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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of Directors (the "Board") of Hans Energy Company Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Hong Kong dollars)

	Note	**2023**	2022
		$'000	*$'000*
Revenue	*2*	**948,510**	694,851
Direct costs and operating expenses		**(859,327)**	(601,234)
Gross profit		**89,183**	93,617
Other income	*3*	**8,860**	47,413
Selling and administrative expenses		**(96,591)**	(89,672)
Reversal of loss allowance of trade and other receivables		**1,000**	4,000
Profit from operations		**2,452**	55,358
Finance costs	*4(a)*	**(31,700)**	(51,924)
(Loss)/profit before taxation	*4*	**(29,248)**	3,434
Income tax	*5*	**(3,821)**	(1,762)
(Loss)/profit for the year		**(33,069)**	1,672
Attributable to:			
Equity shareholders of the Company		**(35,125)**	207
Non-controlling interests		**2,056**	1,465
(Loss)/profit for the year		**(33,069)**	1,672
Basic and diluted (loss)/earnings per share	*6*	**(0.91) cent**	0.01 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Hong Kong dollars)

	2023 *$'000*	2022 *$'000*
(Loss)/profit for the year	**(33,069)**	1,672
Other comprehensive income for the year (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to consolidated income statement:		
– Exchange differences on translation of financial statements of subsidiaries	**(2,925)**	(19,642)
Item that will not be reclassified subsequently to consolidated income statement:		
– Increase/(decrease) in fair value of investments at fair value through other comprehensive income ("FVOCI")	**62,045**	(140,000)
Other comprehensive income for the year	**59,120**	(159,642)
Total comprehensive income for the year	**26,051**	(157,970)
Attributable to:		
Equity shareholders of the Company	**24,665**	(157,712)
Non-controlling interests	**1,386**	(258)
Total comprehensive income for the year	**26,051**	(157,970)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023

(Expressed in Hong Kong dollars)

	Note	**2023**	2022
		$'000	*$'000*
Non-current assets			
Property, plant and equipment		**373,390**	414,265
Interests in leasehold land and buildings held for own use		**176,224**	184,754
Investment property		**37,734**	39,818
Prepayments and other receivables		**11,813**	11,121
Other investments	*7*	**700,000**	761,240
Intangible assets		**756**	888
Interest in an associate		**1,015**	1,119
Interest in a joint venture		**1,777**	1,959
Goodwill		**4,674**	4,742
		1,307,383	1,419,906
Current assets			
Inventories	*8*	**184,713**	120,854
Trade and other receivables	*9*	**90,065**	273,672
Cash and bank balances		**374,862**	162,297
		649,640	556,823
Current liabilities			
Trade and other payables and contract liabilities	*10*	**57,096**	73,479
Bank loans	*11*	**136,703**	164,239
Lease liabilities		**3,879**	4,752
Current taxation		**1,604**	1,705
Amounts due to related parties	*12*	**74,182**	77,358
		273,464	321,533
Net current assets		**376,176**	235,290
Total assets less current liabilities		**1,683,559**	1,655,196
Non-current liabilities			
Bank loans	*11*	**427,323**	420,600
Lease liabilities		**23,159**	27,570
		450,482	448,170
Net assets		**1,233,077**	1,207,026
Capital and reserves			
Share capital		**395,664**	395,664
Reserves		**816,031**	791,377
Total equity attributable to equity shareholders of the Company		**1,211,695**	1,187,041
Non-controlling interests		**21,382**	19,985
Total equity		**1,233,077**	1,207,026

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Material accounting policies

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2023 but is extracted from those financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1. **Material accounting policies (continued)**

(c) Changes in accounting policies

(i) New and amended HKFRSs

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

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

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. The amendment has no material impact on the Group's long service payment ("LSP") liability with respect to employees that participate in the mandatory provident fund ("MPF") scheme.

2. **Revenue and segment reporting**

(a) Revenue

The principal activities of the Group are trading of and provision of terminal, storage, warehousing and transshipment services for oil and petrochemical products and leasing of a filling station.

(i) Disaggregation of revenue from contracts with customers by major service lines

	2023	2022
	$'000	*$'000*
Revenue from contracts with customers not within the scope of HKFRS 15		
Storage and warehousing income	**106,259**	113,588
Rental income from a filling station	**5,332**	5,595
	111,591	119,183
Revenue from contracts with customers within the scope of HKFRS 15		
Port and transshipment income	**39,216**	32,043
Sales of oil and petrochemical products	**797,703**	543,625
	836,919	575,668
	948,510	694,851

Disaggregation of revenue from contracts with customers by business lines and by geographic markets is disclosed in notes 2(b)(i) and 2(b)(iii) respectively.

2. Revenue and segment reporting (continued)

(a) Revenue (continued)

(ii) Revenue expected to be recognised in the future arising from contacts with customers in existence at the balance sheet date

As at 31 December 2023, all sales contracts have original expected durations of one year or less. The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts such that the performance obligations that are unsatisfied (or partially unsatisfied) as of the balance sheet date are not disclosed.

