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)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF SUBSIDIARY
AND
RESUMPTION OF TRADING

DISPOSAL OF SUBSIDIARY

The Board is pleased to announce that, on 22 August 2018, the Sellers and the Purchaser have entered into the Sale and Purchase Agreement pursuant to which the Sellers have conditionally agreed to sell, and the Purchaser have conditionally agreed to purchase, the entire equity interest in the Target for a purchase price of RMB1.56 billion (equivalent to approximately HK\$1.87 billion).

One of the Sellers, GD Petro-Chemicals, is an indirect wholly-owned subsidiary of the Company. The other Sellers, Good Ocean and GDLY, are the joint venture partners of GD Petro-Chemicals in the Target. To the best of the Directors' knowledge, the Purchaser and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Following Closing of the Transaction, the Remaining Group will primarily consist of the operation of jetty and storage facilities in DZIT for handling and storing petroleum oil and liquid chemical products.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 75%, the Transaction constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting will be convened for Shareholders to consider and, if thought fit, approve the Transaction.

A Circular containing, among other things, the information required under the Listing Rules in relation to the Transaction and a notice of the Extraordinary General Meeting is expected to be despatched to Shareholders on or around 14 September 2018, which is more than 15 Business Days after the date of this announcement as additional time will be required to prepare the Circular.

Shareholders and potential investors in the Company should note that the Transaction may or may not proceed as: (i) they are subject to a number of conditions which may or may not be fulfilled (or waived); and (ii) the Sale and Purchase Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Transaction will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m., 22 August 2018, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m., 30 August 2018.

INTRODUCTION

The Board is pleased to announce that, on 22 August 2018, the Sellers and the Purchaser have entered into the Sale and Purchase Agreement pursuant to which the Sellers have conditionally agreed to sell, and the Purchaser have conditionally agreed to purchase, the entire equity interest in the Target for a purchase price of RMB1.56 billion (equivalent to approximately HK\$1.87 billion).

As at the date of this announcement, the Target is held as to 92% by GD Petro-Chemicals, 7% by Good Ocean and 1% by GDLY.

GD Petro-Chemicals, is an indirect wholly-owned subsidiary of the Company. The other Sellers, Good Ocean and GDLY, are the joint venture partners of GD Petro-Chemicals in the Target. To the best of the Directors' knowledge, the Purchaser and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement will only become effective on the date when the Transaction has been approved by the Stock Exchange, the Shareholders in the Extraordinary General Meeting and the board of directors of the Purchaser's effective controller.

The principal terms of the Sale and Purchase Agreement are set out below.

(a) Reorganisation

As at the date of the Sale and Purchase Agreement, the Target owns certain assets of the Group (such as DZIT) that will form part of the Remaining Group. As such, prior to Closing, the Target will dispose of all assets, rights and liabilities other than the Target Assets pursuant to the Sale and Purchase Agreement (the "**Reorganisation**"). Upon completion of the Reorganisation, among other assets, all the shares held by the Target in Guangzhou Zhongshui Petrochemical Development Limited, which is the direct wholly-owned subsidiary of the Target and a majority shareholder of Dongguan Dongzhou International Petrochemical Storage Limited, and principally engaged in investment holding, and Dongguan Dongzhou International Petrochemical Storage Limited, which is principally engaged in the operation of DZIT, will be transferred to an entity ultimately held or controlled by the Company, which will form part of the Remaining Group so that, upon completion of the Reorganisation, the Company will continue to indirectly hold 92% interest in Guangzhou Zhongshui Petrochemical Development Limited and Dongguan Dongzhou International Petrochemical Storage Limited. As the Company's interest in the Remaining Group will remain unchanged upon completion of the Reorganisation, the Reorganisation is not expected to have any impact on the Remaining Group or any Chapter 14 implication under the Listing Rules.

