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 2020

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 2020 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

	Note	**2020** **$'000**	2019 $'000
Continuing operations:			
Revenue	*2*	**2,481,906**	314,845
Direct costs and operating expenses		**(2,415,509)**	(272,987)
Gross profit		**66,397**	41,858
Other income	*3*	**34,334**	22,508
Selling and administrative expenses		**(89,178)**	(177,712)
Reversal of impairment losses	*4(c)*	**-**	35,455
Profit/(loss) from operations		**11,553**	(77,891)
Finance costs	*4(a)*	**(49,895)**	(49,933)
Loss before taxation	*4*	**(38,342)**	(127,824)
Income tax	*5(a)*	**(994)**	(3,552)
Loss for the year from continuing operations		**(39,336)**	(131,376)
Discontinued operations:			
Profit for the year from discontinued operations		**-**	1,234,689
(Loss)/profit for the year		**(39,336)**	1,103,313

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)
(Expressed in Hong Kong dollars)

	Note	**2020**	2019
		$'000	*$'000*
Attributable to:			
Equity shareholders of the Company			
− continuing operations		**(40,095)**	(131,915)
− discontinued operations		**-**	1,240,535
		(40,095)	1,108,620
Non-controlling interests			
− continuing operations		**759**	539
− discontinued operations		**-**	(5,846)
		759	(5,307)
(Loss)/profit for the year		**(39,336)**	1,103,313
Basic and diluted (losses)/earnings per share	*6*		
− continuing operations		**(1.07) cents**	(3.53) cents
− discontinued operations		**N/A**	33.23 cents
		(1.07) cents	29.70 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

	2020	2019
	$'000	*$'000*
(Loss)/profit for the year	**(39,336)**	1,103,313
Other comprehensive income for the year		
Item that may be reclassified subsequently to consolidated income statement:		
Exchange differences on translation of financial statements of subsidiaries		
− continuing operations	**3,379**	(265)
− discontinued operations	**-**	632
Release of translation reserve upon disposal of a subsidiary	**-**	(85,880)
Other comprehensive income for the year	**3,379**	(85,513)
Total comprehensive income for the year	**(35,957)**	1,017,800
Attributable to:		
Equity shareholders of the Company		
− continuing operations	**(37,974)**	(131,500)
− discontinued operations	**-**	1,155,238
	(37,974)	1,023,738
Non-controlling interests		
− continuing operations	**2,017**	(141)
− discontinued operations	**-**	(5,797)
	2,017	(5,938)
Total comprehensive income for the year	**(35,957)**	1,017,800

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020

(Expressed in Hong Kong dollars)

	Note	**2020**	2019
		$'000	*$'000*
Non-current assets			
Property, plant and equipment		**576,639**	574,017
Interests in leasehold land and buildings held for own use		**208,769**	173,912
Prepayments and other receivables		**16,070**	22,711
Other investments	*7*	**167,959**	-
Intangible assets		**1,239**	1,394
Goodwill		**5,033**	4,729
		975,709	776,763
Current assets			
Inventories	*8*	**174,688**	149,154
Trade and other receivables	*9*	**516,864**	174,063
Cash and bank balances		**353,219**	974,510
		1,044,771	1,297,727
Current liabilities			
Trade and other payables and contract liabilities	*10*	**127,861**	128,252
Bank loans	*11*	**162,218**	50,021
Lease liabilities		**6,487**	5,246
Current taxation		**584**	1,481
Amounts due to related parties	*12*	**82,230**	112,958
		379,380	297,958
Net current assets		**665,391**	999,769
Total assets less current liabilities		**1,641,100**	1,776,532
Non-current liabilities			
Bank loans	*11*	**627,560**	652,478
Lease liabilities		**27,311**	2,886
Amounts due to related parties	*12*	**-**	167,448
		654,871	822,812
Net assets		**986,229**	953,720
Capital and reserves			
Share capital	*13*	**395,664**	373,264
Reserves		**573,453**	565,361
Total equity attributable to equity shareholders of the Company		**969,117**	938,625
Non-controlling interests		**17,112**	15,095
Total equity		**986,229**	953,720

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Share capital *$'000*	Share premium *$'000*	Special reserve *$'000*	Translation reserve *$'000*	Statutory reserve *$'000*	Treasuary shares held under share award scheme *$'000*	Share-based compensation reserve *$'000*	(Accumulated losses)/retained profits *$'000*	Total *$'000*	Non-controlling interests *$'000*	Total equity *$'000*
Balance at 1 January 2019	**373,264**	**710,477**	**(251,428)**	**89,506**	**31,947**	-	**6,800**	**(1,037,358)**	**(76,792)**	**(7,590)**	**(84,382)**
Profit for the year	-	-	-	-	-	-	-	1,108,620	1,108,620	(5,307)	1,103,313
Other comprehensive income	-	-	-	(84,882)	-	-	-	-	(84,882)	(631)	(85,513)
Total comprehensive income	-	-	-	(84,882)	-	-	-	1,108,620	1,023,738	(5,938)	1,017,800
Dividend declared to non-controlling interests in respect of prior years	-	-	-	-	-	-	-	-	-	(5,021)	(5,021)
Equity settled share-based transaction	-	-	-	-	-	-	8,260	-	8,260	-	8,260
Lapse of share options	-	-	-	-	-	-	(360)	360	-	-	-
Shares purchased under share award scheme	-	-	-	-	-	(16,581)	-	-	(16,581)	-	(16,581)
Acqusition of a subsidiary	-	-	-	-	-	-	-	-	-	68	68
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	52,746	52,746
Disposal of equity interests in a subsidiary	-	-	-	-	-	-	-	-	-	(19,170)	(19,170)
Balance at 31 December 2019 and 1 January 2020	**373,264**	**710,477**	**(251,428)**	**4,624**	**31,947**	**(16,581)**	**14,700**	**71,622**	**938,625**	**15,095**	**953,720**
(Loss)/profit for the year	-	-	-	-	-	-	-	(40,095)	(40,095)	759	(39,336)
Other comprehensive income	-	-	-	2,121	-	-	-	-	2,121	1,258	3,379
Total comprehensive income	-	-	-	2,121	-	-	-	(40,095)	(37,974)	2,017	(35,957)
Issue of ordinary shares on placement	17,500	38,806	-	-	-	-	-	-	56,306	-	56,306
Equity settled share-based transaction	-	-	-	-	-	-	596	-	596	-	596
Shares issued under of share option scheme	4,900	12,544	-	-	-	-	(5,880)	-	11,564	-	11,564
Balance at 31 December 2020	**395,664**	**761,827**	**(251,428)**	**6,745**	**31,947**	**(16,581)**	**9,416**	**31,527**	**969,117**	**17,112**	**986,229**

