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 2022

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 2022 as follows:

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2022 - unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	**2022**	2021
		$'000	*$'000*
Revenue	*3*	**371,856**	1,659,130
Direct costs and operating expenses		**(323,179)**	(1,596,301)
		48,677	62,829
Other income	*4*	**17,265**	2,126
Administrative expenses		**(51,634)**	(68,900)
Net fair value gains/(losses) on financial assets at fair value through profit or loss		**1,099**	(869)
Profit/(loss) from operations		**15,407**	(4,814)
Finance costs	*5(a)*	**(27,459)**	(27,568)
Loss before taxation	*5*	**(12,052)**	(32,382)
Income tax	*6*	**(517)**	(338)
Loss for the period		**(12,569)**	(32,720)
Attributable to:			
Equity shareholders of the Company		**(13,632)**	(34,019)
Non-controlling interests		**1,063**	1,299
Loss for the period		**(12,569)**	(32,720)
Basic and diluted losses per share	*7*	**(0.35) cents**	(0.87) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2022 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2022	2021
	$'000	*$'000*
Loss for the period	**(12,569)**	(32,720)
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	**(9,744)**	3,444
Other comprehensive income for the period	**(9,744)**	3,444
Total comprehensive income for the period	**(22,313)**	(29,276)
Attributable to:		
Equity shareholders of the Company	**(22,501)**	(30,783)
Non-controlling interests	**188**	1,507
Total comprehensive income for the period	**(22,313)**	(29,276)

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2022 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	At 30 June 2022 $'000	At 31 December 2021 $'000
Non-current assets			
Property, plant and equipment		**445,077**	487,267
Interests in leasehold land and buildings held for own use		**196,103**	208,380
Investment property		**42,798**	46,027
Prepayments and other receivables		**12,390**	15,645
Other investments	*8*	**915,306**	816,844
Intangible assets		**974**	1,062
Interest in an associate		**1,169**	1,223
Interest in a joint venture		**2,046**	2,140
Goodwill		**4,953**	5,181
		1,620,816	1,583,769
Current assets			
Inventories		**133,325**	144,336
Trade and other receivables	*9*	**272,104**	440,451
Cash and bank balances		**247,528**	118,160
		652,957	702,947
Current liabilities			
Trade and other payables and contract liabilities	*10*	**39,117**	53,741
Bank loans	*11*	**291,562**	206,066
Lease liabilities		**3,298**	4,430
Current taxation		**1,741**	1,639
Amounts due to related parties	*12*	**80,494**	82,802
		416,212	348,678
Net current assets		**236,745**	354,269
Total assets less current liabilities		**1,857,561**	1,938,038
Non-current liabilities			
Bank loans	*11*	**490,839**	562,109
Lease liabilities		**24,039**	23,564
		514,878	585,673
Net assets		**1,342,683**	1,352,365
Capital and reserves			
Share capital		**395,664**	395,664
Reserves		**926,588**	936,458
Total equity attributable to equity shareholders of the Company		**1,322,252**	1,332,122
Non-controlling interests		**20,431**	20,243
Total equity		**1,342,683**	1,352,365

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 2022 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 30 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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.

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 2021 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 2021 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 several 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 and transshipment activities carried out in Dongguan, the People's Republic of China (the "PRC").
- Trading: this segment represents the Group's trading of oil and petrochemical products business carried out in Hong Kong and the PRC.
- Other: this segment represents other businesses including the operation and 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 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 trade and other payables and contract liabilities and lease liabilities attributable to the individual segments and bank 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 (loss)/profit is "(loss)/profit before taxation" i.e. "adjusted (losses)/profits before taxation". To arrive at "(loss)/profit before taxation", the Group's (losses)/profits 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	
	2022	2021
	$'000	*$'000*
Revenue from contracts with customers not within the scope of HKFRS 15		
Storage and warehousing income	**58,517**	71,518
Rental income from a filling station	**2,900**	-
	61,417	71,518
Revenue from contracts with customers within the scope of HKFRS 15		
Port and transshipment income	**16,343**	22,654
Sales of oil and petrochemical products	**294,096**	1,553,736
Revenue from operating a filling station	**-**	11,222
	310,439	1,587,612
	371,856	1,659,130

3. Revenue and segment reporting (continued)

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

	Terminal Storage		*Trading*		*Other*		*Total*	
	2022	*2021*	***2022***	*2021*	***2022***	*2021*	***2022***	*2021*
For the six months ended 30 June	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**74,860**	94,172	**294,096**	1,553,736	**2,900**	11,222	**371,856**	1,659,130
Inter-segment revenue	**-**	3,414	**7,620**	25,042	**-**	-	**7,620**	28,456
Reportable segment revenue	**74,860**	97,586	**301,716**	1,578,778	**2,900**	11,222	**379,476**	1,687,586
Reportable segment (loss)/profit before taxation	**(664)**	(1,970)	**15,538**	17,241	**1,107**	58	**15,981**	15,329