Although the Purchaser is planning to convert XHIT into an LNG station which will be completely different from the existing business of the Group upon Closing (more details under the paragraph headed "Reasons for, and Benefits of, the Transaction"), the Purchaser has agreed to acquire the Target, and thus the Target Assets, by way of a share transfer (instead of an asset transfer) as some of the Target Assets (such as sea use rights and license to handle dangerous chemicals etc.) that are required to operate the LNG station are attached to the Target and can only be acquired by the Purchaser by way of share transfer in the Target.

As set out in the paragraph headed “Conditions precedent” below in this announcement, completion of the Reorganisation is a condition precedent to Closing.

(b) Consideration

The purchase price for the Transaction will be an amount equal to RMB1.56 billion (equivalent to approximately HK\$1.87 billion).

The purchase price will be paid to the Sellers in cash in two installments:

- (i) RMB0.78 billion, representing 50% of the purchase price (the “**First Installment**”), will be paid to the Sellers at a bank account designated by them within 10 Business Days of completion of all of the following conditions:
 - a. the Purchaser has completed due diligence on the Target (which must be completed within 30 days of the effective date of the Sale and Purchase Agreement);
 - b. the Sellers are not in breach of any representations and warranties provided in the Sale and Purchase Agreement; and
 - c. the Pledge has been registered in accordance with the relevant governmental requirement or regulations.

The First Installment shall be paid by the Purchaser within one month of the date when the Sale and Purchase Agreement becomes effective; and

- (ii) RMB0.78 billion, representing 50% of the purchase price, (the “**Remaining Price**”) will be paid upon satisfaction of the conditions to Closing as set out in the paragraph headed “Conditions precedent” below pro-rata to the Sellers’ respective interest in the Target to: (a) GDLY at its onshore bank account in the PRC; and (b) GD Petro-Chemicals and Good Ocean, as instructed in their payment notices: (x) in HK\$ or US\$ (both in the equivalent amount as converted using the rate published by the State Administration of Foreign Exchange of the PRC) at their designated offshore bank accounts, and if the Purchaser has failed to acquire sufficient foreign currency in the foreign exchange bank to pay such amount fully, the Purchaser shall pay the shortfall in onshore RMB at their designated onshore bank accounts; or (y) in offshore RMB at their designated offshore bank accounts, in each case within 10 Business Day of the payment notices issued by GD Petro-Chemicals and Good Ocean to the Purchaser. The Remaining Price shall be paid by the Purchaser within six months after the First Installment has been paid.

If GD Petro-Chemicals or Good Ocean has instructed the Purchaser to pay any portion of the purchase price in HK\$ or US\$ to an offshore bank account, but the Purchaser has failed to pay such amount fully in HK\$ or US\$ as instructed because of its inability to settle such payment in one-go, the Purchaser shall first promptly pay the shortfall (the “**Shortfall**”) in onshore RMB to GD Petro-Chemicals or Good Ocean (as the case may be) at its designated onshore bank account, and the Purchaser shall then pay GD Petro-Chemicals or Good Ocean (as the case may be) such Shortfall in the requisite foreign currency within 180 days of the Closing Date. If the Purchaser is unable to acquire sufficient foreign currency to pay the Shortfall accordingly within the 180-day period, the Purchaser shall pay the Shortfall in offshore RMB to GD Petro-Chemicals or Good Ocean (as the case may be) at its designated offshore RMB account. GD Petro-Chemicals or Good Ocean (as the case may be) shall refund the Shortfall previously paid by the Purchaser in onshore RMB to an onshore bank account designated by the Purchaser one Business Day before the Purchaser settles the Shortfall in the requisite foreign currency or offshore RMB, as the case may be.

The purchase price was determined following a strategic review of the Target’s financial position and as a result of arm’s length negotiations between the Sellers and the Purchaser, with reference to the business prospects and financial performance of the Target.

The purchase price of RMB1.56 billion (equivalent to approximately HK\$1.87 billion) represents the value which: (i) the Purchaser is willing to attribute to the Target as a going concern, taking into account the Valuation Report and the Target’s assets position, growth prospects, among other considerations; and (ii) the Sellers are willing to accept to dispose of the Target as a going concern, taking into account the Target’s assets position, profitability, market share, competitive positioning, growth prospects, cash flow generation ability, among other considerations.

