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HANS ENERGY COMPANY LIMITED

漢思能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00554)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board of Directors (the “Directors”) of Hans Energy Company Limited (the “Company”) announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 as follows:

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Revenue	3	741,255	447,367
Direct costs and operating expenses		(712,093)	(402,196)
Gross profit		29,162	45,171
Other income	4	13,156	10,463
Selling and administrative expenses		(48,781)	(42,867)
Reversal of loss allowance of trade and other receivables		-	500
(Loss)/profit from operations		(6,463)	13,267
Finance costs	5(a)	(12,782)	(15,866)
Loss before taxation	5	(19,245)	(2,599)
Income tax	6	(1,729)	(406)
Loss for the period		(20,974)	(3,005)
Attributable to:			
Equity shareholders of the Company		(21,347)	(4,107)
Non-controlling interests		373	1,102
Loss for the period		(20,974)	(3,005)
Basic and diluted loss per share	7	(0.55) cent	(0.11) cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*for the six months ended 30 June 2024 - unaudited**(Expressed in Hong Kong dollars)*

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Loss for the period	(20,974)	(3,005)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to consolidated income statement:		
Exchange differences on translation of operations in other jurisdictions	(1,871)	(7,475)
Item that will not be reclassified subsequently to consolidated income statement:		
(Decrease)/increase in fair value of investments at fair value through other comprehensive income ("FVOCI")	(62,187)	62,045
Other comprehensive income for the period	(64,058)	54,570
Total comprehensive income for the period	(85,032)	51,565
Attributable to:		
Equity shareholders of the Company	(85,266)	51,367
Non-controlling interests	234	198
Total comprehensive income for the period	(85,032)	51,565

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2024 – UNAUDITED
(Expressed in Hong Kong dollars)

	<i>Note</i>	At 30 June 2024 <i>\$'000</i>	At 31 December 2023 <i>\$'000</i>
Non-current assets			
Property, plant and equipment		352,011	373,390
Interests in leasehold land and buildings held for own use		172,037	176,224
Investment property		36,273	37,734
Prepayments and other receivables	8	185,435	11,813
Other investments	9	637,813	700,000
Intangible assets		804	756
Interest in an associate		1,008	1,015
Interest in a joint venture		1,764	1,777
Goodwill		4,641	4,674
		<u>1,391,786</u>	<u>1,307,383</u>
Current assets			
Inventories		154,539	184,713
Trade and other receivables	10	151,999	90,065
Cash and bank balances		318,920	374,862
		<u>625,458</u>	<u>649,640</u>
Current liabilities			
Trade and other payables and contract liabilities	11	110,603	57,096
Bank loans	12	612,600	136,703
Lease liabilities		4,868	3,879
Current taxation		1,151	1,604
Amounts due to related parties	13	70,160	74,182
		<u>799,382</u>	<u>273,464</u>
Net current (liabilities)/assets		<u>(173,924)</u>	<u>376,176</u>
Total assets less current liabilities		<u>1,217,862</u>	<u>1,683,559</u>
Non-current liabilities			
Bank and other loans	12	46,800	427,323
Lease liabilities		23,017	23,159
		<u>69,817</u>	<u>450,482</u>
NET ASSETS		<u>1,148,045</u>	<u>1,233,077</u>
CAPITAL AND RESERVES			
Share capital		395,664	395,664
Reserves		730,765	816,031
Total equity attributable to equity shareholders of the Company		<u>1,126,429</u>	<u>1,211,695</u>
Non-controlling interests		<u>21,616</u>	<u>21,382</u>
TOTAL EQUITY		<u>1,148,045</u>	<u>1,233,077</u>

NOTES:

(Expressed in Hong Kong dollars, unless otherwise indicated)

1. Basis of preparation

The unaudited consolidated interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 June 2024 but is extracted from that unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 21 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The Group had net current liabilities as of 30 June 2024 of \$173,924,000. The directors assessed the Group’s ability to continue as a going concern, taking into account the Group’s current cash and cash equivalents balances and the expected operating cash flows of the Group for at least the next twelve months from the end of the current reporting period. On the basis of these assessments, the directors have determined that, at the date on which the interim financial report were authorised for issue, the use of the going concern basis of accounting to prepare the condensed consolidated interim financial statements is appropriate.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2. Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue and segment reporting

The Group manages its businesses by entities, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Terminal Storage: this segment represents the Group's provision of terminal, storage, warehousing and transshipment activities carried out in Dongguan, the People's Republic of China ("PRC").
- Trading: this segment represents the Group's trading of oil and petrochemical products business carried out in the PRC (including Hong Kong).
- Other: this segment represents other businesses including the leasing of a filling station in Zengcheng, the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of other investments and other corporate assets. Segment liabilities include trade and other payables and contract liabilities and lease liabilities attributable to the individual segments and bank and other loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "loss before taxation" i.e. "adjusted earnings before taxation". To arrive at "loss before taxation", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs.

(b) Disaggregation of revenue

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Revenue from contracts with customers not within the scope of HKFRS 15		
Storage and warehousing income	44,928	53,783
Rental income from a filling station	2,642	2,709
	47,570	56,492
Revenue from contracts with customers within the scope of HKFRS 15		
Port and transshipment income	18,670	18,585
Sales of oil and petrochemical products	675,015	372,290
	693,685	390,875
	741,255	447,367

3. Revenue and segment reporting (continued)

(c) Information about profit or loss, assets and liabilities

For the six months ended 30 June	Terminal Storage		Trading		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	63,598	72,368	675,015	372,290	2,642	2,709	741,255	447,367
Reportable segment revenue	63,598	72,368	675,015	372,290	2,642	2,709	741,255	447,367
Reportable segment profit before taxation	6,005	9,503	760	4,596	662	984	7,427	15,083

	Terminal Storage		Trading		Other		Total	
	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	562,588	554,880	336,135	324,451	58,928	53,282	957,651	932,613
Reportable segment liabilities	454,757	479,407	238,609	133,499	23,720	23,839	717,086	636,745

(d) Reconciliations of reportable segment profit before taxation to consolidated loss before taxation

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Reportable segment profit before taxation	7,427	15,083
Unallocated other income/(expenses)	5,538	(1,612)
Unallocated head office and corporate expenses	(32,210)	(20,677)
Net fair value gains on financial assets at fair value through profit or loss	-	4,607
Consolidated loss before taxation	(19,245)	(2,599)

