THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hans Energy Company Limited (the "**Company**"), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

HANS ENERGY COMPANY LIMITED
漢 思 能 源 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00554)

(1) VERY SUBSTANTIAL DISPOSAL DISPOSAL OF SUBSIDIARY AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM of the Company to be held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 8 October 2018 at 10:00 a.m. is set out on pages EGM-1 and EGM-2 of this circular. Whether or not you are able to attend, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time of the meeting. Completion and return of the proxy form will not preclude you from attending and voting at the meeting or any adjournment thereof (as the case may be) should you so wish.

19 September 2018

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In this circular, the following expressions have the following respective meanings unless the context requires otherwise:

"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
"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 circular
"Closing Notice"	has the meaning given to it in this circular
"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
"DDIT"	has the meaning given to it in this circular
"Directors"	the directors of the Company
"DZIT"	has the meaning given to it in this circular
"EGM"	the extraordinary general meeting of the Company to be convened and held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 8 October 2018 at 10:00 a.m. by the Company to approve, inter alia, the Transaction
"First Installment"	has the meaning given to it in this circular
"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
"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
"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
"GZPD"	has the meaning given to it in this circular

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	17 September 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular 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
"LNG"	liquefied natural gas
"LPG"	liquefied petroleum gas
"Pledge"	has the meaning given to it in this circular
"PRC"	the People's Republic of China, which for the purpose of this circular, 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 circular
"Renminbi"	Renminbi, the lawful currency of the PRC
"Reorganisation"	has the meaning given to it in this circular
"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
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	the shareholder(s) of the Company
"Shares"	shares of the Company
"Shortfall"	has the meaning given to it in this circular

"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
"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 circular
"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 circular

* *For identification purposes only*

HANS ENERGY COMPANY LIMITED
漢 思 能 源 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00554)

Executive Directors:
Mr. David An *(Chairman)*
Mr. Yang Dong
Ms. Liu Zhijun
Mr. Zhang Lei

Independent Non-executive Directors:
Mr. Li Wai Keung
Mr. Chan Chun Wai, Tony
Ms. Hai Hiu Chu

Registered office:
PO Box 309, Ugland House
Grand Cayman
KY1-1104, Cayman Islands

Head office and principal place of business:
Unit 2608, 26/F
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

19 September 2018

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF SUBSIDIARY
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement dated 29 August 2018 issued by the Company in relation to the Transaction.

The purpose of this circular is to provide you with, among others, the details of the Transaction as required under the Listing Rules and the notice of the EGM.

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 circular, 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 EGM 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 ("**GZPD**"), which is the direct wholly-owned subsidiary of the Target and a majority shareholder of Dongguan Dongzhou International Petrochemical Storage Limited ("**DDIT**"), and principally engaged in investment holding, and DDIT, 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 GZPD and DDIT. 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.

A breakdown of the nature of the Target Assets and the book value of each category of the Target Assets as at 31 July 2018 is set out below:

	RMB million
Property	54.3
Land use rights	37.0
Terminals, storage and related ancillaries	95.4
Equipment and facilities	28.4
Rights, licences and permits to operate the Target's business etc. *(Note A)*	0.0
Total book value of the Target Assets	**215.1**

Note:

A. Rights, licences and permits in relation to the operation of the Target's business and the handling of dangerous chemical products constitute the Target Assets but have no book value under the Group's accounting policy.

The Target Assets do not include cash in the Target. If the Target has outstanding cash in its bank account(s) after it has satisfied all payment obligations required for its operation before Closing and the Reorganisation as at the date on which the pre-Closing audit is based (as supported by the proof of deposit issued by the relevant bank(s)), such cash will be paid by the Target to the Remaining Group, subject to the set-off arrangement as described in the paragraphs headed "Consideration" below.

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 licences 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 circular, 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. Subject to the satisfaction (or waiver) of the Closing conditions, the Remaining Price is expected to be paid by the Purchaser within six to eight 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, in which the Target Assets were assessed on a net asset value basis, 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 following factors, among other considerations, the Target's ability to generate revenue, profits and cash in the long run is the most important consideration in this Transaction. Although the Target is the main source of profit of the Group, the main facilities of XHIT are obsolete and their maintenance costs will be high in the future. Huge amount of capital expenditure will be required to sustain the Target's business. The Target also has limited growth potential as XHIT is almost at maximum utilisation. These factors will hamper the Group's profitability and cash position in the long run. Given that the purchase price 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 no other party has offered to acquire the Target at the same or a higher multiple, the Board considers the purchase price to be favourable.

If any of the Target Assets listed out in the Valuation Report are not delivered or has major defects on Closing, 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.

Such deduction (after setting-off against the Target's outstanding cash (if any)) is subject to a threshold of RMB1 million. If the adjustment to the purchase price (after setting-off) equals to or exceeds RMB1 million, the purchase price will be adjusted by the entire net adjustment amount (and not only the excess above the threshold). If the adjustment is lower than RMB1 million, the purchase price will not be adjusted.

The adjustment mechanism was agreed after arm's length negotiations between the Sellers and the Purchaser. The Board is of the view that the adjustment mechanism is fair and reasonable.

(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 of storage 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 circular, 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

General Information	**XHIT**	**DZIT**
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
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 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		**XHIT**			**DZIT**	
(HK$ million)	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**
Depreciation and amortisation	31.1	28.5	25.4	94.0	80.7	64.4

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 of 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 long-term 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 EGM 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$1,187 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 plus the cash distribution to be distributed by the Target and received by GD Petro-Chemicals (among other Sellers) before Closing as part of the Reorganisation, being RMB238 million (equivalent to approximately HK$285 million) after deducting the estimated withholding tax on such distribution, 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 RMB488 million (equivalent to approximately HK$584 million); (ii) estimated tax expenses payable on the Transaction pro rata to GD Petro-Chemicals' interest in the Target, being RMB123 million (equivalent to approximately HK$147 million); (iii) estimated transaction costs incurred by the Group, including fees to the professional advisers, being HK$50 million; and (iv) the estimated consideration to be paid by the Remaining Group to acquire the assets other than the Target Assets from the Target as part of the Reorganisation, being HK$32 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 RMB947 million (equivalent to approximately HK$1,133 million. The Company is expected to realise a gain of HK$1,187 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.

Upon Closing, the Company will be able to maintain sufficient operations under Rule 13.24 of the Listing Rules based on its remaining business.

The unaudited pro forma turnover and net profit of the Remaining Group as at 31 December 2017 assuming Closing has taken place on 1 January 2017 are respectively HK$112 million and HK$1,202 million (including a gain of HK$1,187 million (before adding the exchange reserve of HK$39 million as an adjustment under the Group's accounting policy) expected to be realised by the Group as a result of the Transaction) and net asset value of the Remaining Group as at 31 December 2017 assuming Closing has taken place on 31 December 2017 are HK$1,145 million (including an increment of HK$1,137 million to the net asset value of the Remaining Group as a result of the Transaction, which comprises an increase of HK$372 million in cash, a decrease of HK$987 million in bank loans, a decrease of HK$326 million of tangible assets excluding cash, and a decrease of HK$104 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 51% of the net proceeds from the Transaction to pay down existing bank loans 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 23% to pay down amounts due to the Target by the Remaining Group as part of the Reorganisation;

(c) about 15% to fund the second phase construction of DZIT and the development of the new retail refinery oil business; and

(d) about 11% for general working capital purposes to meet daily operational needs.

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 oil, petroleum and liquid petrochemical 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$635 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:

	For the year ended 31 December	
HK$ million	**2016**	**2017**
Profit before tax	35.9	66.9
Profit after tax	28.2	67.5

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 circular, 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 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% for the Company. Accordingly, 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.

The EGM will be convened and held for the Shareholders to consider, and thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholders have any material interest in the Transaction, no Shareholders are required to abstain from voting at the EGM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

EGM

The Company will convene the EGM for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 8 October 2018 at 10:00 a.m. is set out on pages EGM-1 and EGM-2 of this circular.

The votes of the Shareholders on the resolutions for approving the Sale and Purchase Agreement and transactions contemplated thereunder will be taken by way of poll at the EGM. Whether or not you are able to attend, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time of the EGM. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

After the conclusion of the EGM, the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.hansenergy.com) respectively.