(iii) In 2023, the Group has one customer (2022: three) with whom transactions have exceeded 10% of the Group's revenues. Revenues from sales of oil and petroleum products to these customers arose in the People Republic of China ("the PRC") and amounted to approximately $272,704,000 (2022: $495,779,000).

(b) Segment reporting

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

- Terminal Storage: this segment represents the Group's provision of terminal, storage, warehousing and transshipment activities carried out in Dongguan, the PRC.

- Trading: this segment represents the Group's trading of oil and petrochemical products business carried out in the PRC (including Hong Kong).

- Other: this segment represents other businesses including the leasing of a filling station in Zengcheng, the PRC.

Reportable segments are aligned with financial information provided regularly to the Group's most senior executive management for the purpose of resources allocation and performance assessment.

(i) Segment results, assets and liabilities

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

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

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

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

In addition to receiving segment information concerning (loss)/profit before taxation, management is provided with segment information concerning interest income, finance costs, depreciation and amortisation and reversal of loss allowance on trade and other receivables.

2. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	Terminal Storage		*Trading*		*Other*		*Total*	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**145,475**	145,631	**797,703**	543,625	**5,332**	5,595	**948,510**	694,851
Inter-segment revenue	**-**	3,076	**-**	-	**-**	-	**-**	3,076
Reportable segment revenue	**145.475**	148,707	**797,703**	543,625	**5,332**	5,595	**948,510**	697,927
Reportable segment profit before taxation	**13,091**	8,857	**11,248**	11,692	**2,163**	2,244	**26,502**	22,793
Interest income	**1,288**	248	**2,516**	7,982	**8**	11	**3,812**	8,241
Finance costs	**25,501**	39,761	**4,594**	10,510	**1,438**	1,523	**31,533**	51,794
Depreciation and amortisation	**43,781**	45,570	**2,041**	2,259	**2,791**	2,913	**48,613**	50,742
Reversal of loss allowance on trade and other receivables	**-**	-	**1,000**	4,000	**-**	-	**1,000**	4,000
Reportable segment assets	**554,880**	697,400	**324,451**	538,363	**53,282**	60,552	**932,613**	1,296,315
Reportable segment liabilities	**479,407**	528,676	**133,499**	231,514	**23,839**	61,099	**636,745**	821,289

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2023	2022
	$'000	*$'000*
Revenue		
Reportable segment revenue	**948,510**	697,927
Elimination of inter-segment revenue	**-**	(3,076)
Consolidated revenue	**948,510**	694,851
Profit		
Reportable segment profit	**26,502**	22,793
Unallocated other income less other expenses	**(1,037)**	35,179
Unallocated head office and corporate expenses	**(54,713)**	(54,538)
Consolidated (loss)/profit before taxation	**(29,248)**	3,434

2. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (continued)

	2023	2022
	$'000	*$'000*
Assets		
Reportable segment assets	**932,613**	1,296,315
Elimination of inter-segment receivables	**-**	(142,227)
	932,613	1,154,088
Other investments	**700,000**	761,240
Unallocated head office and corporate assets	**324,410**	61,401
Consolidated total assets	**1,957,023**	1,976,729
Liabilities		
Reportable segment liabilities	**636,745**	821,289
Elimination of inter-segment payables	**-**	(142,227)
	636,745	679,062
Unallocated head office and corporate liabilities	**87,201**	90,641
Consolidated total liabilities	**723,946**	769,703

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, interests in leasehold land and buildings held for own use, investment property, intangible assets, non-current prepayments and other receivables, interest in an associate, interest in a joint venture and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Revenues from external customers	
	2023	2022
	$'000	*$'000*
The PRC (including Hong Kong)	**948,510**	694,851

	Specified non-current assets	
	2023	2022
	$'000	*$'000*
Hong Kong	**12,041**	11,691
The PRC (excluding Hong Kong)	**595,342**	646,975
	607,383	658,666

3. Other income

	2023 *$'000*	2022 *$'000*
Interest income	**5,019**	8,381
Net foreign exchange (loss)/gain	**(1,453)**	14,326
Loss on disposal of property, plant and equipment	-	(128)
Rental income from investment property	**1,369**	1,410
Dividend income	**38,898**	31,118
Disposal loss of investment at fair value through profit or loss ("FVPL")	**(39,392)**	-
Net fair value loss of investment at FVPL	**-**	(8,066)
Others	**4,419**	372
	8,860	47,413