If any of the Target Assets are not delivered on Closing in the condition as described in the Valuation Report, the Purchaser shall have the right to deduct from the purchase price of the Transaction an amount that represents a proportion of the value of such Target Assets (as set out in the Valuation Report) bears to the total value of all Target Assets (as set out in the Valuation Report). If the Purchaser has already fully paid the purchase price of the Transaction to the Customer, the Purchaser has the right to claim for such deduction under the Sale and Purchase Agreement.

(c) Conditions precedent

The obligations of the parties to the Sale and Purchase Agreement to effect Closing shall be conditional upon the satisfaction within six months of the payment of the First Installment or waiver of the following conditions:

- (i) all the shares in the Target are legally and completely held by the Sellers and there are no encumbrances on such shares;
- (ii) no encumbrances on the Target's land and intangible assets;
- (iii) all rights, licences, consents, approvals and authorisations that are required for the operation of the Target's business are in force and are complied with at the time of the signing of the Sale and Purchase Agreement and the share ownership filing of the Target (other than licences and permits in relation to operating dangerous chemical business or qualified personnel (but does not include rights to use real estate, land, sea));
- (iv) completion of the Reorganisation;
- (v) termination storage of contracts with the Target's customers and cleaning of the storage and tanks of XHIT and the Panyu Solid Chemical Warehouse and Logistic Centre as agreed between and confirmed after inspection by the parties to the Sale and Purchase Agreement during the pre-Closing audit and due diligence, and the condition and the indicators in the storage areas are in compliance with the national safety standard or measures in relation to operating dangerous chemical storage or tanks, and the storage area satisfies operational conditions. The Board expects that the termination of those storage contracts will not have any material adverse impact on the Remaining Group;
- (vi) dangerous waste and toxic substances produced during the operation of the Target have been legally disposed, and does not carry any environmental risk; and
- (vii) all employees of the Target have been placed in accordance with the supplemental agreements entered into by the Sellers and the Purchaser.

(d) Closing

Upon satisfaction (or waiver) of the Closing conditions, the Purchaser has 30 days to complete pre-Closing audit and due diligence and issue a notice to confirm that the Closing conditions have been satisfied (or waived) (the "**Closing Notice**"). The Sellers and the Purchaser will then commence the filing process with the State Administration for Industry and Commerce of the PRC in order to register the Purchaser as the new sole shareholder of the Target. Such filing process shall be completed within 30 days of the Closing Notice (the completion date of such filing being the "**Closing Date**"), and the Purchaser shall assume all rights and obligations of a shareholder of the Target from the Closing Date.

(e) **Other key terms**

The Sellers and the Purchaser have agreed to the following arrangements in the Sale and Purchase Agreement in connection with the Transaction:

(i) Arrangements in relation to transitional work

After paying the First Installment, the Purchaser shall have the right to (i) use the Target's name to commence work on the Target's projects, including the right to use the Target's company stamp and (ii) appoint personnel to operate in specified areas in the Target's premises.

It is also intended that from the date of the Closing Notice, the Sellers shall allow personnel appointed by the Purchaser to enter the Target's premises to commence work to facilitate the transition (including stock-taking of the Target's assets, transferring the Target's books and records, information of the Target's projects, all originals of the approvals required for the Target's operation etc.) in order to complete the transition one Business Day after the Closing Date.

(i) Purchaser's guarantee

The Purchaser has agreed to provide a bank guarantee in the amount of RMB80 million for the benefit of a company designated by the Sellers within 30 days after the effective date of the Sale and Purchase Agreement to guarantee the payment obligation of the Purchaser for breaching the Sale and Purchase Agreement. Such guarantee shall be effective until 31 January 2019.

