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 2019

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 2019 as follows:

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2019 - unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	**2019**	2018
			(Note)
			(Restated)
		$'000	*$'000*
Continuing operations:			
Revenue	*3*	**72,176**	73,876
Direct costs and operating expenses		**(55,967)**	(52,413)
		16,209	21,463
Other income/(loss)	*4*	**1,243**	(126)
Administrative expenses		**(36,859)**	(20,013)
(Loss)/profit from operations		**(19,407)**	1,324
Finance costs	*5(a)*	**(23,283)**	(20,631)
Loss before taxation	*5*	**(42,690)**	(19,307)
Income tax	*6*	**(2,992)**	-
Loss for the period from continuing operations		**(45,682)**	(19,307)
Discontinued operations:			
Profit for the period from discontinued operations	*7*	**1,234,689**	25,447
Profit for the period		**1,189,007**	6,140

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2019 – unaudited (continued)
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June **2019** **$'000**	2018 *(Note)* *(Restated)* *$'000*
Attributable to:			
Equity shareholders of the Company			
− continuing operations		**(44,641)**	(18,832)
− discontinued operations		**1,240,535**	23,411
		1,195,894	4,579
Non-controlling interests			
− continuing operations		**(1,041)**	(475)
− discontinued operations		**(5,846)**	2,036
		(6,887)	1,561
Profit for the period		**1,189,007**	6,140
Basic and diluted earnings/(losses) per share	*8*		
− continuing operations		**(1.20) cents**	(0.51) cents
− discontinued operations		**33.23 cents**	0.63 cents
		32.03 cents	0.12 cents

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2. Additionally, the presentation of comparative information in respect of the period ended 30 June 2018 has been restated to show the discontinued operations separately from continuing operations following the requirements as set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2019 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2019	2018
		(Note)
		(Restated)
	$'000	*$'000*
Profit for the period	**1,189,007**	6,140
Other comprehensive income for the period:		
Item that may be reclassified subsequently to consolidated income statement:		
Exchange differences on translation of financial statements of subsidiaries		
− continuing operations	**3,502**	4,122
− discontinued operations	**632**	(5,366)
Release of exchange reserve upon disposal of subsidiary	**(85,880)**	-
Total comprehensive income for the period	**1,107,261**	4,896
Attributable to:		
Equity shareholders of the Company		
− continuing operations	**(41,345)**	(14,923)
− discontinued operations	**1,155,238**	18,475
	1,113,893	3,552
Non-controlling interests		
− continuing operations	**(835)**	(263)
− discontinued operations	**(5,797)**	1,607
	(6,632)	1,344
Total comprehensive income for the period	**1,107,261**	4,896

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2. Additionally, the presentation of comparative information in respect of the period ended 30 June 2018 has been restated to show the discontinued operations separately from continuing operations following the requirements as set out in note 7.

CONSOLIDATED BALANCE SHEET
at 30 June 2019 – unaudited
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2019**	At 31 December 2018 *(Note)*
		$'000	*$'000*
Non-current assets			
Property, plant and equipment		**596,339**	606,718
Interests in land held for own use under operating leases		**179,457**	177,803
Prepayments		**2,633**	704
Intangible assets		**1,480**	1,565
		779,909	786,790
Current assets			
Interest in land held for own use under operating leases		**-**	4,741
Consumable parts		**4,083**	8,284
Trade and other receivables	*9*	**28,104**	24,907
Amount due from a related party	*11*	**17,506**	-
Cash and cash equivalents		**1,165,875**	881,071
		1,215,568	919,003
Assets classified as held for sale		**-**	248,967
		1,215,568	1,167,970
Current liabilities			
Other payables and accruals		**89,443**	941,306
Bank loans	*10*	**44,136**	90,162
Lease liabilities		**3,428**	-
Current taxation		**-**	9,096
Amounts due to related parties	*11*	**123,270**	205,835
		260,277	1,246,399
Net current assets/(liabilities)		**955,291**	(78,429)
Total assets less current liabilities		**1,735,200**	708,361
Non-current liabilities			
Deferred tax liabilities		**-**	2,971
Bank loans	*10*	**691,460**	789,772
Lease liabilities		**717**	-
		692,177	792,743
NET ASSETS/(LIABILITIES)		**1,043,023**	(84,382)

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2019
at 30 June 2019 – unaudited (continued)
(Expressed in Hong Kong dollars)

	At 30 June 2019	At 31 December 2018 *(Note)*
	$'000	*$'000*
Capital and reserves		
Share capital	**373,264**	373,264
Reserves	**655,516**	(450,056)
Total equity/(deficit) attributable to equity shareholders of the Company	**1,028,780**	(76,792)
Non-controlling interests	**14,243**	(7,590)
TOTAL EQUITY/(DEFICIT)	**1,043,023**	(84,382)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2019 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Share capital	**Share premium**	**Special reserve**	**Translation reserve**	**Statutory reserve**	**Treasury shares held under share award scheme**	**Share-based compensation reserve**	**(Accumulated losses)/ Retained profits**	**Total**	**Non-controlling interests**	**Total (deficit)/ equity**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2018	373,264	710,477	(251,428)	99,936	31,947	-	-	(974,952)	(10,756)	19,154	8,398
Changes in equity for the six months ended 30 June 2018:											
Profit for the period	-	-	-	-	-	-	-	4,579	4,579	1,561	6,140
Other comprehensive income	-	-	-	(1,027)	-	-	-	-	(1,027)	(217)	(1,244)
Total comprehensive income	-	-	-	(1,027)	-	-	-	4,579	3,552	1,344	4,896
Dividend declared to non-controlling interests in respect of prior years	-	-	-	-	-	-	-	-	-	(24,858)	(24,858)
Balance at 30 June 2018 and 1 July 2018	373,264	710,477	(251,428)	98,909	31,947	-	-	(970,373)	(7,204)	(4,360)	(11,564)
Changes in equity for the six months ended 31 December 2018:											
Loss for the period	-	-	-	-	-	-	-	(66,985)	(66,985)	(2,606)	(69,591)
Other comprehensive income	-	-	-	(9,403)	-	-	-	-	(9,403)	(624)	(10,027)
Total comprehensive income	-	-	-	(9,403)	-	-	-	(66,985)	(76,388)	(3,230)	(79,618)
Equity settled share-based transaction	-	-	-	-	-	-	6,800	-	6,800	-	6,800
Balance at 31 December 2018 and 1 January 2019 (Note)	**373,264**	**710,477**	**(251,428)**	**89,506**	**31,947**	**-**	**6,800**	**(1,037,358)**	**(76,792)**	**(7,590)**	**(84,382)**
Changes in equity for the six months ended 30 June 2019:											
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,195,894**	**1,195,894**	**(6,887)**	**1,189,007**
Other comprehensive income	**-**	**-**	**-**	**3,879**	**-**	**-**	**-**	**-**	**3,879**	**255**	**4,134**
Release of exchange reserve upon disposal of subsidiary (Note 7(c))	**-**	**-**	**-**	**(85,880)**	**-**	**-**	**-**	**-**	**(85,880)**	**-**	**(85,880)**
Total comprehensive income	**-**	**-**	**-**	**(82,001)**	**-**	**-**	**-**	**1,195,894**	**1,113,893**	**(6,632)**	**1,107,261**
Dividend declared to non-controlling interests in respect of prior years	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,111)**	**(5,111)**
Equity settled share-based transaction	**-**	**-**	**-**	**-**	**-**	**-**	**8,260**	**-**	**8,260**	**-**	**8,260**
Shares purchased under share award scheme	**-**	**-**	**-**	**-**	**-**	**(16,581)**	**-**	**-**	**(16,581)**	**-**	**(16,581)**
Capital injection from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**52,746**	**52,746**
Disposal of equity interests in a subsidiary (Note 7(c))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,170)**	**(19,170)**
Balance at 30 June 2019	**373,264**	**710,477**	**(251,428)**	**7,505**	**31,947**	**(16,581)**	**15,060**	**158,536**	**1,028,780**	**14,243**	**1,043,023**