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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole and therefore, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolutions approving the Transaction and the transactions contemplated under the Transaction Documents.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

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

1 FINANCIAL INFORMATION

Financial information (including the notes thereto) and management discussion and analysis of the Group for each of the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 are respectively disclosed in (i) pages 45 to 115 and pages 4 to 15 of the annual report of the Company for the year ended 31 December 2015 respectively; (ii) pages 61 to 131 and pages 4 to 13 of the annual report of the Company for the year ended 31 December 2016 respectively; (iii) pages 70 to 147 and pages 4 to 14 of the annual report of the Company for the year ended 31 December 2017 respectively; and (iv) pages 14 to 46 and pages 4 to 11 of the interim report of the Company for the six months ended 30 June 2018 respectively, which were published on both the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.hansenergy.com). Please refer to the relevant hyperlinks as stated below:

Annual report for the year ended 31 December 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0418/LTN20160418333.pdf

Annual report for the year ended 31 December 2016:

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0418/LTN20170418309.pdf

Annual report for the year ended 31 December 2017:

http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0416/LTN20180416298.pdf

Interim report for the six months ended 30 June 2018:

http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0910/LTN20180910420.pdf

2 INDEBTEDNESS STATEMENT

Indebtedness

At the close of business on 31 July 2018, being the latest practicable date prior to the printing of this circular for the purpose of this indebtedness statement of the Group, the Group had a total borrowings of approximately HK$1,181 million, comprising secured bank loans of approximately HK$919 million, and amounts due to the non-controlling shareholder and a director of the Group of approximately HK$262 million.

As at 31 July 2018, the Group's bank loans of approximately HK$919 million were pledged by certain property, plant and equipment and interests in land held for own use under operating lease with total carrying values of approximately HK$920 million.

Contingent liabilities

As at 31 July 2018, the Group had no other material contingent liabilities.

Disclaimer

Save as aforesaid, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 31 July 2018. To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 31 July 2018 and up to the Latest Practicable Date.

3 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4 WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances after taking into account (i) the internal resources of the Group, (ii) the available credit facilities of the Group, and (iii) the effect of the Transaction.

5 BUSINESS DISPOSED OF OR TO BE DISPOSED OF BY THE GROUP AFTER 31 DECEMBER 2017

Save for the Transaction, no other material business or interest in the share capital of a subsidiary of the Company has been disposed of, agreed to be disposed of or proposed to be disposed of by the Group after 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group was made up.

6 FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the first half of 2018, the global and domestic markets of petroleum and chemicals remained mediocre. Affected by the ongoing trade war between China and the USA, as well as the depreciation of RMB, it is expected that the imports of petroleum and chemicals will decline during the second half of the year, resulting in adverse impacts on our port jetty and storage business. In this connection, the Group intends to restructure its business and dispose of the Target business.

The Group has planned to commence the second phase construction of DZIT. The Group will actively work with a potential partner to carry out the preliminary works by effectively utilising DZIT and its reserved land for construction of loading, unloading and storage of LPG/LNG products. Once undertaken, this will significantly enhance the economic benefits of DZIT and the Remaining Group.

Furthermore, the Group will develop retail business by constructing a gas refueling station, a joint venture invested with a local state-owned enterprise in Guangzhou. The construction is expected to commence in the second half of 2018, and that the full operation is anticipated in the first half of next year. Meanwhile, the Group will continue to explore diverse means to increase the number of gas refueling stations so as to expand this business segment into a part of our principal activities of the Group.

The Company considers that the Transaction represents an opportunity for the Group to improve our existing financial position and reduce the degree of leverage of the Group by using the net proceeds from the Transaction to pay down existing debts of the Group. The Transaction will also provide additional funding for development the second phase construction of DZIT and the development of the new retail refinery oil business. In additional, the Transaction will substantially increase general working capital of the Group. Hence, the Directors are of the opinion that, the financial and business prospects of the Group will be positively affected by the Transaction.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET

Set out below are the unaudited balance sheets of Guangdong (Panyu) Petrochemical Storage & Transportation Limited (the "**Target**") as of 31 December 2015, 2016 and 2017 and 30 June 2018, and the related unaudited income statements, unaudited statements of comprehensive income, unaudited statements of changes in equity and unaudited cash flow statements for each of the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018, and explanatory notes (collectively referred to as the "**Unaudited Financial Information**"). The Unaudited Financial Information has been prepared on the basis set out below and prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Company's auditor, KPMG, has reviewed the Unaudited Financial Information of the Target in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal", issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the auditor's review, nothing has come to the auditor's attention that causes the auditor to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 below.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET

Unaudited income statements for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018
(Expressed in Hong Kong dollars)

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	109,129	123,181	162,618	67,368	87,386
Direct cost and operating expenses	(71,499)	(70,482)	(72,767)	(35,031)	(40,798)
	37,630	52,699	89,851	32,337	46,588
Other income	64,472	50,726	41,109	21,243	20,896
Administrative expenses	(21,604)	(14,219)	(16,651)	(8,430)	(8,892)
Profit from operations	80,498	89,206	114,309	45,150	58,592
Finance costs	(70,656)	(53,321)	(47,441)	(23,505)	(23,818)
Profit before taxation	9,842	35,885	66,868	21,645	34,774
Income tax	(2,743)	(7,699)	675	2,116	(9,776)
Profit for the year/period	7,099	28,186	67,543	23,761	24,998

Unaudited statements of comprehensive income for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018
(Expressed in Hong Kong dollars)

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit for the year/period	7,099	28,186	67,543	23,761	24,998
Other comprehensive income for the year/period (after tax and reclassification adjustments)					
Item that may be reclassified subsequently to income statement:					
Exchange differences on translation of financial statements	(33,049)	(35,183)	39,546	16,637	(5,367)
Other comprehensive income for the year/period	(33,049)	(35,183)	39,546	16,637	(5,367)
Total comprehensive income for the year/period	(25,950)	(6,997)	107,089	40,398	19,631

Unaudited balance sheets at 31 December 2015, 2016 and 2017 and 30 June 2018
(Expressed in Hong Kong dollars)

	At 31 December			At 30 June
	2015	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	269,173	243,030	238,868	225,342
Prepayments	10,387	9,394	8,641	6,490
Interests in land held for own use under operating leases	42,775	38,407	39,327	38,112
Deferred tax assets	10,063	2,071	2,916	—
	332,398	292,902	289,752	269,944
Current assets				
Interests in land held for own use under operating leases	1,769	1,657	1,773	1,758
Consumable parts	4,057	3,624	3,320	4,301
Trade and other receivables	13,942	16,806	29,995	17,581
Amount due from the Remaining Group	1,380,862	1,305,770	1,383,120	1,352,699
Current tax recoverable	545	—	—	—
Cash and cash equivalents	16,012	10,487	26,181	27,779
	1,417,187	1,338,344	1,444,389	1,404,118
Current liabilities				
Other payables and accruals	(12,731)	(11,186)	(13,066)	(12,662)
Amount due to the Remaining Group	(9,320)	(8,645)	(9,167)	(9,089)
Bank loans and other borrowings	(59,680)	(55,897)	(64,601)	(64,049)
Current taxation	—	—	—	(3,183)
	(81,731)	(75,728)	(86,834)	(88,983)
Net current assets	1,335,456	1,262,616	1,357,555	1,315,135

	At 31 December			At 30 June
	2015	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets less current liabilities	1,667,854	1,555,518	1,647,307	1,585,079
Non-current liabilities				
Bank loans and other borrowings	(1,016,947)	(924,536)	(922,363)	(882,458)
Amount due to a related company	(115,779)	(102,851)	(89,724)	(71,166)
Deferred tax liabilities	—	—	—	(3,364)
	(1,132,726)	(1,027,387)	(1,012,087)	(956,988)
NET ASSETS	535,128	528,131	635,220	628,091
CAPITAL AND RESERVES				
Share capital	224,885	224,885	224,885	224,885
Reserves	310,243	303,246	410,335	403,206
TOTAL EQUITY	535,128	528,131	635,220	628,091

Unaudited statements of changes in equity for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018
(Expressed in Hong Kong dollars)

	Share capital *HK$'000*	Translation reserve *HK$'000*	Capital reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Balance at 1 January 2015	224,885	107,204	(70,103)	299,092	561,078
Changes in equity for the year ended 31 December 2015:					
Profit for the year	—	—	—	7,099	7,099
Other comprehensive income	—	(33,049)	—	—	(33,049)
Total comprehensive income	—	(33,049)	—	7,099	(25,950)
Balance at 31 December 2015 and 1 January 2016	224,885	74,155	(70,103)	306,191	535,128
Changes in equity for the year ended 31 December 2016:					
Profit for the year	—	—	—	28,186	28,186
Other comprehensive income	—	(35,183)	—	—	(35,183)
Total comprehensive income	—	(35,183)	—	28,186	(6,997)
Balance at 31 December 2016 and 1 January 2017	224,885	38,972	(70,103)	334,377	528,131
Balance at 1 January 2017	224,885	38,972	(70,103)	334,377	528,131
Changes in equity for the year ended 31 December 2017:					
Profit for the year	—	—	—	67,543	67,543
Other comprehensive income	—	39,546	—	—	39,546
Total comprehensive income	—	39,546	—	67,543	107,089
Balance at 31 December 2017 and 1 January 2018	224,885	78,518	(70,103)	401,920	635,220
Changes in equity for the six months ended 30 June 2018:					
Profit for the period	—	—	—	24,998	24,998
Other comprehensive income	—	(5,367)	—	—	(5,367)
Total comprehensive income	—	(5,367)	—	24,998	19,631
Dividends declared in respect of the prior years	—	—	—	(26,760)	(26,760)
Balance at 30 June 2018	224,885	73,151	(70,103)	400,158	628,091