4. Other income

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Interest income	9,675	2,807
Net foreign exchange loss	(1,333)	(143)
Net fair value gains on financial assets at fair value through profit or loss	-	4,607
Others	4,814	3,192
	13,156	10,463

5. Loss before taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
<i>(a) Finance costs</i>		
Interest on bank and other loans	11,991	14,996
Interest on lease liabilities	791	870
	12,782	15,866
<i>(b) Staff costs*</i>		
Contributions to defined contribution retirement plan	2,859	2,825
Salaries, wages and other benefits	22,317	26,368
Total staff costs	25,176	29,193
<i>(c) Other items</i>		
Amortisation		
– intangible assets	80	86
Depreciation		
– owned property, plant and equipment	20,719	20,434
– investment property	1,135	1,164
– right-of-use assets*	5,387	5,421

* Staff costs include \$875,000 relating to depreciation of right-of-use assets (six months ended 30 June 2023: \$878,000), which amount is also included in the respective total amount disclosed separately above.

6. Income tax

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Current tax - PRC Corporate Income Tax for the period (Note i)	(2,126)	(332)
Over-provision for PRC Corporate Income Tax in previous years	417	56
Current tax - Hong Kong Profits Tax for the period (Note ii)	-	(130)
Under-provision for Hong Kong Profits Tax in previous years	(20)	-
	(1,729)	(406)

Notes:

- (i) The statutory income tax rate applicable to the Company's PRC subsidiaries is 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).
- (ii) No Hong Kong Profits Tax was provided for the six months 30 June 2024 as the Group sustained a loss for Hong Kong Profits Tax purposes for the period (six months ended 30 June 2023: the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first \$2 million of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%).

7. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of \$21,347,000 (six months ended 30 June 2023: \$4,107,000) and the weighted average of 3,878,048,000 ordinary shares (six months ended 30 June 2023: 3,878,048,000 ordinary shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2024	2023
	'000	'000
Issued ordinary shares at 1 January	3,956,638	3,956,638
Effect of treasury shares held under share award scheme	(78,590)	(78,590)
Weighted average number of ordinary shares as at 30 June	<u>3,878,048</u>	<u>3,878,048</u>
	Six months ended 30 June	
	2024	2023
Basic and diluted loss per share	<u>(0.55) cent</u>	<u>(0.11) cent</u>

The diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2024 and 2023.

8. Prepayments and other receivables

	At	At
	30 June	31 December
	2024	2023
	\$'000	\$'000
Prepayment for a business acquisition	175,000	-
Prepayment for right-of-use assets	843	1,017
Other receivables	9,592	10,796
	<u>185,435</u>	<u>11,813</u>

9. Other investments

	<i>Note</i>	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Unlisted equity securities at FVOCI (non-recycling)	(i)	637,813	700,000

Note:

- (i) The unlisted equity securities are shares in Bravo Transport Holdings Limited (“BTHL”), a company incorporated in the British Virgin Islands and engaged in investment holding.

The Group designated its investment in BTHL at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment for the six months ended 30 June 2024 and 2023.

10. Trade and other receivables

(a) Ageing analysis

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date or date of revenue recognition and net of loss allowance, is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 1 month or not demanded	19,040	8,972
Over 1 month but within 2 months	1,217	356
Over 2 months but within 3 months	4,541	24
Over 6 months	-	6,400
Trade debtors, net of loss allowance	24,798	15,752
Prepayment and other receivables	127,201	74,313
	151,999	90,065

Subject to negotiation, credit is generally only available to major customers with well-established trading records. The Group allows an average credit period of 5 - 180 days to its trade customers during the last two interim periods.

10. Trade and other receivables (continued)

(b) Movement in the loss allowance account in respect of trade receivables during the period is as follows:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Balance at 1 January	-	1,000
Recognition of loss allowance during the period	-	500
Reversal of loss allowance during the period	-	(1,000)
Balance at 30 June	<u>-</u>	<u>500</u>

The provision for loss allowance is recorded using a provision account unless the Group is satisfied that the recovery is remote, in which case the expected credit loss is written off against the receivables and the provision for impairment loss directly. The Group does not hold any collateral over these balances.

11. Trade and other payables and contract liabilities

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables and contract liabilities), based on the invoice date, is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Total creditors (within 1 month)	-	4,513
Other creditors and accruals	30,248	22,014
Contract liabilities	80,355	30,569
	<u>110,603</u>	<u>57,096</u>

12. Bank and other loans

(a) The analysis of the carrying amount of bank and other loans is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Current liabilities		
Bank loans	612,600	136,703
Non-current liabilities		
Bank and other loans	46,800	427,323
	<u>659,400</u>	<u>564,026</u>

12. Bank and other loans (continued)

(b) As at 30 June 2024, the bank and other loans were repayable as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Bank loans (secured)		
Within 1 year or on demand	<u>612,600</u>	<u>136,703</u>
After 1 year but within 2 years	-	61,046
After 2 years but within 5 years	-	213,662
After 5 years	-	152,615
	<u>-</u>	<u>427,323</u>
	<u>612,600</u>	<u>564,026</u>
Other loan (unsecured)		
After 1 year but within 2 years	<u>46,800</u>	<u>-</u>
	<u>659,400</u>	<u>564,026</u>

(c) As at 30 June 2024, the Group had bank loans totalling \$612,600,000 (31 December 2023: \$564,026,000), which bank loans totalling \$481,122,000 (31 December 2023: \$481,263,000) were secured by certain of the Group's property, plant and equipment with net book value of \$317,665,000 as at 30 June 2024 (31 December 2023: \$326,072,000) and interests in leasehold land and buildings held for own use with net book value of \$150,209,000 (31 December 2023: \$153,579,000). The aggregate banking facilities of the Group amounted to \$762,600,000 (31 December 2023: \$574,443,000) of which \$659,400,000 (31 December 2023: \$564,026,000) were utilised.

(d) Certain of the Group's banking facilities are subject to the fulfilment of covenants. The Group regularly monitors its compliance with the covenants of banking facilities. As at 30 June 2024, one of the covenants cannot be met. As a result, an amount of \$393,974,000 has been classified as current liabilities. The Group is in the process of finalisation of a new banking facility with more favourable terms and borrowing rates to replace the current banking facility.

13. Amounts due to related parties

The amounts due to related parties are unsecured, interest-free and repayable within one year.