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant 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 2020 but is extracted from those draft financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These 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 "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

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.

1. Significant accounting policies (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries.

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.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

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 operating a filling station.

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

	2020	2019
	$'000	*$'000*
Revenue from contracts with customers not within the scope of HKFRS 15		
Continuing operations		
Storage and warehousing income	**119,999**	118,233
Discontinued operations		
Storage and warehousing income	**-**	8,990
	119,999	127,223
Revenue from contracts with customers within the scope of HKFRS 15		
Continuing operations		
Port and transshipment income	**44,354**	33,822
Sales of oil and petrochemical products	**2,299,128**	162,790
Revenue from operating a filling station	**18,425**	-
	2,361,907	196,612
Discontinued operations		
Port and transshipment income	**-**	4,487
	2,361,907	201,099
	2,481,906	328,322

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.

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

The Group has applied the practical expedient in paragraph 121 or HKFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts that had an original expected duration of one year or less.

(iii) In 2020, the Group has one customer (2019: three) with whom transactions have exceeded 10% of the Group's revenues. Revenues from sales of oil and petroleum products to this customer arose in the PRC and amounted to approximately $734,276,000 (2019: Revenue from sales of oil and petrochemical products to these customers arose in the PRC and amounted to approximately $45,124,000, $39,847,000 and $37,628,000 respectively).

2. Revenue and segment reporting (continued)

(b) Segment reporting

The Group manages its businesses by entities, which are organised by 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 four 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 PRC.

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

- Retail: this segment represents the Group's operation of a filling station in Zengcheng, the PRC.

- Xiao Hu Island Terminal ("XHIT"): this segment represents the Group's provision of terminal, storage, warehousing and transshipment activities carried out in Panyu, the PRC. The segment XHIT was classified as discontinued operations for the year ended 31 December 2019.

The composition of reportable segments of the Group has changed in the year ended 31 December 2020 following the commencement of operation of a filling station. 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 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)/earnings before taxes". To arrive at "(loss)/profit before taxation", the Group's (losses)/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 revenue, interest income, finance costs, depreciation and amortisation and (reversal of)/provision for impairment losses on trade receivables.

2. Revenue and segment reporting (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 2020 and 2019 is set out below.

	Continuing operations						*Discontinued operations*			
	Terminal storage		*Trading*		*Retail*		*XHIT*		*Total*	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**164,353**	152,055	**2,299,128**	162,790	**18,425**	-	**-**	13,477	**2,481,906**	328,322
Inter-segment revenue	**84,146**	-	**9,279**	-	**-**	-	**-**	-	**93,425**	-
Reportable segment revenue	**248,499**	152,055	**2,308,407**	162,790	**18,425**	-	**-**	13,477	**2,575,331**	328,322
Reportable segment (loss)/profit before taxation	**(3,470)**	13,957	**8,829**	2,237	**(2,329)**	-	**-**	(73,215)	**3,030**	(57,021)
Interest income	**528**	12,340	**341**	22	**3**	-	**-**	1,507	**872**	13,869
Finance costs	**48,448**	48,410	**57**	12	**1,114**	-	**-**	2,374	**49,619**	50,796
Depreciation and amortisation	**64,530**	64,458	**1,305**	43	**1,873**	-	**-**	-	**67,708**	64,501
(Reversal of)/provision for impairment losses on trade receivables	**-**	(35,455)	**60**	-	**-**	-	**-**	-	**60**	(35,455)
Reportable segment assets	**979,497**	834,167	**397,742**	331,800	**61,888**	-	**-**	-	**1,439,127**	1,165,967
Reportable segment liabilities	**806,894**	736,332	**268,199**	90,898	**65,013**	-	**-**	-	**1,140,106**	827,230

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

	Continuing operations		*Discontinued operations*		*Total*	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue						
Reportable segment revenue	**2,575,331**	314,845	-	13,477	**2,575,331**	328,322
Elimination of inter-segment revenue	**(93,425)**	-	-	-	**(93,425)**	-
Consolidated revenue	**2,481,906**	314,845	-	13,477	**2,481,906**	328,322
(Loss)/profit						
Reportable segment (loss)/profit	**3,030**	16,194	-	(73,215)	**3,030**	(57,021)
Gain on disposal of discontinued operations	-	-	-	1,307,768	-	1,307,768
Unallocated other income less other expenses	**21,394**	4,205	-	-	**21,394**	4,205
Unallocated head office and corporate expenses	**(59,412)**	(148,223)	-	-	**(59,412)**	(148,223)
Net fair value losses on financial assets at fair value through profit or loss	**(3,354)**	-	-	-	**(3,354)**	-
Consolidated (loss)/profit before taxation	**(38,342)**	(127,824)	-	1,234,553	**(38,342)**	1,106,729

