HANS ENERGY COMPANY LIMITED
漢思能源有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 554)

ANNOUNCEMENT OF 2010 INTERIM RESULTS

The Board of Directors (the "Directors") of Hans Energy Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 as follows:

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2010 - unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	**2010**	2009
		$'000	*$'000*
Turnover	*3*	**79,118**	80,238
Cost of sales		**(24,827)**	(23,960)
Gross profit		**54,291**	56,278
Other net income	*4*	**1,112**	660
Administrative expenses		**(20,577)**	(20,433)
Profit from operations		**34,826**	36,505
Finance costs	*5(a)*	**(89)**	-
Profit before taxation	*5*	**34,737**	36,505
Income tax	*6*	**(11,025)**	(9,495)
Profit for the period		**23,712**	27,010
Attributable to:			
Equity shareholders of the Company		**20,595**	23,720
Non-controlling interests		**3,117**	3,290
Profit for the period		**23,712**	27,010
Earnings per share	*7*		
- basic		**0.55 cents**	0.64 cents
- diluted		**0.55 cents**	0.64 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2010 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2010	2009
	$'000	*$'000*
Profit for the period	**23,712**	27,010
Other comprehensive income for the period:		
Exchange differences on translation of financial statements of PRC subsidiaries	**5,670**	224
Total comprehensive income for the period	**29,382**	27,234
Attributable to:		
Equity shareholders of the Company	**25,812**	23,926
Non-controlling interests	**3,570**	3,308
Total comprehensive income for the period	**29,382**	27,234

CONSOLIDATED BALANCE SHEET
at 30 June 2010 - unaudited
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2010** **$'000**	At 31 December 2009 $'000 (audited)
Non-current assets			
Fixed assets			
- Property, plant and equipment		**250,828**	258,046
- Construction in progress	*8*	**1,261,728**	976,598
- Interests in land held for own use under operating leases		**19,348**	19,921
Prepayments for construction costs		**33,015**	34,056
Intangible assets		**3,084**	3,180
		1,568,003	1,291,801
Current assets			
Interest in land held for own use under operating leases		**1,516**	1,502
Inventories - consumable parts		**3,331**	2,900
Trade and other receivables	*9*	**21,264**	8,947
Cash and cash equivalents		**208,322**	342,421
		234,433	355,770
Current liabilities			
Other payables and accruals		**107,529**	108,161
Deferred revenue		**3,734**	38,527
Short-term bank loans	*10*	**2,400**	397,502
Current taxation		**5,238**	4,707
		118,901	548,897
Net current assets/(liabilities)		**115,532**	(193,127)
Total assets less current liabilities		**1,683,535**	1,098,674
Non-current liabilities			
Deferred tax liabilities		**8,051**	7,977
Bank loans	*10*	**1,054,389**	499,592
		1,062,440	507,569
Net assets		**621,095**	591,105
Capital and reserves			
Share capital		**373,264**	373,264
Reserves		**197,694**	171,274
Total equity attributable to equity shareholders of the Company		**570,958**	544,538
Non-controlling interests		**50,137**	46,567
Total equity		**621,095**	591,105

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2010 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Special reserve	Translation reserve	PRC statutory reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2010	373,264	710,477	(251,428)	55,615	31,947	9,811	(385,148)	544,538	46,567	591,105
Total comprehensive income for the period	-	-	-	5,217	-	-	20,595	25,812	3,570	29,382
Equity settled share-based transaction	-	-	-	-	-	608	-	608	-	608
Balance at 30 June 2010	373,264	710,477	(251,428)	60,832	31,947	10,419	(364,553)	570,958	50,137	621,095
Balance at 1 January 2009	373,264	710,477	(251,428)	54,817	31,947	6,182	(426,894)	498,365	40,291	538,656
Total comprehensive income for the period	-	-	-	206	-	-	23,720	23,926	3,308	27,234
Equity settled share-based transaction	-	-	-	-	-	2,361	-	2,361	-	2,361
Balance at 30 June 2009	373,264	710,477	(251,428)	55,023	31,947	8,543	(403,174)	524,652	43,599	568,251

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Hong Kong dollars)

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issuance on 27 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations - plan to sell the controlling interest in a subsidiary*
- Improvements to HKFRSs (2009)
- HK(IFRIC) 17, *Distributions of non-cash assets to owners*

These developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:
    - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.
    - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

- Contingent consideration will be measured at fair value at the acquisition date. Any subsequent changes in the measurement of that contingent consideration will be recognised in profit or loss, unless they arise from obtaining additional information about facts and circumstances that existed at the acquisition date within 12 months from the date of acquisition (in which case they will be recognised as an adjustment to the cost of the business combination). Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably. All subsequent changes in the measurement of contingent consideration and from its settlement were previously recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

- If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets, will be recognised in profit or loss, rather than as an adjustment to goodwill.