14. Commitments

Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Contracted for a business acquisition	<u>2,547,045</u>	<u>-</u>

15. Non-adjusting events after the reporting period

On 17 July 2024, a resolution on the acquisition of approximately 54.44% of the total issued shares of BTHL was approved by the Company's shareholders at the extraordinary general meeting. In accordance with the payment terms, part of the cash considerations of \$325,000,000 was paid by the Group on 31 July 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

(Expressed in Hong Kong dollars, unless otherwise indicated)

BUSINESS REVIEW

Company Profile

Hans Energy Company Limited (the “Company”) and its subsidiaries (the “Group”) is a leading operator in providing integrated facilities of jetties, storage tanks, warehousing and logistic services in south China for petroleum and liquid chemicals products, offering value-added services in its own ports and storage tank farms (the “terminal storage business”), trading of oil and petrochemical products (the “trading business”) and leasing of a filling station business (the “other business”).

Terminal Storage Business

The Group owns and operates a liquid product terminal, namely Dongzhou Petrochemical Terminal (“DZIT”) carried out by Dongguan Dongzhou International Petrochemical Storage Limited (“DZ International”), an indirect subsidiary of the Company. DZIT is situated in Lisha Island, Humen Harbour district, Shatian county, Dongguan city, Guangdong province, the PRC, with a total of land and coastal site area of over 830,000 square metres. It was built with berths ranging from 500 to 100,000 dwt and is installed with 94 oil and petrochemical tanks of a total storage capacity of approximately 260,000 cubic metres, out of which 180,000 cubic metres are for gasoline, diesel and similar petroleum products commonly available in trading and consumption markets. Storage tanks with capacity of 80,000 cubic metres were built for petrochemical products.

The Group is focused on tapping into market potentials and diversifying its terminal storage business to generate more revenue and maximize shareholders’ value by utilising spare capacity from jetties and vacant land of DZIT. In the past few years, the Group has engaged in discussion with various stakeholders on DZIT second phase development about modification of the existing jetties and proposing the construction of a liquefied natural gas (“LNG”) storage tanks and related facilities in the vacant land of approximately 150,000 square metres. The Group has already submitted the application to the local government, and as at the reporting date, the application approval is still in progress.

Trading Business

The Group operates in trading of oil and petrochemical products carried out in the PRC (including Hong Kong) and has established long term cooperative relationships with major energy companies such as CNOOC, Sinopec and Sinochem Group.

The Group’s strategy for its trading business is to expand the customers base to the end customers of filling stations by prioritizing supply the petrol and diesel to the filling stations through signing of key fuel supply agreements, and providing the brand management services, thereby enhancing the unit profit from the trading business.

By establishing long-term cooperative relationships with key players in the industry and targeting the retail market through key fuel supply agreements and brand management services, the Group is positioning itself for long-term growth and profitability.

Other Business

The Group owns a filling station which is situated in Zengcheng district, Guangzhou city, the PRC with a site area of approximately 12,500 square metres. Its floor area, fuel island configuration, equipment level and construction standards all meet the standards of local flagship filling stations. During the six months ended 30 June 2024, the Group received rental income by leasing this filling station. The Group actively expands its share of the refined oil retail market by increasing its business segments through various means, including but not limited to leasing, signing of key fuel supply agreement and providing brand management services. Currently, there are a total of eight filling stations under the brand “Hans Energy” located across Guangdong Province and Guangxi Province in the PRC.

To diversify the business of the Group and to increase the Group’s source of revenue, the Group has been seeking various development opportunities to broaden the Group’s revenue base.

The investment in Bravo Transport Holdings Limited (“BTHL”) pursuant to the 2020 Acquisition and 2021 Acquisition as defined in the sub-section headed “Significant Investments, Material Acquisitions and Disposals and Future Plans for Material Investments or Capital Assets” represented a strategic opportunity for the Group to diversify its business and broaden its revenue by participating in a vital public transportation service in Hong Kong. In view of the prospects of the BTHL Group and the potential return on such investment, the Group has further increased its investment in BTHL Group in 2024. On 24 May 2024, the Group entered into an agreement with Templewater Bravo Holdings Limited (“TWB Holdings”) and Ascendal Bravo Limited (“ABL”) (the “Acquisition Agreement”) to acquire approximately 54.44% of the total issued BTHL Shares, at the consideration of approximately \$2,722 million (the “Acquisition”). Upon the completion of the Acquisition (the “Completion”), the Group holds 70% of the total issued BTHL Shares. On 17 July 2024, the Acquisition was approved by the shareholders of the Company at the extraordinary general meeting of the Company (“EGM”). On 31 July 2024, the Completion pursuant to the Acquisition Agreement took place. Details of the transaction are set out under the sub-section headed “Significant Investments, Material Acquisitions and Disposals and Future Plans for Material Investments or Capital Assets”.

The Group will continue its established business diversification strategies, operating a traditional business while expanding to the other business sectors.

Key Performance Indicators

Terminal Storage Business

The leaseout rates and cargo throughput are the major key performance indicators of the terminals. Assume that the unit rate remains the same, higher leaseout rate should return with higher storage income. More cargoes flows mean more works in the terminals thus more handling fee income. The leaseout rates and cargo throughput of DZIT during the last two interim periods are as follows:

Operational statistics	Six months ended 30 June		
	2024	2023	Change %
Liquid product terminal and transshipment services			
Number of vessels visited			
– foreign	35	32	+9.4
– domestic	435	448	-2.9
Number of trucks served to pick up cargoes	31,946	30,271	+5.5
Number of drums filled	6,485	4,637	+39.9
Transshipment volume (metric ton)	23,057	40,885	-43.6
– oil	23,057	28,888	-20.2
– petrochemical products	-	11,997	-100.0
Terminal throughput (metric ton)	2,203,000	2,245,000	-1.9
Port jetty throughput (metric ton)	1,410,000	1,471,000	-4.1
Storage services			
Leaseout rate - oil and petrochemical tanks (%)	91.7	95.7	-4.0 points

Despite the gradual recovery of Chinese economy from the COVID-19 pandemic, the pace of recovery is relatively slow. The uncertainties in global economic growth, frequent international geopolitical conflicts, and the uncertain trajectory of China-US economic and trade relations pose challenges to the macroeconomy. Additionally, the development of technologies such as electric vehicles (EVs) and renewable energy in China is impacting the demand for oil in the market, leading to a decline in DZIT's major operational indices. During the six months ended 30 June 2024, the transshipment volume, the terminal throughput and the port jetty throughput experienced the decreases of 43.6%, 1.9% and 4.1% respectively over the same period of last year. During the six months ended 30 June 2024, the average leaseout rate for oil and petrochemical tanks was 91.7%, dropped by 4.0 percentage points over the same period of last year. These decreases were primarily attributed to a reduction in demand for oil and petrochemical storage, leading to lower leaseout rates for the tanks. Looking ahead, DZIT will continue adapting to changes in the market and addressing any challenges in order to maintain its competitiveness and attract more potential business opportunities in the future.