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

NOTES：

(Expressed in Hong Kong dollars, unless otherwise indicated)

1. Basis of preparation

This interim financial report 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 27 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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.

This 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 2018 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 2018 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. In the auditors' report dated 26 March 2019, the auditors expressed an unqualified opinion on those financial statements but drew attention to conditions which indicated existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

1. Basis of preparation (continued)

Key event

Pursuant to an announcement dated 29 August 2018, the Company and a third party entered into a sale and purchase agreement ("the Sale and Purchase Agreement") on 22 August 2018 in which 100% equity interest of Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("GD (Panyu)"), with 92% held by the Group, 7% held by Good Ocean Enterprises Limited and 1% held by Guangdong Lian Ying Petro Chemicals Company Limited), together "the Sellers", was conditionally agreed to be sold to a third party ("the Purchaser") namely Guangzhou Gas Group Company Limited ("the Transaction") at a total consideration of RMB 1.56 billion (equivalent to $1.77 billion).

GD (Panyu) owned Xiao Hu Island Terminal ("XHIT") and major business activities were provision of terminal, transshipment, warehousing and storage activities carried out in Panyu, the People's Republic of China (the "PRC"). The Transaction was approved by independent shareholders on 8 October 2018.

Pursuant to an announcement dated 28 May 2019, the Group has completed the sale of its equity interest in GD (Panyu) for a cash consideration of RMB1.44 billion (equivalent to approximately $1.63 billion). Details of the Transaction were set out in note 7 to the consolidated financial information.

2. Changes in accounting policies

Overview

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the amendments have 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 this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

2. Changes in accounting policies (continued)

(a) Changes in accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to properties as disclosed in note 12(b).

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

2. Changes in accounting policies (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Lessor accounting

The Group leases out certain dock and storage facilities as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.4%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

2. Changes in accounting policies (continued)

The following table reconciles the operating lease commitments as disclosed in note 12(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 $'000
Operating lease commitments at 31 December 2018	8,494
Less: commitments relating to leases exempt from capitalisation:	
- short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(2,430)
	6,064
Less: total future interest expenses	(157)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	5,907
Total lease liabilities recognised at 1 January 2019	5,907

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet at 31 December 2018.

The Group presents right-of-use assets that do not meet the definition of investment property and interests in land held for own use under operating leases in property, plant and equipment and presents lease liabilities separately in the balance sheet.

2. Changes in accounting policies (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated balance sheet:

	Carrying amount at 31 December 2018 $'000	*Reclassification from lease prepayments (Note 2) and interests in land held for own use under operating leases (Note 1)* $'000	*Capitalisation of operating lease contracts* $'000	*Carrying amount at 1 January 2019* $'000
Line items in the consolidated balance sheet impacted by the adoption of HKFRS 16:				
Property, plant and equipment	606,718	-	5,907	612,625
Prepayments	704	256	-	960
Interests in land held for own use under operating leases	177,803	4,741	-	182,544
Total non-current assets	786,790	4,997	5,907	797,694
Interests in land held for own use under operating leases	4,741	(4,741)	-	-
Trade and other receivables	24,907	(256)	-	24,651
Total current assets	1,167,970	(4,997)	-	1,162,973
Lease liabilities (current)	-	-	3,538	3,538
Total current liabilities	1,246,399	-	3,538	1,249,937
Net current liabilities	78,429	-	3,538	81,967
Total assets less current liabilities	708,361	-	2,369	710,730
Lease liabilities (non-current)	-	-	2,369	2,369
Total non-current liabilities	792,743	-	2,369	795,112
Net liabilities	84,382	-	-	84,382

Note 1: Prepayments represent prepayments of land use rights on leasehold land located in the PRC. The Group is granted with land use rights for a period of 50 years. The net carrying amount of lease prepayments were reclassified as right-of-use assets at the date of initial application of HKFRS 16. Also, there were no ongoing payment obligations under the terms of the land lease, so no lease liabilities were recognised at the date of initial application of HKFRS 16.

Note 2: Prepayments represent prepayment of costal usage right located in the PRC. The Group is granted with coastal usage rights for a period of 8 years. The net carrying amount of lease prepayments were reclassified as right-of-use assets at the date of initial application of HKFRS 16. Also, there were no ongoing payment obligations under the terms of the land lease, so no lease liabilities were recognised at the date of initial application of HKFRS 16.