4. (Loss)/profit before taxation

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

	2023 *$'000*	2022 *$'000*
(a) Finance costs		
Interest on bank loans	**30,026**	50,260
Interest on lease liabilities	**1,674**	1,664
	31,700	51,924
*(b) Staff costs**		
Contributions to defined contribution retirement plans	**5,636**	5,688
Salaries, wages and other benefits	**47,102**	45,437
Equity-settled share-based payment expenses	-	15,872
	52,738	66,997
(c) Other items		
Amortisation of intangible assets	**170**	170
Depreciation		
– owned property, plant and equipment	**41,801**	41,983
– investment property	**2,291**	2,403
– right-of-use assets*	**10,962**	12,374
Reversal of loss allowance of trade and other receivables	**(1,000)**	(4,000)
Auditor's remuneration		
– audit services	**1,600**	1,750
– review services	**500**	500
– other services	**1,100**	650
Cost of inventories (note 8(b))	**775,623**	522,784

* Staff costs include $1,756,000 relating to depreciation of right-of-use assets (2022: $1,756,000), which amount is also included in the respective total amount disclosed separately above.

5. Income tax in the consolidated income statement

(a) Income tax in the consolidated income statement represents:

	2023	2022
	$'000	*$'000*
Current tax – Hong Kong Profits Tax (note (i))		
Provision for the year	**-**	200
Under-provision in respect of prior year	**-**	422
	-	622
Current tax – PRC Corporate Income Tax (note (ii))		
Provision for the year	**3,876**	2,407
Over-provision in respect of prior years	**(55)**	(1,267)
	3,821	1,140
	3,821	1,762

Notes:

(i) No Hong Kong Profits Tax was provided for the year ended 31 December 2023 as the Group sustained a loss for Hong Kong Profits Tax purposes for the year (2022: the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits of the year, except for one subsidiary of the Group which was a qualifying corporation under the two-tiered Profits Tax rate regime).

(ii) The applicable PRC Corporate Income Tax rate of the PRC subsidiaries for the year ended 31 December 2023 was 25% (2022: 25%).

6. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of $35,125,000 (2022: profit attributable to ordinary equity shareholders of the Company of $207,000) and the weighted average of 3,878,048,000 ordinary shares (2022: 3,878,322,000 ordinary shares) in issue during the year, calculated as follows:

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**3,956,638**	3,956,638
Effect of treasury shares held under share award scheme	**(78,590)**	(78,316)
Weighted average number of ordinary shares as at 31 December	**3,878,048**	3,878,322

	2023	2022
	$'000	*$'000*
(Loss)/profit attributable to ordinary equity shareholders	**(35,125)**	207

	2023	2022
Basic and diluted (loss)/earnings per share	**(0.91) cent**	0.01 cent

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2023 and 2022.

7. Other investments

	Note	**2023** **$'000**	2022 *$'000*
Unlisted equity securities at FVOCI (non-recycling)	(i)	**700,000**	637,955
Financial assets measured at FVPL	(ii)	-	123,285
		700,000	761,240

Notes:

(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. Dividends of $38,898,000 were received on this investment during the year (2022: $31,118,000).

(ii) The financial assets represent interest in a limited partnership in an investment fund. The Group disposed the interest in a limited partnership in an investment fund with a loss of $39,392,000 during the year.

8. Inventories

(a) Inventories in the consolidated balance sheet comprise:

	2023 **$'000**	2022 *$'000*
Oil and petroleum products	**181,964**	117,475
Consumable parts	**2,749**	3,379
	184,713	120,854

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Note	**2023** **$'000**	2022 *$'000*
Carrying amount of inventories sold	4(c)	**775,623**	522,784

9. Trade and other receivables

	2023	2022
	$'000	*$'000*
Trade debtors, net of loss allowance (note (i))	**15,752**	238,672
Prepayments and other receivables (note (ii))	**74,313**	35,000
	90,065	273,672

Notes:

(i) Trade debtors, net of loss allowance are financial assets measured at amortised cost.

(ii) The amounts of the prepayments and other receivables expected to be recovered or recognised as expense after more than one year are $887,000 (2022: $1,202,000). Apart from these, all the other trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As at balance sheet date, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date or date of revenue recognition and net of allowance, is as follows:

	2023	2022
	$'000	*$'000*
Within 1 month	**8,972**	53,478
Over 1 month but within 2 months	**356**	43,528
Over 2 months but within 3 months	**24**	-
Over 3 months but within 6 months	-	98,965
Over 6 months	**6,400**	42,701
	15,752	238,672

The Group allows an average credit period of 5-180 days to its trade customers.

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

	2023	2022
	$'000	*$'000*
Balance at 1 January	**1,000**	5,000
Recognition of loss allowance during the year	-	1,000
Reversal of loss allowance during the year	**(1,000)**	(5,000)
Balance at 31 December	-	1,000

The significant decrease in the long-aged balance of trade receivables contributed to the decrease in the loss allowance.

10. Trade and other payables and contract liabilities

	2023	2022
	$'000	*$'000*
Trade creditors	**4,513**	42,410
Contract liabilities	**30,569**	11,666
Other creditors and accruals	**22,014**	19,403
	57,096	73,479

At 31 December 2023 and 2022, all the trade and other payables are expected to be settled or recognised as income within one year.