Trading Business

The operational statistics of trading business during the last two interim periods are as follows:

Operational statistics	Six months ended 30 June		
	2024	2023	Change %
Number of sale contracts entered	541	252	+114.7
Sales volume of oil and petrochemical products (metric ton)	109,000	69,000	+58.0

Taking advantage of this positive trend of the Trading Business from last year, the Group has continued to expedite its trading business in the first half of 2024. During the six months ended 30 June 2024, the number of sales contracts entered and the sales volume of oil and petrochemical products significantly increased by 114.7% and 58.0% respectively over the same period of last year. In order to improve unit profit, the Group is continuously developing and expanding the customer base to include the end customers of filling stations, which not only facilitates the business operations to bring into play the advantages of centralised procurement, which can help to reduce procurement cost and gain a stable profit through the way of centralised procurement, retail and wholesale, but also enhances the market risk resistance and the profit optimization by leveraging market price fluctuation.

SEGMENT REVENUE

During the six months ended 30 June 2024, the Group manages its operations by three existing reportable segment revenue from the business of (i) trading, (ii) terminal storage and (iii) other business. The breakdown is as follows:

	Six months ended 30 June				
	2024		2023		Change %
	\$'000	%	\$'000	%	
Trading business					
Sales of oil and petrochemical products	675,015	91.1	372,290	83.2	+81.3
Terminal storage business					
Storage income	44,928	6.0	53,783	12.0	-16.5
Handling income and others	17,977	2.4	17,649	4.0	+1.9
Transshipment income	273	0.0	489	0.1	-44.2
Port income	420	0.1	447	0.1	-6.0
Other business					
Revenue from leasing of a filling station	2,642	0.4	2,709	0.6	-2.5
	741,255	100.0	447,367	100.0	+65.7

During the six months ended 30 June 2024, the Group recorded a total revenue of approximately \$741.3 million, an increase of 65.7% as compared to the same period of the last year, and of which revenue from sale of oil and petrochemical products, provision of terminal, storage transshipment activities and rental income from a filling station was approximately \$675.0 million (accounting for 91.1% to the Group's total revenue), \$63.6 million (accounting for 8.5% to the Group's total revenue) and \$2.6 million (accounting for 0.4% to the Group's total revenue) respectively, an increase 81.3%, a decrease of 12.1% and 2.5% respectively on a half-year basis. The increase in trading revenue was mainly attributable to the increase in the number of sales contracts entered and sales volume of oil and petrochemical products over the same period of the last year. However, the decrease in the storage income was mainly attributable to the decline in the leaseout rate of storage tanks. In addition, the rental income from leasing a filling station has continued to contribute part of the Group's revenue.

OUTLOOK

2024 marks as an important moment for the Group moving into a new phase of development. On 31 July 2024, the Group successfully completed the acquisition of BTHL. Upon the completion of the acquisition, the Group holds 70% of the total issued shares of BTHL which becomes a non-wholly owned subsidiary of the Group. Following this acquisition, the Group's principal business has expanded from terminal storage and trading business to public transportation business, bringing the Group into more diversified business segments.

However, the traditional business of the Group faced challenges in the first half of the year. The rapid advancement of technologies such as electric vehicles and renewable energy in China has led to a gradual decline in the demand for oil, thus affecting the operational and financial performance of the Group in the first half of the year. To address these challenges, the Group will actively seek for further development opportunities and adapt its business strategies flexibly to align with evolving market changes and demands.

Looking ahead to the second half of 2024, in addition to continuing to focus on hydrogen energy-related technologies, research and development, and investment in hydrogen technologies for future applications in hydrogen buses, the Group will also actively expand the overseas transportation projects for Citybus. Furthermore, the Group will collaborate on research and development projects related to autonomous driving and the smart mobility technology development in Hong Kong. Our plan includes conducting live road tests on the Hong Kong Science Park to University MTR Station route and within the Kai Tak Development Area to establish a world-leading smart mobility solution, further enhancing Hong Kong's long-established and well-regarded public transportation system, and contributing to the ongoing development of Hong Kong as a smart city.

Looking ahead, benefiting from Citybus's strong cash flow, it will provide a more robust financial foundation for the Group. As the BTHL's assets and liabilities will be consolidated into the Group in the second half of the year, we expect new breakthroughs and developments in both financial performance and business prospects. We will accelerate our development pace in the public transportation business, continuously optimize traditional businesses to remain competitive and sustainable, lay a solid foundation for future growth, and embrace more opportunities and challenges.

Through the acquisition of BTHL, we aim to leverage synergies in our operations, integrate resources and technologies, and further enhance the Group's competitive advantages and market position. We are confident that this successful acquisition will inject strong momentum into the future development of the Group, propelling Citybus to become one of the world's leading public transportation operators and bringing better returns to the shareholders.

FINANCIAL REVIEW

RESULTS OF OPERATIONS

During the six months ended 30 June 2024, the Group's financial performance are set out as follows:

	Six months ended 30 June		
	2024 \$'000	2023 \$'000	Changes %
Revenue	741,255	447,367	+65.7
Direct costs and operating expenses	(712,093)	(402,196)	+77.1
Gross profit	29,162	45,171	-35.4
(Loss)/earnings before interest and tax (“(LBIT)/EBIT”)	(6,463)	13,267	-148.7
Depreciation and amortisation	27,321	27,105	+0.8
Finance costs	12,782	15,866	-19.4
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	20,858	40,372	-48.3
Gross profit margin (%)	3.9	10.1	-6.2 points
Net loss margin (%)	(2.8)	(0.7)	-2.1 points
Basic and diluted loss per share (cent)	(0.55)	(0.11)	+400.0

Revenue and gross profit margin

During the six months ended 30 June 2024, the Group's revenue was approximately \$741.3 million (2023: \$447.4 million), representing an increase of 65.7% over the same period of the last year. The increase was mainly attributable to the increase in revenue from sale of oil and petrochemical products by 81.3% as compared to the same period of the last year. During the six months ended 30 June 2024, the gross profit margin was 3.9%, a decrease of 6.2 percentage points on a half-year basis. Despite an increase in the Group's revenue, the direct costs and operating expenses increased at a higher rate than the increase in revenue, resulting in a reduced gross profit and gross profit margin during the period.