2. Changes in accounting policies (continued)

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 30 June 2019 $'000	*At 1 January 2019* $'000
Interests in land held for own use under operating leases	179,457	182,544
Prepayments	2,633	960
Included in "Property, plant & equipment":		
Other properties leased for own use, carried at depreciated cost	4,138	5,907
	186,228	189,411

(d) *Lease liabilities*

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	At 30 June 2019		*At 1 January 2019*	
	Present value of the minimum lease payments $'000	*Total minimum lease payments* $'000	*Present value of the minimum lease payments* $'000	*Total minimum lease payments* $'000
Within 1 year	3,428	3,494	3,538	3,645
After 1 year but within 2 years	504	523	2,074	2,108
After 2 years but within 5 years	213	221	295	311
After 5 years	-	-	-	-
	717	744	2,369	2,419
	4,145		5,907	
Less: total future interest expenses		(93)		(157)
Present value of lease liabilities		4,145		5,907

(e) *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated income statement, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

3. Segment reporting

The Group manages its businesses by entities, which are organised by 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 two reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Xiao Hu Island Terminal ("XHIT"): this segment represents the Group's provision of terminal, transshipment, warehousing and storage activities carried out in Panyu, the PRC. As disclosed in note 7, the segment XHIT is classified as discontinued operations.

- Dongzhou International Terminal ("DZIT"): this segment represents the Group's provision of terminal, transshipment and storage activities carried out in Dongguan, 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 bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in subsidiaries and other corporate assets. Segment liabilities include other payables and accruals attributable to the individual segments, and bank borrowings 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/(loss) is "profit/(loss) before taxation" i.e. "adjusted earnings/(losses) before taxes". To arrive at "profit/(loss) before taxation", the Group's earnings/(losses) are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs.

3. Segment reporting (continued)

(b) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Six months ended 30 June	
	2019	2018
		(Restated)
	$'000	*$'000*
Revenue from contracts with customers not within the scope of HKFRS 15		
Continuing operations		
Storage and warehousing income	**55,431**	57,843
Discontinued operations		
Storage and warehousing income	**8,990**	69,372
	64,421	127,215
Revenue from contracts with customers within the scope of HKFRS 15		
Continuing operations		
Port and transshipment income	**16,745**	16,033
Discontinued operations		
Port and transshipment income	**4,487**	18,464
	21,232	34,497
	85,653	**161,712**

3. Segment reporting (continued)

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

For the six months ended 30 June	Continuing operations DZIT 2019 $'000	Continuing operations DZIT 2018 (Note) (Restated) $'000	Discontinued operations XHIT 2019 $'000	Discontinued operations XHIT 2018 (Note) (Restated) $'000	Total 2019 $'000	Total 2018 (Note) (Restated) $'000
Reportable segment revenue	**72,176**	73,876	**13,477**	87,836	**85,653**	161,712
Reportable segment (loss)/profit before taxation	**(12,694)**	(5,521)	**(73,215)**	35,223	**(85,909)**	29,702

	Continuing operations DZIT At 30 June 2019 $'000	Continuing operations DZIT At 31 December 2018 (Note) $'000	Discontinued operations XHIT At 30 June 2019 $'000	Discontinued operations XHIT At 31 December 2018 (Note) $'000	Total At 30 June 2019 $'000	Total At 31 December 2018 (Note) $'000
Reportable segment assets	**911,646**	891,547	**-**	1,495,866	**911,646**	2,387,413
Reportable segment liabilities	**754,104**	768,632	**-**	892,062	**754,104**	1,660,694

(d) Reconciliations of reportable segment revenues and (loss)/profit before taxation

For the six months ended 30 June	Continuing operations DZIT 2019 $'000	Continuing operations DZIT 2018 (Note) (Restated) $'000	Discontinued operations XHIT 2019 $'000	Discontinued operations XHIT 2018 (Note) (Restated) $'000	Total 2019 $'000	Total 2018 (Note) (Restated) $'000
Revenue						
Reportable segment revenue	**72,176**	73,876	**13,477**	87,836	**85,653**	161,712
Consolidated revenue	**72,176**	73,876	**13,477**	87,836	**85,653**	161,712
Profit/(loss)						
Reportable segment (loss)/profit before taxation	**(12,694)**	(5,521)	**(73,215)**	35,223	**(85,909)**	29,702
Gain on disposal of discontinued operations	**-**	-	**1,307,768**	-	**1,307,768**	-
Unallocated other expenses	**(948)**	(801)	**-**	-	**(948)**	(801)
Unallocated head office and corporate expenses	**(29,048)**	(12,985)	**-**	-	**(29,048)**	(12,985)
Consolidated (loss)/profit before taxation	**(42,690)**	(19,307)	**1,234,553**	35,223	**1,191,863**	15,916

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2. Additionally, the presentation of comparative information in respect of the period ended 30 June 2018 has been restated to show the discontinued operations separately from continuing operations following the requirements as set out in note 7.

4. Other income/(loss)

	Six months ended 30 June	
	2019	2018
		(Restated)
	$'000	*$'000*
Continuing operations:		
Interest income	**2,283**	69
Net foreign exchange loss	**(2,611)**	(823)
Loss on disposal of property, plant and equipment	**(708)**	-
Others	**2,279**	628
	1,243	(126)
Discontinued operations:		
Interest income	**1,507**	193
Loss on disposal of property, plant and equipment	**(1,256)**	(1,313)
Net foreign exchange (loss)/gain	**(75)**	667
Others	**261**	718
	437	265
	1,680	139

5. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2019	2018
		(Note)
		(Restated)
	$'000	*$'000*
(a) Finance costs		
Continuing operations:		
Interest on bank loans	**23,219**	20,631
Interest on lease liabilities	**64**	-
	23,283	20,631
Discontinued operations:		
Interest on bank loans	**2,374**	3,187
	25,657	23,818

5. (Loss)/profit before taxation (continued)

	Six months ended 30 June	
	2019	2018
		(Note)
		(Restated)
	$'000	*$'000*
*(b) Staff costs**		
Continuing operations:		
Contributions to defined contribution retirement plan	**901**	764
Salaries, wages and other benefits	**18,459**	16,925
Equity-settled share-based payment expenses	**8,260**	-
	27,620	17,689
Discontinued operations:		
Contributions to defined contribution retirement plan	**348**	953
Salaries, wages and other benefits	**61,002**	16,141
	61,350	17,094
Total staff costs	**88,970**	34,783
(c) Other items		
Continuing operations:		
Amortisation		
– land lease premium	**2,407**	2,552
– intangible assets	**85**	86
Depreciation		
– owned property, plant and equipment	**29,950**	31,550
– right-of-use assets*	**1,769**	-
Operating lease charges on properties*	**1,631**	2,531
Discontinued operations:		
Amortisation		
– land lease premium	**-**	910
Depreciation	**-**	12,799

* Staff costs include $1,688,000 relating to depreciation of right-of-use assets (six months ended 30 June 2018: $900,000 relating to operating lease charges on properties), which amount is also included in the respective total amount disclosed separately above.