	Share capital *HK$'000*	Translation reserve *HK$'000*	Capital reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Balance at 1 January 2017	224,885	38,972	(70,103)	334,377	528,131
Changes in equity for the six months ended 30 June 2017:					
Profit for the period	—	—	—	23,761	23,761
Other comprehensive income	—	16,637	—	—	16,637
Total comprehensive income	—	16,637	(70,103)	23,761	40,398
Balance at 30 June 2017	224,885	55,609	(70,103)	358,138	568,529

Unaudited cash flow statements for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018
(Expressed in Hong Kong dollars)

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities					
Profit before taxation	9,842	35,885	66,868	21,645	34,774
Adjustments for:					
Interest income	(59,905)	(47,158)	(41,622)	(20,659)	(20,824)
Loss on disposal of property, plant and equipment	30	401	11	4	1,313
Finance costs	70,656	53,321	47,441	23,505	23,818
Depreciation	29,216	26,760	23,682	11,596	12,799
Amortisation of land lease premium	1,846	1,734	1,709	838	910
Impairment of prepayments	—	—	2,311	2,226	1,146
Write down of consumable parts	—	—	382	—	—
Changes in working capital:					
(Increase)/decrease in consumable parts	(1,203)	184	170	62	(1,046)
Decrease/(increase) in trade and other receivables	14,045	(3,573)	(11,578)	557	13,559
Decrease/(increase) in amount due from the Remaining Group	16,082	(13,020)	13,688	7,694	19,271
Increase/(decrease) in other payables and accruals	1,460	(568)	1,121	(406)	(170)
Decrease in amount due to the Remaining Group	(117)	(88)	(81)	—	—
Exchange differences	26	593	(49)	874	(480)
Cash generated from operations	81,978	54,471	104,053	47,936	85,070

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities					
Cash generated from operations	81,978	54,471	104,053	47,936	85,070
Tax paid	(1,070)	—	—	—	—
Net cash generated from operating activities	80,908	54,471	104,053	47,936	85,070
Investing activities					
Payment for the purchase of property, plant and equipment	(3,182)	(17,569)	(3,233)	(2,126)	(2,160)
Prepayments for acquisition of property, plant and equipment	—	—	(868)	—	—
Proceeds from disposal of property, plant and equipment	1	31	—	—	—
Interest received	59,905	47,158	41,622	20,659	20,824
Net cash generated from investing activities	56,724	29,620	37,521	18,533	18,664
Financing activities					
Repayment of bank loans	(62,297)	(29,259)	(59,973)	(28,274)	(33,172)
Repayment to a related party	(6,230)	(5,852)	(19,606)	(5,655)	(45,190)
Interest paid	(71,032)	(53,643)	(47,526)	(23,598)	(24,006)
Net cash used in financing activities	(139,559)	(88,754)	(127,105)	(57,527)	(102,368)
Net (decrease)/increase in cash and cash equivalents	(1,927)	(4,663)	14,469	8,942	1,366
Cash and cash equivalents at the beginning of the year/period	18,990	16,012	10,487	10,487	26,181
Effect of foreign exchange rate changes	(1,051)	(862)	1,225	(443)	232
Cash and cash equivalents at the end of the year/period	16,012	10,487	26,181	18,986	27,779

NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE TARGET

1 GENERAL INFORMATION

Hans Energy Company Limited (the "**Company**") is a limited liability company incorporated in Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company and its subsidiaries (together the "**Group**") are principally engaged in provision of terminal, storage, warehousing and transshipment services for liquid petrochemical products.

On 22 August 2018, an indirectly wholly-owned subsidiary of the Company, Guangdong Petro Chemicals Company Limited ("**GD Petro-Chemicals**"), together with Good Ocean Enterprises Limited ("**Good Ocean**") and Guangdong Lian Ying Petro Chemicals Company Limited ("**GDLY**") (together "**the Sellers**"), entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Guangzhou Gas Group Company Limited (the "**Purchaser**" or "**Guangzhou Gas**"), pursuant to which the Sellers conditionally agreed to sell, upon the completion of an internal reorganisation (the "**Reorganisation**") and Guangzhou Gas conditionally agreed to purchase the entire equity interest of Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("**GD (Panyu)**" or the "**Target**") at a cash consideration of RMB1.56 billion (approximately equivalent to HK$1.87 billion) (the "**Transaction**"). The Target was held as to 92% by GD Petro-Chemicals, 7% by Good Ocean and 1% by GDLY before the Transaction. The Company and its subsidiaries, immediately after the Transaction hereinafter are referred to as the "**Remaining Group**".

Under the Reorganisation, the Target will dispose of all assets and liabilities, other than certain assets to be kept by the Purchaser (the "**Target Assets**"), pursuant to the Sale and Purchase Agreement. Upon completion of the Reorganisation, all the shares directly held by the Target, including (i) 100% equity interest in Guangzhou Zhongshui Petrochemical Development Limited ("**GZPD**"), which holds 85% equity interest in Dongguan Dongzhou International Petrochemical Storage Limited ("**DDIT**"), and (ii) 15% equity interest in DDIT, will be transferred to an entity ultimately held by the Sellers and controlled by the Company, which will form part of the Remaining Group. Therefore, upon completion of the Reorganisation, the Company will continue to indirectly hold respective 92% equity interests in both GZPD and DDIT. DDIT is principally engaged in the operation of Dongzhou Petrochemical Terminal ("**DZIT**").

The particulars of the Target are set out below:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid up capital	Principal activities
Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("**GD (Panyu)**")	The People's Republic of China ("**PRC**") 20 October 1992	RMB220,000,000	Provision of terminal, storage, warehousing and transhipment services

Upon completion of the Transaction, the Target will cease to be held by the Company.

The functional currency of the Target is Renminbi, while the Unaudited Financial Information of the Target for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 and 2017 (the "**Relevant Periods**") is presented in Hong Kong dollars for the convenience of the shareholders of the Company in view of its place of listing. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2 BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited balance sheets of Guangdong (Panyu) Petrochemical Storage & Transportation Limited (the "**Target**") as of 31 December 2015, 2016 and 2017 and 30 June 2018, and the related unaudited income statements, unaudited statements of comprehensive income, unaudited statements of changes in equity and unaudited cash flow statements for each of the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018, and explanatory notes (collectively referred to as the "**Unaudited Financial Information**") of the Target for the Relevant Periods has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Transaction of the Target.

As part of the Reorganisation, the respective entire equity interests of both GZPD and DDIT will be transferred to an entity ultimately held by the Sellers and controlled by the Company, which will form part of the Remaining Group. Thus, upon completion of the Reorganisation, the Company will continue to indirectly hold respective 92% interests, in both GZPD and DDIT. Subsequent to the Reorganisation, the Target ceased to own any subsidiary. For the purpose of preparing the Unaudited Financial Information of the Target, the financial statements of GZPD and DDIT have not been consolidated for the Relevant Periods. Investments in GZPD and DDIT to be disposed to the Remaining Group were dealt with as equity transaction with shareholders.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in the preparation of the consolidated financial statements of the Group for the Relevant Periods. The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised), "*Presentation of Financial Statements*", or an interim financial report as defined in Hong Kong Accounting Standard 34, "*Interim Financial Reporting*", issued by the HKICPA and should be read in connection with the relevant published annual reports and interim reports of the Company for the Relevant Periods.

Following the Completion, the management discussion and analysis of the Remaining Group for three years ended 31 December 2015, 2016 and 2017 and for the six months ended 30 June 2018 (the "Reporting Periods") is set out below. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Group for the Reporting Periods.

(I) FOR THE YEAR ENDED 31 DECEMBER 2015

Liquidity, Capital Structure and Financial Resources

As at 31 December 2015, the Remaining Group had total assets of approximately HK$1,122.2 million and a net current liabilities of approximately HK$1,359.3 million. The current ratio as at 31 December 2015 of Remaining Group was 0.07.