As at balance sheet date, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2023	2022
	$'000	*$'000*
Within 1 month	**4,513**	42,410

Contract liabilities

The Group receives part of the contract value as a deposit from customers when they sign the oil and petroleum product trade agreement. This deposit is recognised as a contract liability until the customer has the ability to direct the use and obtain substantially all of the remaining benefits of the products, which is usually when the legal title is transferred to the customer. The rest of the consideration is typically paid according to the credit terms granted to the customer. The amount of the deposit was negotiated on a case by case basis with customers.

Movement in contract liabilities

	2023	2022
	$'000	*$'000*
At 1 January	**11,666**	12,246
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(11,666)**	(12,246)
Increase in contract liabilities as a result of receiving deposits from customers	**30,569**	11,666
At 31 December	**30,569**	11,666

All contract liabilities are expected to be recognised as income within one year.

11. Bank loans

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

	2023	2022
	$'000	*$'000*
Current liabilities		
Bank loans	**136,703**	164,239
Non-current liabilities		
Bank loans	**427,323**	420,600
	564,026	584,839

(b) At 31 December 2023, the bank loans were repayable as follows:

	2023	2022
	$'000	*$'000*
Bank loans (secured)		
Within 1 year or on demand	**136,703**	164,239
After 1 year but within 2 years	**61,046**	108,218
After 2 years but within 5 years	**213,662**	312,382
After 5 years	**152,615**	-
	427,323	420,600
	564,026	584,839

(c) At 31 December 2023, the Group had bank loans totalling $564,026,000 (2022: $584,839,000) which were secured by certain of the Group's property, plant and equipment with net book value of $326,072,000 (2022: $287,897,000) and interests in leasehold land and buildings held for own use with net book value of $153,579,000 (2022: $160,447,000). The aggregate banking facilities of the Group amounted to $574,443,000 (2022: $808,236,000) of which $564,026,000 (2022: $584,839,000) were utilised.

12. Amounts due to related parties

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

13. Capital commitments

At 31 December 2023, the Group did not have significant capital commitments.

At 31 December 2022, the Group had capital expenditure contracted for but not provided in the financial statements in respect of interests in a limited partnership of $78 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. Non-adjusting events after the balance sheet date

The Group has no material subsequent event after the balance sheet date and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

(Expressed in Hong Kong dollars unless otherwise indicated)

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 and liquid chemicals products, offering value-added services in its own ports and storage tank farms (the "terminal storage business"), trading of oil and petrochemical products (the "trading business") and leasing of a filling station business (the "other business").

Terminal Storage Business

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

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

Strategic Location

The liquid product terminal of the Group is located in the Greater Bay Area. As Guangdong province is the pioneer in economic development of China and our terminal situates in the centre of the economic circle of the province, such location edge attracts customers to engage with our terminal for their distribution of refined oils. Apart from oil products customers, there are customers who have manufacturing plants in the Greater Bay Area. In their business cycle, there are requirements to temporarily store their dangerous, poisonous and hazardous goods in designated controlled facilities with proper licences in accordance with governmental regulations for safety and environment reasons. The customers may store their hazardous raw materials, work-in-progress and finished goods in our storage facilities. Our terminal employs experienced, professional and skillful management teams with well-equipped features storage hardware. The Group persistently maintain high standards in safety and environment protection. Our terminal is fully and properly licensed to handle wide range of dangerous and hazardous goods. We provide convenience to our customers to move their products in and out of the terminal during their production cycle.

Revenue from Terminal Storage Business

The terminal earns storage income by leasing its storage tanks to customers based on the storage tank size and category engaged. Furthermore, the terminal collects handling charges when providing services in moving cargoes in and out from the terminal for customers, either by water in the jetties or by road from the loading stations. Apart from these, the terminal provides ancillary services such as tank cleaning and charges related fees for the services rendered.

Key Performance Indicators

The leaseout rates and cargo throughput are the major key performance indicators of the terminal. 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 terminal thus more handling income. The leaseout rates and cargo throughput of DZIT during the last two years are as follows:

Operational statistics	**2023**	**2022**	Change %
Liquid product terminal and transshipment services			
Number of vessels visited			
– foreign	**64**	69	-7.2
– domestic	**899**	705	+27.5
Number of trucks served to pick up cargoes	**66,470**	41,512	+60.1
Number of drums filled	**10,995**	11,919	-7.8
Transshipment volume (metric ton)			
– oil	**90,421**	54,557	+65.7
– petrochemicals	**17,952**	91,663	-80.4
Terminal throughput (metric ton)	**4,726,000**	3,295,000	+43.4
Port jetty throughput (metric ton)	**3,023,000**	2,257,000	+33.9
Storage services			
Leaseout rate – oil and petrochemical tanks (%)	**95.8**	97.5	-1.7 points