2. Revenue and segment reporting (continued)

	2020	2019
	$'000	*$'000*
Assets		
Reportable segment assets	**1,794,514**	1,165,967
Elimination of inter-segment receivables	**(205,512)**	-
	1,589,002	1,165,967
Other investments	**167,959**	-
Unallocated head office and corporate assets	**263,519**	879,200
Others	**-**	29,323
Consolidated total assets	**2,020,480**	2,074,490
Liabilities		
Reportable segment liabilities	**1,140,106**	827,230
Elimination of inter-segment payables	**(205,512)**	-
	934,594	827,230
Unallocated head office and corporate liabilities	**99,657**	293,540
Consolidated total liabilities	**1,034,251**	1,120,770

(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, intangible assets, non-current prepayments 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	
	2020	2019
	$'000	*$'000*
The PRC (excluding Hong Kong)		
- continuing operations	**2,481,906**	314,845
- discontinued operations	**-**	13,477
	2,481,906	328,322

	Specified non-current assets	
	2020	2019
	$'000	*$'000*
Hong Kong	**12,126**	9,008
The PRC (excluding Hong Kong)	**795,624**	767,755
	807,750	776,763

3. Other income

	2020	2019
	$'000	*$'000*
Continuing operations:		
Interest income	**5,857**	19,701
Net foreign exchange gain/(loss)	**15,371**	(3,039)
Loss on disposal of property, plant and equipment	**(54)**	(720)
Government grants (note (i))	**552**	-
Net fair value losses on financial assets at fair value through profit or loss	**(3,354)**	-
Others (note (ii))	**15,962**	6,566
	34,334	22,508
Discontinued operations:		
Interest income	**-**	1,507
Loss on disposal of property, plant and equipment	**-**	(1,256)
Net foreign exchange loss	**-**	(75)
Others	**-**	261
	-	437
	34,334	22,945

(i) During the year ended 31 December 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by The Government of The Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

(ii) During the year ended 31 December 2020, the amount included a net gain of $11,825,000 earned from the facilitation of the execution of three filling stations lease agreements by the Group.

4. Loss before taxation

Loss before taxation is arrived at after charging:

	2020 $'000	2019 $'000
(a) Finance costs		
Continuing operations:		
Interest on bank loans	**48,423**	49,783
Interest on lease liabilities	**1,472**	150
	49,895	49,933
Discontinued operations:		
Interest on bank loans	**-**	2,374
	49,895	52,307
*(b) Staff costs**		
Continuing operations:		
Contributions to defined contribution retirement plans	**3,043**	2,015
Salaries, wages and other benefits	**57,549**	128,420
Equity-settled share-based payment expenses	**596**	8,260
	61,188	138,695
Discontinued operations:		
Contributions to defined contribution retirement plans	**-**	348
Salaries, wages and other benefits	**-**	61,002
	-	61,350
	61,188	200,045
(c) Other items		
Continuing operations:		
Amortisation of intangible assets	**169**	170
Depreciation		
– owned property, plant and equipment	**60,922**	59,698
– right-of-use assets*	**13,212**	8,965
Provision for/(reversal of) impairment losses of trade receivables (note 9)	**60**	(35,455)
Auditor's remuneration		
– audit services	**1,578**	1,208
– review services	**450**	380
Cost of inventories	**2,309,313**	160,412

* Staff costs include $1,762,000 relating to depreciation of right-of-assets (2019: $3,184,000 relating to operating lease charges on properties), which amount is also included in the respective total amount disclosed separately above.

5. Income tax in the consolidated income statement

(a) Continuing operations

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

	2020	2019
	$'000	*$'000*
Current tax – PRC Corporate Income Tax (note ii)	**994**	575
Current tax – PRC dividend income withholding tax (note iii)	**-**	2,977
	994	3,552

Notes:

(i) No Hong Kong Profits Tax was provided for the year ended 31 December 2020 as the Group sustained a loss for Hong Kong Profits Tax purposes for the year (2019: $Nil).

(ii) The applicable PRC Corporate Income Tax rate of the PRC subsidiaries for the year ended 31 December 2020 was 25% (2019: 25%).

(iii) During the year ended 31 December 2019, undistributed profits from Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("GD (Panyu)") of RMB50,741,000 (equivalent to $59,535,000) and of which RMB50,741,000 (equivalent to $59,535,000) related to undistributed profits for the years ended 31 December 2018 and period ended 28 May 2019, have been declared to its holding company, Guangdong Petro-Chemicals Company Limited, before the completion of the transaction in relation to the disposal of the entire equity interest in GD (Panyu). Under the grandfathering treatments, undistributed profits of a foreign-invested enterprise as at 31 December 2007 are exempted from withholding tax. The amount of RMB50,741,000 (equivalent to $59,535,000)) was fully paid in March 2019 together with withholding tax liability of $2,977,000.

(ii) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2020	2019
	$'000	*$'000*
Loss before taxation	**(38,342)**	(127,824)
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdictions concerned	**(4,721)**	(16,627)
Tax effect of non-deductible expenses	**5,454**	5,190
Tax effect of non-taxable income	**(5,231)**	(9,990)
Tax effect of unused tax losses not recognised	**7,782**	21,939
Withholding tax on profits distributions	**-**	2,977
Others	**(2,290)**	63
Actual tax expense	**994**	3,552

5. Income tax in the consolidated income statement (continued)

(b) Discontinued operations

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

	2020	2019
	$'000	*$'000*
Deferred tax – origination and reversal of temporary differences	**-**	(136)

Notes:

(i) No Hong Kong Profits Tax was provided for the year ended 31 December 2019 as the Group sustained a loss for Hong Kong Profits Tax purposes for the year.

(ii) The applicable tax rate of the PRC subsidiaries for the year ended 31 December 2019 was 25%.