- In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interests at fair value.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

    - Any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interest in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocation to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

- If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions.

  Previously the Group's accounting policy is to treat such transactions as step-up transactions and partial disposals, respectively.

  If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the balance sheet date the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

  In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- HK(IFRIC) 17 requires distribution of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group's accounting policy is to measure such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in HK(IFRIC) 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore previous periods have not been restated.

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

3. Segment reporting

The Group manages its businesses by entities, which are organised by geography. In accordance with HKFRS 8, *Operating Segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Xiao Hu Island Terminal ("XHIT"): this segment represents the Group's provision of terminal, transhipment and storage activities carried out in Panyu, the People's Republic of China ("PRC").
- Dongzhou International Terminal ("DZIT"): this segment represents the Group's provision of terminal, transhipment and storage activities to be carried out in Dongguan, PRC. DZIT is currently under construction and is scheduled to commence its commercial operations in the second half of 2010.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of investment in subsidiaries and other corporate assets. Segment liabilities include other trade payable and accruals, deferred revenue and current taxable payable attributable to the individual segments, and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales 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 "profit from operations" i.e. "adjusted earnings before finance costs and taxes". To arrive at "profit from operations", 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 profit from operations, management is provided with segment information concerning revenue, interest income, finance costs and additions to non-current segment assets.

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 six months ended 30 June 2010 and 30 June 2009 is set out below.

For the six months ended 30 June	XHIT **2010** ***$'000***	XHIT 2009 *$'000*
Reportable segment revenue	**79,118**	**80,238**
Reportable segment profit from operations	**50,824**	**51,678**
Interest income	**763**	**287**
Finance costs	**-**	**-**

DZIT is under construction and not yet commenced its commercial operations as at 30 June 2010 and accordingly, no segment information regarding the segment's revenue, profit from operations, interest income and finance costs for the six months ended 30 June 2010 and 30 June 2009 is presented.

	XHIT		**DZIT**		**Total**	
	At 30 June 2010 ***$'000***	At 31 December 2009 *$'000*	**At 30 June 2010** ***$'000***	At 31 December 2009 *$'000*	**At 30 June 2010** ***$'000***	At 31 December 2009 *$'000*
Reportable segment assets	**1,291,414**	1,136,924	**1,161,245**	1,034,069	**2,452,659**	2,170,993
Reportable segment liabilities	**1,077,707**	956,915	**763,240**	639,724	**1,840,947**	1,596,639

	XHIT		**DZIT**		**Total**	
For the six months ended 30 June	**2010** ***$'000***	2009 *$'000*	**2010** ***$'000***	2009 *$'000*	**2010** ***$'000***	2009 *$'000*
Additions to non-current segment assets during the period	**75,586**	9,580	**199,972**	166,161	**275,558**	175,741

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

	Six months ended 30 June	
	2010	2009
	$'000	*$'000*
Revenue		
Reportable segment revenue	**79,118**	80,238
Consolidated turnover	**79,118**	80,238
Profit		
Reportable segment profit from operations	**50,824**	51,678
Unallocated other net income	**57**	14
Unallocated head office and corporate expenses	**(16,144)**	(15,187)
Consolidated profit before taxation	**34,737**	36,505

	At 30 June 2010	At 31 December 2009
	$'000	*$'000*
Assets		
Reportable segment assets	**2,452,659**	2,170,993
Elimination of inter-segment receivables	**(678,693)**	(548,359)
	1,773,966	1,622,634
Unallocated head office and corporate assets	**28,470**	24,937
Consolidated total assets	**1,802,436**	1,647,571
Liabilities		
Reportable segment liabilities	**1,840,947**	1,596,639
Elimination of inter-segment payables	**(678,693)**	(548,359)
	1,162,254	1,048,280
Unallocated head office and corporate liabilities	**19,087**	8,186
Consolidated total liabilities	**1,181,341**	1,056,466

4. Other net income

	Six months ended 30 June	
	2010	2009
	$'000	*$'000*
Interest income	**770**	297
Net (loss)/gain on disposal of property, plant and equipment	**(17)**	17
Others	**359**	346
	1,112	660

5. Profit before taxation

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

	Six months ended 30 June	
	2010	2009
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans	**26,141**	10,444
Less: Borrowing costs capitalised as construction in progress	**(26,052)**	(10,444)
	89	-

The borrowing costs during the six months ended 30 June 2010 have been capitalised at a rate of 4.86%-5.58% per annum (six months ended 30 June 2009: 5.184% per annum) for construction in progress.