Despite the decrease in the transshipment volume and number of drums filled in 2023, the introduction of new customers by DZ International had led to improvements in other operational statistics throughout the year. The number of domestic vessels visited increased, along with an increased number of trucks serving to pick up cargoes. As a result, the terminal throughput and the port jetty throughput experienced the increase of 43.4% and 33.9% respectively over the last year. During the year ended 31 December 2023, the average leaseout rate for oil and petrochemical tanks was 95.8%, dropped by 1.7 percentage points over the last year. This decrease was primarily attributed to the changing business models by chemical plants in recent years which are increasingly inclined to produce downstream products and deliver them directly to end customers. Looking ahead, DZIT will continue adapting to changes in the market and addressing any challenges in order to maintain its competitiveness and attract more potential business opportunities in the future.

Trading Business

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

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

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

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

Operational statistics	**2023**	**2022**	Change %
Number of sale contracts entered	**824**	58	+1,320.7
Sales volume of oil and petrochemical products (metric ton)	**187,000**	116,000	+61.2

In view of the COVID-19 pandemic impact on the global economy during the past few years and the high volatility of crude oil price in 2022, the Group implemented a cautious strategy on its trading business in the previous year, which involved reducing the number of sales contracts entered, to address these external uncertainties. As the pandemic restrictions eased and the global economy gradually recovered in 2023, there was an overall increase demand in the market for oil and petrochemical products. Taking advantage of this positive trend, the Group is now accelerating its trading business from the second quarter of 2023. During the year ended 31 December 2023, the number of sales contracts entered and the sales volume of oil and petrochemical products significantly increased by 1,320.7% and 61.2% respectively over the last year. In order to improve unit profit, the Group is continuously developing and expanding the customer base to include the end customers of filling stations, which not only facilitates the business operations to bring into play the advantages of centralised procurement, which can help to reduce procurement cost and gain a stable profit through the way of centralised procurement, retail and wholesale, but also enhances the market risk resistance and the profit optimization by leveraging market price fluctuation.

Other Business

The Group owns a filling station which is situated in Zengcheng district, Guangzhou city, the PRC with a site area of approximately 12,500 square metres. Its floor area, fuel island configuration, equipment level and construction standards all meet the standards of local flagship filling stations. Since August 2021, the Group has 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 instead of operating it directly. The Group actively expands its share of the refined oil retail market by increasing its business segments through various means, including but not limited to leasing, signing of key fuel supply agreement and providing brand management services. Currently, there are a total of eight filling stations (2022: nine) 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.

SEGMENT REVENUE

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

	2023		2022		
	$'000	***%***	*$'000*	*%*	Change %
Trading business					
Sales of oil and petrochemical products	**797,703**	**84.1**	543,625	78.2	+46.7
Terminal storage business					
Storage income	**106,259**	**11.2**	113,588	16.4	-6.5
Handling income and others	**37,139**	**3.9**	29,901	4.3	+24.2
Transshipment income	**1,172**	**0.1**	1,368	0.2	-14.3
Port income	**905**	**0.1**	774	0.1	+16.9
Other business					
Revenue from leasing of a filling station	**5,332**	**0.6**	5,595	0.8	-4.7
	948,510	**100.0**	694,851	100.0	+36.5

During the year ended 31 December 2023, the Group recorded a total revenue of approximately $948.5 million, an increase of 36.5% as compared to the last year, and of which revenue from sale of oil and petrochemical products, provision of terminal, storage and transshipment activities and rental income from a filling station was approximately $797.7 million (accounting for 84.1% to the Group's total revenue), $145.5 million (accounting for 15.3% to the Group's total revenue) and $5.3 million (accounting for 0.6% to the Group's total revenue) respectively, an increase of 46.7%, a slight decrease of 0.1% and a decrease of 4.7% respectively. During the year, the increase of trading revenue was mainly attributable to the increase in the number of sales contracts entered and sales volume of oil and petrochemical products due to the gradual recovery of global economy in 2023. On the other hand, the decrease in storage income resulting from the decline in the leaseout rate of storage tanks was offset by the increase in handling income driven by the growth in the terminal throughput during the year. In addition, the rental income from a filling station has continued to contribute part of the Group's revenue.

OUTLOOK

Due to the ongoing Russo-Ukrainian conflict and the volatile situation in the Middle East, the global economy is facing increased uncertainty. In response to the global climate change, there is a strong emphasis on the development of renewable energy applications, which is impacting the traditional energy industry. Despite these difficult circumstances, the terminal storage business and the trading sector of the Group still achieved a growth in operational volume and revenue in 2023. This growth implies the Group's strong competitiveness in core business areas.