(ii) Reconciliation between tax credit and accounting loss at applicable tax rates:

	2020	2019
	$'000	*$'000*
Loss before taxation	**-**	(73,215)
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdictions concerned	**-**	(18,304)
Tax effect of non-deductible expenses	**-**	150
Tax effect of unused tax losses not recognised	**-**	18,018
Actual tax credit	**-**	(136)

6. (Losses)/earnings per share

Basic and diluted (losses)/earnings per share

The calculation of basic and diluted (losses)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of $40,095,000 (2019: profit attributable to ordinary equity shareholders of the Company of $1,108,620,000) and the weighted average of 3,742,116,000 ordinary shares (2019: 3,732,638,000 ordinary shares) in issue during the year, calculated as follows:

	2020	2019
	$'000	*$'000*
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**3,732,638**	3,732,638
Effect of treasury shares held under share award scheme	**(58,590)**	-
Effect of ordinary shares issued in placement	**59,768**	-
Effect of share options exercised	**8,300**	-
Weighted average number of ordinary shares as at 31 December	**3,742,116**	3,732,638

	2020	2019
	$'000	*$'000*
(Loss)/profit attributable to ordinary equity shareholders		
– continuing operations	**(40,095)**	(131,915)
– discontinued operations	**-**	1,240,535
	(40,095)	1,108,620

	2020	2019
Basic and diluted (losses)/earnings per share		
– continuing operations	**(1.07) cents**	(3.53) cents
– discontinued operations	**N/A**	33.23 cents
	(1.07) cents	29.70 cents

The diluted (losses)/earnings per share is the same as the basic (losses)/earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2020 and 2019.

7. Other investments

	Note	**2020** **$'000**	2019 *$'000*
Unlisted equity securities designated at fair value through the comprehensive income ("FVOCI") (non-recycling)	(i)	**118,557**	-
Financial assets measured at fair value through profit or loss	(ii)	**49,402**	-
		167,959	-

(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. On 9 October 2020, all of the BTHL shares held by the Group ("the Charged Shares") was charged to China CITIC Bank International Limited as part of the financial assistance provision to BTHL. On 24 December 2020, the Charged Shares were released pursuant to a deed of release dated 24 December 2020.

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 year (2019: Nil).

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

8. Inventories

(a) Inventories in the consolidated balance sheet comprise:

	2020 **$'000**	2019 *$'000*
Oil and petroleum products	**171,269**	39,796
Oil and petroleum products in transit	**-**	105,118
Consumable parts	**3,419**	4,240
	174,688	149,154

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

	Note	**2020** **$'000**	2019 *$'000*
Continuing operations:			
Carrying amount of inventories sold	4(c)	**2,309,313**	160,412

9. Trade and other receivables

	2020	2019
	$'000	*$'000*
Trade debtors, net of loss allowance	**80,116**	95,513
Financial assets measured at amortised cost	**80,116**	95,513
Prepayments and other receivables	**436,748**	78,550
	516,864	174,063

The amounts of the prepayments and other receivables expected to be recovered or recognised as expense after more than one year are $1,667,000 (2019: $1,316,000). 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 and net of allowance, is as follows:

	2020	2019
	$'000	*$'000*
Within 1 month	**80,116**	91,459
Over 1 month but within 2 months	**-**	1,124
Over 2 months but within 3 months	**-**	34
Over 3 months but within 6 months	**-**	2,896
	80,116	95,513

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

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

	2020	2019
	$'000	*$'000*
Balance at 1 January	**-**	38,927
Amounts written off during the year	**-**	(3,358)
Provision for/(reversal of) for impairment losses during the year	**60**	(35,455)
Exchange difference	**4**	(114)
Balance at 31 December	**64**	-

10. Trade and other payables and contract liabilities

	2020	2019
	$'000	*$'000*
Trade creditors	**73,382**	49,862
Contract liabilities	**27,606**	31,333
Other creditors and accruals	**26,873**	47,057
	127,861	128,252

At 31 December 2020 and 2019, 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:

	2020	2019
	$'000	*$'000*
Within 1 month	**73,382**	49,862

Contract liabilities

The Group receives part of the contact value as a deposit from customers when they sign the oil and petroleum products agreement. This deposit is recognised as a contract liability until the customer takes possession of and accepts the products. 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

	2020	2019
	$'000	*$'000*
At 1 January	**31,333**	-
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	**(31,333)**	-
Increase in contract liabilities as a result of receiving deposits from customers	**27,606**	31,333
At 31 December	**27,606**	31,333

11. Bank loans

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

	2020	2019
	$'000	*$'000*
Current liabilities		
Bank loans	**162,218**	50,021
Non-current liabilities		
Bank loans	**627,560**	652,478
	789,778	702,499

(b) At 31 December 2020, the bank loans were repayable as follows:

	2020	2019
	$'000	*$'000*
Bank loans (secured)		
Within 1 year or on demand	**162,218**	50,021
After 1 year but within 2 years	**81,701**	63,358
After 2 years but within 5 years	**545,859**	277,887
After 5 years	**-**	311,233
	627,560	652,478
	789,778	702,499

(c) At 31 December 2020, the Group had banking facilities totalling $789,778,000 (2019: $702,499,000) which were secured by certain of the Group's property, plant and equipment with net book value of $365,765,000 (2019: $383,217,000) and interests in leasehold land and buildings held for own use with net book value of $180,176,000 (2019: $173,912,000). The banking facilities of the Group amounted to $813,542,000 (2019: $702,499,000) of which $789,778,000 (2019: $702,499,000) were utilised.

12. Amounts due to related parties

As at 31 December 2020, the amounts due to related parties are unsecured, interest-free and repayable within one year.

As at 31 December 2019, apart from the non-current amounts due to related parties of $167,448,000 which were unsecured, interest-fee and repayable after one year, the amounts due to related parties are unsecured, interest-free and repayable within one year.