Direct costs and operating expenses

During the six months ended 30 June 2024, the Group's direct costs and operating expenses were approximately \$712.1 million (2023: \$402.2 million), representing an increase of 77.1% over the same period of the last year, and of which costs of inventories from oil and petrochemical products were approximately \$670.6 million (2023: \$364.3 million), accounting for 94.2% (2023: 90.6%) of total direct costs and operating expenses and an increase of 84.1% on a half-year basis. The increase in direct costs and operating expenses is directly related to the increase in revenue; however, the increase rate surpassed the rate of revenue growth, primarily driven by higher costs of inventories incurred during the period.

LBIT and EBITDA

During the six months ended 30 June 2024, the Group reported a LBIT of approximately \$6.5 million, declined by 148.7% as compared to EBIT of approximately \$13.3 million from the last period. Additionally, EBITDA was recorded as approximately \$20.9 million, decreased by 48.3% over the same period of the last year. The decreases were mainly attributable to a decrease in gross profit by approximately \$16.0 million and an increase in selling and administrative expenses by approximately \$5.9 million during the period.

Finance costs

During the six months period ended 30 June 2024, finance costs amounted to approximately \$12.8 million (2023: \$15.9 million) which were mainly incurred on the Group's outstanding bank loans. The decrease was mainly attributable to the decrease in average bank borrowing rate during the period.

Taxation

No Hong Kong Profits Tax was provided for the six months 30 June 2024 as the Group sustained a loss for Hong Kong Profits Tax purposes for the period (2023: the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first \$2 million of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%). The statutory income tax rate applicable to the Company's PRC subsidiaries is 25% for the six months ended 30 June 2024 (2023: 25%).

Basic and diluted loss per share

The basic and diluted loss per share for the six months ended 30 June 2024 were \$0.55 cent (2023: \$0.11 cent).

LIQUIDITY, GEARING AND CAPITAL STRUCTURE

As at 30 June 2024, the Group's total cash and bank balances amounted to approximately \$318.9 million (31 December 2023: \$374.9 million). The decrease of the Group's total cash and bank balances was primarily attributable to cash outflow from investing activities during the period. Most of the funds were held in HK dollars, RMB and US dollars.

As at 30 June 2024, the Group had total assets of approximately \$2,017.2 million (31 December 2023: \$1,957.0 million) and net current liabilities were approximately \$173.9 million (31 December 2023: net current assets of approximately \$376.2 million). The current ratio as at 30 June 2024 of the Group was 0.78 (31 December 2023: 2.38). The decrease was primarily attributable to the reclassification of bank loans from long-term to short-term as at 30 June 2024. Details are set out in note 1 and note 12. The Group is in the process of finalisation of a new banking facility with more favourable terms and borrowing rates to replace the current banking facility.

As at 30 June 2024, the Group had outstanding bank and other loans of approximately \$659.4 million, of which approximately \$612.6 million were repayable within one year or on demand and approximately \$46.8 million were repayable after one year (31 December 2023: \$564.0 million, of which approximately \$136.7 million were repayable within one year or on demand and approximately \$427.3 million were repayable after one year). The total equity of the Group as at 30 June 2024 amounted to approximately \$1,148.0 million (31 December 2023: \$1,233.1 million). The gearing ratio (defined as total liabilities to total assets) as at 30 June 2024 was 43.1% (31 December 2023: 37.0%). The Group will continuously consider various financing methods to improve our existing financial position and reduce the degree of leverage of the Group.

FINANCIAL RESOURCES

During the six months ended 30 June 2024, the Group met its working capital requirement principally from its business operation and financed with facilities provided by banks. Management is confident that the Group should have adequate financial resources to meet its future debt repayment and support its working capital and future expansion requirements. Due attention will be paid to the capital and debt markets as well as the latest developments of the Group in order to ensure the efficient use of financial resources.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

(i) Acquisition of 54.44% of the Total Issued Shares of BTHL

Reference is made to the announcements of the Company dated 21 August 2020 and 21 October 2020 in respect of the 2020 Acquisition (as defined below), the announcements of the Company dated 3 December 2021 and 28 March 2022 and the circular of the Company dated 29 July 2022 in respect of the 2021 Acquisition (as defined below), and the announcements of the Company dated 24 May 2024, 17 July 2024 and 31 July 2024 and the circular of the Company dated 21 June 2024 (the “Acquisition Circular”) in respect of the acquisition of 54.44% of the total issued shares of BTHL by Glorify Group Limited (“Glorify”), a wholly-owned subsidiary of the Company (the “Acquisition”). Unless otherwise indicated, capitalised terms used in this section shall have the same meanings as those defined in the Acquisition Circular.

The unlisted equity securities are shares in BTHL, a company incorporated in the British Virgin Islands and engaged in investment holding. The principal subsidiaries of BTHL include Bravo Transport Services Limited (“BTSL”) which is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in the provision of public bus and travel related services in Hong Kong through its principal subsidiary, Citybus Limited (“Citybus”).

On 21 August 2020, Glorify entered into a share subscription agreement (the “2020 BTHL Share Subscription Agreement”) with TWB Holdings, ABL and BTHL, pursuant to which each of Glorify, TWB Holdings and ABL subscribed for BTHL Shares constituting (in aggregate) approximately 8.56%, 90.85% and 0.59%, respectively of the total issued BTHL Shares for the aggregate consideration of approximately \$119 million (equivalent to US\$15.3 million), \$1,258 million (equivalent to US\$162.3 million) and \$8 million (equivalent to US\$1.1 million), respectively. On the same day (immediately after signing of the 2020 BTHL Share Subscription Agreement), BTHL and NWS Service Management Limited (“NWS Service”) entered into an acquisition agreement (the “2020 Acquisition Agreement”), pursuant to which NWS Service agreed to sell, and BTHL agreed to purchase all the issued BTSL Shares for a total consideration of \$3,200 million (the “2020 Acquisition”). The subscription of the BTHL Shares under the 2020 BTHL Share Subscription Agreement was fully completed on 30 September 2020, and the completion of the 2020 Acquisition under the 2020 Acquisition Agreement took place on 15 October 2020. Following the completion of 2020 Acquisition and as at 31 December 2020, Glorify held 855.91 BTHL Shares, representing approximately 8.56% of the total issued BTHL Shares.