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2. Additionally, the presentation of comparative information in respect of the period ended 30 June 2018 has been restated to show the discontinued operations separately from continuing operations following the requirements as set out in note 7.

6. Income tax

(a) Continuing operations

	Six months ended 30 June	
	2019	2018
		(Restated)
	$'000	*$'000*
Current tax – PRC Enterprise Income tax for the period (ii)	**(15)**	-
Current tax – PRC dividend income withholding tax (iii)	**(2,977)**	-
	(2,992)	-

(b) Discontinued operations

	Six months ended 30 June	
	2019	2018
		(Restated)
	$'000	*$'000*
Current tax – PRC Enterprise Income tax for the period	**-**	(3,297)
Deferred tax – origination and reversal of temporary differences	**136**	(6,479)
	136	(9,776)

Notes:

(i) No Hong Kong Profits Tax was provided for the six months ended 30 June 2019 as the Group sustained a loss for Hong Kong Profits Tax purposes for the period (six months ended 30 June 2018: $Nil).

(ii) The statutory income tax rate applicable to the Company's PRC subsidiaries is 25% for the six months ended 30 June 2019 (six months ended 30 June 2018: 25%).

(iii) During the period ended 30 June 2019, undistributed profits from GD (Panyu) of RMB50,741,000 (equivalent to $59,535,000) related to undistributed profits for the year ended 31 December 2018 have been declared to its holding company, Guangdong Petro-Chemicals Company Limited, before the completion of the Transaction. The amount RMB50,741,000 (equivalent to $59,535,000) was fully paid in March 2019 together with withholding tax liability of $2,977,000.

7. Discontinued operations

As disclosed in note 1 and note 3, on 22 August 2018, the Company and Guangzhou Gas Group Company Limited entered into the Sale and Purchase Agreement to dispose its equity interest of GD (Panyu). The Transaction was completed on 28 May 2019, on which date the control of GD (Panyu) was transferred to Guangzhou Gas Group Company Limited.

The consolidated profit for the period from the discontinued operations is set out below. The comparative figures in the consolidated income statement and consolidated statement of comprehensive income have been restated to re-present.

	Six months ended 30 June	
	2019	2018
		(Restated)
	$'000	*$'000*
(Loss)/profit for the period from discontinued operations	**(73,079)**	25,447
Gain on disposal of discontinued operations	**1,307,768**	-
	1,234,689	25,447

(a) Results of discontinued operations

	Note	Six months ended 30 June	
		2019	2018
			(Restated)
		$'000	*$'000*
Revenue	*3*	**13,477**	87,836
Direct costs and operating expenses		**(69,999)**	(40,798)
Gross (loss)/profit		**(56,522)**	47,038
Other income	*4*	**437**	265
Administrative expenses		**(14,756)**	(8,893)
(Loss)/profit from operations		**(70,841)**	38,410
Finance costs	*5(a)*	**(2,374)**	(3,187)
(Loss)/profit before taxation	*5*	**(73,215)**	35,223
Income tax	*6(b)*	**136**	(9,776)
(Loss)/profit from discontinued operations for the period		**(73,079)**	25,447
Attributable to:			
Equity shareholders of the Company		**(67,233)**	23,411
Non-controlling interests		**(5,846)**	2,036

7. Discontinued operations (continued)

(b) Analysis of the cash flows of discontinued operations in relation to GD (Panyu) is as follows:

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
Net cash generated from operating activities	**3,398**	85,070
Net cash generated from/(used in) investing activities	**3,880**	(1,967)
Net cash used in financing activities	**(482,809)**	(81,737)
Net cash (used in)/generated from discontinued operations	**(475,531)**	1,366

(c) Analysis of assets and liabilities of GD (Panyu):

	At 28 May 2019
	$'000
Property, plant and equipment	205,584
Interest in land held for own use under operating leases	37,816
Trade and other receivables	1,728
Tax recoverable	515
Cash and cash equivalents	6,621
Other payables and accruals	(9,805)
Deferred tax liabilities	(2,829)
Net assets disposed of	239,630
Gain on disposal of discontinued operations:	
Considerations received in cash	1,631,464
Net assets disposed of	(239,630)
Non-controlling interests	19,170
Capital gain tax on gain on disposal	(140,139)
Release of reserve upon disposal	85,880
Other costs directly attributable to the disposal	(48,977)
Gain on disposal	1,307,768
Net cash inflow arising on the Transaction	
Consideration received in cash	1,631,464
Consideration received in 2018	(815,732)
Capital gain tax on gain on disposal	(140,139)
Cash and cash equivalent disposed of	(6,621)
Net cash inflow	668,972

8. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $1,195,894,000 (six months ended 30 June 2018: profit attributable to ordinary equity shareholders of the Company of $4,579,000) and weighted average of 3,732,638,000 ordinary shares (six months ended 30 June 2018: 3,732,638,000 ordinary shares) in issue during the interim period. The relevant calculation is follows:

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
Profit/(loss) attributable to ordinary equity shareholders		
– continuing operations	**(44,641)**	(18,832)
– discontinued operations	**1,240,535**	23,411
	1,195,894	4,579
Basic and diluted earnings/(losses) per share		
– continuing operations	**(1.20) cents**	(0.51) cents
– discontinued operations	**33.23 cents**	0.63 cents
	32.03 cents	0.12 cents

The diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2019 and 2018.

9. Trade and other receivables

At the balance sheet date, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows **:**

	At 30 June 2019 ***$'000***	At 31 December 2018 *$'000*
Within 1 month	**13,998**	17,491
Over 1 month but within 2 months	**614**	470
Over 2 months but within 3 months	**89**	8
Over 3 months	**48**	288
Trade debtors, net of loss allowance	**14,749**	18,257
Prepayment and other receivables	**13,355**	6,650
	28,104	24,907

Subject to negotiation, credit is generally only available to major customers with well-established trading records. The Group allows an average credit period of 30 days to its trade customers.

During the six months ended 30 June 2019, the Group kept assessing the expected credit loss of all the receivables and established a provision for loss allowance, if any. 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 doubtful debts directly. The Group does not hold any collateral over these balances.