13. Share capital

(i) Issued share capital

	Number of ordinary shares '000	*Amount $'000*
Ordinary shares of $0.10 each:		
Authorised:		
At 31 December 2019 and 2020	10,000,000	1,000,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	3,732,638	373,264
Issue of ordinary shares on placement (note (ii))	175,000	17,500
Shares issued under share option scheme (note (ii))	49,000	4,900
At 31 December 2020	3,956,638	395,664

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Share issued on placement

The Company completed the placing and subscription, on 27 August 2020 and 28 August 2020 respectively, of 175,000,000 additional shares at $0.33 per share for a total cash consideration of $57,750,000. The share capital amount was approximately $17,500,000 and share premium arising from the issuance was approximately $38,806,000, net of share issuance costs. The share issuance costs mainly included share underwriting commissions and other related costs, which were incremental costs directly attributable to the issuance of the new shares. These costs amounting to $1,444,000 were treated as a deduction against the share premium arising from the issuance.

(iii) Shares issued under share option scheme

On 30 October 2020, share options were exercised to subscribe for 49,000,000 ordinary shares of the Company at a consideration of $11,564,000, of which $4,900,000 was credited to share capital and $6,664,000 was credited to share premium. $5,880,000 was transferred from employee option reserve to the share premium accounts.

14. Capital commitments

At 31 December 2020, the Group had capital expenditure contracted for but not provided in the financial statements in respect of interests in a limited partnership of $103 million (31 December 2019: $156 million) (note).

At 31 December 2019, the Group also had capital expenditure contracted for but not provided in the financial statements in respect of (i) purchase of an office of $10 million and (ii) filling station development amounting to $4 million.

Note: The amount represented USD13 million (2019: USD20 million) (equivalent to $103 million (2019: $156 million)) for subscription for limited partnership interests in a limited partnership ("the Limited Partnership") as a limited partner. The purpose of the Limited Partnership is primarily achieving capital appreciation and participating primarily through investments in equity and equity-related securities, mainly in companies based in Asia-Pacific and Europe and portfolio funds with a similar investment focus. The business of the Limited Partnership will be conducted and managed by one single general partner (the "General Partner"), who have exclusive responsibility for the operation of the Limited Partnership and the management conduct and control of its business and affairs and shall make all investment decisions on behalf of the Limited Partnership. The limited partners of the Limited Partnership, including the Group, shall take no part in the operation of the Limited Partnership or the management or conduct of its business and affairs except with the written consent of the General Partner. Details of this transaction are set out in the Company's announcements dated 12 April 2019 and 17 May 2019. At the date of this report, the Group's subscription for limited partnership interests in the Limited Partnership has not been completed.

15. Non-adjusting events after the balance sheet date

(a) Subsequent to the balance sheet, the grant of 243,763,800 share options to Mr. David An, a substantial shareholder and an executive director of the Company, by the Company on 23 December 2020 at an exercise price of $0.400 per share under the Share Option Scheme was approved by the Company's shareholders upon the resolutions passed in the extraordinary general meeting held on 25 January 2021.

The directors estimated the weighted average fair value of each option at the grant date to be $0.1049. The options vested on 25 January 2021 and would then be exercisable from 25 January 2021 to 22 December 2025.

Equity-settled share-based payment expenses of $25,571,000 would be recognised in the consolidated income statement for the year ending 31 December 2021.

(b) The outbreak of COVID-19 has developed rapidly in 2020 and significantly affected entities and economic activities in varying scales globally. While there have been more immediate and pronounced disruptions in certain industries, its impact on the industry in the areas where we operate has been rather modest during the current reporting year. Nevertheless, as COVID-19 continues to evolve, it is challenging at this juncture to predict the full extent and duration of its impact to the business and the economy. Up to the date of this results announcement, management has not identified any areas that could have a material impact on the financial performance or position of the Group as at 31 December 2020.

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 of a filling station (the "retail business").

Terminal Storage Business

Prior to 28 May 2019, the Group owned and operated two main liquid product terminals, namely Xiao Hu Island Terminal ("XHIT") carried out by Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("GD (Panyu)") and Dongzhou Petrochemical Terminal ("DZIT") carried out by Dongguan Dongzhou International Petrochemical Storage Limited ("DZ International"). Upon the completion of the disposal of GD (Panyu) on 28 May 2019, the Group continues to own and operate DZIT that is situated in Lisha Island, Humen Harbour district, Shatian county, Dongguan city, Guangdong province. DZIT was built with berths ranging from 500 to 100,000 dwt. The tank farm has a site area of approximately 516,000 square metres 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 specialised 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.

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 storage hardware. The Group persistently maintains high standards in safety and environment protection. Our terminal is fully and properly licensed to handle wide range of dangerous and hazardous goods. They provide convenience to our customers to move their products in and out of the terminal during their production cycle.

Revenue

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

Key Performance Indicators

The leaseout rates and cargo throughput are the major key performance indicators of the terminals. Higher leaseout rate should return with higher storage income. More cargoes flows mean more works in the terminals thus more handling fee income. The lease-out rates and cargo throughput of DZIT during the last two years are as follows:

Operational statistics	2020	2019	Change %
Liquid product terminal and transshipment services			
Number of vessels visited			
– foreign	**180**	158	+13.9
– domestic	**434**	567	-23.5
Number of trucks served to pick up cargoes	**67,517**	59,113	+14.2
Number of drums filled	**16,250**	13,297	+22.2
Transshipment volume (metric ton)			
– oil	**84,470**	64,971	+30.0
– petrochemicals	**96,805**	129,275	-25.1
Terminal throughput (metric ton)	**4,718,000**	3,591,000	+31.4
– port jetty throughput	**2,551,000**	2,084,000	+22.4
– loading station throughput	**2,167,000**	1,507,000	+43.8
Storage services			
Leaseout rate − oil and petrochemical products (%)	**98.5**	91.2	+7.3 points

With the unprecedented outbreak of the novel coronaviruses disease ("COVID-19") in early 2020, many PRC factories suspended operations at the beginning of this year, and the economy was affected. Fortunately, the economic activities were resumed quickly following the downturn in the PRC. Coupled with the completion of the disposal of GD (Panyu) by the Group in 2019, certain premium customers relocated all or most of their loading and storage services from XHIT to DZIT, which boosted the terminal throughput as a whole. Also, mutal access and collaboration between DZIT and a surrounding port jetty commenced in the second half of 2020, together with the introduction of light cycle oils from new customers in early 2020 kept the ports and terminals throughputs relatively high. As such, most of the operational statistics in DZIT have grown as compared to last year. The average leaseout rate achieved as high as 98.5% during the year, representing an increase of 7.3% points over the last year.