On 3 December 2021, Glorify entered into an acquisition agreement (the “2021 Acquisition Agreement”) with TWB Holdings and ABL, pursuant to which Glorify acquired an aggregate of 700 BTHL Shares, being 695 BTHL Shares from TWB Holdings and 5 BTHL Shares from ABL (“2021 Acquisition”), respectively and together representing 7% of the total issued BTHL Shares at the total consideration of \$350 million (equivalent to US\$44.9 million), of which \$244.5 million for tranche 1 sale shares of 489 BTHL Shares and \$105.5 million for tranche 2 sale shares of 211 BTHL Shares. Tranche 1 completion and tranche 2 completion took place on 8 December 2021 and 28 March 2022 respectively. Immediately after tranche 1 completion and as at 31 December 2021, Glorify held 1,344.91 BTHL Shares, representing approximately 13.45% of the total issued BTHL Shares. Immediately after tranche 2 completion and as at 31 December 2022, Glorify held 1,555.91 BTHL Shares, representing approximately 15.56% of the total issued BTHL Shares.

On 24 May 2024, the Acquisition Agreement was entered into between TWB Holdings and ABL (as vendors), Glorify (as purchaser) and the Company, pursuant to which Glorify has conditionally agreed to acquire, and TWB Holdings and ABL have conditionally agreed to sell the 5,444.09 shares of BTHL, representing approximately 54.44% of the total issued BTHL Shares, at the consideration of \$2,722,045,000 (the “Acquisition”). The completion is subject to the satisfaction of all the conditions precedent (including the passing of the resolution of the Shareholders to approve the Acquisition at the EGM on 17 July 2024). Upon completion on 31 July 2024, Glorify and TWB Holdings hold 70% and 30% of the total issued BTHL Shares respectively.

As at 30 June 2024, the Acquisition under the Acquisition Agreement has not been completed. The Group recorded a fair value of \$638 million (31 December 2023: \$700 million) in respect of its holding in about 15.56% (31 December 2023: 15.56%) of such BTHL Shares. The fair value of such BTHL Shares represented 31.6% (31 December 2023: 35.8%) of the Group’s total assets and 100% (31 December 2023: 100%) of the aggregate fair value of the Group’s investment portfolio. In terms of performance, the investment measured at fair value through other comprehensive income recorded a fair value loss of \$62 million (six months ended 30 June 2023: gain of \$62 million) in the asset revaluation reserve for the period. During the six months ended 30 June 2024 and 2023, no dividend income was received from such investment.

Subsequent to the reporting date, the following events were stated below:

- a. On 17 July 2024, the Acquisition was approved by the Shareholders at the EGM.
- b. The Completion pursuant to the Acquisition Agreement took place on 31 July 2024. Immediately after Completion, such investment was derecognised and the assets and liabilities of BTHL were consolidated into the Group and accordingly Glorify held 7,000 BTHL Shares, representing 70% of the total issued BTHL Shares.
- c. On 31 July 2024, the New Shareholders’ Agreement in respect of BTHL, which contains provisions relating to, among other things, the Call Option and the Put Option (as defined below) in respect of 30% of the total issued BTHL Shares, was entered into between Glorify and TWB Holdings. At any time during the Call Option Period, subject to all outstanding amounts due to the vendors under the Acquisition Agreement having been settled in full, Glorify shall have the option (but not the obligation) (the “Call Option”), exercisable by serving a written notice on TWB Holdings, to purchase all or part of the BTHL Shares then held by TWB Holdings. If Glorify does not exercise its aforesaid Call Option in full during the Call Option Period, during the Put Option Period, TWB Holdings shall have the option (the “Put Option”), exercisable by serving a written notice on Glorify, to require Glorify to purchase the BTHL Shares held by TWB Holdings. At the end of the Put Option Period, with regard to all the BTHL Shares then held by TWB Holdings, provided that the Put Option shall be deemed exercised on the last day of the Put Option Period in respect of all of the BTHL Shares (if any) then held by TWB Holdings.
- d. On 31 July 2024, the Company allotted and issued the 278,915,965 Consideration Shares to TWB Holdings, representing approximately 7.05% of the issued share capital of the Company as at the reporting date and approximately 6.59% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

(ii) Security

As security for the payment of the deferred consideration under the 2020 Acquisition, TWB Holdings had granted a share charge over 51% of the total issued BTHL Shares to NWS Service (i.e. the 2020 NWS Share Charge). Accordingly, in order to facilitate the Acquisition, the 2020 NWS Share Charge was released by NWS Service pursuant to a deed of release dated 26 July 2024 prior to Completion, and immediately after Completion, it was replaced by a new share charge over 51% of the total issued BTHL Shares dated 31 July 2024 granted by Glorify and TWB Holdings, on a pro rata basis based on their respective shareholding in BTHL immediately after Completion (the “2024 NWS Share Charge”). As such, upon Completion, under the 2024 NWS Share Charge, each of Glorify and TWB Holdings had granted a share charge in respect of 3,600 BTHL Shares (representing 36% of the total issued BTHL Shares) and 1,500 BTHL Shares (representing 15% of the total issued BTHL Shares), respectively, to NWS Service. On the same day, as security for the payment of the Deferred Payment under the Acquisition, Glorify had granted a share charge over 3,400 BTHL Shares (representing 34% of the total issued BTHL Shares) in favour of TWB Holdings. As such, all of the BTHL Shares (i.e. 7,000 BTHL Shares) owned by Glorify had been charged as security.

Save for the above disclosed, there was no other significant investments, nor there was no any other material acquisitions or disposals during the period. The Group did not have any future plans for materials investments nor addition of capital assets as at the reporting date.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND PRICES AND RELATED HEDGE

The Group’s cash and bank balances are held predominately in HK dollars, RMB and US dollars. Operating outgoings incurred by the Group’s subsidiaries in the PRC are mainly denominated in RMB, which usually receives revenue in RMB as well. Management considers that the Group exposed to fluctuation in exchange rates are not significant. Prices of oil products are affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts on the Group. However, the Group mainly operated on a back-to-back sale and purchase model and has been vigorously developing the establishment of end customers of filling stations (including branded filling stations) to reduce procurement costs by centralising procurement, retail and wholesale, which not only prevents risk of oil price fluctuations but also enhances profitability. Accordingly, management is in the opinion that the Group’s exposure to foreign exchange rate and price risks are not significant, and hedging by means of derivative instruments is considered unnecessary.