Looking forward to 2024, the Group's terminal storage business will continue to operate at high capacity, the leaseout rate of storage tanks will maintain the target over 95%, with striving continuous growth in both revenue and profits. In our trading business and filling station fuel oil distribution sector, we will strengthen cooperation with major state-owned enterprises such as CNOOC Group, Sinochem Group, as well as local state-owned enterprises in Guangdong. While ensuring effective risk management, we aim to reach operational volumes of gasoline, diesel, and fuel oil ranging from 250,000 to 300,000 metric tons.

To support the operation of hydrogen buses by Citybus in Hong Kong, the Group has invested in the construction of Hong Kong's first hydrogen refueling station, which was officially commenced operations on 30 November 2023. In 2024, the Group will maintain its focus on hydrogen energy-related technologies and applications. We will actively engage in research, development, and investment in hydrogen technologies (including hydrogen production, storage, and refueling, etc) with a particular focus on the potential for future use in hydrogen buses. This strategic direction aligns with our ongoing transition from a traditional energy business model to a more balanced model that incorporates both traditional and renewable energy sectors.

The Group disposed the limited partnership interest in Templewater I, L.P. by the end of 2023, resulted the Group's investments towards the local bus company's business with strong cash flow and high-return in Hong Kong. In the future, the Group's investment will focus on two key areas. Firstly, we will prioritize with strong cash flow projects to ensure the Company's sustainable growth. Secondly, we will aim at projects with promising prospects in the field of new energy, pursuing to synergize with the Group's strategy for new energy development.

FINANCIAL REVIEW

During the year ended 31 December 2023, the Group's financial performance are set out as below:

	2023 **_$'000_**	2022 _$'000_	Change %
Revenue	**948,510**	694,851	+36.5
Direct costs and operating expenses	**(859,327)**	(601,234)	+42.9
Gross profit	**89,183**	93,617	-4.7
Earnings before interest and tax ("EBIT")	**2,452**	55,358	-95.6
Depreciation and amortisation	**55,224**	56,930	-3.0
Finance costs	**31,700**	51,924	-38.9
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**57,676**	112,288	-48.6
Gross profit margin (%)	**9.4**	13.5	-4.1 points
Net (loss)/profit margin (%)	**(3.5)**	0.2	-3.7 points
Basic and diluted (loss)/earnings per share (cent)	**(0.91)**	0.01	-9,200

Revenue and gross profit margin

During the year, the Group's revenue was approximately $948.5 million (2022: $694.9 million), representing an increase of 36.5% over the last year. The increase was mainly attributable to the increase in revenue from sale of oil and petrochemical products by 46.7% as compared to the last year. During the year, the gross profit was approximately $89.2 million (2022: $93.6 million), a decrease of 4.7% over the last year and the gross profit margin was 9.4%, a decrease of 4.1 percentage points on a yearly basis. Despite an increase in the Group's revenue, the direct costs and operating expenses increased at a higher rate than the increase in revenue, it resulted in a reduced gross profit and gross profit margin during the year.

Direct costs and operating expenses

During the year, the Group's direct costs and operating expenses were approximately $859.3 million (2022: $601.2 million), representing an increase of 42.9% over the last year, and of which cost of inventories from oil and petrochemical products were approximately $775.6 million (2022: $522.8 million), accounting for 90.3% (2022: 87.0%) of total direct costs and operating expenses and an increase of 48.4% on a yearly basis. The increase in direct costs and operating expenses was primarily attributable to the increase in cost of inventories which is consistent to the increase in sales revenue, as well as the increase in operating expenses, particularly maintenance costs in DZIT during the year.

EBIT and EBITDA

During the year, the Group's EBIT and EBITDA was approximately $2.5 million (2022: $55.4 million) and $57.7 million (2022: $112.3 million) respectively, representing a decrease of 95.6% and 48.6% over the last year. The decrease was mainly attributable to the recognition of loss on disposal of Limited Partnership Interest of approximately $39.4 million, and the increase in operating expenses and administrative expenses for the year.

Finance costs

During the year, the finance costs amounted to approximately $31.7 million (2022: $51.9 million) which were mainly incurred on the Group's outstanding bank loans. The decrease was mainly attributable to the decrease in average bank borrowing rate during the year.

Taxation

No Hong Kong Profits Tax was provided for the year ended 31 December 2023 as the Group sustained a loss for Hong Kong Profits tax purposes for the year (2022: the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits of the year, except for one subsidiary of the Group which was a qualifying corporation under the two-tiered Profits Tax rate regime). The applicable tax rate of the Group's PRC subsidiaries for the year ended 31 December 2023 was 25% (2022: 25%).

Basic and diluted (loss)/earnings per share

During the year ended 31 December 2023, the basic and diluted loss per share were $0.91 cent (2022: earnings per share of $0.01 cent).

LIQUIDITY, GEARING AND CAPITAL STRUCTURE

As at 31 December 2023, the Group's total cash and bank balances amounted to approximately $374.9 million (2022: $162.3 million). The increase was mainly attributable to the proceeds from disposal of the Limited Partnership Interests of approximately $129.6 million and the dividend income from unlisted equity securities of approximately $38.9 million during the year. Most of the funds were held in HK dollars, RMB and US dollars.