(b) Staff costs:		
Contributions to defined contribution retirement plan	**605**	582
Salaries, wages and other benefits	**14,318**	10,945
Equity-settled share based payments	**608**	2,361
Total staff costs	**15,531**	13,888
(c) Other items:		
Depreciation and amortisation	**14,033**	14,099
Operating lease charges: minimum lease payment - buildings	**2,953**	2,869

6. Income tax

	Six months ended 30 June	
	2010	2009
	$'000	*$'000*
Taxation in the consolidated income statement represents:		
Current tax - PRC Enterprise Income Tax for the period	**11,025**	9,414
Deferred taxation	**-**	81
	11,025	9,495

Notes:

(i) No Hong Kong Profits Tax was provided as the Group sustained a loss for Hong Kong Profits Tax purposes for the period (six months ended 30 June 2009: Nil).

(ii) Pursuant to the approval from the PRC authority issued in 2002 regarding port operating business, one of the subsidiaries in the PRC, Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("GD (Panyu)") has been granted certain tax relief whereby the profit for the five years starting from its first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent five years is taxed at 50% of the prevailing tax rate set by the local tax authority. The then PRC Enterprise Income Tax rate applicable to GD (Panyu) was 15%.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new CIT Law") which takes effect on 1 January 2008. Under the new CIT Law and in accordance with implementation rules and notices issued by the State Council and the State Administration of Taxation (collectively "Implementation Rules"), an entity established before 16 March 2007 that was entitled to a preferential tax treatment prior to the new CIT Law is subject to a transitional tax rate beginning in 2008 ("Transitional Tax Rate") before the new corporate income tax rate of 25% applies. For companies currently enjoying a reduced tax rate of 15%, the Transitional Tax Rate is 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011 and 2012 onwards respectively. Under the grandfathering treatments of the new CIT Law, GD (Panyu), which has not fully utilised its five-year tax relief upon the implementation of the new CIT Law, is allowed to receive the tax relief during the five-year grandfathering period. The tax relief of GD (Panyu) ended on 31 December 2008 and the applicable tax rate of GD (Panyu) for the six months ended 30 June 2010 and 2009 is 22% and 20% respectively.

In addition, under the new CIT Law, dividends paid by a foreign-invested enterprise to its foreign investors are subject to withholding tax at a rate of 10% unless reduced by treaty. Under the grandfathering treatments, undistributed profits of a foreign-invested enterprise as at 31 December 2007 are exempted from withholding tax.

At 30 June 2010, temporary differences relating to the undistributed profits of the Group's foreign-invested enterprise amounted to $189,961,000 (31 December 2009: $154,111,000). Deferred tax liabilities of $9,498,000 (31 December 2009: $7,706,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of the foreign-invested enterprise and the directors have determined that the profits will not be distributed in the foreseeable future.

7. Earnings per share

The calculations of the basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of $20,595,000 (six months ended 30 June 2009: $23,720,000) and the weighted average of 3,732,638,000 ordinary shares (2009: 3,732,638,000 ordinary shares) in issue during the interim period.

The diluted earnings per share is the same as the basic earnings per share for the six months ended 30 June 2009 and 2010 as the outstanding share options are anti-dilutive.

8. Construction in progress

Construction in progress of the Group as at 30 June 2010 comprises costs incurred on the acquisition of land use rights and the construction of port and storage facilities at DZIT and XHIT, totalling $1,120 million and $142 million (31 December 2009: $904 million and $73 million), respectively which are scheduled to commence commercial operations in the second half of 2010.

9. Trade and other receivables

Included in trade and other receivables are debtors (net of allowance for doubtful debts) with the following ageing analysis:

	At 30 June 2010	At 31December 2009
	$'000	*$'000*
Neither past due nor impaired	**15,293**	4,667
Less than 1 month past due	**-**	232
Trade debtors, net of allowance for doubtful debts	**15,293**	4,899
Prepayments and other receivables	**5,971**	4,048
	21,264	8,947

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 customers.