Save for the above disclosed, there was no other significant risks of exchange rates and price during the six months ended 30 June 2024.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had a workforce of approximately 174 employees (31 December 2023: 174), 146 (31 December 2023: 145) of which worked for the terminal. The Group remunerates its employees based on industry practices and individual performance and experience. On top of the basic remuneration, discretionary award or bonus (in cash or other forms in kind) as may be determined by the Board may be granted to selected employees by reference to the Group's as well as individual's performances. The Group has adopted the share option scheme and share award scheme under which eligible participants may be granted options to subscribe for shares in the Company or awards in the Company's shares respectively. Details are set out under the paragraphs headed "Share Option Schemes" and "Share Award Schemes" in the section of Other Information.

CHARGE ON GROUP'S ASSETS

The Group has provided the lender with certain of the Group's property, plant and equipment and interests in leasehold land and buildings held for own use as collaterals for the banking facilities granted. Details are set out in the note 12.

COMMITMENTS

Details of commitments are set out in note 14.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group has no material contingent liabilities (31 December 2023: Nil).

EVENTS AFTER BALANCE SHEET DATE

Details of events after the end of the reporting period are set out in note 15 and the paragraph headed "Significant Investments, Material Acquisitions and Disposals and Future Plans for Material Investments of Capital Assets" in this section.

INTERIM DIVIDEND

The directors do not recommend any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

OTHER INFORMATION

REVIEW OF THE INTERIM FINANCIAL REPORT

The Group's unaudited interim financial report for the six months ended 30 June 2024 is prepared in accordance with HKAS 34, *Interim financial reporting*. It has been reviewed by the Company's independent auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*. The interim financial report has also been reviewed by the audit committee of the Board (the "Audit Committee").

SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed on 28 December 2012, the Company adopted a share option scheme (the "2012 Share Option Scheme") which would expire on 27 December 2022. In order to enable the continuity of the share option scheme of the Company, the termination of the 2012 Share Option Scheme and the adoption of 2022 share option scheme (the "2022 Share Option Scheme") were approved by the Company's shareholders at the general meeting on 15 June 2022. The 2022 Share Option Scheme would expire on 14 June 2032. In view of the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, the termination of the 2022 Share Option Scheme and the adoption of a new share option scheme (the "2023 Share Option Scheme") were approved by the Company's shareholders at the general meeting on 31 May 2023. The 2023 Share Option Scheme is valid for 10 years from the adoption date and is due to expire on 30 May 2033.

Details of the adoption of the 2023 Share Option Scheme and the termination of the 2022 Share Option Scheme were set out in the circular of the Company dated 28 April 2023. Details of the 2012 Share Option Scheme, 2022 Share Option Scheme and 2023 Share Option Scheme were set out in the Annual Report 2023. Information in relation to share options granted under the 2012 Share Option Scheme, 2022 Share Option Scheme and 2023 Share Option Scheme are set out below:

2012 Share Option Scheme

Details of the share options granted under the 2012 Share Option Scheme and their movements during the six months ended 30 June 2024 are set out below:

Eligible participants	Date of grant	Vesting period	Exercise period	Exercise price HK\$	Outstanding at 1 January 2024	During the period			Outstanding at 30 June 2024
						Granted/ Exercised/	Cancelled/ Forfeited	Lapsed	
Executive Directors									
Mr. David An	23/12/2020	-	25/01/2021 - 22/12/2025 ⁽¹⁾	0.400	243,763,800	-	-	-	243,763,800
	14/04/2021	02/06/2021 - 13/04/2022	14/04/2022 - 13/04/2027 ⁽²⁾	0.340	392,663,800	-	-	-	392,663,800
Mr. Yang Dong	30/08/2018	30/08/2018 - 30/05/2019	30/08/2019 - 29/08/2028 ⁽³⁾	0.236	20,000,000	-	-	-	20,000,000
Mr. Zhang Lei	23/12/2020	-	23/12/2020 - 22/12/2025 ⁽⁴⁾	0.400	5,000,000	-	-	-	5,000,000
Independent non-executive Directors									
Mr. Li Wai Keung	30/08/2018	30/08/2018 - 30/05/2019	30/08/2019 - 29/08/2028 ⁽³⁾	0.236	3,000,000	-	-	-	3,000,000
Mr. Chan Chun Wai, Tony	30/08/2018	30/08/2018 - 30/05/2019	30/08/2019 - 29/08/2028 ⁽³⁾	0.236	3,000,000	-	-	-	3,000,000
					667,427,600	-	-	-	667,427,600
Employees									
	30/08/2018	30/08/2018 - 30/05/2019	30/08/2019 - 29/08/2028 ⁽³⁾	0.236	34,000,000	-	-	-	34,000,000
Consultant									
	30/08/2018	30/08/2018 - 30/05/2019	30/08/2019 - 29/08/2028 ⁽³⁾	0.236	10,000,000	-	-	-	10,000,000
					711,427,600	-	-	-	711,427,600

Notes:

1. The relevant share options became valid upon obtaining the independent shareholders' approval at the general meeting held on 25 January 2021 and the relevant share options were vested on 25 January 2021 and exercisable from 25 January 2021 to 22 December 2025.
2. The relevant share options became valid upon obtaining the independent shareholders' approval at the general meeting held on 2 June 2021 and the relevant share options were vested on 14 April 2022 and exercisable from 14 April 2022 to 13 April 2027.
3. The relevant share options were vested on 31 May 2019 and would be exercisable from 30 August 2019 to 29 August 2028.
4. The relevant share options were vested on 23 December 2020 and would be exercisable from 23 December 2020 to 22 December 2025.
5. The closing price of the shares immediately before the date on which the relevant share options were granted on 29 August 2018, 22 December 2020 and 13 April 2021 was HK\$0.225, HK\$0.390 and HK\$0.340 respectively.
6. The share options granted above are not subject to any performance targets.

As at 30 June 2024, the total number of shares which may fall to be issued upon exercise of all outstanding share options granted under the 2012 Share Option Scheme was 711,427,600 shares, being 18.0% of the total number of issued shares of the Company as at 30 June 2024.