10. Bank loans

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

	At 30 June 2019 ***$'000***	At 31 December 2018 *$'000*
Current liabilities		
Bank loans	**44,136**	90,162
Non-current liabilities		
Bank loans	**691,460**	789,772
	735,596	879,934

10. Bank loans (continued)

(b) As at 30 June 2019, the bank loans were repayable as follows:

	At 30 June 2019 $'000	At 31 December 2018 $'000
Bank loans (secured)		
Within 1 year or on demand	**44,136**	90,162
After 1 year but within 2 years	**57,716**	118,694
After 2 years but within 5 years	**260,288**	534,124
After 5 years	**373,456**	136,954
	691,460	789,772
	735,596	879,934

(c) At 30 June 2019, the Group had banking facilities totalling $735,596,000 (31 December 2018: $879,934,000), which were secured by certain of the Group's property, plant and equipment with net book value of $408,444,000 as at 30 June 2019 (31 December 2018: $645,589,000) and interests in land held for own use under operating leases with net book value of $179,457,000 (31 December 2018: $210,671,000). The banking facilities were utilised to the extent of $735,596,000 as at 30 June 2019 (31 December 2018: $879,934,000).

11. Amounts due from/to related parties

Amounts due from/to related parties are unsecured, interest-free and recoverable/repayable within one year.

12. Commitments

(a) Capital commitments outstanding at 30 June 2019 not provided for in the interim financial report

At 30 June 2019, the Group had capital expenditure contracted for but not provided in the interim financial report in respect of (i) interest in a limited partnership of $156 million (31 December 2018: $Nil) (note (a)); (ii) terminal development and acquisition of port and storage facilities amounted to $4 million (31 December 2018: $4 million) and filling station development amounted to $7 million (31 December 2018: $18 million).

12. Commitments (continued)

Note (a):
The amount at 30 June 2019 represented USD20 million (equivalent to $156 million) for subscription for limited partnership interest in a limited partnership ("the Limited Partnership") as a limited partner. The purpose of the Limited Partnership is primarily achieving capital appreciation and participating primarily through investments in equity and equity-related securities, mainly in companies based in Asia-Pacific and Europe and portfolio funds with a similar investment focus. The business of the Limited Partnership will be conducted and managed by one single general partner (the "General Partner"), who have exclusive responsibility for the operation of the Limited Partnership and the management conduct and control of its business and affairs and shall make all investment decisions on behalf of the Limited Partnership. The limited partners of the Limited Partnership, including the Group, shall take no part in the operation of the Limited Partnership or the management or conduct of its business and affairs except with the written consent of the General Partner. Details of this transaction are set out in the Company's announcements dated 12 April 2019 and 17 May 2019. At the date of issuance of the interim financial report, the Group's subscription for limited partnership interest in the Limited Partnership has not been completed.

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

At 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of certain properties, which fall due as follows:

	At 31 December 2018 *$'000*
Within one year	6,075
After one year but within five years	2,419
	8,494

The Group is the lessee in respect of a number of held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the balance sheet in accordance with the policies set out in note 2.

13. Comparative figures

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

Additionally, the presentation of comparative information in respect of the period ended 30 June 2018 has been restated to show the discontinued operations separately from continuing operations following the requirements as set out in note 7.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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, liquid chemicals and gases products, offering value-added services in its own ports and storage tank farms.

The Group owned and operated two main liquid product terminals, namely Xiao Hu Island Terminal ("XHIT") carried out by Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("GD (Panyu)") and Dongzhou International Terminal ("DZIT") carried out by Dongguan Dongzhou International Petrochemcial Storage Limited ("東州國際") before 28 May 2019. Following to the completion of very substantial disposal of GD (Panyu) on 28 May 2019, the Group's principal business has been focused on the operation of jetty and storage facilities in DZIT for handling and storing petroleum oil and liquid chemical products.

Details of the very substantial disposal are stated under the paragraph headed "significant investments, material acquisitions and disposals and future plans for material investments or capital assets" and note 1, note 3 and note 7 to this announcement.

Key Performance Indicators

The leaseout rates and cargo throughput are the major key performance indicators of the terminals. Higher leaseout rate should return with higher storage income. More cargoes flows mean more works in the terminals thus more handling fee income.

The lease-out rates and cargo throughput of DZIT during the last two periods are as follows:

	Six months ended 30 June		
Operational statistics	**2019**	2018	Change %
Liquid product terminal and transshipment services			
Number of vessels visited			
– foreign	**75**	42	+78.6
– domestic	**294**	352	–16.5
Number of trucks served to pick up cargoes	**29,413**	24,930	+18.0
Number of drums filled	**4,397**	2,106	+108.8
Transshipment volume (metric ton)			
– oil	**31,890**	–	N/A
– petrochemicals	**74,401**	3,460	+2,050.3
Terminal throughput (metric ton)	**1,708,000**	1,515,000	+12.7
– port jetty throughput	**971,000**	948,000	+2.4
– loading station throughput	**737,000**	567,000	+30.0
Storage services			
Leaseout rate – oil and chemical products (%)	**93.8**	93.9	–0.1 points

During the six months ended 30 June 2019, DZIT achieved a growth in its major operating indicators. Following to the disposal of GD (Panyu), certain premium customers in GD (Panyu) relocated all or most of their loading and storage services from XHIT to DZIT. Such relocation in return drove the transshipment volume and terminal throughput in the first half of the year. Number of foreign vessels visited, number of drums filled and transshipment volume for petrochemicals increased significantly by 78.6%, 108.8% and 2,050.3% respectively over the same period of last year. At the beginning of this year, DZIT commenced to reorganise its storage tanks so that the original customers from XHIT would continue to lease the storage tanks at DZIT, and hence the storage business of DZIT experienced in the short vacant period but the average leaseout rate of storage tanks still remained as 94% during the period. The Group will continue to maximise its efforts to identify market potential and expand its oil and chemical storage volume by initiating construction of DZIT Phase II.

Segment Revenue

The terminals earn storage income by leasing their storage tanks to customers based on the storage tank size engaged. Apart from this, they collect handling charges when providing services in moving cargoes in and out from the terminals for customers, either by water in the jetties or by road from the loading stations. Furthermore, the terminals provide ancillary services such as tank cleaning, waste treatment and blending to customers and earn respective fees for the services rendered.

