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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)

### DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDER

The Company has been informed by one of its controlling shareholders, Vand Petro-Chemicals (BVI) Company Ltd, that it has entered into an agreement to sell 100,000,000 Shares (representing approximately 6.58% of the existing issued share capital of the Company) to Glencore Finance (Bermuda) Ltd., a wholly-owned subsidiary of Glencore International AG, for a consideration of HK\$1.00 per Share, subject to adjustment. The Share Sale is expected to be completed on or before 8 March 2005.

Trading in the Shares on the Stock Exchange has been suspended from 9:44 a.m. on 24 February 2005 pending the release of this announcement. Trading in the Shares on the Stock Exchange will resume from 9:30 a.m. on 25 February 2005.

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 (the “**Listing Rules**”).

### Disposal of shares

Hans Energy Company Limited (the “**Company**”) has been informed by one of its controlling shareholders, Vand Petro-Chemicals (BVI) Company Ltd (“**Vand Petro**”), a company wholly-owned by Mr. David An (“**Mr. An**”), a director of the Company, that it has, on 24 February 2005, entered into an agreement (the “**Agreement**”) to sell 100,000,000 shares of HK\$0.10 each in the share capital of the Company (“**Shares**”) (representing approximately 6.58% of the existing issued share capital of the Company) to Glencore Finance (Bermuda) Ltd. (“**Glencore**”), a wholly-owned subsidiary of Glencore International AG (the “**Share Sale**”) for a consideration of HK\$1.00 per Share, subject to adjustment. The Share Sale is expected to be completed on or before 8 March 2005.

Glencore has agreed not to dispose of its Shares during the six months from the date of completion of the Share Sale for so long as Mr. An and/or Vand Petro and/or any company controlled by Mr. An hold 51% or more of the issued share capital of the Company.

Under the Agreement, Vand Petro has also granted to Glencore two options (the “**Options**”) to purchase further Shares from it. Under the first option (the “**Option 1**”), Glencore has a right to purchase an additional 60,000,000 Shares from Vand Petro at any time on or before 31 May 2005.

Under the second option (the “**Option 2**”), Glencore has a right to purchase a further 59,450,000 Shares from Vand Petro at any time on or before 31 August 2005. The price per Share payable by Glencore upon exercise of the Options shall be the lower of (i) HK\$1.00; or (ii) the closing price per Share as stated in the relevant daily quotation sheet of the Stock Exchange on the business day immediately before the date of the notice of exercise of the relevant Option; or (iii) in the event the Company issues or agrees to issue new shares and/or Vand Petro, Mr. An or any company controlled by Mr. An sells or agrees to sell any shares to any third party (a “**Placing**”) prior to the completion of the exercise of Option 1 or Option 2, as the case may be, the price per Share under such Placing. The Company will make a further announcement in the event that the Options are exercised.

The shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Share Sale is as follows:

Name	Number of Shares held as at the date of this announcement	Approximate percentage of total issued Shares	Number of Shares held immediately after completion of the Share Sale	Approximate percentage of total issued Shares
Mr. An and his associates (as defined under the Listing Rules)	1,139,773,980 <i>(Note)</i>	74.99%	1,039,773,980	68.41%
Glencore Finance (Bermuda) Ltd.	0	0.00%	100,000,000	6.58%
Public shareholders	380,226,020	25.01%	380,226,020	25.01%
Total	<u>1,520,000,000</u>	<u>100.00%</u>	<u>1,520,000,000</u>	<u>100.00%</u>

*Note:* These Shares are held directly as to 530,000,000 Shares by Vand Petro and 609,773,980 Shares by Extreme Wise Investments Limited, a company wholly-owned by Mr. An. Vand Petro also holds a convertible note convertible into 2,270,000,000 Shares.

Assuming that there is no new issue of Shares by the Company nor any conversion of the convertible note (as detailed in the Company’s circular dated 7 December 2004) by Vand Petro, in the event that Glencore exercises both Options, it will hold 219,450,000 Shares (representing approximately 14.44% of the existing issued share capital of the Company) and accordingly become a substantial shareholder of the Company under the Listing Rules.

The directors of the Company (the “**Directors**”) believe that having Glencore as a shareholder of the Company will enhance its international profile and expansion opportunities both in the PRC and around the world.

The Company was informed by Vand Petro that it has appointed UBS AG as its financial adviser in connection with the transactions contemplated under the Agreement.