2022 Share Option Scheme

From the adoption date on 15 June 2022 and up to the termination date on 31 May 2023, no share options were granted, exercised, lapsed or cancelled under the 2022 Share Option Scheme. There were no outstanding share options granted under the 2022 Share Option Scheme as at 30 June 2024.

2023 Share Option Scheme

The maximum number of shares in respect of all share options to be granted under the 2023 Share Option Scheme and all share options and share awards to be granted under other share schemes of the Company were 395,663,800 shares, representing 10% of the issued share capital of the Company as at the adoption date of the 2023 Share Option Scheme. The maximum number of shares in respect of all share options to be granted under the 2023 Share Option Scheme and all share options and share awards to be granted to the service providers under other share schemes of the Company were 39,566,380 shares, representing 1% of the total number of shares in issue as at the adoption date of the 2023 Share Option Scheme.

As at 1 January 2024 and 30 June 2024, the total number of shares which may fall to be issued in respect of share options and awards available for grant under the scheme mandate and the service provider sublimit were 395,663,800 shares and 39,566,380 shares respectively.

During the six months ended 30 June 2024, no share options were granted, lapsed, exercised or cancelled under the 2023 Share Option Scheme. There were no outstanding share options granted under the 2023 Share Option Scheme as at 30 June 2024.

SHARE AWARD SCHEMES

The Company adopted a share award scheme (the “2019 Share Award Scheme”) on 15 April 2019, which would expire on 14 April 2029. In view of the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, the termination of the 2019 Share Award Scheme and the adoption of a new share award scheme (the “2023 Share Award Scheme”) were approved by the Company’s shareholders at the general meeting on 31 May 2023. The 2023 Share Award Scheme is valid for 10 years from the adoption date and is due to expire on 30 May 2033.

Details of the adoption of the 2023 Share Award Scheme and the termination of the 2019 Share Award Scheme were set out in the circular of the Company dated 28 April 2023. Details of the 2019 Share Award Scheme and 2023 Share Award Scheme were set out in the Annual Report 2023. Information in relation to the share awards granted under the 2019 Share Award Scheme and the 2023 Share Award Scheme are set out below:

2019 Share Award Scheme

As at 30 June 2024, no grant of awards had been made under the 2019 Share Award Scheme. As at 30 June 2024, no shares were held by the trustee under the 2019 Share Award Scheme. The 2019 Share Award Scheme was terminated on 31 May 2023 and the 78,590,000 shares purchased for the purpose of the 2019 Share Award Scheme were transferred to the 2023 Share Award Scheme.

2023 Share Award Scheme

The maximum number of shares in respect of all share awards to be granted under the 2023 Share Award Scheme and all share options and share awards to be granted under other share schemes of the Company was 395,663,800 shares, representing 10% of the issued share capital of the Company as at the adoption date of the 2023 Share Award Scheme. The maximum number of shares in respect of all share awards to be granted under the 2023 Share Award Scheme and all share options and share awards to be granted to the service providers under other share schemes of the Company was 39,566,380 shares, representing 1% of the total number of shares in issue as at the adoption date of the 2023 Share Award Scheme.

As at 1 January 2024 and 30 June 2024, the total number of shares which may fall to be issued in respect of share options and awards available for grant under the scheme mandate and the service provider sublimit were 395,663,800 shares and 39,566,380 shares respectively.

As at 30 June 2024, the number of the Company’s shares held for the purpose of the 2023 Share Award Scheme was 78,590,000 shares. As at 30 June 2024, no grant of awards had been made under the 2023 Share Award Scheme.

No share options or awards have been granted by the Company during the six months ended 30 June 2024. Accordingly, there were no shares of the Company that might be issued in respect of share options or awards granted under all share option schemes and the share award scheme of the Company during the said period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Save for the above disclosed, during the period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code and Corporate Governance Report

The Company's corporate governance practices are based on the principles and the code provisions set out in the corporate governance code ("CG Code") contained in Appendix C1 of the Listing Rules. The Board has complied with the CG Code except for the deviations from Code Provision F.2.2 as disclosed in the Annual Report 2023.

In addition, pursuant to Rule 3.10(1) of the Listing Rules, the board of directors of every listed issuer must include at least three independent non-executive directors ("INEDs"). Pursuant to Rule 3.11 of the Listing Rules, the issuer shall appoint a sufficient number of INEDs to meet the minimum number required under Rule 3.10(1) and Rule 3.10A of the Listing Rules within three months after failing to meet the requirements. Further, pursuant to Rule 3.21 of the Listing Rules, the audit committee shall comprise a minimum of three members.

Following the re-designation of Mr. Li Wai Keung ("Mr. Li") from an INED to an executive director of the Company on 31 July 2024, the Board only has two INEDs, which falls below the minimum number of INEDs required under Rule 3.10(1) of the Listing Rules. Also, the Audit Committee only has two members, which falls below the minimum number of three members as required under Rule 3.21 of the Listing Rules.

The Company is in the process of identifying suitable candidate(s) for appointment as a new INED and an additional member of the Audit Committee as soon as practicable and in any event, within three months from 31 July 2024. The Company will also take into account the gender diversity of the Board in considering the candidate(s). Further announcement(s) will be made by the Company in relation to such appointments as and when appropriate.

The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

(b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Directors and all of them have confirmed that they have fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions for the six months ended 30 June 2024.

(c) Changes in Director's Information

The following is the change in the information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. With effect from 31 July 2024, Mr. Li has been re-designated from an INED to an executive director of the Company. Following the re-designation, Mr. Li ceased to be the chairman of each of the Audit Committee and Remuneration Committee of the Board with effect from 31 July 2024;
2. With effect from 31 July 2024, Mr. Chan Chun Wai, Tony ("Mr. Chan") has been appointed as the chairman of the Audit Committee and Remuneration Committee of the Board; and
3. With effect from 31 July 2024, Mr. Chung Chak Man, William has been appointed as the chairman of the Nomination Committee of the Board, replacing Mr. Chan, who continues as a member of the Nomination Committee of the Board.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement of the interim results for the six months ended 30 June 2024 is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hansenergy.com). The 2024 interim report of the Company will be dispatched to shareholders of the Company upon request and published on the aforesaid websites in due course.

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

Hong Kong, 21 August 2024

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

website : www.hansenergy.com