As a result of the disposal of GD (Panyu), the Group has one reportable segment revenue from DZIT during the six months ended 30 June 2019. The breakdown is as follows:

	Six months ended 30 June			
	2019		2018	
	HK$'000	***%***	*HK$'000*	*%*
Storage income	**55,431**	**76.8**	57,843	78.3
Transshipment and other handling fee income	**15,912**	**22.0**	15,175	20.5
Port income	**833**	**1.2**	858	1.2
	72,176	**100.0**	73,876	100.0

During the six months ended 30 June 2019, revenue from the provision of terminal, storage and transshipment activities for liquid products in DZIT was approximately HK$72.2 million decreased by 2.3% on a half-year and a half-year basis. The decrease was mainly attributable to the depreciation of exchange rate in RMB by approximately 5.7% as compared to the same period over the last year. Excluding the depreciation effect, revenue from the provision of terminal, storage and transshipment activities for liquid products in DZIT increased during the period.

OUTLOOK

In the first half of 2019, the Group completed the transaction in relation to the disposal of the entire equity interest in GD (Panyu) to Guangzhou Gas Group Company Limited (the "Transaction"). Upon completion of the equity transfer and assets transfer, the consideration of the Transaction has been fully received. The Group recognised a gain of approximately HK$ 1.31 billion from the Transaction, laying a solid foundation for the rapid development of the Group in the future.

Enhanced Storage Capacity of Petrochemical Terminal to Improve Profitability

As DZIT builds a pool of long-term and stable customer resources due to relocation of loading and storage businesses by some of the original customers at XHIT to DZIT, DZIT witnessed significant improvement in its key performance indicators in the first half of 2019, especially a noticeable increase in the terminal throughput and transshipment volume. At the beginning of this year, DZIT began to reorganise the existing storage tanks so that the original customers from XHIT would continue to lease storage tanks at DZIT, and thus the storage business of DZIT experienced a short vacancy period. Despite such vacancy period, the occupancy rate still remained at 94%. However, the overall revenue decreased slightly by 2.3% due to the depreciation of RMB exchange rate during the current period as compared to the same period last year. As for the Group, disposal of GD (Panyu) caused a decline in the overall business and revenue of the Group. In this regard, the Group will initiate the project planning, approval and construction of the DZIT Phase II as soon as possible. This initiation will facilitate compensation for loss in revenue caused by disposal of GD (Panyu), and continue to expand the storage business of the Group, thus enabling the Company to maintain its leading position in the storage business of petrochemical terminal at the Greater Bay Area.

Commencement of Gasoline and Diesel Retail Business

The first filling station to be constructed by the Group and a local state-owned enterprise in Guangzhou will be officially put into operation in the second half of the year. This represents a success achieved by the Group in penetrating into the oil retail business. The Group plans to further scale up filling stations by various means, including but not limited to acquisition, leasing or franchising, which will help the Group transform the oil retail business into a new business segment that will enhance the overall revenue and profit of the Group.

Development of Refined Oil Wholesale Business

To maximise its overall revenue, the Group decided to apply for a refined oil wholesale operating licence from the Ministry of Commerce of the PRC by a domestic subsidiary. This allows the Group to integrate terminal storage and retail services at filling stations into its supply chain, satisfying the oil purchase and supply demands at our self-owned gas stations, as well as facilitating refined oil trades between oil rendering plant and oil companies. Furthermore, other filling stations will gain access to wholesale and distribution of refined oil products. This integration will maximise the synergy between the Group's existing logistics facilities at port jetty and oil terminals as well as filling stations.

Based on the above, following the disposal of GD (Panyu), the Group will extend and expand its business to the downstream sector, entering into the petroleum products trade and retail businesses. It is believed that the Group's business expansion and extension of its industry chain may significantly boost the Group's revenue and profitability, which will in return achieve a long-term stable growth.

FINANCIAL REVIEW

During the six months ended 30 June 2019, the Group's financial performance are set out as bellows:

	Six months ended 30 June		
	2019	2018 *(Restated)*	Changes
	HK$'000	*HK$'000*	*%*
Continuing operations:			
Revenue	**72,176**	73,876	–2.3
Gross profit	**16,209**	21,463	–24.5
(Loss)/profit before interest and tax	**(19,407)**	1,324	–1,565.8
Depreciation and amortisation	**34,211**	34,188	–0.1
Finance costs	**23,283**	20,631	+12.9
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**14,804**	35,512	–58.3
Gross profit margin (%)	**22.5**	29.1	–6.6 points
Net loss margin (%)	**–63.3**	–26.1	+37.2 points
Group:			
Gain on disposal of discontinued operations	**1,307,768**	–	N/A
Profit attributable to equity shareholders of the Company	**1,195,894**	4,579	+26,016.9
Basic and diluted earnings per share (HK cents)	**32.03**	0.12	+26,591.7

Revenue and gross profit margin

During the six months ended 30 June 2019, the Group's revenue from continuing operations was approximately HK$72.2 million (2018: HK$73.9 million), representing a decrease of 2.3% over the same period of last year. The decrease was attributable to the depreciation of exchange rate in RMB as compared to the same period over the last year. During the period, gross profit from continuing operations was approximately HK$16.2 million (2018: HK$21.5 million), decreased by 24.5% over the same period of prior year. The decrease was mainly attributable to the increase of operating costs in DZIT, thus the gross profit margin decreased from 29.1% to 22.5% on a half-year and a half-year basis.

Loss for the period from continuing operations

Increase of loss for the period was also due to the increase in administrative expenses, in addition to the increase of operating costs as mentioned in above paragraph. The increase of administrative expenses was mainly attributable to the increase of (i) equity settled share-based payment expenses by approximately HK$8.3 million and (ii) upfront establishment costs and advisory fee in relation to the subscription of limited partnership by approximately HK$3.1 million. As a result of the increase of loss, EBITDA from continuing operations reduced to HK$14.8 million (2018: HK$35.5 million) and net loss margin increased to 63.3% (2018: 26.1%) during the period.

Finance costs

During the period, finance costs from continuing operations amounted to HK$23.3 million (2018: HK$20.6 million) which were mainly incurred on the Group's outstanding bank loans.

Taxation

The Group sustained a loss for Hong Kong profits tax purposes for the period. The applicable tax rate of the Group's PRC subsidiaries for the period ended 30 June 2019 was 25% (2018: 25%).