As at 31 December 2023, the Group had total assets of approximately 1,957.0 million (2022: $1,976.7 million) and net current assets of approximately $376.2 million (2022: $235.3 million). The current ratio as at 31 December 2023 of the Group was 2.38 (2022: 1.73). The increase was primarily attributable to the increase of total bank balances.

As at 31 December 2023, the Group had outstanding bank borrowings of approximately $564.0 million (2022: $584.8 million). The total equity of the Group as at 31 December 2023 amounted to approximately $1,233.1 million (2022: $1,207.0 million). The gearing ratio (defined as total liabilities to total assets) as at 31 December 2023 was 37.0% (2022: 38.9%). The Group continuously considers various financial methods to improve our existing financial position and reduce the degree of leverage of the Group.

FINANCIAL RESOURCES

During the year ended 31 December 2023, the Group met its working capital requirement principally from its business operation and financed with facilities provided by banks. Management is confident that the Group should have adequate financial resources to meet its future debt repayment and support its working capital and future expansion requirements. Due attention will be paid to the capital and debt markets as well as the latest developments of the Group in order to ensure the efficient use of financial resources.

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

As at 31 December 2023, the Group's significant investments comprised unlisted equity securities and financial assets set out as below.

(i) Unlisted equity securities

The unlisted equity securities are shares in BTHL, a company incorporated in the British Virgin Islands and engaged in investment holding. The principal subsidiaries of BTHL include Bravo Transport Service Limited ("Bravo Transport") which is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in the provision of public bus service in Hong Kong, under its subsidiary Citybus Limited ("Citybus").

On 21 August 2020, Glorify Group Limited ("Glorify"), a wholly-owned subsidiary of the Company, entered into a BTHL Share Subscription Agreement with Templewater Bravo Holdings Limited ("TWB Holdings"), Ascendal Bravo Limited ("ABL") and BTHL, pursuant to which each of Glorify, TWB Holdings and ABL has conditionally agreed to subscribe for shares (the "BTHL Share Subscription") constituting (in aggregate) approximately 8.56%, 90.85% and 0.59%, respectively of the entire issued share capital of BTHL following the final completion of the issue of such shares for the aggregate consideration of approximately $119 million (equivalent to US$15.3 million), $1,258 million (equivalent to US$162.3 million) and $8 million (equivalent to US$1.1 million), respectively.

On 21 August 2020 (immediately after signing of the BTHL Share Subscription Agreement), BTHL (as purchaser) and NWS Service Management Limited ("NWS Service") (as seller) entered into the Acquisition Agreement, pursuant to which NWS Service has conditionally agreed to sell, and BTHL has conditionally agreed to purchase entire issued share capital of Bravo Transport for the aggregate consideration of $3,200 million (the "BTHL Acquisition"). The completion of BTHL Share Subscription and BTHL Acquisition took place on 30 September 2020 and 15 October 2020, respectively. Following the completion of BTHL Acquisition and as at 31 December 2020, Glorify held 855.91 BTHL Shares, representing approximately 8.56% of the entire issued share capital in BTHL. Details of the transaction are set out in the Annual Report 2020 and the announcement of the Company dated 21 August 2020, 28 August 2020 and 21 October 2020.

On 3 December 2021, Glorify further entered into the Sale and Purchase Agreement with TWB Holdings and ABL, pursuant to which Glorify has conditionally agreed to acquire an aggregate of 700 BTHL Shares ("Sale Share"), 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 million (equivalent to US$44.9 million), of which $244.5 million for Tranche 1 Sale Shares of 489 BTHL Shares and $105.5 million for Tranche 2 Sale Shares of 211 BTHL Shares. Tranche 1 Completion and the Tranche 2 Completion took place on 8 December 2021 and 28 March 2022, respectively.

Immediately after Tranche 1 Completion and as at 31 December 2021, Glorify held 1,344.91 BTHL Shares, representing approximately 13.45% of the entire issued share capital in BTHL. Immediately after Tranche 2 Completion and as at 31 December 2022, Glorify held 1,555.91 BTHL Shares, representing approximately 15.56% of the entire issued share capital in BTHL.

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

As at 31 December 2023, the Group recorded a fair value of $700 million (2022: $638 million) in respect of its holding in about 15.56% (2022: 15.56%) of such unlisted equity securities. The fair value of such unlisted equity securities represented 35.8% (2022: 32.3%) of the Group's total assets and 100.0% (2022: 83.8%) of the aggregate fair value of the Group's investment portfolio. In terms of performance, the investment measured at fair value through other comprehensive income recorded a fair value gain of approximately $62 million (2022: a fair value loss of $140 million) in the asset revaluation reserve for the year ended 31 December 2023. During the year, dividend distribution of approximately $38.9 million (2022: $31.1 million) was received from such investment.