10. Bank loans

At 30 June 2010, the bank loans are repayable as follows:

	At 30 June 2010	At 31 December 2009
	$'000	*$'000*
Within 1 year or on demand	**2,400**	397,502
After 1 year but within 2 years	**575,530**	204,430
After 2 years but within 5 years	**6,600**	295,162
After 5 years	**472,259**	-
	1,054,389	499,592
	1,056,789	897,094

At 30 June 2010, the Group's banking facilities totalled $1,502,947,000 (31 December 2009: $750,218,000), of which $1,088,947,000 (31 December 2009: $738,218,000) were secured by certain of the Group's future non-cancellable operating leases receivables. The facilities were utilised to the extent of $1,045,389,000 as at 30 June 2010 (31 December 2009: $669,950,000).

One of the Group's banking facilities of $24,000,000 (31 December 2009: $12,000,000) is subject to the fulfilment of certain covenants relating to the Group's net asset position, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

11. Commitments

(a) Capital commitments

At 30 June 2010, the Group had capital expenditure contracted for but not provided in the interim financial report in respect of terminal development and acquisition of port and storage facilities amounted to $80 million (31 December 2009: $184 million).

At 30 June 2010, the Group had capital expenditure not contracted for but approved by the board and not provided in the interim financial report in respect of terminal development and acquisition of port and storage facilities amounted to approximately $181 million (31 December 2009: $301 million).

(b) Operating lease arrangements

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings, which fall due as follows:

	At 30 June 2010 ***$'000***	At 31 December 2009 *$'000*
Within one year	**5,443**	4,459
In the second to fifth year inclusive	**3,133**	3,263
	8,576	7,722

The Group as lessor

The Group leases out certain dock and storage facilities under operating leases.

Rental and storage income earned during the six months ended 30 June 2010 was approximately $76 million (six months ended 30 June 2009: $76 million).

At the balance sheet date, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 30 June 2010	At 31 December 2009
	$'000	*$'000*
Within one year	**114,768**	117,770
In the second to fifth year inclusive	**405,649**	378,379
More than five years	**994,495**	1,054,096
	1,514,912	1,550,245

12. Share option scheme

Pursuant to an ordinary resolution passed on 16 December 2002, the Company adopted a share option scheme (the "scheme") for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are available to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The scheme will remain in force for a period of 10 years from adoption of such scheme and expires on 15 December 2012.

On 7 May 2008, the Board approved to grant options in respect of 72,400,000 ordinary shares to the Company's directors and senior management under the scheme. The options outstanding at 30 June 2010 had an exercise price of $0.5 and a weighted average remaining contractual life of 0.85 years. The exercise periods for the above options granted under the scheme shall end not later than 3 years from 7 May 2008. Options were granted under a market condition. The share options can only be exercised when the market price of the shares of the Company is $1.2 per share or above. This condition has been taken into account in the grant date fair value measurement.

The closing market price on the date which the options were granted and the average closing price as stated in the Stock Exchange of Hong Kong Limited's daily quotation sheets for the five business days immediately preceding the date of grant of the options were $0.485 per share and $0.474 per share respectively. No share option was granted during the six months ended 30 June 2010 (year ended 31 December 2009: Nil).

No share options were exercised by the Directors and senior management during the six months ended 30 June 2010 (year ended 31 December 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The oil and petrochemical terminal located in Xiao Hu Island of Nansha, Panyu, Guangdong Province in the PRC ("XHIT") is the core business of Hans Energy Company Limited (the "Company") and its subsidiaries (the "Group"), its operational results were as follows:

Operational statistics	**Six months ended 30 June 2010**	Six months ended 30 June 2009	Change %
Number of vessels visited			
- foreign	**118**	132	-10.6
- domestic	**280**	353	-20.7
Number of trucks served to pick up cargoes	**8,989**	8,573	4.9
Number of drums filled	**19,958**	16,167	23.4
Transshipment volume (metric ton)			
- oils	**1,923**	999	92.5
- petrochemicals	**78,425**	90,907	-13.7
Port jetty throughput (metric ton)	**604,000**	859,000	-29.7
Tank farm throughput (metric ton)	**778,000**	1,011,000	-23.0

XHIT continues to contribute the major source of revenue to the Group. During the period, total port jetty and tank farm throughput decreased due to the drop of goods flow across the south China region. With no significant incentives and government initiatives, the import of refined oils did not increase during the year. The number of foreign tankers berthed slightly dropped in the first half of 2010. Fortunately, despite the drop in port throughput, the number of trucks served to pick up cargoes and drums filled were increased and XHIT storage tanks maintained close to 100% lease-out rate for the first half of 2010.

