

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HANS ENERGY COMPANY LIMITED

漢思能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00554)

DISCLOSEABLE TRANSACTION DISPOSAL OF LIMITED PARTNERSHIP INTEREST

THE DISPOSAL

On 23 November 2023, Creative Apex (as transferor), a direct wholly-owned subsidiary of the Company, entered into the Deed of Assignment with Chantilly (as transferee) and the General Partner, pursuant to which Creative Apex has agreed to assign and transfer to Chantilly, and Chantilly has agreed to assume and accept all of the rights, title and interests of Creative Apex in the Limited Partnership Interest at a consideration of US\$16,570,822.38 (equivalent to approximately HK\$129 million).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in relation to the Disposal is less than 25% but more than 5%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcements of the Company dated 12 April 2019 and 17 May 2019 in relation to the subscription by Creative Apex of the Limited Partnership Interest.

On 23 November 2023, Creative Apex (as transferor), a direct wholly-owned subsidiary of the Company, entered into the Deed of Assignment with Chantilly (as transferee) and the General Partner, pursuant to which Creative Apex has agreed to assign and transfer to Chantilly, and Chantilly has agreed to assume and accept all of the rights, title and interests of Creative Apex in the Limited Partnership Interest at a consideration of US\$16,570,822.38 (equivalent to approximately HK\$129 million), and the General Partner has given its consent to such transactions.

PRINCIPAL TERMS OF THE DEED OF ASSIGNMENT

The principal terms of the Deed of Assignment are summarized as below:

Date

23 November 2023

Parties

1. Creative Apex, as the transferor;
2. Chantilly, as the transferee; and
3. the General Partner.

As of the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Chantilly, the General Partner and their respective ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

Pursuant to the Deed of Assignment, Creative Apex has agreed to assign and transfer to Chantilly and Chantilly has agreed to accept the assignment of the Limited Partnership Interest.

The Limited Partnership Interest represents the entire interest held by Creative Apex in the Limited Partnership, being capital commitment of US\$20 million (comprising (i) US\$15,728,661.75 of funded capital contribution and (ii) US\$4,271,338.25 of capital commitment that has yet to be funded) and 100% of Creative Apex's capital account balance (being the aforesaid funded capital contribution), and the related rights, title and interests in the Subscription Agreement in relation to the Limited Partnership entered into by Creative Apex and the General Partner dated 26 March 2019.

The Limited Partnership is an exempted limited partnership registered under the Exempted Limited Partnership Law (Revised) of the Cayman Islands. The Limited Partnership is principally engaged in investment and management of funds. Details of the subscription by Creative Apex of the Limited Partnership Interest are set out the announcements of the Company dated 12 April 2019 and 17 May 2019.

Consideration

The Consideration for the assignment of the Limited Partnership Interest is US\$16,570,822.38 (equivalent to approximately HK\$129 million), which is payable by Chantilly to Creative Apex in cash by way of bank transfer upon Completion.

The Consideration was determined after arm's length negotiation between Chantilly and Creative Apex and in view of the total investment return to Creative Apex from the holding of the Limited Partnership Interest and the Disposal, with reference to the amount of initial capital contribution funded by Creative Apex of approximately US\$15.7 million (equivalent to approximately HK\$122 million), the amount of distribution of approximately US\$1.7 million (equivalent to approximately HK\$13 million) received from the Limited Partnership during the term of the investment, and the amount of the consideration of US\$16,570,822.38 (equivalent to approximately HK\$129 million) from the Disposal, yielding a positive return of approximately US\$2.5 million (equivalent to approximately HK\$20 million), or approximately 16% over the amount actually contributed by Creative Apex.

Completion

Under the Deed of Assignment, the Completion shall take place on the date of the Deed of the Assignment.

INFORMATION OF CHANTILLY AND THE GENERAL PARTNER

Chantilly is an exempted limited partnership registered under the Exempted Limited Partnership Law (Revised) of the Cayman Islands. It is principally engaged in investment holding. Based on information available to the Company, the investors behind Chantilly are family offices from the Middle Eastern region. Chantilly is controlled by Chantilly TM Strategic Fund G.P. (“**Chantilly G.P.**”) in its capacity as the general partner of Chantilly. Chantilly G.P. is principally engaged in the provision of investment management services to Chantilly and is wholly owned by Templewater Investments Limited, which is in turn ultimately owned by Mr. Cliff Zhang and Investec Bank plc. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Chantilly G.P. and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The General Partner is an exempted company incorporated in the Cayman Islands with limited liability. It is principally engaged in the provision of investment management services to the Limited Partnership.

INFORMATION ON THE GROUP AND CREATIVE APEX

The Group is principally engaged in the provision of integrated facilities of jetties, storage tanks, warehousing and logistic services in south China for petroleum and liquid chemical products and offers value-added services in its ports and storage tank farms, trading of oil and petrochemical products and operating and leasing of a filling station related business.