(ii) Share and land pledge

The Sellers have agreed to pledge the shares held by GD Petro-Chemicals in the Target (representing 92% of the issued share capital of the Target) and certain land use rights of the Target for the benefit of the Purchaser (the "**Pledge**") within 30 days after the Purchaser has provided the RMB80 million bank guarantee. The purpose of the Pledge is to guarantee the performance of the Sellers' payment obligations if they breach the Sale and Purchase Agreement.

(iii) Sellers' guarantee

The Sellers have agreed to provide a bank guarantee in the amount of RMB45 million for the benefit of the Purchaser before the payment of the Remaining Price by the Purchaser to cover any contingent liability or other default of the Target (including fine, tax obligation, environmental penalty or claim) that has not been disclosed in the disclosure letter. Such guarantee shall be valid for 3 years from the date of its issuance.

(iv) Targets' insurance coverage

The Sellers have agreed to ensure that all the Target Assets continue to be insured until 60 days after the Closing Date.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION

As at the date of this announcement, the Group owns and operates two main liquid product terminals, namely the Panyu Petrochemical Terminal (“**XHIT**”) which is owned by the Target and the Dongzhou Petrochemical Terminal (“**DZIT**”) which is owned by the another entity of the Group. Further details of these two terminals are set out below:

General Information	XHIT	DZIT
Major business activities	Provision of terminal, transshipment, warehousing and storage activities carried out in Panyu, the PRC	Provision of terminal, transshipment, and storage activities carried out in Dongguan, the PRC
Site location	Xiao Hu Island, Nansha district, Guangzhou city, Guangdong province	Lisha Island, Humen Harbour district, Shatian country, Dongguan city, Guangdong province
Areas	Approximately 212,000 square metres	Approximately 516,000 square metres
Capacity	Approximately 330,450 cubic metres	Approximately 260,000 cubic metres (planned to reach 960,950 cubic metres)
Tank Farm	86 oil and chemical tanks	94 oil and chemical tanks
Tank Sizes	Ranging from approximately 650 to 12,000 cubic metres	Ranging from approximately 850 to 30,000 cubic metres
Berths	5 berths ranging from 500 to 30,000 dwt	12 berths ranging from 500 to 80,000 dwt
Operating history	Commenced construction in 1992 and operated since 1995	Commenced construction in 2006 and operated since 2012

General Information	XHIT	DZIT
Number of staff (as at 31 December 2017)	268	194
Performance indicator		
Terminal throughput	3,659,000 metric ton	2,779,000 metric ton
Leaseout rate	93.8%	78.7%

Although XHIT has been one of the principal facilities of the Group's business and the Target has contributed substantially to the Group's revenue and profit, the Board considers that the purchase price to be favourable as it represents a price-to-earning ratio of 18 times based on the earnings before interest, tax, depreciation and amortisation of the Target for the financial year ended 31 December 2017, and believes that the offer is a valuable opportunity unlikely to repeat often in the future with such valuation to dispose of the Target. In addition, it would be beneficial to dispose of the Target in the long run in view of the following reasons:

- (a) the Target has almost reached its maximum capacity and has limited potential for further development. The terminals of XHIT belongs to the 30,000-ton grade, which is of relatively small scale, and has no land to expand. As the average leaseout rate is at 93.8% in 2017 which is almost at its peak, there is limited potential for further growth;
- (b) the main facilities of the XHIT were built in 1992 and have been in operation for over 20 years since 1995. The facilities and fixtures are obsolete. The maintenance costs going forward will be high;
- (c) the Target's high profitability is partly attributable to the substantially lower depreciation cost of the facilities and fixtures in XHIT due to its long history of operation. The depreciation costs of XHIT and DZIT are as follows:

For the year ended 31 December (HK\$ millions)	XHIT			DZIT		
	2015	2016	2017	2015	2016	2017
Depreciation and amortisation	31.1	28.5	25.4	94.6	81.2	64.9

This also means that substantial capital expenditure is required to sustain the current level of operation of XHIT. These costs will erode the Target's and the Group's profitability in the long run;