(ii) Financial assets

The financial assets represented the Group's subscription of limited partnership interest in Templewater I, L.P. ("Templewater" or the "Limited Partnership") which is an unlisted fund managed by asset manager who applied various investment strategies to accomplish their respective investment objectives 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 principal business of Templewater is to invest for returns from capital appreciation and investment income, either through the use of special purpose vehicles or by investing directly.

The Limited Partnership Interest represented the entire interest held by Creative Apex International Holding Limited ("Creative Apex"), a direct wholly-owned subsidiary of the Company, in the Limited Partnership, being capital commitment of US$20 million (comprising (i) US$15.7 million of funded capital contribution and (ii) US$4.3 million of capital commitment that has yet to be funded) and 100% of Creative Apex's capital account balance (being the aforesaid funded capital contribution), and the related rights, title and interests in the Subscription Agreement in relation to the Limited Partnership entered into by Creative Apex and Templewater I, G.P., being the general partner of the Limited Partnership (the "General Partner") dated 26 March 2019. Details of the subscription by Creative Apex of the Limited Partnership Interest are set out the announcements of the Company dated 12 April 2019 and 17 May 2019.

On 23 November 2023, Creative Apex (as transferor) entered into the Deed of Assignment with Chantilly TM Strategic Fund L.P. (as transferee) ("Chantilly") and the General Partner, pursuant to which Creative Apex has agreed to assign and transfer to Chantilly, and Chantilly has agreed to assume and accept all of the rights, title and interests of Creative Apex in the Limited Partnership Interest at a consideration of approximately $129.6 million (equivalent to US$16,570,822.38), and the General Partner has given its consent to such transactions. The Completion took place on the date of the Deed of the Assignment.

During the year ended 31 December 2023, the loss on disposal of approximately $39.4 million was recognised in profit or loss that was based on the consideration of approximately $129.6 million less the carrying value of the Limited Partnership Interest of approximately $169.0 million, comprising total amount of capital contribution funded by the Group of approximately $123.4 million (equivalent to US$15.7 million) and the accumulated fair value gains of approximately $58.6 million recognised up to the date of disposal, and deducting the amount of distribution of approximately $13.0 million received from the Limited Partnership Interest during the term of investment. Upon Completion, Creative Apex ceased to have any interest in the Limited Partnership. The Limited Partnership Interest is no longer accounted for as financial assets at fair value through profit or loss in the Group's consolidated financial statements.

Details of the disposal of the Limited Partnership Interest are set out in the announcement of the Company dated 23 November 2023.

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

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND PRICES AND RELATED HEDGE

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

Save for the above disclosed, there was no other significant risks of exchange rates and price during the year ended 31 December 2023.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total of approximately 174 employees (2022: 172), 145 (2022: 146) of which worked for the terminal. The Group remunerates its employees based on industry practices and individual performance and experience. Every year, the Group devises a budget which states total salary and bonus plan for the year to encourage the Group's employees to contribute their best efforts and to make maximum economic benefits to the Group. In accordance with the relevant government regulations in the PRC, the Group is required to cover social insurance, including but not limited to retirement, medical, workman compensation and unemployment insurance as well as housing fund for every qualified employee in the PRC. With these insurance policies and staff benefits, the Group hopes to provide a reasonable welfare for each qualified employee. 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 and interests in leasehold land and buildings held for own use as collaterals for the banking facilities granted. Details are set out in note 11.

COMMITMENT

Details of commitments are set out in note 13.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group has no material contingent liabilities.

EVENTS AFTER BALANCE SHEET DATE

The Group has no material subsequent event after the balance sheet date and up to the date of this announcement.

FINAL DIVIDEND

The Directors do not recommend any final dividend for the year ended 31 December 2023 (2022: Nil).

CORPORATE GOVERNANCE

The Company is committed to a high standard of corporate governance practices appropriate to the conduct and growth of its business in compliance with the principles and code provisions (the "Code Provisions") set out in the corporate governance code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board is of the view that throughout the year, the Company has complied with the CG Code except for the deviations from Code Provision F.2.2 as the chairman of the Board and one of the Directors were unable to attend the last annual general meeting held on 31 May 2023 due to business engagements. They will use their best endeavours to attend all future shareholders' meetings of the Company.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. Specific enquiry has been made to all Directors and all of them have confirmed that they have fully complied with the Model Code and there was no event of non-compliance throughout the year ended 31 December 2023.

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

Save as disclosed in elsewhere in this results announcement, during the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2023 has been reviewed by the audit committee of the Company.

Scope of work of KPMG

The financial figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement of the annual results for the year ended 31 December 2023 is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hansenergy.com), and the 2023 annual report of the Company will be dispatched to the shareholders of the Company upon request and published on the aforesaid websites in due course.

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

Hong Kong, 13 March 2024

As at the date of this announcement, the Board of the Company 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