## Information on Glencore

Glencore is part of a group (the “**Glencore Group**”) which is one of the world’s largest suppliers of commodities and raw materials to industrial consumers. The Glencore Group has 60 offices in over 50 countries.

To the best of the knowledge of Vand Petro and the Company, Glencore is not a connected person (as defined under the Listing Rules) of the Company.

## **Information on the Company and its subsidiaries (the “Group”)**

The Group currently operates the businesses of (i) trading of petroleum products and (ii) operation of oil and liquid petrochemical terminal and storage facilities. The Group’s long-term business strategy is to become a leading integrated service provider for oil and liquid petrochemical terminal and storage facilities in the People’s Republic of China (the “PRC”).

On 21 February 2005, the Company entered into a non-binding memorandum of understanding with a PRC project company (which is not a connected person (as defined under the Listing Rules) of the Company) pursuant to which the Company has agreed in principle to acquire the rights, title and interest in a proposed project to build a new oil and liquid petrochemical storage facility in the Pearl River Delta area in the PRC (the “**Pearl River Project**”) with a total storage capacity of approximately 700,000 cubic metres and 12 jetties with docking capacities ranging from 500 to 100,000 deadweight tons. With the construction of the new facilities, the Group’s storage capacity will increase by approximately 215% (from 325,750 cubic metres to 1,025,750 cubic metres) and annual docking capacity will increase by approximately 166% (from 7,210,000 metric tons to 19,210,000 metric tons per annum). The Group’s capital investment in the project is estimated to be around RMB500 million to 600 million. It is currently anticipated that the new facility will become operational in 2006. The Directors believe that the Group’s competitive strength in the Pearl River Delta region will be considerably enhanced once the facility becomes operational.

On 29 December 2004, the Company entered into a lease arrangement with China Petroleum & Chemical Corporation, Guangdong branch (“**Sinopec Guangdong**”) (the “**Sinopec Lease**”) whereby Sinopec Guangdong has agreed to, among other things, lease a substantial portion of the Group’s existing tank storage capacity for a period of 20 years. Details of this lease arrangement are set out in the Company’s announcement dated 31 December 2004. With the Pearl River Project, the complementary Sinopec Lease and an additional four petrochemical tanks commencing operation in June 2005 at the Group’s existing site, the Directors believe that the Group’s income will be enhanced by the increase in rental income and berthing capacity. The Directors also believe that the long term relationship with Sinopec Guangdong enhances the Group’s market position and competitive strength. Sinopec Guangdong is not a connected person (as defined under the Listing Rules) of the Company.

The Group is also in negotiations regarding an exclusive lease arrangement for an oil pipeline, jetties and storage facilities in a location outside the PRC (the “**Pipeline Project**”). The pipeline has an annual maximum pumping capacity of approximately 60 million metric tons, the jetties have a maximum docking capacity of approximately 500,000 deadweight tons and the storage facility has an aggregate capacity of approximately 1.5 million cubic metres. The Group plans to sublease such facilities to oil companies and oil tankers. The Group expects the arrangements to be completed around June 2005 and the Directors believe that such arrangements will give the Group a significant competitive advantage by providing customers with an attractive location for docking and storage.

**There is no assurance that any of the plans and/or transactions described above in relation to the Pearl River Project and/or the Pipeline Project will proceed as planned or at all. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. The Company will make such further announcements in relation to the above projects as and when required under the Listing Rules and comply with the requirements under the Listing Rules in relation to notifiable transactions if and when applicable.**

The Directors also refer to the profit forecast of Union Petro-Chemicals (BVI) Company Limited (a wholly-owned subsidiary of the Company) and its subsidiaries (the “**UPC Group**”) for the year ended 31 December 2004, as set out in appendix VII to the Company’s circular dated 7 December 2004, and note that they are not aware of any matter or circumstance which would cause the UPC Group not to be able to achieve the aforementioned profit forecast.

## **Suspension and resumption of trading**

Trading in the Shares on the Stock Exchange has been suspended from 9:44 a.m. on 24 February 2005 pending the release of this announcement. Trading in the Shares on the Stock Exchange will resume from 9:30 a.m. on 25 February 2005.

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

Hong Kong, 24 February 2005

*As at the date of this announcement, Mr. David An, Ms. Feng Ya Lei, Mr. Zhou Nan Zheng and Ms. Kwan Po Wan are executive Directors, and Mr. Li Wai Keung, Mr. Liu Jian and Mr. Liu Wei are independent non-executive Directors.*

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