As at 31 December 2015, the Remaining Group had cash and bank balances of approximately HK$36.7 million. The Remaining Group had the amount due to the Target of approximately HK$1,371.5 million (including the outstanding bank loans of RMB790 million borrowed by the Target for the benefit of DZIT). As at 31 December 2015, the Remaining Group did not have any outstanding bank borrowings. The total owners' deficit of the Remaining Group as at 31 December 2015 amounted to approximately HK$449.3 million. The gearing ratio (defined as total liabilities to total assets) as at 31 December 2015 was 140%.

Charge on the Remaining Group's assets

As at 31 December 2015, certain of the Remaining Group's property, plant and equipment with net book value of HK$772,737,441 and interests in land held for own use under operating lease with net book value of HK$205,786,893 were pledged to secure the Target's general banking facilities.

Capital commitment

As at 31 December 2015, the Remaining Group had outstanding commitments amounted to approximately HK$652,000 which was the capital expenditure contracted for and committed in respect of terminal development and acquisition of port and storage facilities.

Contingent liabilities

As at 31 December 2015, the Remaining Group had no material contingent liabilities.

Exposure to fluctuation in exchanges rate and related hedge

The Remaining Group's cash and cash equivalents were held predominately in Hong Kong dollar, RMB and US dollar. Operating outgoings incurred by the Remaining Group's subsidiary in the PRC are mainly denominated in RMB, which usually receives revenue in RMB as well. Management was of the opinion that the Remaining Group's exposure to foreign exchange rate risks was not significant, and hedging by means of derivative instruments was considered unnecessary.

Material Acquisitions and Disposals

During the year ended 31 December 2015, the Remaining Group did not have other material acquisitions and disposals.

Significant Investments

The Remaining Group did not hold any significant investments as at 31 December 2015.

Future Plans for Material Investments and Acquisition of Capital Assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the year ended 31 December 2015.

Segmental Information

For the year ended 31 December 2015, the Remaining Group had one continuing reportable segment, DZIT, which provided terminal, storage and transhipment services in Dongguan, the PRC.

The sluggish economy coupled with the sharp and drastic collapse of international oil prices in second half of 2014 hampered the oil and oil related businesses around the world. The domestic oil trading activities and participants were adversely affected, thus the volume of cargoes flew through the region dropped significantly as a result thereof. However, with the effort and various measures initiated by the PRC Government in early 2015, China's economy grew at a reasonably stable pace, which brought in moderate growth in demand for oil and chemical products and flows of liquid cargoes in and out of the region. However, the environment for oil and petrochemical market remained challenging in 2015 as the economic conditions remained uncertain in many parts of the world, in particular in the Eurozone and in China.

In the first half of 2015, several large clients kept their storage at relatively longer periods, which resulted in lower turnover frequency at DZIT. In addition, a few newly constructed oil and chemical storage facilities were put into operation from our competitors around DZIT, which intensified market competition and reduced our market shares to some extent. Besides, domestic chemical price was lower than international level, leading to lower level of chemical imports. Fortunately, performances of DZIT improved a lot in the second half in 2015.

For the year ended 31 December 2015, revenue from DZIT amounted to approximately HK$112.9 million. Notwithstanding the improvement of leaseout rate from 80.7% in 2014 to 85.5% in 2015, the unit storage rental rate was under pressure due to keen competition. In this connection, the storage income in DZIT remained flat at HK$90.4 million as compared to 2014. There was an improvement in terminal throughput by 29.5%, resulting an increase in revenue generated from handling services of HK$16.7 million by 43.5% in comparison with 2014. For the year ended 31 December 2015, its segment loss before taxation amounted to approximately HK$79.7 million. The segment loss was mainly attributable to the high depreciation and amortisation costs of HK$94.0 million charged to the Remaining Group.

Employee and Remuneration Policy

As at 31 December 2015, the Remaining Group had a workforce of approximately 208 employees, 195 of which worked for the terminals. Every year, the Remaining Group devises a budget which states total salary and bonus plan for the year to encourage the Remaining Group's employees to contribute their best efforts and to provide maximum economic benefits to the Remaining Group. In accordance with the relevant government regulations in the PRC, the Remaining Group is required to cover social insurance, including but not limited to retirement, medical, workman compensation and unemployment insurance as well as housing fund for every qualified employee in the PRC.

(II) FOR THE YEAR ENDED 31 DECEMBER 2016

Liquidity, Capital Structure and Financial Resources

As at 31 December 2016, the Remaining Group had total assets of approximately HK$957.9 million and a net current liabilities of approximately HK$1,260.0 million. The current ratio as at 31 December 2016 of Remaining Group was 0.06.

As at 31 December 2016, the Remaining Group had cash and bank balances of approximately HK$11.7 million. The Remaining Group had the amount due to the Target of approximately HK$1,297.1 million (including the outstanding bank loans of RMB765 million borrowed by the Target for the benefit of DZIT). As at 31 December 2016, the Remaining Group did not have any outstanding bank borrowings. The total owners' deficit of the Remaining Group as at 31 December 2016 amounted to approximately HK$534.6 million. The gearing ratio (defined as total liabilities to total assets) as at 31 December 2016 was 156%.

Charge on the Remaining Group's assets

As at 31 December 2016, certain of the Remaining Group's property, plant and equipment with net book value of HK$653,819,205 and interests in land held for own use under operating lease with net book value of HK$188,098,062 were pledged to secure the Target's general banking facilities.

Capital commitment

As at 31 December 2016, the Remaining Group did not have any outstanding capital commitment.

Contingent liabilities

As at 31 December 2016, the Remaining Group had no material contingent liabilities.

Exposure to fluctuation in exchanges rate and related hedge

The Remaining Group's cash and cash equivalents were held predominately in Hong Kong dollar, RMB and US dollar. Operating outgoings incurred by the Remaining Group's subsidiary in the PRC are mainly denominated in RMB, which usually receives revenue in RMB as well. Management was of the opinion that the Remaining Group's exposure to foreign exchange rate risks was not significant, and hedging by means of derivative instruments was considered unnecessary.

Material Acquisitions and Disposals

During the year ended 31 December 2016, the Remaining Group did not have other material acquisitions and disposals.

Significant Investments

The Remaining Group did not hold any significant investments as at 31 December 2016.

Future Plans for Material Investments and Acquisition of Capital Assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the year ended 31 December 2016.

Segmental Information

For the year ended 31 December 2016, the Remaining Group had one continuing reportable segments, DZIT, which provided terminal, storage and transhipment services in Dongguan, the PRC.

Despite the turbulent period in respect of global economy in the first half in 2016, the movements of the international crude oil prices were contained within a relatively narrow range. This provided a stable environment for trading activities in the region. With the recovery of trading market of liquid products, the demand of storage facilities and terminal services was strong and stable in 2016. However, in DZIT, the priority was to make full use of the reserved land by commencing the second phase construction. As such, the utilisation of the storage tanks in DZIT was low which led to a lower storage income for the year.

For the year ended 31 December 2016, revenue from DZIT amounted to approximately HK$98.1 million. The revenue from the provision of terminal, storage and transshipment services for the liquid products in DZIT decreased to HK$98.1 million during the year, representing a decrease of 13.1% compared with the last year. The storage income decreased to HK$77.2 million from HK$90.4 million in 2015, representing a decrease of 14.6% as compared with last year, which was mainly attributable to the lower utilisation of storage tanks and the depreciation of RMB during the year. For the year ended 31 December 2016, its segment loss before taxation amounted to approximately HK$74.5 million. The segment loss was mainly attributable to the high depreciation and amortisation costs of HK$80.7 million of the Remaining Group. EBITDA of DZIT amounted to approximately HK$53.1 million for the year ended 31 December 2016, representing a decrease of 28.1% over the same period of last year. The decrease of EBITDA was mainly attributable to lower utilisation of storage tanks and resulted in lower storage income during the year.

Employee and Remuneration Policy

As at 31 December 2016, the Remaining Group had a workforce of approximately 213 employees, 202 of which worked for the terminals. Every year, the Remaining Group devises a budget which states total salary and bonus plan for the year to encourage the Remaining Group's employees to contribute their best efforts and to provide maximum economic benefits to the Remaining Group. In accordance with the relevant government regulations in the PRC, the Remaining Group is required to cover social insurance, including but not limited to retirement, medical, workman compensation and unemployment insurance as well as housing fund for every qualified employee in the PRC.

(III) FOR THE YEAR ENDED 31 DECEMBER 2017

Liquidity, Capital Structure and Financial Resources

As at 31 December 2017, the Remaining Group had total assets of approximately HK$964.2 million and a net current liabilities of approximately HK$1,332.0 million. The current ratio as at 31 December 2017 of Remaining Group was 0.06.