Segment results

Segment results represent the profit for the period in XHIT and Dongzhou International Terminal ("DZIT"). Both segments lease oil and petrochemical tanks and provide terminal and transshipment services to generate storage and transshipment income and port income. However, DZIT has not yet commenced its business operations as at 30 June 2010. As such, the reportable segment profit from operations solely represented the profit from XHIT during the period.

The breakdown of turnover of XHIT is as follows:

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	HK$'000	***%***	*HK$'000*	*%*
Terminal, storage and transshipment services	**75,745**	**95.7**	75,791	94.5
Port income	**3,373**	**4.3**	4,447	5.5

For the six months ended 30 June 2010, turnover from the provision of terminal storage and transshipment facilities slightly decreased by 0.1% from HK$75.8 million to HK$75.7 million. It was mainly attributable to the drop in volume of transshipment for petrochemicals. In the meanwhile, turnover from port income recorded a decrease of 24.1% from HK$4.45 million to HK$3.37 million, the slide was mainly due to the decrease in port throughput during the period.

For the six months ended 30 June 2010, the Group recorded a slight decrease of segment profit by 1.7% from HK$51.7 million to HK$50.8 million. The decrease was in line with the decrease of turnover from the provision of terminal, storage and transshipment facilities. For details of the segment reporting, please refer to note 3 on page 8 to 10.

OUTLOOK

Despite the PRC government has put in enormous effort in investment stimuli and lucrative liquidity policy, the economy did not rebound significantly in 2010 as expected. It was further hampered by the slowing down of USA recovery. There was no sign of improvement in European economies as well. The commercial activities and the cargo volume moving in and out of the south China region did not improve as expected.

• XHIT Liquid Terminal Business

With the term leases in long to medium terms, we expect the lease-out rate of XHIT storage tanks to maintain at high level of 90%. With the completion of approval documentation for upgrading XHIT No. 2 port jetty to 20,000 dwt, the throughput capacity and receiving abilities will be increased. We are conservatively optimistic in XHIT operations for the second half of 2010.

• XHIT Solid Warehousing Centre

In Xiao Hu Island, Panyu, the construction of the warehousing and logistic centre for solid chemicals has been completed. The centre with a floor area of 35,000 square metres will mean to capture the business opportunity of new safety requirements in dangerous goods caretaking industry in Pearl River Delta. It is confident to run the logistic centre with an offtake of 80% utilization upon commencement of operations and to start generating new source of revenue to the Group in the last quarter of the year.

• DZIT project

The construction of Dongguan port jetty, the operating equipment installation and storage tanks erection have been completed. It has been under various relevant government bureaus check and examination for issuing operating licences. It is expected to start operations with an offtake of 50% utilization of storage capacity in the last quarter of the year.

• Taishan Crude Oil Terminal project (“TSOT”)

Despite the PRC government has indicated its policy of encouraging the involvement of private sector to participate in national oil reserves in the country, detailed guidelines for execution have yet been issued. The preparation works for the development of the TSOT have been started and we shall apply with all relevant authorities for approval once the government issues the official guidelines.

FINANCIAL REVIEW

For the six months ended 30 June 2010, the Group's turnover was HK$79.1 million (2009: HK$80.2 million), representing a decrease of 1.4% over the same period in 2009. It was arisen from the drop in flow of goods across the south China region which resulted in less port income in the period. The profit attributable to equity shareholders was HK$20.6 million (2009: HK$23.7 million), representing a decrease of 13.2% over the corresponding period last year. The decrease was mainly attributed by the declining in Group's turnover in the period and the increase of income tax rate (please refer to note 6(ii) of page 12). EBIT and EBITDA for the six months ended 30 June 2010 were HK$34.8 million (2009: HK$36.5 million) and HK$48.8 million (2009: HK$50.6 million) respectively. The basic and diluted earnings per share for the six months ended 30 June 2010 were 0.55 Hong Kong cents (2009: 0.64 Hong Kong cents).