- (d) the Transaction will provide the Company with resources to fund the second phase construction in DZIT and develop the new retail refinery oil business. The Board believes that, as the international oil price has rebounded from the bottom in 2016, the Group will benefit from expanding the DZIT operation. The Group is planning to apply for approval to commence the second phase construction of DZIT, which is expected to increase the total storage capacity of the Group to an annual throughput of about 5,000,000 tonnes (representing an increase of approximately 40% of the current storage capacity) upon its completion in 2021. The second phase construction is currently still at a preliminary preparation stage. The Company currently does not expect any material difficulty in obtaining approvals from the governmental authority on the second phase construction and the approval process is currently estimated to take about 1 year. The Group will also partner with a state-owned enterprise in Guangzhou to enter the retail refined oil business by operating petrol stations. The Group believes that it can achieve synergy from the retail business by leveraging on the logistic support from the Group's existing business of storage and logistics of diesel and gasoline; and
- (e) the proceeds from the Transaction allow the Company to repay some existing financial debts, leading to a stronger balance sheet and credit profile for the Company. The Remaining Group is currently supported by a high level of bank financing which has a detrimental effect to the Group's financial position. The repayment obligations under the Group's existing bank loans might put significant stress on the Group's cash flow. With the purchase price of RMB1.56 billion (equivalent to approximately HK\$1.87 billion) representing a price-to-earning ratio of 18 times based on the earnings before interest, tax, depreciation and amortisation of the Target for the financial year ended 31 December 2017, the Transaction will help the Group repay its outstanding loans, improve its cash flow and increase its cash balance.

The Board understands that upon Closing, the Purchaser will stop the Target's existing operation. The Purchaser is planning to convert XHIT into an LNG station which will be completely different from the existing business of the Group. As the leaseout rate at DZIT has improved and capacity is limited, the Group is planning to select certain customers and move them to DZIT and the Remaining Group. The selection will be based on a variety of factors, such as the existing business relationship with the customer and whether it is or will be a longterm customer, the credit terms and the customer's payment pattern, the customer's reputation and goodwill, terms (price, duration etc.) of the Group's subscription. The Board expects that given those selected customers' relationship with the Group, they will move to DZIT and the Remaining Group. As such, there will be no direct competition between the Group and the Target upon Closing.

In view of the above, the Board considers that the Transaction will not have any material adverse impact on the Remaining Group. The Group will continue and will be able to provide terminal, transshipment and storage services upon Closing.

The terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations between the Sellers and the Purchaser. The Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

Having taken into account the reasons for, and benefits of, the Transaction as set out above, the Directors have unanimously approved the Transaction and recommend the Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting to approve the Transaction and the transactions contemplated under the Transaction Documents.

FINANCIAL EFFECTS OF THE TRANSACTION

As a result of the Transaction, the Company expects to realise a gain of HK\$870 million.

The basis for calculating the expected gain from the Transaction is the purchase price of the Target pro rata to GD Petro-Chemicals' interest in the Target less: (i) the carrying value for the Target (as derived from the annual accounts of the Group for the financial year ended 31 December 2017) pro rata to GD Petro-Chemicals' interest in the Target, being RMB545 million (equivalent to approximately HK\$653 million); (ii) estimated tax expenses payable on the Transaction pro rata to GD Petro-Chemicals' interest in the Target, being RMB120 million (equivalent to approximately HK\$144 million); and (iii) estimated transaction costs incurred by the Group, including fees to the professional advisers, being HK\$50 million.

Based on the annual accounts of the Group for the financial year ended 31 December 2017, the purchase price exceeds the carrying value of the Target (both pro rata to GD Petro-Chemicals' interest in the Target) by RMB889 million (equivalent to approximately HK\$1.06 billion). The Company is expected to realise a gain of HK\$870 million from the Transaction.

Shareholders should note that the above paragraph is for illustrative purposes only. The actual gain or loss from the Transaction may be different and will be determined based on the financial position of the Company on the Closing Date and the review of the Company's auditors upon finalisation of the consolidated financial statements of the Company.