As at 31 December 2017, the Remaining Group had cash and bank balances of approximately HK$15.0 million. The Remaining Group had the amount due to the Target of approximately HK$1,374.0 million (including the outstanding bank loans of

RMB713 million borrowed by the Target for the benefit of DZIT). As at 31 December 2017, the Remaining Group did not have any outstanding bank borrowings. The total owners' deficit of the Remaining Group as at 31 December 2017 amounted to approximately HK$626.8 million. The gearing ratio (defined as total liabilities to total assets) as at 31 December 2017 was 165%.

Charge on the Remaining Group's assets

As at 31 December 2017, certain of the Remaining Group's property, plant and equipment with net book value of HK$667,791,731 and interests in land held for own use under operating lease with net book value of HK$196,315,803 were pledged to secure the Target's general banking facilities.

Capital commitment

As at 31 December 2017, the Remaining Group had outstanding commitments amounted to approximately HK$199,000, which was the capital expenditure contracted for and committed in respect of terminal development and acquisition of port and storage facilities.

Contingent liabilities

As at 31 December 2017, the Remaining Group had no material contingent liabilities.

Exposure to fluctuation in exchanges rate and related hedge

The Remaining Group's cash and cash equivalents were held predominately in Hong Kong dollar, RMB and US dollar. Operating outgoings incurred by the Remaining Group's subsidiary in the PRC are mainly denominated in RMB, which usually receives revenue in RMB as well. Management was of the opinion that the Remaining Group's exposure to foreign exchange rate risks was not significant, and hedging by means of derivative instruments was considered unnecessary.

Material Acquisitions and Disposals

During the year ended 31 December 2017, the Remaining Group did not have other material acquisitions and disposals.

Significant Investments

The Remaining Group did not hold any significant investments as at 31 December 2017.

Future Plans for Material Investments and Acquisition of Capital Assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the year ended 31 December 2017.

Segmental Information

For the year ended 31 December 2017, the Remaining Group had one continuing reportable segment, DZIT, which provided terminal, storage and transhipment services in Dongguan, the PRC.

In 2017, with sluggish economic growth in China and international oil price continuing to be at a low level, the performance of global and domestic markets of petroleum and chemicals was mediocre. Under such circumstances, the Remaining Group adapted a more aggressive and flexible business strategy by stepping up our effort to win new customers on one hand, while optimising internal process to increase efficiency on the other hand, in order to safeguard our business from poor economic conditions and a weak market for sustainable and stable development.

In 2017, DZIT recorded its highest turnover ever. With the introduction of new customers to utilise our oil and chemical storage tanks, together with the advantages of our terminals, the major operational indices showed a gradual improvement at DZIT during 2017. For the year ended 31 December 2017, revenue from DZIT amounted to approximately HK$110.7 million. The increase was driven by higher average unit storage rate and the increased throughput. For the year ended 31 December 2017, its segment loss before taxation amounted to approximately HK$39.7 million. The segment loss was mainly attributable to the high depreciation and amortisation costs of HK$64.4 million of the Remaining Group. EBITDA of DZIT amounted to approximately HK$66.1 million for the year ended 31 December 2017, representing an increase of 24.4% over the same period last year. The increase of EBITDA was mainly attributable to the increasing average unit storage rate and drive the rise of overall storage income.

Employee and Remuneration Policy

As at 31 December 2017, the Remaining Group had a workforce of approximately 208 employees, 194 of which worked for the terminals. Every year, the Remaining Group devises a budget which states total salary and bonus plan for the year to encourage the Remaining Group's employees to contribute their best efforts and to provide maximum economic benefits to the Remaining Group. In accordance with the relevant government regulations in the PRC, the Remaining Group is required to cover social insurance, including but not limited to retirement, medical, workman compensation and unemployment insurance as well as housing fund for every qualified employee in the PRC.

(IV) FOR THE SIX MONTHS ENDED 30 JUNE 2018

Liquidity, Capital Structure and Financial Resources

As at 30 June 2018, the Remaining Group had total assets of approximately HK$937.6 million and a net current liabilities of approximately HK$1,291.1 million. The current ratio as at 30 June 2018 of Remaining Group was 0.07.

As at 30 June 2018, the Remaining Group had cash and bank balances of approximately HK$26.5 million. The Remaining Group had the amount due to the Target of approximately HK$1,343.6 million (including the outstanding bank loans of RMB686 million borrowed by the Target for the benefit of DZIT). As at 30 June 2018, the Remaining Group did not have any outstanding bank borrowings. The total owners' deficit of the Remaining Group as at 30 June 2018 amounted to approximately HK$641.6 million. The gearing ratio (defined as total liabilities to total assets) as at 30 June 2018 was 168%.

Charge on the Remaining Group's assets

As at 30 June 2018, certain of the Remaining Group's property, plant and equipment with net book value of HK$632,878,300 and interests in land held for own use under operating lease with net book value of HK$192,174,923 were pledged to secure the Target's general banking facilities.

Capital commitment

As at 30 June 2018, the Remaining Group did not have any outstanding capital commitment expenditure.

Contingent liabilities

As at 30 June 2018, the Remaining Group had no material contingent liabilities.

Exposure to fluctuation in exchanges rate and related hedge

The Remaining Group's cash and cash equivalents were held predominately in Hong Kong dollar, RMB and US dollar. Operating outgoings incurred by the Remaining Group's subsidiary in the PRC are mainly denominated in RMB, which usually receives revenue in RMB as well. Management was of the opinion that the Remaining Group's exposure to foreign exchange rate risks was not significant, and hedging by means of derivative instruments was considered unnecessary.

Material Acquisitions and Disposals

During the year ended 30 June 2018, the Remaining Group did not have other material acquisitions and disposals.

Significant Investments

The Remaining Group did not hold any significant investments as at 30 June 2018.

Future Plans for Material Investments and Acquisition of Capital Assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the six months ended 30 June 2018.

Segmental Information

For the six months ended 30 June 2018, the Remaining Group had one continuing reportable segment, DZIT, which provided terminal, storage and transhipment services in Dongguan, the PRC.

In the first half of 2018, the global and domestic markets of petroleum and chemicals remained mediocre. However, with the continued introduction of new customers, DZIT achieved significant improvement in both operating and financial indicators. Especially, the average utilisation rate of the storage tanks increased from 71.4% to 93.9% on a half-year basis, indicating almost full utilisation of the storage tanks.

For the six months ended 30 June 2018, revenue from DZIT amounted to approximately HK$73.9 million, significantly increased by 56% over the same period of 2017. The increase was mainly attributable to the active introduction of new customers using storage facilities at DZIT, which drove the average utilisation rate of the storage tanks to 93.9%, up from 71.4% over the same period in 2017, and increased the overall storage income. For the six months ended 30 June 2018, its segment loss before taxation amounted to approximately HK$5.5 million. The segment loss was mainly attributable to the high depreciation and amortisation costs of HK$33.9 million of the Remaining Group. EBITDA of DZIT amounted to approximately HK$49 million for the six months ended 30 June 2018.

In 2018, the Remaining Group will start the approval procedures for the second phase construction of DZIT, so as to build LPG/LNG tanks with an annual throughput of 1,000,000–2,000,000 tones on the reserved land at DZIT and reconstruct the terminal ancillaries. If the approval could be obtained and the construction commences, the development at DZIT will put the Remaining Group in a beneficial market position in the industry.

Employee and Remuneration Policy

As at 30 June 2018, the Remaining Group had a workforce of approximately 184 employees, 170 of which worked for the terminals. Every year, the Remaining Group devises a budget which states total salary and bonus plan for the year to encourage the Remaining Group's employees to contribute their best efforts and to provide maximum economic benefits to the Remaining Group. In accordance with the relevant government regulations in the PRC, the Remaining Group is required to cover social insurance, including but not limited to retirement, medical, workman compensation and unemployment insurance as well as housing fund for every qualified employee in the PRC.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Introduction

The following is a summary of illustrative unaudited pro forma financial information of the Remaining Group in connection with the proposed disposal of the Target (the "**Transaction**"), which was described in the Section headed "Letter from the Board" in this circular. The unaudited pro forma financial information presented below is prepared to illustrate (i) the financial position of the Remaining Group as at 31 December 2017 as if the Transaction had been completed on 31 December 2017; (ii) the results and cash flows of the Remaining Group for the year ended 31 December 2017 as if the Transaction had been completed on 1 January 2017.

The unaudited pro forma financial information is prepared by the Directors of the Company in accordance with Paragraph 4.29 and 14.68 (2)(a)(ii)of the Listing Rules and has been prepared by the Directors of the Company for the purpose of illustrating the effect of the Transaction only.

Narrative descriptions of the unaudited pro forma adjustments that are directly attributable to the Transaction and factually supportable are summarised in the accompanying notes to the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Remaining Group had the Transaction been completed as of the specified dates or any other dates.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2017 and other financial information included elsewhere in this Circular.

1. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE REMAINING GROUP AS AT 31 DECEMBER 2017

(Expressed in Hong Kong dollars)

	The Group as at 31 December 2017	Pro forma adjustments				The Remaining Group as at 31 December 2017
	Note (1)	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets						
Property, plant and equipment	925,065	(238,868)				686,197
Prepayments	9,941	(8,641)				1,300
Interests in land held for own use under operating leases	230,673	(39,327)				191,346
Intangible assets	1,743	—				1,743
Deferred tax assets	2,916	(2,916)				—
	1,170,338	(289,752)				880,586
Current assets						
Interests in land held for own use under operating leases	6,743	(1,773)				4,970
Consumable parts	11,083	(3,320)				7,763
Trade and other receivables	85,908	(29,995)				55,913
Amounts due from the Remaining Group	—	(1,383,120)	1,383,120			—
Cash and cash equivalents	41,161	(26,181)	(1,373,953)		1,771,699	412,726
	144,895	(1,444,389)				481,372

	The Group as at 31 December 2017	Pro forma adjustments				The Remaining Group as at 31 December 2017
	Note (1)	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities						
Other payables and accruals	54,777	(13,066)				41,711
Amounts due to the Remaining Group	—	(9,167)	9,167			—
Bank loans and other borrowings	64,601	(64,601)				—
	119,378	(86,834)				41,711
Net current assets	**25,517**	**(1,357,555)**				**439,661**
Total assets less current liabilities	**1,195,855**	**(1,647,307)**				**1,320,247**
Non-current liabilities						
Bank loans and other borrowings	922,363	(922,363)				—
Amount due to a related company	265,094	(89,724)				175,370
	1,187,457	(1,012,087)				175,370
Net assets	**8,398**	**(635,220)**				**1,144,877**
Capital and reserves						
Share capital	373,264					373,264
Reserves	(384,020)				1,187,297	803,277
Total equity attributable to equity shareholders of the Company	**(10,756)**					**1,176,541**
Non-controlling interests	19,154			(50,818)		(31,664)
Total equity	**8,398**					**1,144,877**

2. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT AND UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2017

(Expressed in Hong Kong dollars)

	The Group for the year ended 31 December 2017	Pro forma adjustments			The Remaining Group for the year ended 31 December 2017
	Note (1)	*Note 3(a)/ 4(a)*	*Note 3(b)/ 4(b)*	*Note 3(c)*	
	HK$000'	*HK$000'*	*HK$000'*	*HK$000'*	*HK$000'*
Revenue	274,153	(162,618)			111,535
Direct costs and operating expenses	(173,169)	72,767			(100,402)
Gross profit	**100,984**	**(89,851)**			**11,133**
Other income	6,554	(41,109)	1,225,496	41,409	1,232,350
Administrative expenses	(58,178)	16,651			(41,527)
Profit from operations	**49,360**	**(114,309)**			**1,201,956**
Finance costs	(47,441)	47,441			—
Profit before taxation	**1,919**	**(66,868)**			**1,201,956**
Income tax	675	(675)			—
Profit for the year	**2,594**	**(67,543)**			**1,201,956**
Attributable to:					
Equity shareholders of the Remaining Group	355	(62,140)	1,225,496	41,409	1,205,120
Non-controlling interests	2,239	(5,403)			(3,164)
	2,594	(67,543)			1,201,956
Other comprehensive income					
Exchange difference on translation of financial statements of subsidiaries	12,303	(39,546)			(27,243)
Release of exchange reserve upon the Transaction	—	—	(38,972)		(38,972)
Total comprehensive income for the year	**14,897**	**(107,089)**			**1,135,741**
Attributable to:					
Equity shareholders of the Remaining Group	11,472	(98,522)	1,186,524	41,409	1,140,883
Non-controlling interests	3,425	(8,567)			(5,142)
	14,897	(107,089)			1,135,741

3. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT OF THE REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2017

(Expressed in Hong Kong dollars)

	The Group for the year ended 31 December 2017	**Pro forma adjustments**				**The Remaining Group for the year ended 31 December 2017**
	Note (1)	*Note 5(a)*	*Note 3(b)/ 5(b)*	*Note 5(c)*	*Note 5(d)*	
	HK$000'	*HK$000'*	*HK$000'*	*HK$000'*	*HK$000'*	*HK$000'*
Operating activities						
Profit/(loss) before taxation	1,919	(66,868)	1,225,496		41,409	1,201,956
Adjustment for:						
Interest income	(249)	41,622			(41,409)	(36)
Finance costs	47,441	(47,441)				—
Depreciation	83,660	(23,682)				59,978
Amortisation of land lease premium	6,500	(1,709)				4,791
Amortisation of intangible assets	170	—				170
Impairment of prepayments	2,311	(2,311)				—
Impairment of consumable parts	2,364	—				2,364
Written down of consumable parts	382	(382)				—
Loss on disposal of property, plant and equipment	11	(11)				—
Gain on disposal of the Target	—	—	(1,225,496)			(1,225,496)
Exchange differences	(120)	49				(71)
Changes in working capital:						
Decrease in consumable parts	592	(170)				422
(Increase) in trade and other receivables	(14,014)	11,578				(2,436)
Increase in other payables and accruals	2,363	(1,121)				1,242
Decrease in amounts due to the Remaining Group	—	81		(81)		—
(Increase) in amounts due from the Remaining Group	—	(13,688)		13,688		—
Cash generated from operations and net cash from operating activities	**133,330**	**(104,053)**				**42,884**

	The Group for the year ended 31 December 2017	Pro forma adjustments				The Remaining Group for the year ended 31 December 2017
	Note (1)	*Note 5(a)*	*Note 3(b)/ 5(b)*	*Note 5(c)*	*Note 5(d)*	
	HK$000'	*HK$000'*	*HK$000'*	*HK$000'*	*HK$000'*	*HK$000'*
Investing activities						
Payment for the purchase of property, plant and equipment	(6,496)	3,233				(3,263)
Prepayments for acquisition of property, plant and equipment	(1,885)	868				(1,017)
Interest received	249	(41,622)			41,409	36
Proceeds of cash from the Transaction	—	—	364,793			364,793
Net cash (used in)/generated from investing activities	**(8,132)**	**(37,521)**				**360,549**
Financing activities						
Repayment of bank loans	(59,973)	59,973				—
Repayment to a related party	(19,606)	19,606				—
Advances from a related party	19,132	—				19,132
Interest paid	(47,526)	47,526				—
Net cash (used in)/generated from financing activities	**(107,973)**	**127,105**				**19,132**
Net increase/(decrease) in cash and cash equivalents	**17,225**	**(14,469)**	**364,793**	**13,607**	**41,409**	**422,565**
Cash and cash equivalents at the 1 January 2017	**22,235**					**22,235**
Effect of foreign exchange rates changes	**1,701**	**(1,225)**				**476**
Cash and cash equivalents at the 31 December 2017	**41,161**					**445,276**

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1 The amounts are extracted from the audited consolidated balance sheet of the Group as at 31 December 2017, the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated cash flow statement of the Group for the year ended 31 December 2017 as set out in the Company's published annual report for the year ended 31 December 2017.

2 The following pro forma adjustments have been made to the unaudited pro forma consolidated balance sheet assuming the Transaction had taken place on 31 December 2017:

(a) The adjustment represents the exclusion of the assets and liabilities of the Target as if the Transaction had taken place on 31 December 2017. The balances are extracted from the unaudited financial information of the Target for the year ended 31 December 2017 as set out in Appendix II to this circular.

Amounts due from/to the Remaining Group represent balances between the Remaining Group and the Target previously eliminated upon the preparation of the Group's consolidated financial statements for the year ended 31 December 2017.

(b) The adjustment represents the settlement of amounts due from/to the Remaining Group through using the cash proceeds pursuant to the Sale and Purchase Agreement.

(c) The adjustment represents the de-recognition of non-controlling interests in the Target, amounting to HK$50,818,000 as if the Transaction had taken place on 31 December 2017.

(d) The calculation of the adjustment of estimated net gain on the Transaction as if the Transaction had taken place on 31 December 2017 is as follows:

(i) the initial consideration of approximately HK$1,716,958,000 (denominated in RMB1,435,200,000 representing 92% of interest in the Target and for the purpose of this pro forma financial information, translated at the exchange rate of RMB1 to HK$1.19632), which will be subject to the following adjustments as stated in the Sale and Purchase Agreement.

(a) If the Sellers are unable to transfer all the designated assets as indicated in relevant asset valuation report, the initial consideration will be adjusted for the assets which cannot be transferred to the Purchaser based on the relevant terms of the Sales and Purchase Agreement.

(b) If the Target has remaining bank deposits after spin-off of relevant assets and liabilities as required under the Sale and Purchase agreement, the initial consideration will be increased.