	Six months ended 30 June 2010	Six months ended 30 June 2009	Changes
	HK$'000	*HK$'000*	*%*
Turnover	**79,118**	80,238	-1.4
Gross profit	**54,291**	56,278	-3.5
Earnings before interest and tax ("EBIT")	**34,826**	36,505	-4.6
Profit attributable to equity shareholders of the Company	**20,595**	23,720	-13.2
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**48,859**	50,604	-3.4
Gross margin	**68.6%**	70.1%	
Net profit margin	**26.0%**	29.6%	
Basis earnings per share (HK cents)	**0.55**	0.64	-14.1
Diluted earnings per share (HK cents)	**0.55**	0.64	-14.1

Capital structure, liquidity and gearing

As at 30 June 2010, the Group's total cash and cash equivalents amounted to approximately HK$208 million (31 December 2009: HK$342 million). Most of the funds were held in HK$, RMB and US$.

As at 30 June 2010, the current ratio was 1.97 (31 December 2009: 0.65). The improvement was related to the re-finance of the long-term banking facilities made available to the Group for construction of DZIT new terminal during the period. As at 30 June 2010, the net current assets were HK$116 million (31 December 2009: net current liabilities of HK$193 million). Arrangements have been taken to turn the net current liabilities position as at 31 December 2009 to the net current assets position. Long-term financing was arranged to replace the short-term borrowings with major repayment terms of over 10 years during the period.

The Group's gearing ratio as at 30 June 2010 was 1.90 (31 December 2009: 1.79) (defined as total liabilities to total equity). The increase was attributable to the draw down of the long-term banking facilities made available to the Group for the capital expenditure of DZIT and XHIT logistic centre during the period.

Financial resources

The Group has successfully arranged external bank loan financing for development of new businesses and construction of the solid chemical warehousing and logistic centre in Xiao Hu Island and DZIT expansion. 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.

Finance costs

The Group had outstanding bank borrowings of HK$1,057 million as at 30 June 2010 (31 December 2009: HK$897 million). During the six months ended 30 June 2010, the borrowing costs capitalized as construction in progress was HK$26.1 million (2009: HK$10.4 million) and the finance cost charged to profit and loss was HK$89,000 (2009: HK$Nil). Such finance cost represents interest on loan drawn for daily operation purpose of HK$11.4 million (31 December 2009: HK$Nil).

Exposure to fluctuation in exchanges rate and related hedge

The Group's cash and cash equivalents are held predominately in HK$, RMB and US$. Operating outgoings incurred by the Group's subsidiary in the PRC are mainly denominated in RMB, which usually receives revenue in RMB as well. The management is of the opinion that the Group's exposure to foreign exchange rate risks is not significant, and hedging by means of derivative instruments is considered unnecessary.

Charge on group assets

The Group collateralized the future non-cancellable lease payments to a bank for long-term banking facilities during the period. Apart from this, as at 30 June 2010, none of the assets of the Group was pledged.

Capital commitment and contingent liabilities

At 30 June 2010, the Group had capital expenditure contracted for but not provided in the interim financial report in respect of terminal development and acquisition of port and storage facilities amounted to HK$80 million (31 December 2009: HK$184 million).

At 30 June 2010, the Group had capital expenditure not contracted for but approved by the board and not provided in the interim financial report in respect of terminal development and acquisition of port and storage facilities amounted to approximately HK$181 million (31 December 2009: HK$301 million).

At 30 June 2010, the Group has no material contingent liabilities.

Employees and remuneration policy

The Group had a workforce of approximately 340 people (31 December 2009: 290). Salaries of employees are maintained at competitive level with reference to the relevant market and are performance driven.

Interim dividend

The directors do not recommend any interim dividend for the six months ended 30 June 2010 (2009: Nil).

OTHER INFORMATION

REVIEW OF THE INTERIM REPORT

The Group's interim report for the six months ended 30 June 2010 has not been audited but has been reviewed by the Audit Committee and auditors of the Company, KPMG.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, the interests and short positions of directors of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Ordinary shares of HK$0.10 each of the Company

		Number of shares		Approximate percentage to the issued share capital of the Company	
Name of director	Nature of interest	Long Positions	Short positions	Long Positions	Short positions
Mr. David An *	Corporate	2,548,203,980 *(Note 1)*	Nil	68.27%	Nil
	Personal	218,390,000	Nil	5.85%	Nil

Note:

1. The shares are held directly as to 209,773,980 shares by Extreme Wise Investments Ltd ("Extreme Wise") and 2,338,430,000 shares by Vand Petro-Chemicals, both of which are wholly-owned by Mr. David An. By virtue of SFO, Mr. David An is deemed to have corporate interest in the 2,548,203,980 shares.