The unaudited pro forma turnover, net profit and net asset value of the Remaining Group as at 31 December 2017 assuming Closing has taken place on 31 December 2017 are respectively HK\$112 million, HK\$1,251 million (including a gain of HK\$870 million expected to be realised by the Group as a result of the Transaction) and HK\$1,148 million (including an increment of HK\$1,140 million to the net asset value of the Remaining Group as a result of the Transaction, which mainly comprises an increase of HK\$374 million in cash, a decrease of HK\$987 million in bank loans, a decrease of HK\$324 million of tangible assets excluding cash, and a decrease of HK\$103 million in liabilities other than bank loans).

On Closing, the Target will cease to be a subsidiary of the Company and the profit and loss and the assets and liabilities of the Target will no longer be consolidated into the Company's consolidated financial statements.

USE OF PROCEEDS FROM THE TRANSACTION

The Company intends to use:

- (a) about 63% of the net proceeds from the Transaction to pay down existing debts of the Group, which includes: (i) a loan of RMB800 million from China Construction Bank for a term of 12 years from 13 May 2010 that has been drawn down (x) for a principal amount of RMB300 million in 2010, (y) for a principal amount of RMB200 million in 2012, and (z) for a principal amount of RMB300 million in 2013; (ii) a loan with a principal amount of RMB112 million from China Construction Bank for a term of 15 years from 19 May 2010; and (iii) a loan with a principal amount of RMB40 million from China Construction Bank for a term of 12 years from 10 September 2012;
- (b) about 17% to fund the second phase construction of DZIT and the development of the new retail refinery oil business; and
- (c) the remaining for general working capital purposes.

Further details of the intended use of net proceeds will be set out in the Circular.

INFORMATION ABOUT THE TARGET

The Target is principally engaged in the operation of jetty and storage facilities in Panyu Petrochemical Terminal for handling and storing petroleum oil and liquid chemical products.

The net asset value of the Target as at 31 December 2017, as derived from the annual accounts of the Group, was approximately HK\$710 million.

The profit before tax and after tax of the Target which is prepared in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 December 2016 and 31 December 2017 is as follows:

<i>HK\$ millions</i>	For the year ended	
	31 December	
	2016	2017
Profit before tax	35.2	70.2
Profit after tax	27.5	70.9

INFORMATION ABOUT THE COMPANY

The Company is principally engaged in the provision of terminal and storage facilities and services for liquid petrochemical products in south China. The Company provides integrated facilities of jetties, storage tanks, warehousing and logistic services in south China for oil, petroleum, liquid petrochemical products and offers value-added services in its ports and storage tank farms.

INFORMATION ABOUT THE SELLERS

The Sellers are GD Petro-Chemicals, Good Ocean and GDLY.

GD Petro-Chemical is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, and is principally engaged in the provision of administrative services.

Good Ocean is a company incorporated in Hong Kong and a joint venture partner to GD Petro-Chemicals and GDLY in the Target, and is principally engaged in the sale of petrochemical products, raw materials and machinery.

GDLY is a company incorporated in the PRC and a joint venture partner to GD Petro-Chemicals and Good Ocean in the Target, and is principally engaged in the sale of petrochemical products, raw materials and machinery.

INFORMATION ABOUT THE PURCHASER

The Purchaser is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Guangzhou Development Group Incorporated (廣州發展集團股份有限公司). Guangzhou Development Group Incorporated is a company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 600098). The Purchaser specialises in gas pipelines and facilities construction and management.

The Company understands from an adviser that the Purchaser and Guangzhou Development Group Incorporated are interested in acquiring XHIT to convert it into an LNG station, and is introduced to the Purchaser through the adviser. The Purchaser proposed the Transaction and the parties have agreed to the current terms and conditions of the Sale and Purchase Agreement as a result of arm's length negotiations.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 75%, the Transaction constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

(a) Extraordinary General Meeting

An Extraordinary General Meeting will be convened for Shareholders to consider and, if thought fit, approve the Transaction and the transactions contemplated under the Transaction Documents.