The initial consideration of HK$1,716,958,000 is not adjusted for the above adjustments for the purpose of this unaudited pro forma financial information on the basis that the calculation involves financial information at future dates not yet available at the time of preparation of this unaudited pro forma financial information.

(ii) the estimated net gain on the Transaction as if the Transaction had taken place on 31 December 2017, which is calculated as follows:

	HK$'000
Total consideration of the Transaction *(Note 2(d)(i))*	*1,716,958
Less: Net assets of the Target attributable to the equity shareholders of the Company as at 31 December 2017 *(Note (i))*	(584,402)
Estimated tax effects in relation to the gain on the Transaction calculated at the applicable tax rate *(Note (ii))*	*(147,482)
Estimated professional expenses directly attributable to the Transaction *(Note (v))*	*(50,000)
Estimated cost of shares transfer in relation to the subsidiaries directly and indirectly held by the Target *(Note (iii)))*	*(32,451)
Add: Estimated dividends declared by the Target received by the Remaining Group before the Transaction completion *(Note (iv))*	*284,674
Estimated gain on the Transaction before release of exchange reserve attributable to the Target	**1,187,297**
Release of exchange reserve attributable to the Target as of 31 December 2017	78,518
Estimated net gain on the Transaction	**1,265,815**

Notes:

(i) Net assets of the Target as at 31 December 2017 attributable to the equity shareholders of the Target is calculated as follows:

	HK$'000
Net assets of the Target as at 31 December 2017	635,220
Less: Non-controlling interests in the Target *(Note 2(c))*	(50,818)
Net assets of the Target attributable to the equity shareholders of the Target	**584,402**

(ii) The tax effects in relation to the gain on the Transaction are calculated as the People's Republic of China enterprise income tax ("**PRC EIT**") of HK$147,482,000 based on the tax rate of 10% on the total consideration of the Transaction less the cost of equity interest of the Target attributable to the equity shareholders of the Target of approximately HK$242,135,000 (denominated in RMB202,400,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.19632). The amount would be paid at the Transaction completion.

(iii) The estimated cost (referred to the valuation reports pursuant to the Sales and Purchase Agreement) of HK$32,451,000 (denominated in RMB27,126,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.19632) in relation to the shares transfer of 100% equity interest of GZPD and 15% equity interest of DDIT from the Target to the Remaining Group.

(iv) Pursuant to the Sale and Purchase Agreement, the estimated dividends declared by the Target received by the Remaining Group before the Transaction completion during the year ended 31 December 2017 of HK$299,657,000 (denominated in RMB250,482,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.19632) was based on the retained earnings as at 31 December 2017 with 92% equity interest in the Target, being net-off with the withholding tax at 5% arising on the dividends received of HK$14,983,000 (denominated in RMB12,524,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.19632).

(v) The estimated professional fees directly attributable to the Transaction represents fees to professional advisors, including legal advisors, agencies and the auditor of the Company.

: The net cash receipt from the Transaction of HK$1,771,699,000 represents sum of items marked with asterisks and shown in the note 2(d)(ii).

The actual financial effects of the Transaction are to be determined based on the consideration and the carrying amount of the net assets of the Target at the completion date and are therefore subject to change upon the actual completion of the Transaction.

3 The following pro forma adjustments have been made to the unaudited pro forma consolidated income statement assuming the Transaction had taken place on 1 January 2017:

(a) The adjustment represents the exclusion of operating results of the Target for the year ended 31 December 2017 as if the Transaction had been completed on 1 January 2017. The amounts are extracted from the unaudited income statement of the Target for the year ended 31 December 2017 or calculated by the Remaining Group's management.

(b) The calculation of the adjustment of estimated net gain on the Transaction as if the Transaction had taken place on 1 January 2017 is as follows:

(i) the initial consideration of approximately HK$1,679,701,000 (denominated in RMB1,435,200,000 representing 92% of interest in the Target and for the purpose of this pro forma financial information, translated at the exchange rate of RMB1 to HK$1.17036), which will be subject to the following adjustments as stated in the Sale and Purchase Agreement.

(a) If the Sellers are unable to transfer all the designated assets as indicated in relevant asset valuation report, the initial consideration will be adjusted for the assets which cannot be transferred to the Purchaser based on the relevant terms of the Sales and Purchase Agreement.

(b) If the Target has remaining bank deposits after spin-off of relevant assets and liabilities as required under the Sale and Purchase agreement, the initial consideration will be increased.

The initial consideration of HK$1,679,701,000 is not adjusted for the above adjustments for the purpose of this unaudited pro forma financial information on the basis that the calculation involves financial information at future dates not yet available at the time of preparation of this unaudited pro forma financial information.

(ii) the estimated net gain on the Transaction as if the Transaction had taken place on 1 January 2017, which is calculated as follows:

	HK$'000
Total consideration of the Transaction *(Note 3(b)(i))*	1,679,701
Less: Net assets of the Target attributable to the equity shareholders of the Company as at 1 January 2017 *(Note (i))*	(485,881)
Estimated tax effects in relation to the gain on the Transaction calculated at the applicable tax rate *(Note (ii))*	(144,282)
Estimated professional expenses directly attributable to the Transaction *(Note 2(d)(v))*	(50,000)
Estimated cost of shares transfer in relation to the subsidiaries directly and indirectly held by the Target *(Note (iii))*	(31,747)
Add: Estimated dividends declared by the Target received by the Remaining Group before the Transaction completion *(Note (iv))*	218,733
Estimated gain on the Transaction before release of exchange reserve attributable to the Target	**1,186,524**
Release of exchange reserve attributable to the Target as of 1 January 2017	38,972
Estimated net gain on the Transaction	1,225,496

Notes:

(i) Net assets of the Target as at 1 January 2017 attributable to the equity shareholders of the Target is calculated as follows:

	HK$'000
Net assets of the Target as at 1 January 2017	528,131
Less: Non-controlling interests in the Target	(42,250)
Net assets of the Target attributable to the equity shareholders of the Target	**485,881**

(ii) The tax effects in relation to the gain on the Transaction are calculated as the PRC EIT of HK$144,282,000 based on the tax rate of 10% on the total consideration of the Transaction less the cost of equity interest of the Target attributable to the equity shareholders of the Target of approximately HK$236,881,000 (denominated in RMB202,400,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.17036). The amount would be paid at the Transaction completion.

(iii) The estimated cost (referred to the valuation reports pursuant to the Sales and Purchase Agreement) of HK$31,747,000 (denominated in RMB27,126,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.17036) in relation to the shares transfer of 100% equity interest of GZPD and 15% equity interest of DDIT from the Target to the Remaining Group.

(iv) The estimated dividends declared by the Target received by the Remaining Group before the Transaction completion during the year ended 31 December 2016 of HK$230,246,000 (denominated in RMB196,731,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.17036) was based on the retained earnings as at 31 December 2016 with 92% equity interest in the Target, being net off with the withholding tax at 5% arising on the dividends received of HK$11,513,000 (denominated in RMB9,837,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.17036).

The actual financial effects of the Transaction are to be determined based on the consideration and the carrying amount of the net assets of the Target at the completion date and are therefore subject to change upon the actual completion of the Transaction.

(c) The adjustment represents exclusion of finance costs/interest income for the bank loans for the Remaining Group during the year ended 31 December 2017 in connection with the exclusion of liabilities of the Target as mentioned in note 2(a), whereas the bank loans were borrowed by the Target on behalf of the Remaining Group previously and related current account between the Target and the Remaining Group assumed to be settled by cash proceeds as mentioned in note 2(b).

4 The following pro forma adjustment has been made to the unaudited pro forma statement of comprehensive income assuming the Transaction had taken place on 1 January 2017:

(a) The adjustment represents the exclusion of operating results of the Target for the year ended 31 December 2017 as if the Transaction had been completed on 1 January 2017. The amounts are extracted from the unaudited financial information of the Target for the year ended 31 December 2017 or calculated by the Remaining Group's management.

(b) According to the Group's accounting policy, the results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of each reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised. The adjustments represent the cumulative amount of the exchange differences relating to the Target as at 1 January 2017 reclassified to profit or loss as if the Transaction had been completed on 1 January 2017.

5 The following pro forma adjustments have been made to the unaudited pro forma consolidated cash flow statement assuming the Transaction had taken place on 1 January 2017:

(a) The adjustment represents the exclusion of cash flows of the Target for the year ended 31 December 2017 as if the Transaction had been completed on 1 January 2017. The amounts are extracted from the unaudited financial information of the Target for the year ended 31 December 2017.

(b) The adjustment represents the net cash flow from the Transaction as if the Transaction had taken place on 1 January 2017.