Gain on disposal of discontinued operations

During the period, the Group has completed the disposal of GD (Panyu) and recognised a gain of approximately HK$1.31 billion. Details are set out in the note 1, note 3 and note 7 to this announcement and under the paragraph headed "significant investments, material acquisitions and disposals and future plans for material investments or capital assets".

Basic and diluted earnings per share of the Group

The Group's basic and diluted earnings per share for the six months ended 30 June 2019 were 32.03 Hong Kong cents (2018: 0.12 Hong Kong cents).

LIQUIDITY, GEARING AND CAPITAL STRUCTURE

As at 30 June 2019, the Group's total cash and cash equivalents amounted to approximately HK$1,166 million (31 December 2018: HK$881 million). Most of the funds were held in HK$, RMB and US$.

As at 30 June 2019, the Group had total assets of approximately HK$1,995 million (31 December 2018: HK$1,955 million) and net current assets of approximately HK$955 million (31 December 2018: net current liabilities of HK$78 million). The current ratio as at 30 June 2019 of the Group increased to 4.67 (31 December 2018: 0.94). The improvement was mainly attributable to the cash consideration from the completion of the Transaction of approximately HK$1.63 billion received by the Group.

As at 30 June 2019, the Group had outstanding bank borrowings of HK$736 million (31 December 2018: HK$880 million). The total owners' equity of the Group as at 30 June 2019 amounted to approximately HK$1,043 million (31 December 2018: total owners' deficit of HK$84 million). The gearing ratio (defined as total liabilities to total assets) as at 30 June 2019 reduced to 47.7% (31 December 2018: 104.3%). It indicated that the we have obviously improved our existing financial position and substantially reduced the degree of leverage of the Group.

FINANCIAL RESOURCES

During the six months ended 30 June 2019, the Group met its working capital requirement principally from its business operation and financed with facilities provided by bank. Together with the proceeds received from disposal of GD (Panyu), we are 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) Completion of very substantial disposal

In the first half of 2019, the Group has completed a very substantial disposal in relation to the disposal of the entire equity interest in GD (Panyu) which carried out the liquid product terminals of XHIT.

On 22 August 2018, Guangdong Petro-Chemicals Company Limited ("GD Petro-Chemicals") (indirect wholly-owned subsidiary of the Company), Good Ocean Enterprises Limited and Guangdong Lian Ying Petro Chemicals Company Limited (both are the joint venture partners of GD Petro-Chemicals in GD (Panyu) (collectively named as the "Sellers") and a third party of Guangzhou Gas Group Company Limited (the "Purchaser") have entered into a conditional sale and purchase agreement ("the Sale and Purchase Agreement") in relation to the disposal of the entire equity interest in GD (Panyu) (the "Transaction") at a consideration of RMB1.56 billion (equivalent to HK$1.77 billion).

Pursuant to the Sale and Purchase Agreement, a total consideration will be paid to the Sellers in cash by two installments that is subject to the satisfaction of the precedent conditions and closing conditions within the time limit by the Sellers as stated in the Sale and Purchase Agreement. As at 31 December 2018, some precedent conditions have been fulfilled and part of the consideration of RMB0.78 billion (equivalent to HK$0.885 billion), representing 50% of the total consideration, has been received by the Sellers. On 28 May 2019, all the closing conditions for the Transaction have been satisfied in accordance with the terms and conditions as set out in the Sale and Purchase Agreement. During the six months ended 30 June 2019, the remaining consideration of RMB0.78 billion (equivalent to HK$0.885 billion), representing 50% of the total consideration has been received by the Sellers.

Upon completion of the Transaction, the Company ceases to have any interest in GD (Panyu). The Group's main business primarily focus on the operation of jetty and storage facilities in DZIT for handling and storing petroleum oil and liquid chemical products.

As a result of the Transaction, the Group recognised a gain of approximately HK$1.31 billion during the six months period ended 30 June 2019. The Company believes that the Transaction will effectively reduce the Group's financial risks and improve the Group's liquidity that will lay a new foundation for future development.

Further details of the Transaction are set out in the announcements of the Company dated 29 August 2018, 14 September 2018, 19 September 2018, 8 October 2018, 30 November 2018 and 28 May 2019 respectively and the circular of the Company dated 19 September 2018.

(ii) Subscription of limited partnership interest

On 26 March 2019, Creative Apex International Holding Limited ("Creative Apex"), a direct wholly-owned subsidiary of the Company, entered into the subscription agreement (the "Subscription Agreement") with by one single general partner (the "General Partner'), pursuant to which Creative Apex agreed to subscribe for the limited partnership interest in the limited partnership (the "Limited Partnership") with a maximum capital commitment of US$20 million (equivalent to approximately HK$156 million). During the period, the Group made a payment of approximately HK$3.1 million as the upfront establishment costs and the first year's advisory fee for the Limited Partnership. The Limited Partnership will consider actively, among other things, investment in the energy sector which is in line with the Group's business. The directors believe that the subscription represents a good investment opportunity for the Group to diversify the Group's investment portfolio and generate stable income and return for the Group.

As at 30 June 2019, the subscription for the limited partnership interest in the Limited Partnership has not been completed. Details of this subscription are set out in the Company's announcements dated 12 April 2019 and 17 May 2019.

Other than the disclosed above, 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 during the six months ended 30 June 2019.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGE

The Group's cash and cash equivalents are held predominately in Hong Kong dollar, RMB and US dollar. 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 is of the opinion that the Group's exposure to foreign exchange rate risks is not significant, and hedging by means of derivative instruments is considered unnecessary.

CHARGE ON GROUP'S ASSETS

The Group has provided the lender with certain of the Group's property, plant and equipment as collaterals for the banking facilities granted. Details are set out in the note 10(c) to this announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2019, the Group had a workforce of approximately 233 employees (31 December 2018: 462), 219 (31 December 2018: 448) of which worked for the terminals. 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 in the section of "other information" under the paragraph headed "share option scheme" and "share award scheme".

COMMITMENTS

Details of commitments are set out in note 12 to this announcement.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group has no material contingent liabilities.

INTERIM DIVIDEND

The directors do not recommend any interim dividend for the six months ended 30 June 2019 (2018: Nil).