* Mr. David An, being a director of the Company, is also acting as the Chief Executive of the Company.

Save as disclosed above, as at 30 June 2010, none of the directors of the Company and their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme detailed in note 12 on page 15, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

DIRECTORS' INTEREST IN CONTRACTS

There were no contracts of significance to which the Company, or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisting at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2010, shareholders (other than directors of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Ordinary shares of HK$0.10 each of the Company

	Number of shares		Approximate percentage to the issued share capital of the Company	
Name of shareholder	Long Positions	Short positions	Long Positions	Short positions
Mr. David An *(Note 1)*	2,766,593,980	Nil	74.12%	Nil
Vand Petro-Chemicals *(Note 1)*	2,338,430,000	Nil	62.65%	Nil
Dubai World Corporation *(Note 2)*	370,000,000	Nil	9.91%	Nil
Extreme Wise *(Note 1)*	209,773,980	Nil	5.62%	Nil

Notes:

1. The shares are held directly as to 218,390,000 shares by Mr. David An personally, as to 209,773,980 shares by Extreme Wise and 2,338,430,000 shares by Vand Petro-Chemicals, both companies being wholly-owned by Mr. David An. By virtue of the SFO, Mr. David An is deemed to be interested in the 2,766,593,980 shares. Mr. David An is a director of Extreme Wise, Vand Petro-Chemicals and the Company.

2. The shares are held directly by Pony HK World, indirectly wholly-owned by Dubai World Corporation.

Save as disclosed above, as at 30 June 2010, the Company has not been notified by any persons (other than directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 16 December 2002, the Company adopted a share option scheme (the "scheme") which will remain in force for a period of 10 years from adoption of such scheme and will expire on 15 December 2012. On 7 May 2008, the Board approved to grant options in respect of 72,400,000 ordinary shares to the Company's directors and senior management under the scheme. Details of the share options granted are set out in note 12 on page 15.

Information in relation to share options disclosed in accordance with the Listing Rules on the Stock Exchange was as follows:

Eligible person	Date of grant	Period during which share options are exercisable	Exercise price per share	Number of share options outstanding at 1/1/2010	Granted/ exercised/ lapsed/cancelled during the period	Number of share options outstanding at 30/6/2010
	D/M/YYYY	*D/M//YYYY*	*HK$*			
Executive directors						
Mr. Fung Chi Kwan, Nicholas	7/5/2008	7/5/2008 - 7/5/2011	0.50	8,500,000	-	8,500,000
Ms. Liu Zhijun	7/5/2008	7/5/2008 - 7/5/2011	0.50	8,500,000	-	8,500,000
Mr. Zhang Lei	7/5/2008	7/5/2008 - 7/5/2011	0.50	8,500,000	-	8,500,000
Independent non-executive directors						
Mr. Li Wai Keung	7/5/2008	7/5/2008 - 7/5/2011	0.50	200,000	-	200,000
Mr. Liu Jian	7/5/2008	7/5/2008 - 7/5/2011	0.50	200,000	-	200,000
Mr. Chan Chun Wai, Tony	7/5/2008	7/5/2008 - 7/5/2011	0.50	200,000	-	200,000
				26,100,000	-	26,100,000
Employees	7/5/2008	7/5/2008 - 7/5/2011	0.50	46,300,000	-	46,300,000
				72,400,000	-	72,400,000

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

During the period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

(a) Compliance with the Code on Corporate Governance Practices

The Company's corporate governance practices are based on the principles and the code provisions (''Code Provisions'') as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules on the Stock Exchange. The Company has complied with the Code Provisions, except for deviations from Code Provision A.4.1 which is explained below.

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term, subject to re-election. Although the independent non-executive directors do not have a specific term of appointment, all the existing directors of the Company retire by rotation at least once every three years pursuant to Article 116.

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

(b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific inquiry of all directors, all directors have complied with the required standard set out in the Model Code for the six months ended 30 June 2010.

On behalf of the Board
David An
Chairman

Hong Kong, 27 August 2010

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr. David An (Chairman), Mr. Fung Chi Kwan, Nicholas, Ms. Liu Zhijun and Mr. Zhang Lei and three independent non-executive directors, namely Mr. Li Wai Keung, Mr. Liu Jian and Mr. Chan Chun Wai, Tony.

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