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HANS ENERGY COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 554)

ANNOUNCEMENT IN RELATION TO UPDATED DEVELOPMENT OF THE TERMINAL PROJECT IN DONGGUAN

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of Hans Energy Company Limited dated 28 April 2006 (“**Announcement**”) in relation to, among other things, the grant of rights for the use and development of the Land and the Coastal Line. Unless otherwise defined, terms used in the Announcement have the same meanings when used in this announcement.

As at the date of this announcement, the construction work of the oil, gas and liquid petrochemical storage tank farm and port on the Land and the Coastal Line (“**Project**”) is still in progress and it is expected that the construction work will be completed by the last quarter of 2007.

In order to enhance the development of the Project and to explore opportunities for potential cooperation, the Company and the PRC Subsidiary have been in negotiation with Sinopec Group Guangzhou Refinery (中國石化集團廣州石油化工總廠) (“**Sinopec GZ Refinery**”) since early 2005. On 4 April 2005, the Company, the PRC Subsidiary and Sinopec GZ Refinery entered into a memorandum of understanding (“**Memorandum of Understanding**”) in relation to, among other things, the provision of services, including the discharge of refined oil from the pier to the storage tanks located in the tank farm for further distribution as and when required, to Sinopec GZ Refinery upon completion of the Project (“**Provision of Services**”). The Provision of Services is intended to release the pressure of insufficient throughput capacity of existing terminal facilities Sinopec GZ Refinery is currently using in the distribution of its refined oil products. According to the Memorandum of Understanding, the Project is primarily designed to accommodate any additional storage and transportation services requirements arising from the expansion of production capacity of Sinopec GZ Refinery. The Company, the PRC Subsidiary and Sinopec GZ Refinery agreed to consider further investments in the construction of pipelines connecting the Project and the factory of Sinopec GZ Refinery in Guangzhou, in order to increase the storage and transportation capabilities to cope with its expansion of production capacity.

The Company wishes to announce that, as at the date hereof, the Company, the PRC Subsidiary and Sinopec GZ Refinery are still in the course of negotiation on the further terms and conditions on the Provision of Services. However, no binding agreement in relation thereto has been entered into.

The Board wishes to emphasize that no binding agreement in relation to the further terms and conditions on the Provision of Services has been entered into as at the date hereof. Accordingly, there is no assurance that the plan and/or transaction described above will proceed as planned or at all. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made as and when necessary.

By order of the Board of
Hans Energy Company Limited
David An
Chairman

Hong Kong, 13 December 2006

As at the date of this announcement, the Board comprises Mr. David An, Ms. Feng Ya Lei, Mr. Zhou Nan Zheng, Mr Fung Chi Kwan, Nicholas and Ms. Liu Zhijun as executive Directors and Mr. Li Wai Keung, Mr. Liu Jian and Mr. Chan Chun Wai, Tony as independent non-executive Directors.

*Please also refer to the published version of this announcement in **The Standard**.*