	Terminal Storage		*Trading*		*Other*		*Total*	
	At 30 June 2022	*At 31 December 2021*	***At 30 June 2022***	*At 31 December 2021*	***At 30 June 2022***	*At 31 December 2021*	***At 30 June 2022***	*At 31 December 2021*
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**875,682**	901,077	**611,197**	597,365	**63,331**	66,797	**1,550,210**	1,565,239
Reportable segment liabilities	**709,912**	789,208	**275,171**	154,225	**64,205**	68,832	**1,049,288**	1,012,265

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

	Six months ended 30 June	
	2022	2021
	$'000	*$'000*
Reportable segment profit before taxation	**15,981**	15,329
Unallocated other income/(expenses)	**9,354**	(2,474)
Unallocated head office and corporate expenses	**(37,387)**	(45,237)
Consolidated loss before taxation	**(12,052)**	(32,382)

4. Other income

	Six months ended 30 June	
	2022	2021
	$'000	*$'000*
Interest income	**7,232**	826
Net foreign exchange gain/(loss)	**10,715**	(262)
Gain/(loss) on disposal of property, plant and equipment	**19**	(8)
Others	**(701)**	1,570
	17,265	2,126

5. Loss before taxation

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

	Six months ended 30 June	
	2022	2021
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans	**26,627**	26,649
Interest on lease liabilities	**832**	919
	27,459	27,568
*(b) Staff costs**		
Contributions to defined contribution retirement plan	**3,017**	2,983
Salaries, wages and other benefits	**25,393**	26,639
Equity-settled share-based payment expenses	**15,872**	29,378
Total staff costs	**44,282**	59,000
(c) Other items		
Amortisation		
– intangible assets	**87**	87
Depreciation		
– owned property, plant and equipment	**22,229**	33,476
– investment property	**1,246**	-
– right-of-use assets*	**6,324**	7,061
Reversal of loss allowance of trade and other receivables	**(4,500)**	-

* Staff costs include $878,000 relating to depreciation of right-of-use assets (six months ended 30 June 2021: $878,000), which amount is also included in the respective total amount disclosed separately above.

6. Income tax

	Six months ended 30 June	
	2022	2021
	$'000	*$'000*
Current tax – PRC Corporate Income Tax for the period (Note i)	**(1,409)**	(937)
Over-provision for PRC Corporate Income Tax in previous years	**1,314**	599
Under-provision for Hong Kong Profits Tax in prior year	**(422)**	-
	(517)	(338)

Notes:

(i) The statutory income tax rate applicable to the Company's PRC subsidiaries is 25% for the six months ended 30 June 2022 (six months ended 30 June 2021: 25%).

(ii) No Hong Kong Profits Tax was provided for the six months ended 30 June 2022 and 2021 as the Group sustained a loss for Hong Kong Profits Tax purposes for the period.

7. Losses per share

Basic and diluted losses per share

The calculation of basic and diluted losses per share is based on the loss attributable to ordinary equity shareholders of the Company of $13,632,000 (six months ended 30 June 2021: $34,019,000) and weighted average of 3,879,042,000 ordinary shares (six months ended 30 June 2021: 3,898,048,000 ordinary shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2022	2021
	'000	*'000*
Issued ordinary shares at 1 January	**3,956,638**	3,956,638
Effect of treasury shares held under share award scheme	**(77,596)**	(58,590)
Weighted average number of ordinary shares as at 30 June	**3,879,042**	3,898,048

	Six months ended 30 June	
	2022	2021
	$'000	*$'000*
Loss attributable to ordinary equity shareholders	**(13,632)**	(34,019)

	Six months ended 30 June	
	2022	2021
Basic and diluted losses per share	**(0.35) cents**	(0.87) cents

The diluted losses per share is the same as the basic losses per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2022 and 2021.

8. Other investments

	Note	**At 30 June 2022** ***$'000***	At 31 December 2021 *$'000*
Unlisted equity securities at fair value through other comprehensive income ("FVOCI") (non-recycling)	(i)	**777,955**	672,455
Financial assets measured at fair value through profit or loss	(ii)	**137,351**	144,389
		915,306	816,844

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 during the period (2021: Nil).

(ii) The financial assets represent interest in a limited partnership.

9. 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 and net of loss allowance, is as follows:

	At 30 June 2022	At 31 December 2021
	$'000	*$'000*
Within 1 month or not demanded	**39,610**	9,290
Over 1 month but within 2 months	**268**	-
Over 2 months but within 3 months	**-**	9,785
Over 3 months but within 6 months	**189,234**	186,008
Over 6 months	**-**	153,074
Trade debtors, net of loss allowance	**229,112**	358,157
Prepayment and other receivables	**42,992**	82,294
	272,104	440,451

Subject to negotiation, credit is generally only available to major customers with well-established trading records. The Group allows credit period of 30-180 days to its trade customers.