OTHER INFORMATION

REVIEW OF THE INTERIM FINANCIAL REPORT

The Group's unaudited interim financial report for the six months ended 30 June 2019 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 Engagement 2410, *Review of interim financial information performed by the independent auditor of the entity*. This interim financial report has been reviewed by the Audit Committee of the Company.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 28 December 2012, the Company adopted a share option scheme (the "scheme"). The scheme remains in force for a period of 10 years from adoption of such scheme and expires on 27 December 2022.

Under the scheme, the board of directors of the Company (the "Board") may at their discretion grant options to any eligible participant including any employee, director, consultant, advisor, agent, business affiliate, business partner, joint venture partner, strategic partner, or any supplier or provider of goods or services to the Company or any subsidiaries of the Company as may be determined by the directors from time to time to subscribe for the shares of the Company. The maximum number of shares in respect to which options may be granted under the scheme is 373,263,800 shares, being 10% of the issued share capital of the Company on the date of adopting the scheme.

On 30 August 2018, the Board granted the share options to the Company's directors and senior management to subscribe for a total of 127,500,000 ordinary shares of the Company. The exercise price of each option is HK$0.236 per share. The options are exercisable from 30 August 2019 to 29 August 2028.

At the annual general meeting of the Company held on 31 May 2019, the shareholders of the Company passed an ordinary resolution to amend the terms of the options granted (the "Amendments"). The Amendments included (i) the number of options to be exercised by each participant for each year shall not exceed one third of the number of options granted to him/her in a particular grant under the scheme (the "One-third Limited"), except for certain circumstances specified in the Amendments and (ii) to observe the requirement on statutory retirement age, if the participant (except for those who are the directors) attains the age of 65-year old or above, he/she shall tender his/her resignation from his/her position with the Group when he/she delivers the notice to exercise the options to the Company except that he/she has already resigned from his/her position with the Group before he/she delivers the notice to exercise the options to the Company. Further details of the Amendments are set out in the circular dated 26 April 2019.

As at the date of this interim report, the total number of shares available for issue under the scheme were 373,263,000 (including options for 127,500,000 shares that have been granted but not yet exercised), being 10% of the issued share capital of the Company. During the six months period ended 30 June 2019, no share option was granted to or exercised by any of the directors and senior management. During the period, a total of 2,000,000 options were lapsed. As at 30 June 2019, the number of share options outstanding under the scheme was 125,500,000 (31 December 2018: 127,500,000).

Details of the movements of the share options during the period ended 30 June 2019 are set as below:

Eligible person	Date of grant	Exercise period	Exercise price HK$	Outstanding at 1 January 2019	During the period Granted/ exercised	Cancelled/ lapsed/	Outstanding at 30 June 2019
Executive directors							
Mr. Yang Dong	30/8/2018	30/8/2019 - 29/8/2028	0.236	20,000,000	-	-	20,000,000
Ms. Liu Zhijun	30/8/2018	30/8/2019 - 29/8/2028	0.236	18,000,000	-	-	18,000,000
Mr. Zhang Lei	30/8/2018	30/8/2019 - 29/8/2028	0.236	18,000,000	-	-	18,000,000
Independent non-executive directors							
Mr. Li Wai Keung	30/8/2018	30/8/2019 - 29/8/2028	0.236	3,000,000	-	-	3,000,000
Mr. Chan Chun Wai, Tony	30/8/2018	30/8/2019 - 29/8/2028	0.236	3,000,000	-	-	3,000,000
Ms. Hai Hiu Chu (resigned on 28 June 2019)	30/8/2018	30/8/2019 - 29/8/2028	0.236	3,000,000	-	-	3,000,000
				65,000,000	-	-	65,000,000
Employees	30/8/2018	30/8/2019 - 29/8/2028	0.236	62,500,000	-	(2,000,000)	60,500,000
				127,500,000	-	(2,000,000)	125,500,000

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the "Share Award Scheme") on 15 April 2019 (the "Adoption Date") for the purpose of retaining participants and encouraging them to make contributions to the growth and development of the Group.

Pursuant to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may grant an award to anyone (other than any excluded participant) who is an employee, director, or consultant of any member of the Group for participation in the Share Award Scheme and determine the terms of the award. The Share Award Scheme is subject to the administration of the Board in accordance with the Scheme Rules. The Board may engage one or more trustees to administer the Share Award Scheme as the Board thinks fit. The Share Award Scheme will terminate on the tenth anniversary of the Adoption Date or such earlier date as the Board may determine. The Board shall not grant any further awards if such award would cause the aggregate number of shares underlying such award and all other outstanding awards (taken together with all unvested awarded shares granted under the Scheme Rules) to exceed 5% of the number of issued shares at the date of grant. The Board may, from time to time remit funds to the trustee for the purposes of the Share Award Scheme, and such money will form part of the trust fund. The Board may instruct the trustee to purchase the number of shares underlying the award from the open market (either on-market or off-market) and the trustee shall hold such shares on trust for the participants until they are vested in accordance with the Scheme Rules.

During the six months ended 30 June 2019, the Company remitted in total of HK$20,000,000 to the trustee for the purchase of shares of the Company pursuant to the Share Award Scheme. On 15 April 2019, the trustee purchased a total number of 58,590,000 shares on the market at a total consideration of approximately HK$16,581,000 for the purpose of the Share Award Scheme. As at the reporting date, no grant of awards has been made under the Share Award Scheme. Further details of the Share Award Scheme are set out in the announcement of the Company dated 15 April 2019 and 16 April 2019.

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

Save for 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 (''Code Provisions'') set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules"). The board of directors of the Company has complied with the CG Code except for the deviations from Code Provisions A.4.1 (before 22 January 2019) and E.1.2 as disclosed in 2018 annual report.

On 22 January 2019, each of the independent non-executive directors entered into an appointment letter with the Company for a term of three years from their date of appointment. The Company has complied with the Code Provision A.4.1 since 22 January 2019.

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 10 to the Listing Rules. Specific enquiry has been made of all the directors and all of them have confirmed that they have complied with the Model Code for the six months ended 30 June 2019.

(c) Changes in Director's Information

The following are the changes in the information of directors which are required to be disclosed pursuant to Rule 13.51(2) and 13.51B of the Listing Rules:

With effect from 5 July 2019, Mr. Woo King Hang resigned as an executive director of Bamboos Health Care Holdings Limited (stock code: 2293), the securities of which is listed on the Stock Exchange.

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

Hong Kong, 27 August 2019

As at the date of this announcement, the board of directors of the Company 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 Mr. Woo King Hang.

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