Trading Business

Shanghai Diyou Industry Co., Ltd. ("SHDY") operates in the trading of oil and petrochemical products and holds a refined oil wholesale operating licence issued by the Ministry of Commerce of the People's Republic of China (the "PRC"). In addition, SHDY is a qualified supplier for major energy companies such as PetroChina, Sinopec etc. The operational statistics of trading business during the last two years are as follows:

Operational statistics	2020	2019	Change %
Number of sale contracts entered	**118**	6	+1,866.7
Sales volume of oil and petrochemicals products (metric ton)	**472,000**	26,400	+1,687.9

SHDY continues to develop business with existing customers and further develops relationships with high-quality new customers to expand the customer base and business scale since the acquisition in 2019. During the year ended 31 December 2020, SHDY entered into in aggregate of 118 sales contracts, with total sale volumes of approximately 472,000 metric ton. Despite the effect brought by the COVID-19, sales volumes during this year were only slightly lower than expected by about a few percentage points as a result of all-round development of procurement and sales channels by SHDY. The Group will actively expand its trading business, and it strives to recover the sales volumes affected by the epidemic in 2021.

Retail Business

The Group's first filling station in Zengcheng district, Guangzhou city, the PRC has commenced its operations since April 2020. The filling station has 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. The filling station is mainly engaged in petrol filling services, supplemented by comprehensive services such as convenience stores, car maintenance and logistics warehouses, and providing petrol filling related services. Cumulative sale volume has reached to 3.9 million liters since the commencement of operation from April 2020.

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) retail. The breakdown is as follows:

	Trading				**Terminal Storage**				**Retail**				**Total**			
	2020		2019		**2020**		2019		**2020**		2019		**2020**		2019	
	$'000	***%***	*$'000*	*%*	***$'000***	***%***	***$'000***	***%***	***$'000***	***%***	***$'000***	***%***	***$'000***	***%***	*$'000*	*%*
Sales of oil and petrochemical products	**2,299,128**	**100.0**	162,790	100.0	**-**	**-**	-	-	**-**	**-**	-	-	**2,299,128**	**92.6**	162,790	51.7
Storage income	**-**	**-**	-	-	**119,999**	**73.0**	118,233	77.8	**-**	**-**	-	-	**119,999**	**4.8**	118,233	37.5
Transshipment and other handling income	**-**	**-**	-	-	**42,522**	**25.9**	32,086	21.1	**-**	**-**	-	-	**42,522**	**1.7**	32,086	10.2
Port income	**-**	**-**	-	-	**1,832**	**1.1**	1,736	1.1	**-**	**-**	-	-	**1,832**	**0.1**	1,736	0.6
Revenue from operating a filling station	**-**	**-**	-	-	**-**	**-**	-	-	**18,425**	**100.0**	-	-	**18,425**	**0.8**	-	-
	2,299,128	**100.0**	162,790	100.0	**164,353**	**100.0**	152,055	100.0	**18,425**	**100.0**	-	-	**2,481,906**	**100.0**	314,845	100.0

During the year ended 31 December 2020, the Group's total revenue increased significantly from $314.8 million to $2,481.9 million, an increase by 688.3% as compared to the last year. The increase was mainly attributable to the new segment revenue generated from the trading business and the retail business during the year. The trading business operated by SHDY was acquired in December 2019 that has brought a substantial increase to the Group's revenue, accounting for 92.6% of the Group's total revenue during the year. On the other hand, the retail business from the filling station has commenced its operation since April 2020 that contributed the revenue of $18.4 million to the Group. During the year, revenue from the provision of terminal, storage and transshipment activities for liquid chemicals products in DZIT was $164.4 million, an increase by 8.1% on a year basis. The increase was mainly attributable to the increase in storage income and transshipment income that was arisen from the relocation of certain GD (Panyu)'s customers from XHIT to DZIT since last year.

OUTLOOK

In 2020, under a pandemic environment, the Group achieved better financial performance compared to the previous year, with an increase of revenue and a decrease in loss per share of more than 50%. We benefited from the growth of our traditional terminal storage business as well as the results of our newly developed trading and filling station business. Looking forward to 2021, each business segment of the Company will maintain a trend of continuous growth and bring better returns to shareholders.

Terminal Storage Business

In 2020, the operating income of DZIT reached an all-time high due to increased business volume and higher unit prices. Based on the current development of the industry in the region, it is expected that the development trend of the previous year will be maintained in 2021. Moreover, the mutual access and collaboration between DZIT and the surrounding port jetty and oil terminal of Grand Resource Co. Ltd., a public company listed on the National Equities Exchange and Quotations, has fully commenced in the second half of 2020. It is expected to bring the Company a revenue growth of over RMB$10million in 2021. In 2021, the Group will continue to proactively cooperate with the local government and relevant partners in relation to DZIT phase two construction project and strive to make substantial progress in establishing the project within the year.

Trading of oil and petrochemical products and filling station business

Shanghai Diyou Industry Co., Ltd., which joined the Group at the end of 2019, achieved an operating revenue of $2.3 billion in 2020 and has commenced the import trade business. Due to the fluctuation in prices of petrochemical products and the decline in consumption caused by the pandemic, the operating revenue and earnings of SHDY did not reach the expected level. However, the trading business still contributed significantly to the Group's overall revenue growth and contributed to part of the profit. The commencement of the import trade has also expanded the Company's customer base and boosted the trading business of the Group's subsidiaries in Hong Kong.