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

	Six months ended 30 June 2022	2021
	$'000	*$'000*
Balance at 1 January	**5,000**	-
Recognition of loss allowance during the period	**500**	-
Reversal of loss allowance during the period	**(5,000)**	-
Balance at 30 June	**500**	-

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. Trade and other payables and contract liabilities

As of 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 2022	At 31 December 2021
	$'000	*$'000*
Total creditors (within one month)	**-**	12,999
Other creditors and accrued charges	**22,765**	28,496
Contract liabilities	**16,352**	12,246
	39,117	53,741

11. Bank loans

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

	At 30 June 2022	At 31 December 2021
	$'000	*$'000*
Current liabilities		
Bank loans	**291,562**	206,066
Non-current liabilities		
Bank loans	**490,839**	562,109
	782,401	768,175

(b) As at 30 June 2022, the bank loans were repayable as follows:

	At 30 June 2022	At 31 December 2021
	$'000	*$'000*
Bank loans (secured)		
Within 1 year or on demand	**291,562**	206,066
After 1 year but within 2 years	**106,096**	102,448
After 2 years but within 5 years	**384,743**	418,532
After 5 years	**-**	41,129
	490,839	562,109
	782,401	768,175

11. Bank loans (continued)

(c) At 30 June 2022, the Group had banking facilities totalling $782,401,000 (31 December 2021: $768,175,000), which were secured by certain of the Group's property, plant and equipment with net book value of $337,803,000 as at 30 June 2022 (31 December 2021: $332,032,000) and interests in leasehold land held for own use with net book value of $170,025,000 (31 December 2021: $180,384,000). The banking facilities were utilised to the extent of $782,401,000 as at 30 June 2022 (31 December 2021: The banking facilities of the Group amounted to $928,325,000 of which $768,175,000 were utilised).

12. Amounts due to related parties

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

13. Commitments

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report

At 30 June 2022, the Group had capital expenditure contracted for but not provided in the interim financial report in respect of interest in a limited partnership of approximately $78 million (31 December 2021: interest in a limited partnership of approximately $78 million and the purchase of additional shares in BTHL of approximately $106 million). 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.

14. Equity settled share-based transactions and share award scheme

(a) Equity settled share-based transactions

On 30 August 2018, 65,000,000 options and 62,500,000 options were granted to directors and employees of the Group by the Company under the share option scheme adopted by the Company pursuant to ordinary resolutions passed on 28 December 2012 (the "2012 Share Option Scheme") respectively. The directors estimated the weighted average fair value of each option at the grant date to be $0.12. The options vested on 31 May 2019 and would then be exercisable from 30 August 2019 to 29 August 2028. The exercise price of each option is $0.236 per share. The share price immediately before the date on which the options were granted was $0.225. On 30 October 2020, 49,000,000 of these options were exercised and shares were issued accordingly. The weighted average share price immediately before the date of exercise for share options exercised during the period was $0.400.

On 23 December 2020, 5,000,000 options were granted to a director of the Group by the Company under the 2012 Share Option Scheme. The directors estimated the fair value of each option at the grant date to be $0.1192. The exercise price of each option is $0.400 per share. The options vested on 23 December 2020 and would then be exercisable from 23 December 2020 to 22 December 2025. The share price immediately before the date on which the options were granted was $0.390.

14. Equity settled share-based transactions and share award scheme (continued)

On 23 December 2020, 243,763,800 options carrying the rights to subscribe for 243,763,800 shares were granted to Mr. David An, a substantial shareholder and an executive director of the Group, subject to the independent shareholders' approval at an extraordinary general meeting held on 25 January 2021 ("the EGM"). The independent shareholders approved the said grant of share options at the EGM. The directors estimated the fair value of each option at grant date to be $0.1049. The exercise price of each option is $0.400 per share. The options were vested on 25 January 2021 and exercisable from 25 January 2021 to 22 December 2025. The share price immediately before the date on which the options were granted was $0.390.

On 14 April 2021, 3,000,000 options were granted to a director of the Group by the Company under the 2012 Share Option Scheme. The directors estimated the fair value of each option at the grant date to be $0.1285. The exercise price of each option is $0.340 per share. The options vested on 14 April 2022 and would then be exercisable from 14 April 2022 to 13 April 2027. The share price immediately before the date on which the options were granted was $0.340.