	HK$'000
Total consideration of the Transaction *(Note 3(b)(i))*	1,679,701
Add: Estimated dividends declared by the Target received by the Remaining Group before the Transaction completion *(Note 3(b)(ii)(iv))*	218,733
Less: Estimated professional expenses directly attributable to the Transaction	(50,000)
Estimated tax effects in relation to the gain on the Transaction calculated at the applicable tax rate	(144,282)
Estimated cost of shares transfer in relation to the subsidiaries directly and indirectly held by the Target *(Note 3(b)(ii)(iii))*	(31,747)
Estimated net proceeds from the Transaction	**1,672,405**
Less: Cash and cash equivalents held by the Target as at 1 January 2017	(10,487)
Net cash effect of settlement of net amounts due from/to the Remaining Group *(Note)*	(1,297,125)
Net cash proceeds from completion of the Transaction	**364,793**

Note: The repayment relates to repayment of amounts due from the Target by the Remaining Group of HK$1,297,125,000 as at 31 December 2016 (denominated in RMB1,108,313,000 and for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK$1.17036).

The actual financial effects of the Transaction are to be determined based on the consideration and the carrying amount of net assets of the Target at the completion date and are therefore subject to change upon the actual completion of the Transaction.

(c) The adjustment represents the elimination of the intragroup cash flows of HK$13,607,000 between the Remaining Group and the Target for the year ended 31 December 2017, as the Target is no longer a subsidiary of the Remaining Group after completion of the Transaction.

(d) The adjustment represents the exclusion of cash flows in relation to finance costs/ interest income for the bank loans for the Remaining Group during the year ended 31 December 2017 as mentioned in Note 3(c) as if the Transaction had taken place on 1 January 2017.

6 All the above adjustments in respect of the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated cash flow statement above are not expected to have a continuing effect on the Remaining Group.

7 No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2017 for the unaudited pro forma consolidated balance sheet and 1 January 2017 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated cash flow statement.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Remaining Group for the purpose in this Circular.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF HANS ENERGY COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Hans Energy Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 31 December 2017, the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of comprehensive income, the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2017 and related notes as set out in Part A of Appendix IV to the circular dated 19 September 2018 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2017 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the Transaction had taken place at 31 December 2017 and 1 January 2017, respectively. As part of this process, information about the Group's financial position as at 31 December 2017 and the Group's financial performance and cash flows for the year ended 31 December 2017 has been extracted by the Directors from the consolidated financial statements of the Group for the year ended 31 December 2017, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2017 or 1 January 2017 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

19 September 2018

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, (a) were required to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of the Company have taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Long positions in the Shares

Name of Director	Number of Shares held as at the Latest Practicable Date and capacity: Beneficial owner	Founder of a discretionary trust	Total	Approximate percentage to the issued share capital of the Company as at the Latest Practicable Date
Mr. David An ("**Mr. An**")	218,390,000	2,548,203,980 *(Note 1)*	2,766,593,980	74.12%

Note:

1. Mr. An was taken to be interested in those Shares by virtue of being a founder of a discretionary trust, the H and H Settlement, which indirectly wholly owns Extreme Wise and Vand Petro-Chemicals (both as defined below). Mr. An is also a director of Extreme Wise and Vand Petro-Chemicals. As such, Mr. An was taken to be interested in those Shares held by Vand Petro-Chemicals and Extreme Wise.

3 SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors, there was no other person, other than the Directors or the chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name of Shareholder	Capacity	Number of shares held as at the Latest Practicable Date	Approximate percentage to the issued share capital of the Company as at the Latest Practicable Date
Julius Baer Family Office & Trust Ltd ("**Julius Baer**") *(Note 2)*	Trustee (other than a bare trustee)	2,548,203,980	68.27%
Vand Petro-Chemicals (BVI) Company Limited ("**Vand Petro-Chemicals**") *(Notes 2 and 3)*	Interest of controlled corporation	2,338,430,000	62.65%
Extreme Wise Investments Limited ("**Extreme Wise**") *(Note 2)*	Beneficial owner	209,773,980	5.62%
Dubai World Corporation ("**Dubai World**") *(Note 4)*	Interest of controlled corporation	205,276,000	5.50%
Istithmar World Holdings LLC *(Note 4)*	Interest of controlled corporation	205,276,000	5.50%

Notes:

2. Julius Baer is a trustee of a discretionary trust, the H and H Settlement, which indirectly wholly owns Extreme Wise and Vand Petro-Chemicals. As such, Julius Baer was taken to be interested in those Shares held by Vand Petro-Chemicals and Extreme Wise.

3. Vand Petro-Chemicals was taken to be interested in those Shares held by its wholly-owned subsidiary.

4. Dubai World controls Istithmar World Holdings LLC which holds those Shares through several wholly-owned subsidiaries. As such, Dubai World was taken to be interested in those Shares held by Istithmar World Holdings LLC.

4 DISCLOSURE OF OTHER INTERESTS

(i) Interests in competing business

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or their respective close associates had an interest in any business, which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules, as if the Directors were controlling Shareholders.

(ii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up).

(iii) Interests in contract or arrangement

As at the Latest Practicable Date, there was no contract or arrangement in which any Director was materially interested and which was significant in relation to the business of the Group.

5 DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6 MATERIAL CONTRACTS

Other than the Sale and Purchase Agreement, no material contract (not being contracts in the ordinary course of business) has been entered into by members of the Group within the two years immediately preceding the date of this circular and is or may be material.

7 LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

8 EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions or advices which are contained in this circular:

Name	Qualification
KPMG	Certified Public Accountants, Hong Kong

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and/or the reference to its name or opinion in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert above was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up).

9 MISCELLANEOUS

(a) The secretary of the Company is Ms. Lam Lai Wan, Bondie, who is a member of both The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

(b) In case of any inconsistency between the English and Chinese versions of this circular, the English version shall prevail.

10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 2608, 26/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the three financial years ended 31 December 2015, 2016 and 2017 and the interim report of the Company for the six months ended 30 June 2018;

(c) the Unaudited Financial Information of the Target, the text of which is set out in Appendix II to this circular;

(d) the report from KPMG in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV to this circular;

(e) the Sale and Purchase Agreement, being the material contract referred to in the paragraph headed "5. Material Contracts" of this appendix;

(f) the written consents referred to in the paragraph headed "8. Expert and consent" in this appendix; and

(g) this circular.

HANS ENERGY COMPANY LIMITED
漢 思 能 源 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00554)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "**EGM**") of Hans Energy Company Limited (the "**Company**") will held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 8 October 2018 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**

(a) the conditional sale and purchase agreement dated 22 August 2018 (the "**Sale and Purchase Agreement**") (a copy of which has been produced to the EGM and marked "A" and initialled by the Chairman of the meeting for the purpose of identification) entered into between Guangdong Petro-Chemicals Company Limited (粵海石油化工有限公司), an indirect wholly-owned subsidiary of the Company, together with Good Ocean Enterprises Limited (海洋企業有限公司) and Guangdong Lian Ying Petro Chemicals Company Limited* (廣東聯盈石油化工有限公司), and Guangzhou Gas Group Company Limited (廣州燃氣集團有限公司) in relation to the disposal (the "**Transaction**") of the entire issued share capital in of Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. (粵海(番禺)石油化工儲運開發有限公司), at a price of RMB1.56 billion (subject to adjustment), and all transactions contemplated under the Sale and Purchase Agreement, be and are hereby approved, confirmed and ratified in all respects; and

(b) any director of the Company be and is hereby authorised for and on behalf of the Company to sign and execute all such other documents, instruments and agreements and to do all such acts or things and to take all such steps as the director in his/her sole opinion and absolute discretion may consider necessary, appropriate, desirable or expedient to give effect to the Transaction, the Sale and Purchase Agreement and the transactions contemplated thereunder."

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

* *For identification purposes only*

Hong Kong, 19 September 2018

Registered office:	*Head office and principal place of business:*
PO Box 309 Ugland House	Unit 2608, 26/F
Grand Cayman	Harbour Centre
KY1-1104, Cayman Islands	25 Harbour Road
	Wanchai, Hong Kong

Notes:

(1) A form of proxy for use at the EGM is enclosed herewith.

(2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised.

(3) All registered shareholders of the Company recorded at 4:30 p.m. on Friday, 5 October 2018 shall be entitled to attend and vote in person at the EGM or any adjournment thereof. In order to qualify for attending and voting at the EGM or any adjournment thereof, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 October 2018.

(4) Any shareholder of the Company entitled to attend and vote at the EGM convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at the above address not less than 48 hours before the time appointed for holding of the EGM (i.e. by 10:00 a.m. on Saturday, 6 October 2018) or any adjournment thereof.

(5) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.

(6) Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

As at the date of this notice, 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.