The Group's first joint-venture filling station was officially put into operation in April 2020, and in the second half of 2020, the Group achieved a net gain of over RMB10 million on transferring the right and obligation of three filling stations lease agreements. In 2021, the Group will continue to enlarge the number of filling stations operated or leased and increase the scale of operating (or leasing) income in this segment, with a view to making the filling station business segment a new business growth point for the Group within 3-5 years.

Investment Business

In 2020, the Company participated in a consortium of private equity funds and acquired New World First Bus Services Limited and Citybus Limited in Hong Kong. Subject to the lockdown and isolation measures due to the pandemic, bus companies were in a loss-making position as the number of passengers were reduced. However, the Board of the Company is of the view that bus companies, as public service providers, have stable cash flow. We estimate that when most of the world's population are vaccinated for COVID-19 in the second half of 2021, the pandemic will be brought under effective control and the lockdown and isolation measures will be gradually lifted, by then the number of bus passengers will soon resume. Therefore, in the long run, the investment in bus companies will generate long-term stable income for the Group.

All in all, in 2021, while continuing to perform well in its traditional business, Hans Energy will continue to expand its trading and filling station business and adhere to a diversified and flexible investment strategy. While stabilising the traditional industry and ensuring stable growth, the Group will actively explore new business fields with higher returns and strive to achieve high growth.

FINANCIAL REVIEW

During the year ended 31 December 2020, the Group's financial performance are set out as below:

	2020	2019	Changes
	$'000	*$'000*	*%*
Continuing operations:			
Revenue	**2,481,906**	314,845	+688.3
Direct costs and operating expenses	**(2,415,509)**	(272,987)	+784.8
Gross profit	**66,397**	41,858	+58.6
Earnings/(loss) before interest and tax ("EBIT/(LBIT)")	**11,553**	(77,891)	+114.8
Depreciation and amortisation	**74,303**	68,833	+7.9
Finance costs	**49,895**	49,933	-0.1
Earnings/(loss) before interest, tax, depreciation and amortisation ("EBITDA/(LBITDA)")	**85,856**	(9,058)	+1,047.8
Gross profit margin (%)	**2.7**	13.3	-10.6 points
Net loss margin (%)	**-1.6**	-41.7	-40.1 points
Basic and diluted losses per share (cents)	**(1.07)**	(3.53)	-69.7

Revenue and gross profit margin

During the year, the Group's revenue from continuing operations was approximately $2,481.9 million (2019: $314.8 million), representing an increase of 688.3% over the last year. The trading business which has been acquired since last year has brought a substantial revenue to the Group. During the year, revenue from trading of oil and petrochemical products was $2,299.1 million, accounting for 92.6% of the Group's total revenue. The revenue from the provision of terminal, storage and transshipment activities for liquid chemicals products in DZIT was $164.4 million, representing an increase of 8.1% over the last year. The gross profit from continuing operations was approximately $66.4 million (2019: $41.9 million), increased by 58.6% over the last year. The increase was mainly attributable to the new revenue from sale of oil and petrochemical products and operating a filling station by the Group during the year. However, the gross profit margin was 2.7%, reduced by 10.6 percentage points on a yearly basis. This was mainly attributable to the lower gross profit margin of sale of oil and petrochemical products diluted the overall gross profit margin of the terminal storage business.

Direct costs and operating expenses

During the year, the Group's direct costs and operating expenses were approximately $2,415.5 million (2019: $273.0 million), representing an increase of 784.8% over the last year, of which cost of inventories from oil and petrochemical products were $2,309.3 million (2019: $160.4 million), accounting for 95.6% of total direct costs and operating expenses.

EBIT and EBITDA

During the year, the Group successfully turned from LBIT to EBIT. By excluding a special bonus to Directors of approximately $87.6 million for completion of the disposal of GD (Panyu) in 2019, the improvement mainly was attributable to that the Group's active expansion of new businesses and continuous development of existing business led to an increase in overall gross profit by 58.6% as compared to prior year. As a result of the increase of profit, EBITDA from continuing operations improved to $85.9 million (2019: LBITDA of $9.1 million) and net loss margin was 1.6%, significantly decreased by 40.1% points on a yearly basis.

Finance costs

During the year, finance costs from continuing operations amounted to $49.9 million (2019: $49.9 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 year. The applicable tax rate of the Group's PRC subsidiaries for the year ended 31 December 2020 was 25% (2019: 25%).

Basic and diluted losses per share

During the year ended 31 December 2020, the basic and diluted loss per share from the continuing operations was $1.07 cents (2019: basic and diluted loss per share of $3.53 cents).

LIQUIDITY, GEARING AND CAPITAL STRUCTURE

As at 31 December 2020, the Group's total cash and bank balances amounted to approximately $353.2 million (2019: $974.5 million). Most of the funds were held in HK dollars, RMB and US dollars.

As at 31 December 2020, the Group had total assets of approximately HK$2,020.5 million (2019: $2,074.5 million) and net current assets of approximately $665.4 million (2019: $999.8 million). The current ratio as at 31 December 2020 of the Group was 2.75 (2019: 4.36). The change was mainly attributable to the increase in short-term bank borrowing.