On 14 April 2021, 392,663,800 options carrying the rights to subscribe for 392,663,800 shares were further granted to Mr. David An, subject to the independent shareholders' approval at annual general meeting held on 2 June 2021 ("the AGM"). The independent shareholders approved the said grant of share options at the AGM. The directors estimated the fair value of each option at grant date to be $0.1194. The exercise price of each option is $0.340 per share. The options were vested on 14 April 2022 and exercisable from 14 April 2022 to 13 April 2027. The share price immediately before the date on which the options were granted was $0.340.

Equity-settled share-based payment expenses of $15,872,000 were recognised in the consolidated income statement for the six months ended 30 June 2022 (six months ended 30 June 2021: $29,378,000).

No share option was exercised during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Option granted to directors			
- on 30 August 2018	65,000,000	100% vested on 31 May 2019	10 years
- on 23 December 2020	5,000,000	100% vested on 23 December 2020	5 years
- on 25 January 2021	243,763,800	100% vested on 25 January 2021	5 years
- on 14 April 2021	3,000,000	100% vested on 14 April 2022	6 years
- on 2 June 2021	392,663,800	100% vested on 14 April 2022	6 years
Options granted to employees			
- on 30 August 2018	62,500,000	100% vested on 31 May 2019	10 years
Total	771,927,600		

14. Equity settled share-based transactions and share award scheme (continued)

(ii) The number and weighted average exercise prices of the share options are as follow:

	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	Six months ended 30 June 2022		Six months ended 30 June 2021	
Outstanding at the beginning of the period	**$0.350**	**714,927,600**	$0.246	78,500,000
Granted during the period	**-**	**-**	$0.363	639,427,600
Lapsed during the period	**$0.236**	**(3,500,000)**	-	-
Outstanding at the end of the period	**$0.351**	**711,427,600**	$0.350	717,927,600

The options outstanding at 30 June 2022 had an exercise price of $0.236, $0.400 or $0.340 (30 June 2021: $0.236, $0.400 or $0.340) and a weighted average remaining contractual life of 4.5 years (30 June 2021: 5.5 years).

(iii) Fair value of the options and assumptions

The fair value of services received in return for options granted is measured by reference to fair value of the options granted. The estimate of fair value of options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model.

Grant date	2 June 2021	14 April 2021	25 January 2021	23 December 2020	30 August 2018
Fair value at measurement date	$0.1194	$0.1285	$0.1049	$0.1192	$0.1200
Vesting period	10 months	1 year	-	-	9 months
Share price	$0.3750	$0.3400	$0.3950	$0.4000	$0.2360
Exercise price	$0.3400	$0.3400	$0.4000	$0.4000	$0.2360
Expected volatility	39%	44%	39%	39%	54%
Option life	6 years	6 years	5 years	5 years	10 years
Expected dividends	Nil %	Nil %	Nil %	Nil %	Nil %
Risk-free interest rate	0.81%	0.820%	0.322%	0.243%	2.170%

The expected volatility is based on statistical analysis of weekly share prices of the Company over the past years immediately preceding the grant date. The calculation is based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares of Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

14. Equity settled share-based transactions and share award scheme (continued)

(b) Share award scheme

Pursuant to a share award scheme approved by the Board in April 2019, the Company may purchase its own shares and grant such shares to certain participants.

During the six months ended 30 June 2022, the Company remitted in total of $6,000,000 to the trustee for the purchase of shares of the Company pursuant to the share award scheme. On 6 January 2022, the trustee purchased a total number of 20,000,000 shares on the market at a total consideration of approximately $3,241,000 for the purpose of the share award scheme (six months ended 30 June 2021: Nil). As at 30 June 2022 and 2021, no grant of awards has been made under the share award scheme.

15. Comparative figures

Certain comparative figures have been adjusted to conform with the current period's presentation of the consolidated financial statements.

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 operating and leasing of a filling station related 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, with a site area of approximately 516,000 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 tried its best to tap into market potentials and to diversify its terminal storage business to generate more revenue and maximize shareholders' value with utilisation of spare capacity from jetties and vacant land of DZIT. In 2021, the Group submitted the application to the local government for the second phase development of DZIT by modification of the existing jetty and utilisation of the vacant land of approximately 150,000 square meters available for the construction of a liquefied natural gas ("LNG") storages and LNG related facilities. The application approval is still in progress.

Trading Business

The Group operates in trading of oil and petrochemical products carried out in the People's Republic of China (the "PRC") and Hong Kong and has long term cooperative relationships with major energy companies such as CNOOC, Sinopec etc. Besides, the Group continues to expand the trading business carried out by its subsidiary in Hong Kong to increase the Group's customer base and business scale.

The strategy of the Group's 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.