Creative Apex is a company incorporated in the British Virgin Islands and is a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited statements of changes in capital account of the Limited Partnership provided by the General Partner, as of 30 June 2023, the unaudited net asset value of the Limited Partnership Interest was approximately US\$14.8 million (equivalent to approximately HK\$115 million). The unaudited net profit before and after taxation attributable to the Limited Partnership Interest for the two financial years ended 31 March are as follows:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Net profit before taxation	Approximately US\$1.0 million (equivalent to approximately HK\$8 million)	Approximately US\$5.7 million (equivalent to approximately HK\$44 million)
Net profit after taxation	Approximately US\$1.0 million (equivalent to approximately HK\$8 million)	Approximately US\$5.7 million (equivalent to approximately HK\$44 million)

Based on the above only and after deducting other expenses in relation thereto, the Group expects to record a loss on the Disposal of approximately HK\$44 million. That said, as mentioned in the section headed “Consideration” above, the Disposal would yield a positive return as the amount of the Consideration exceeds the net capital contribution of Creative Apex. An accumulated fair value gain of approximately HK\$63 million was previously recognised up to 30 June 2023, and the loss expected to be recorded on Disposal is reflective of the discounted value due to the early exit from the Limited Partnership. The actual amount of loss on the Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount.

Upon Completion, Creative Apex will cease to have any interest in the Limited Partnership. The Limited Partnership Interest will no longer be accounted for as financial assets at fair value through profit or loss in the Group’s consolidated financial statements.

USE OF PROCEEDS

The net proceeds (after deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$129 million are expected to be used for potential investment or acquisition opportunities that may arise.

REASONS FOR AND BENEFITS OF THE DISPOSAL

At the time of the investment into the Limited Partnership, the Limited Partnership was actively considering, among other things, investing in the energy sector, which was in line with the Group's business. The Company has noted that the Limited Partnership has not invested in the energy sector after deploying more than 75% of the committed capital of the Limited Partnership. Hence, the Directors are of the view that the investment in the Limited Partnership no longer served the aforesaid strategy. As the Limited Partnership Interest was not a liquid investment and there was still an unfunded capital commitment of approximately US\$4.3 million (equivalent to approximately HK\$33 million) that the Group is liable for should it continue with this investment, and given the abovementioned positive return on the net capital contribution of Creative Apex, the Directors consider that the Disposal was a good opportunity for the Group to exit and realise its investment, which would strengthen its cash flow and improve the liquidity position of the Group. The increased cash flow will provide the Company with the financial flexibility and resources to consider and pursue potential investment or acquisition opportunities should they arise.

In view of the above, the Directors consider that Disposal and the terms of the Deed of Assignment are fair and reasonable and on normal commercial terms, and the Disposal is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in relation to the Disposal is less than 25% but more than 5%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors;
“Chantilly”	Chantilly TM Strategic Fund L.P., an exempted limited partnership registered under the Exempted Limited Partnership Law (Revised) of the Cayman Islands;
“Company”	Hans Energy Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Deed of Assignment;
“Consideration”	US\$16,570,822.38 (equivalent to approximately HK\$129 million);

“Creative Apex”	Creative Apex International Holding Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company;
“Deed of Assignment”	the deed of assignment and assumption of interests in Templewater I, L.P. dated 23 November 2023;
“Director(s)”	directors of the Company;
“Disposal”	the disposal of the Limited Partnership Interest by Creative Apex to Chantilly pursuant to the terms and conditions of the Deed of Assignment;
“General Partner”	Templewater I, G.P., being the general partner of the Limited Partnership;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	a party which is not a connected person(s) of the Company as defined under the Listing Rules;
“Limited Partner(s)”	the limited partners of the Limited Partnership;
“Limited Partnership”	Templewater I, L.P., is an exempted limited partnership registered under the Exempted Limited Partnership Law (Revised) of the Cayman Islands;
“Limited Partnership Interest”	the interest held by Creative Apex in the Limited Partnership, being capital commitment of US\$20 million (comprised of US\$15,728,661.75 of capital contribution and US\$4,271,338.25 of unfunded commitment) and 100% of Creative Apex’s capital account balance, and the related rights, title and interests in the Subscription Agreement in relation to the Limited Partnership entered into by Creative Apex and the General Partner dated 26 March 2019;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratio”	the meaning ascribed to it in the Listing Rules;

“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	the meaning ascribed to it in the Listing Rules;
“US\$”	the lawful currency of United States of America; and
“%”	per cent.

For the purpose of this announcement, conversion of US dollars into HK dollars is based on the approximate exchange rate of US\$1.0 to HK\$7.8. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK dollars or US dollars have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 23 November 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. David An (Chairman), Mr. Yang Dong and Mr. Zhang Lei and three independent non-executive Directors, namely Mr. Li Wai Keung, Mr. Chan Chun Wai, Tony and Mr. Chung Chak Man, William.