As at 31 December 2020, the Group had outstanding bank borrowings of $789.8 million (2019: $702.5 million). The total equity of the Group as at 31 December 2020 amounted to approximately $986.2 million (2019: $953.7 million). The gearing ratio (defined as total liabilities to total assets) as at 31 December 2020 slightly reduced to 51.2% (2019: 54.0%). The Group will continuously consider 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 2020, 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

On 21 August 2020, Glorify Group Limited ("Glorify"), a wholly-owned subsidiary of the Company, entered into a share subscription agreement ("BTHL Share Subscription Agreement") with Templewater Bravo Holdings Limited ("TWB Holdings"), Ascendal Bravo Limited ("ABL") and Bravo Transport Holdings Limited ("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 8.6%, 90.8% and 0.6%, respectively of the entire issued share capital of BTHL following the final completion of the issue of such shares for the aggregate consideration of US$15,291,826.34, US$162,319,339.43 and US$1,050,004.70 (equivalent to approximately $119 million, $1,258 million and $8 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 an acquisition agreement, pursuant to which NWS Service has conditionally agreed to sell, and BTHL has conditionally agreed to purchase the entire issued share capital of Bravo Transport Services Limited (formerly known as NWS Transport Services Limited) ("the Target Company") for the aggregate consideration of $3,200 million (the "Acquisition"). The Target Company and its subsidiaries are principally engaged in the provision of public bus and travel related services in Hong Kong. The principal subsidiaries of the Target Company include Citybus Limited ("Citybus") and New World First Bus Services Limited ("NWFB"), in which the Target Company has a direct or indirect (as the case may be) 100% shareholding interest. Each of Citybus and NWFB operates bus services in Hong Kong through, among others, public bus franchises granted under the Public Bus Services Ordinance (Cap. 230 of the Laws of Hong Kong).

The completion of BTHL Share Subscription and the Acquisition took place on 30 September 2020 and 15 October 2020, respectively.

(ii) Provision of financial assistance

On 21 August 2020, BTHL and China CITIC Bank International Limited ("CNCBI") entered into a loan agreement (the "Loan Agreement"), pursuant to which CNCBI (as original lender) has agreed to grant certain loan facilities (the "Loan Facilities") to BTHL for the purpose of the Acquisition. As a condition under the Loan Agreement, BTHL shall procure that Glorify, TWB Holdings and ABL enter into a share charge (the "Share Charge") with CNCBI (as security agent for the secured parties/lenders) pursuant to which, among other things, all of the shares of BTHL held by Glorify (the "Charged Shares") would be charged to CNCBI as security under the Loan Facilities. Glorify entered into the Share Charge on 9 October 2020; and the Charged Shares were released pursuant to a deed of release dated 24 December 2020. Accordingly, the Charged Shares ceased to be affected by the Share Charge.

(iii) Placing of existing shares and top-up subscription for new shares under general mandate

On 21 August 2020, the Company, Mr. David An ("Mr. An"), the chairman, an executive director and a controlling shareholder of the Company, and a placing agent ("the Placing Agent") entered into a placing and top-up subscription agreement, pursuant to which, (a) Mr. An has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of Mr. An and to use its best efforts to procure purchasers for up to 175,000,000 existing shares of the Company (the "Shares") at the $0.33 per share (the "Placing Price") (the "Placing"); and (b) Mr. An has agreed to subscribe for, and the Company has agreed to issue to Mr. An, such amount of new ordinary Shares as being equal to the actual number of Shares placed by the Placing Agent under the Placing, at the Placing Price less the aggregate amount of the expenses (the "Expenses") attributable to each subscription share (the "Top-up Subscription").

The completion of the Placing and the Top-up Subscription took place on 27 August 2020 and 28 August 2020, respectively.

A total of 175,000,000 Shares (the "Placing Shares") have been successfully placed at the Placing Price to no fewer than six independent placees selected and/or procured by or on behalf of the Placing Agent. The placees and their respective ultimate beneficial owners are independent of the Company, its connected persons and their respective associates and not connected with any of them. None of the placees and their ultimate beneficial owners has become a substantial shareholder (as defined under the Listing Rules) of the Company upon taking up the Placing Shares.

A total of 175,000,000 new Shares (the "Subscription Shares") were allotted and issued to Mr. An at the net subscription price for each Subscription Share (after deduction of the Expenses) of approximately $0.32 for each Subscription Share. The aggregate nominal value of the Subscription Shares was $17,500,000. The Subscription Shares represent approximately 4.48% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Top-up Subscription.

The net proceeds of the Top-up Subscription were approximately $56 million. The Company applied the net proceeds from the Top-up Subscription in full to replenish working capital after the BTHL Share Subscription.

Further details of the aforementioned transaction are set out in the announcements of the Company dated 21 August 2020, 28 August 2020 and 21 October 2020.

(iv) Subscription of Limited Partnership Interest

As at 31 December 2020, total capital contribution into the Limited Partnership was approximately $52.9 million (equivalent to approximately US$6.8 million) as set out in note 14.

Other than the disclosed above, 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 during the year ended 31 December 2020.

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. Besides, 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 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 year ended 31 December 2020.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2020, the Group had a total of approximately 230 employees (2019: 230), 205 (2019: 210) of which worked for the terminals. 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 of the Company may be granted to selected employees by reference to the Group's as well as individual's performances.

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.

CAPITAL COMMITMENT

Details of commitments are set out in note 14.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group has no material contingent liabilities.

FINAL DIVIDEND

The Directors do not recommend any final dividend for the year ended 31 December 2020 (2019: 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 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 is of the view that throughout the year, the Company has complied with the CG Code except for the deviations from Code E.1.2 as the Chairman and some of the Directors were unable to attend the last annual general meeting held on 21 May 2020 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 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 throughout the year ended 31 December 2020.

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

Except as disclosed in elsewhere in this results announcement, during the year ended 31 December 2020, 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 2020 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, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 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 2020 is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hansenergy.com). The 2020 annual report of the Company will be dispatched to shareholders of the Company 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, 29 March 2021

As at the date of this announcement, the Board of the Company comprises four executive directors, namely Mr. David An (Chairman), Mr. Yang Dong, Ms. Liu Zhijun and Mr. Zhang Lei and three independent non-executive directors, namely Mr. Li Wai Keung, Mr. Chan Chun Wai, Tony and Mr. Woo King Hang.

website : www.hansenergy.com