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 stions. In August 2021, the Group leased out this filling station to an independent third party for rental income by signing of key fuel supply agreements and providing the brand management. 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 nine 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 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:

	Six months ended 30 June		
Operational statistics	**2022**	2021	Change %
Liquid product terminal and transshipment services			
Number of vessels visited			
– foreign	**37**	59	-37.3
– domestic	**337**	277	+21.7
Number of trucks served to pick up cargoes	**20,090**	37,478	-46.4
Number of drums filled	**5,622**	7,532	-25.4
Transshipment volume (metric ton)	**79,727**	24,005	+232.1
– oil	**35,520**	22,438	+58.3
– petrochemical products	**44,207**	1,567	+2,721.1
Terminal throughput (metric ton)	**2,716,000**	3,748,000	-27.5
– port jetty throughput	**1,110,000**	1,382,000	-19.7
– loading station throughput	**1,606,000**	2,366,000	-32.1
Storage services			
Leaseout rate − oil and petrochemical products (%)	**96.5**	98.7	-2.2 points

Despite that the number of domestic vessels visited and transshipment volume increased in the first half of 2022, the major operational statistics of DZIT was challenged by some external factors, including the consumption tax on some oil and petrochemical products imposed by China government last year, temporary closures of workplaces and lockdowns in several cities across China earlier this year due to continued pandemic and sharp rise in oil prices for the reporting period that was unfavourable effect to the Group. As certain customers reduced its production and operating capacity, this resulted in the decrease in number of trucks served to pick up cargoes by 46.4%, number of drums filled by 25.4% and terminal throughput by 27.5% respectively over the same period of last year. During the six months ended 30 June 2022, the average leaseout rate for oil and petrochemical tanks was 96.5%, slightly dropped by 2.2 percentage points over the same period of last year.

Trading Business

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

Operational statistics	Six months ended 30 June **2022**	2021	Change %
Number of sale contracts entered	**26**	53	-50.9
Sales volume of oil and petrochemical products (metric ton)	**64,000**	270,000	-76.3

With China government began to levy consumption tax on some refined oil products such as light cycle oil, mixed aromatics and diluted asphalt since June of last year, on top of that, as China strengthened the supervision of taxation on the upstream and downstream distribution of refined oil products, the market price became more transparent, the price difference between the north and the south shrank and sharp rise in oil price during the period, resulted in the number of sales contracts entered and sales volume of oil and petrochemical products dropped by 50.9% and 76.3% respectively over the same period of last year. In order to improve unit profit and minimize the impact of the consumption tax on the sale volumes, the Group has taken proactive measures to vigorously develop and expand the customer base to the end customers of filling stations, which not only facilitated the business operations to bring into play the advantages of centralised procurement, reduced procurement cost and gained stable profit through the way of centralised procurement, retail and wholesale, but also helped to enhance the market risk resistance and obtain higher profit by leveraging on market price fluctuation.

SEGMENT REVENUE

During the six months ended 30 June 2022, the Group manages its operations by three existing reportable segment revenue from terminal storage, trading and other business. The breakdown is as follows:

	Six months ended 30 June				
	2022		2021		
	$'000	***%***	*$'000*	*%*	*Change %*
Trading business					
Sales of oil and petrochemical products	**294,096**	**79.1**	1,553,736	93.6	-81.1
Terminal storage business					
Storage income	**58,517**	**15.7**	71,518	4.3	-18.2
Handling income and others	**15,091**	**4.1**	21,063	1.3	-28.4
Transshipment income	**808**	**0.2**	480	0.0	+68.3
Port income	**444**	**0.1**	1,111	0.1	-60.0
Other business					
Revenue from operating and leasing of a filling station related business	**2,900**	**0.8**	11,222	0.7	-74.2
	371,856	**100.0**	1,659,130	100.0	-77.6

During the six months ended 30 June 2022, the Group recorded a total revenue of $371.9 million, a significant decrease of 77.6% as compared to the same period of the prior year, and of which revenue from sale of oil and petrochemical products, provision of terminal, storage transshipment activities for liquid chemicals products and rental income from a filling station was $294.1 million (accounting for 79.1% to the Group's total revenue), $74.9 million (accounting for 20.1% to the Group's total revenue) and $2.9 million (accounting for 0.8% to the Group's total revenue) respectively, a decrease of 81.1%, 20.5% and 74.2% respectively on a half-year basis. The decrease of trading revenue was mainly attributable to the decrease in the number of sales contracts entered and sales volume of oil and petrochemical products in the first half of 2022 as a result from the consumption tax on some refined oil products imposed by China government starting from June 2021 that increased the costs and dampened the customer demand to a certain extent. In addition to the impact of the consumption tax on the refined oil and petrochemical products on the trading business, temporary closures of workplaces and lockdowns in some cities across China earlier this year due to lingering COVID-19 pandemic also affected the financial performance of terminal storage business in the first half of 2022. The Directors believe that, as the global is gradually returning to normal, the Group's financial performance will be recovered with various proactive measures being taken such as introduction of new customers and initiation the second phase development of DZIT. On top of that, the Group's filling station was leased out to an independent third party for rental income instead of revenue from operating a filling station from August 2021, the rental income from a filling station for the six months period ended 30 June 2022 was $2.9 million while the revenue from operating a filling station was $11.2 million for the six months ended 30 June 2021.