(b) Circular

A Circular containing, among other things, the information required under the Listing Rules in relation to the Transaction and a notice of Extraordinary General Meeting is expected to be despatched to Shareholders on or around 14 September 2018, which is more than 15 Business Days after the date of this announcement as additional time will be required to prepare the Circular.

(c) Warning

Shareholders and potential investors in the Company should note that the Transaction may or may not proceed as: (i) they are subject to a number of conditions which may or may not be fulfilled (or waived); and (ii) the Sale and Purchase Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Transaction will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m., 22 August 2018, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m., 30 August 2018.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Business Day”	a day other than a Saturday, a Sunday or a day on which commercial banks in the PRC are to remain closed
“Circular”	the circular relating to the Transaction to be despatched to the Shareholders in accordance with the Listing Rules
“Closing”	completion of the Transaction in accordance with the provisions of the Sale and Purchase Agreement
“Closing Date”	has the meaning given to it in this announcement
“Closing Notice”	has the meaning given to it in this announcement
“Company”	Hans Energy Company Limited, a limited company incorporated in the Cayman Islands with limited liability, whose shares are listed on The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“DZIT”	has the meaning given to it in this announcement
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for Shareholders to consider and, if thought fit, approve the Transaction
“First Installment”	has the meaning given to it in this announcement
“GD Petro-Chemicals”	Guangdong Petro-Chemicals Company Limited (粵海石油化工有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“GDLY”	Guangdong Lian Ying Petro Chemicals Company Limited* (廣東聯盈石油化工有限公司), a company incorporated in the PRC with limited liability
“Good Ocean”	Good Ocean Enterprises Limited (海洋企業有限公司), a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Pledge”	has the meaning given to it in this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Guangzhou Gas Group Company Limited (廣州燃氣集團有限公司), a company incorporated in the PRC with limited liability
“Remaining Group”	the remaining business of the Group after Closing
“Remaining Price”	has the meaning given to it in this announcement
“Renminbi”	Renminbi, the lawful currency of the PRC
“Reorganisation”	has the meaning given to it in this announcement
“Sale and Purchase Agreement”	the agreement dated 22 August 2018 entered into between the Sellers and the Purchaser relating to the sale and purchase of the shares of the Target
“Sellers”	GD Petro-Chemicals, Good Ocean and GDLY
“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	shares of the Company
“Shortfall”	has the meaning given to it in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. (粵海(番禺)石油化工儲運開發有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company (which is owned as to 92% by the Company)

“Target Assets”	the assets of the Target specifically referred to in the Sale and Purchase Agreement to be transferred to the Purchaser upon Closing, including land use rights, sea area use rights and property rights in relation to the fixtures and facilities of the Target and all licenses and approvals required to operate the Target’s business
“Transaction”	the proposed disposal by the Company of the shares of the Target in accordance with the provisions of the Sale and Purchase Agreement, as further described in this announcement
“Transaction Documents”	the Sale and Purchase Agreement and the agreements to be entered into pursuant thereto
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation Report”	the asset valuation report dated 31 May 2018 and prepared by Zhong Lian International Valuation & Consulting Company Limited* (中聯國際評估諮詢有限公司), a valuer appointed by the Purchaser
“XHIT”	has the meaning given to it in this announcement

By order of the Board
Hans Energy Company Limited
Yang Dong
*Chief Executive Officer and
Executive Director*

* *For identification purposes only*

In this announcement, Renminbi converted into Hong Kong dollars at the rate of RMB1 = HK\$1.19632.

Hong Kong, 29 August 2018

As at the date of this announcement, the Board comprises four executive directors, namely Mr. David An (Chairman), Mr. Yang Dong, Ms. Liu Zhijun and Mr. Zhang Lei and three independent non-executive directors, namely Mr. Li Wai Keung, Mr. Chan Chun Wai, Tony and Ms. Hai Hiu Chu.