OUTLOOK

In the first half of 2022, the global macroeconomic environment was full of uncertainties. The supply and demand of crude oil commodities have been affected by inflationary pressure, fed rate hike, the pandemic resurgence and geopolitical tensions such as the Russia-Ukraine conflict, which has, in general, led to a continuous rise in crude oil commodity prices. In the face of the complexity and uncertainty of the external environment, the Group is confident that it will be able to carry through its strategy, making steady progress through continuous cost reduction, efficiency improvement and deepening reforms.

The Group was going through a period of business adjustment and transformation during the first half of 2022. On one hand, the Group's established terminal storage business has been hit by the national tax policy, the pandemic resurgence and the economic environment, resulted in a decrease in terminal and storage revenue. On the other hand, the oil and petrochemical trading business also experienced a rather significant downturn as compared to last year, as the Group considered that, on top of the impacts of the aforementioned circumstances, trading of oil and petrochemicals products was exposed to higher market risks amidst a high oil price environment, and thus proactively downsized the operation scale. As the second phase development of DZ International regarding LNG tanks and terminal modification is still pending approval from local government. Last but not least, the Group is eagerly preparing to participate in relevant supply chain infrastructure projects to support the development of hydrogen powered public transport in Hong Kong.

In the first half of 2022, despite the decrease of the Group's total revenue, its EBITDA and gross profit ratio increased by 26.5% and 9.3 percentage points respectively over the same period last year, which proves the Group's cost reduction and efficiency improvement to be effective and the cash flow has been gradually improving.

In the second half of 2022, the Group will continue to focus on reviving the established terminal storage business and carrying through the cost reduction and efficiency improvement works. On top of that, we will allocate more resources into business transformation, with which the construction of hydrogen energy infrastructure is expected to progress substantially in the second half of the year, marking the Group's first step into the hydrogen energy supply chain. In addition, the Group will make proper preparation for the LNG project of DZIT and work with the Dongguan Municipal Government to obtain the approval in near future.

FINANCIAL REVIEW

RESULTS OF OPERATIONS

During the six months ended 30 June 2022, the Group's financial performance are set out as belows:

	Six months ended 30 June		
	2022	2021	Changes
	$'000	*$'000*	*%*
Revenue	**371,856**	1,659,130	-77.6
Direct costs and operating expenses	**(323,179)**	(1,596,301)	-79.8
Gross profit	**48,677**	62,829	-22.5
Earnings/(loss) before interest and tax ("EBIT/(LBIT)")	**15,407**	(4,814)	+420.0
Depreciation and amortisation	**29,886**	40,624	-26.4
Finance costs	**27,459**	27,568	-0.4
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**45,293**	35,810	+26.5
Gross profit margin (%)	**13.1**	3.8	+9.3 points
Net loss margin (%)	**-3.4**	-2.0	-1.4 points
Basic and diluted losses per share (cents)	**(0.35)**	(0.87)	-59.8

Revenue and gross profit margin

During the six months ended 30 June 2022, the Group's revenue was $371.9 million (2021: $1,659.1 million), representing a decrease of 77.6% over the same period of the last year. The decrease was mainly attributable to the decrease in revenue from sale of oil and petrochemical products by 81.1% as compared to the same period of the prior year. During the six months ended 30 June 2022, the gross profit margin was 13.1%, increased by 9.3 percentage points on a half-year basis. The increase was mainly attributable to the reducing in low-margin trading activities, which uplifted the Group's overall gross profit margin during the period.

Direct costs and operating expenses

During the six months ended 30 June 2022, the Group's direct costs and operating expenses were $323.2 million (2021: $1,596.3 million), representing a decrease of 79.8% over the same period of the last year. The decrease was consistent to the decrease of revenue for the period. During the six months ended 30 June 2022, total costs of inventories from refined oil and petrochemical products were $281.3 million, accounting for 87.0% of total direct costs and operating expenses.

EBIT and EBITDA

During the six months ended 30 June 2022, EBIT and EBITDA was $15.4 million and $45.3 million respectively, increased by 420.0% and 26.5% respectively over the same period of the last year. The increase was mainly attributable to the decrease of equity settled share-based payment expenses by $13.5 million, increase of net foreign exchange gain due to appreciation of exchange rate against US dollars by $11.0 million and increase of interest income by $6.4 million during the period, even that the increase in EBIT and EBITDA was partially offset by the decrease of gross profit of $14.2 million during the period.

Finance costs

During the period, finance costs amounted to $27.5 million (2021: $27.6 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 2022 was 25% (2021: 25%).

Basic and diluted losses per share

The basic and diluted losses per share for the six months ended 30 June 2022 were $0.35 cents (2021: $0.87 cents).

LIQUIDITY, GEARING AND CAPITAL STRUCTURE

As at 30 June 2022, the Group's total cash and bank balances amounted to $247.5 million (31 December 2021: $118.2 million). The increase of the Group's total cash and bank balances was primarily attributable to the cash inflow from decrease in working capital in trading business during the period. Most of the funds were held in HK dollars, RMB and US dollars.

As at 30 June 2022, the Group had total assets of $2,273.8 million (31 December 2021: $2,286.7 million) and net current assets were $236.7 million (31 December 2021: $354.3 million). The current ratio as at 30 June 2022 of the Group was 1.57 (31 December 2021: 2.02). The change was mainly attributable to the increase in bank loan repayable within one year by approximately $85.5 million.

As at 30 June 2022, the Group had outstanding bank borrowings of $782.4 million (31 December 2021: $768.2 million). The total owners' equity of the Group as at 30 June 2022 amounted to approximately $1,342.7 million (31 December 2021: $1,352.4 million). The gearing ratio (defined as total liabilities to total assets) as at 30 June 2022 was 40.9% (31 December 2021: 40.9%). 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 2022, the Group met its working capital requirement principally from its business operation and financed with facilities provided by bank. 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) Subscription of shares in Bravo Transport Holdings Limited

Reference is made to the announcement of the Company dated 3 December 2021 and 28 March 2022 and the circular of the Company dated 29 July 2022, in relation to, among others, the major transaction of the acquisition of equity interest in the Bravo Transport Holdings Limited ("BTHL").

On 3 December 2021, Glorify Group Limited ("Glorify"), a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Templewater Bravo Holdings Limited ("TWB Holdings") and Ascendal Bravo Limited ("ABL"), pursuant to which Glorify has conditionally agreed to acquire, and TWB Holdings and ABL have conditionally agreed to sell, an aggregate of 700 BTHL Shares, being 695 BTHL Shares from TWB Holdings and 5 BTHL Shares from ABL, respectively and together representing 7% of the entire issued share capital of BTHL at the total consideration of $350,000,000 (equivalent to US$44,929,397).

All the conditions precedent for Tranche 1 Completion and Tranche 2 Completion were fulfilled and Tranche 1 Completion and Tranche 2 Completion took place on 8 December 2021 and 28 March 2022, respectively. As at 30 June 2022, Glorify holds 1,555.91 BTHL Shares, representing 15.56% of the entire issued share capital in BTHL (31 December 2021: 1,344.91 BTHL Shares, representing 13.45% of the entire issued share capital in BTHL).

Details of the aforementioned transaction are set out in the announcements of the Company dated 3 December 2021 and 28 March 2022 and the circular of the Company dated 29 July 2022.

(ii) Subscription of limited partnership interest

As at 30 June 2022, total capital contribution into the limited partnership was approximately $78 million (equivalent to approximately US$10 million) with a maximum capital commitment of $156 million (equivalent to US$20 million) and the subscription for the limited partnership interest has not been completed. Details are set out in note 13.

Save for those disclosed in this interim result announcement, 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 closely monitored the prices of oil products and mainly operated on a back-to-back sale and purchase model to avoid the risk of oil price fluctuations. 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 2022.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group had a workforce of approximately 180 employees (31 December 2021: 230), 155 (31 December 2021: 187) 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.

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 11.

COMMITMENTS

Details of commitments are set out in note 13.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group has no material contingent liabilities (2021: Nil).

INTERIM DIVIDEND

The directors do not recommend any interim dividend for the six months ended 30 June 2022 (2021: Nil).

OTHER INFORMATION

REVIEW OF THE INTERIM FINANCIAL REPORT

The Group's unaudited interim financial report for the six months ended 30 June 2022 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*. The interim financial report has been reviewed by the Audit Committee of the Company.

SHARE OPTION SCHEME

2012 Share Option Scheme

The Company adopted a share option scheme approved on 28 December 2012 (the "2012 Share Option Scheme") for 10 years from adoption of such scheme for the purpose of providing incentives and rewards to the eligible participants who contribute or may bring benefit to the Group.

Under the 2012 Share Option Scheme, the board of Directors (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 from time to time to subscribe for the shares of the Company (the "shares").

The maximum number of shares in respect to which options may be granted under the 2012 Share Option Scheme were 373,263,800 shares (the "Original Scheme Limit"), represented 10% of the issued share capital of the Company on the date of adopting the 2012 Share Option Scheme. The limit may be refreshed at any time by obtaining approval of the shareholders of the Company in a general meeting from time to time, provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the relevant shareholders' approval in general meeting.

Pursuant to the shareholders' approval obtained by the Company at the extraordinary general meeting ("EGM") on 25 January 2021, the Original Scheme Limit was refreshed to 395,663,800 shares, representing 10% of the issued share capital of the Company as at 25 January 2021 (the "First Refreshment").

Subsequent to the First Refreshment, the refreshed scheme mandate limit was further refreshed to 395,663,800 shares by the approval of the Company's shareholders at the Company's annual general meeting ("AGM") held on 2 June 2021, being 10% of the total number of issued shares of the Company as at 2 June 2021.

As the 2012 Share Option Scheme is due to expire on 27 December 2022, and to enable the continuity of the share option scheme of the Company, the Company terminated the 2012 Share Option Scheme and adopted a new share option scheme pursuant to the ordinary resolution approved by the Company's shareholders at the AGM on 15 June 2022. Upon termination of the 2012 Share Option Scheme, no further options may be granted but the provisions of the 2012 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to such termination.

During the six months period ended 30 June 2022, no share option was granted (six months period ended 30 June 2021: 639,427,600 options), 3,500,000 share options were lapsed by the relevant grantees (six months period ended 30 June 2021: Nil), and no share option was exercised or cancelled by the relevant grantees (six months period ended 30 June 2021: Nil) under the 2012 Share Option Scheme. As at 30 June 2022, 711,427,600 outstanding options granted (31 December 2021: 714,927,600 options) will remain valid and exercisable notwithstanding the termination of the 2012 Share Option Scheme.

Details of share options granted under the 2012 Share Option Scheme are set out in note 14(a) and the movements of the share options during the period ended 30 June 2022 are set as below:

				Outstanding	During the period			Outstanding
Eligible person	**Date of grant**	**Exercise period**	**Exercise price HK$**	**at 1 January 2022**	**Granted/ exercised**	**Cancelled/ forfeited**	**Lapsed**	**at 30 June 2022**
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	14/04/2022 - 13/04/2027 (2)	0.340	392,663,800	-	-	-	392,663,800
Mr. Yang Dong	30/08/2018	30/08/2019 - 29/08/2028	0.236	20,000,000	-	-	-	20,000,000
Mr. Zhang Lei	23/12/2020	23/12/2020 - 22/12/2025	0.400	5,000,000	-	-	-	5,000,000
Independent non-executive Directors								
Mr. Li Wai Keung	30/08/2018	30/08/2019 - 29/08/2028	0.236	3,000,000	-	-	-	3,000,000
Mr. Chan Chun Wai, Tony	30/08/2018	30/08/2019 - 29/08/2028	0.236	3,000,000	-	-	-	3,000,000
				667,427,600	-	-	-	667,427,600
Employees	30/08/2018	30/08/2019 - 29/08/2028	0.236	47,500,000	-	-	(3,500,000)	44,000,000
				714,927,600	-	-	(3,500,000)	711,427,600

Notes:

1. The relevant options were vested and exercisable from the date upon obtaining the independent shareholder's approval at the EGM held on 25 January 2021.

2. The relevant options became valid upon obtaining the independent shareholder's approval at the AGM held on 2 June 2021 and the relevant options were vested and exercisable from 14 April 2022 to 13 April 2027.

3. 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.

2022 Share Option Scheme

The Board adopted a new share option scheme (the "2022 Share Option Scheme") and terminated the 2012 Share Option Scheme pursuant to an ordinary resolution passed by the shareholders of the Company at the AGM held on 15 June 2022 (the "adoption date"). The 2022 Share Option Scheme will remain in force for 10 years from the adoption date. Details of the 2022 Share Option Scheme are set out in the Company's circular dated 26 April 2022.

The purpose of the 2022 Share Option Scheme is to enable the Company to recruit and retain high-caliber employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group.

Under the 2022 Share Option Scheme, the Board may at their discretion grant options to any employees, Directors or Service Providers of the Company or any subsidiaries of the Company from time to time to subscribe for the shares of the Company.

The maximum number of shares in respect of which the options may be granted under the 2022 Share Option Scheme is 395,663,800 shares, being 10% of the issued share capital of the Company as at the date of adopting the 2022 Share Option Scheme by the shareholders at the AGM. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 Share Option Scheme, 2022 Share Option Scheme and any other scheme of the Company was 1,107,091,400 shares, representing approximately 28% of the total number of shares in issue as at the reporting date, which was below the limit of 30% of the issued shares from time to time as required by the Chapter 17 of the Listing Rules.

During the six months period ended 30 June 2022, no share options were granted by the Company under the 2022 Share Option Scheme.

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 (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Board has complied with the CG Code except for the deviations from Code Provisions F.2.2 as disclosed in 2021 annual report.

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 2022.

By order of the Board
Yang Dong
Chief Executive Officer and Executive Director

Hong Kong, 30 August 2022

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

website : www.hansenergy.com